



***CITY OF RYE, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013***

***Prepared by the  
Department of Finance  
Joseph S. Fazzino Jr., Deputy City Comptroller***



### CITY SEAL

The official City Seal displays the three significant dates in Rye history:

1660 - when the community was first settled, illustrated by a peace pipe,  
1904 - the year Rye became a village, showing a torch of progress, and  
1942 - the date Rye became a City.

The ship in the center is copied from the seal of Rye, England.

**INTRODUCTORY SECTION**

Principal Officials	
Organization Chart	ii
Letter of Transmittal	iii
Certificate of Achievement for Excellence in Financial Reporting	xi

**FINANCIAL SECTION**

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position - Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	25
Proprietary Funds	
Statement of Net Position	31
Statement of Revenues, Expenses and Changes in Net Position	35
Statement of Cash Flows	37
Statement of Fiduciary Assets and Liabilities – Agency Fund	41
Notes to Financial Statements	42
Required Supplementary Information –	
Other Postemployment Benefits –	
Schedule of Funding Progress – Last Three Fiscal Years	70
Capital Projects Fund - Project Length Schedule	71
Combining and Individual Fund Financial Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	75

**City of Rye, New York**

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2013

Table of Contents (Continued)

---

	<u>Page</u>
Schedules of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	
Cable TV Fund	77
K.T. Woods Permanent Fund	79
Debt Service Fund	81
Internal Service Funds	
Combining Statement of Net Position	83
Combining Statement of Revenues, Expenses and Changes in Net Position	87
Combining Statement of Cash Flows	89
Statement of Changes in Assets and Liabilities - Fiduciary Fund	93
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Source	94
Schedule by Function and Activity	95
Schedule of Changes by Function and Activity	96

<b>STATISTICAL SECTION (Unaudited)</b>
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This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reveals about the City's overall financial health.

This section includes the following schedules

Financial Trends	
Net Position by Component - Last Ten Fiscal Years	97
Changes in Net Position - Last Ten Fiscal Years	99
Fund Balances, Governmental Funds - Last Ten Fiscal Years	103
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	105
Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years	107
Revenue Capacity	
Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property - Last Ten Fiscal Years	108
Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Overlapping Governments - Last Ten Fiscal Years	110
Principal Taxpayers - Current Year and Nine Years Ago	112
Property Tax Levies and Collections - Last Ten Fiscal Years	113
Constitutional Tax Limit	115

**City of Rye, New York**

Comprehensive Annual Financial Report  
Fiscal Year Ended December 31, 2013  
Table of Contents (Concluded)

---

	<u>Page</u>
Debt Capacity	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	116
Direct and Overlapping Governmental Activities Debt - Last Ten Fiscal Years	118
Computation of Legal Debt Margin - Last Ten Fiscal Years	119
Calculation of Charter Bonded Debt Limits	120
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	121
Principal Employers	122
Operating Information	
Full-Time Equivalent Employees by Program - Last Ten Fiscal Years	123
Operating Indicators by Program - Last Ten Fiscal Years	125
Capital Asset Statistics by Program - Last Ten Fiscal Years	127

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

<b>FEDERAL AWARDS</b>
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Federal Programs:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	129
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	131
Schedule of Expenditures of Federal Awards	133
Notes to Schedule of Expenditures of Federal Awards	134
Summary Schedule of Prior Audit Findings	135
Schedule of Findings and Questioned Costs	136

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**INTRODUCTORY SECTION**

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City of Rye, New York  
List of Elected and Appointed Officials  
December 31, 2013

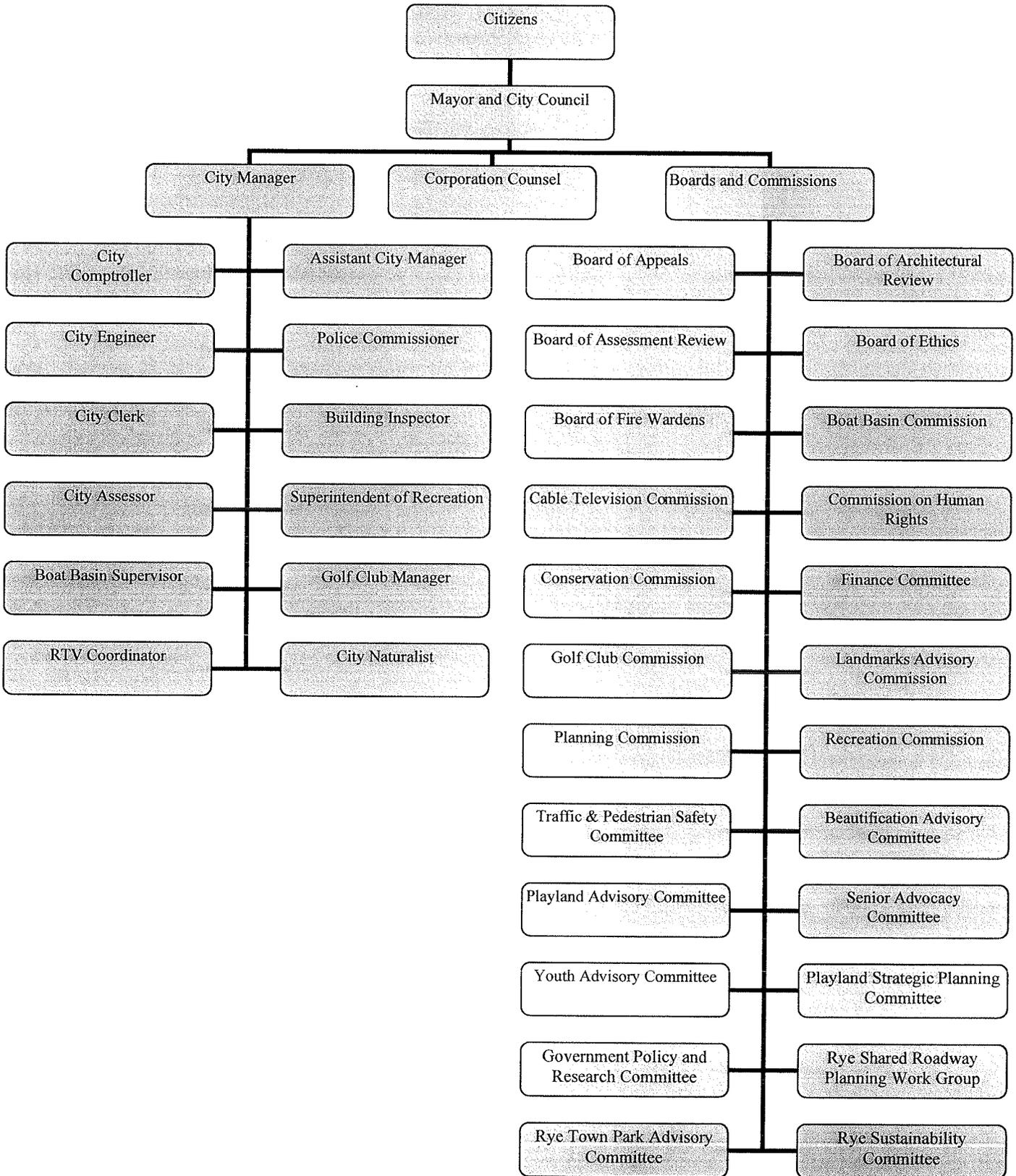
**Elected Officials**

Douglas French, Mayor  
  
Laura Brett, Council Member  
Richard Filippi, Council Member  
Peter Jovanovich, Council Member  
Julie Killian, Council Member  
Catherine Parker, Council Member  
Joseph Sack, Council Member

**Appointed Officials**

Scott D. Pickup, City Manager  
Joseph S. Fazzino, Deputy City Comptroller  
Kristen Wilson Esq., Corporation Counsel  
Ryan Coyne, City Engineer  
Dawn Nodarse, City Clerk  
Noreen Whitty, City Assessor  
Christian Miller, City Planner  
Maureen Eckman, City Building Inspector  
William R. Connors, Police Commissioner  
Michael Taylor, Fire Chief  
Kurt Tiejen, Fire Inspector  
Sally Rogol, Superintendent of Recreation  
Peter Fox, Boat Basin Supervisor  
Nicole Levitsky, RTV Coordinator

# City of Rye, New York Organizational Chart





Joseph S. Fazzino Jr.  
Deputy City Comptroller  
1051 Boston Post Road  
Rye, New York 10580-2945

**CITY OF RYE**  
**Department of Finance**

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June 3, 2014

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Rye, New York:

Submitted herewith is the comprehensive annual financial report of the City of Rye, New York ("City") as of and for the year ended December 31, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this comprehensive annual financial report is complete and reliable in all material respects.

The City's financial statements have been audited by O'Connor Davies LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

**Profile of the City of Rye, New York**

The City is located in Westchester County, New York, on the Long Island Sound, approximately twenty-five miles north of New York City. Founded in 1660, it became a village in 1904, and was incorporated as a city in 1942. The City's gentle and sophisticated country setting, conveniently located near a major metropolis, has earned it the reputation of being a highly desirable place to

live. The City consistently makes the list of *Worth Magazine's* "250 Richest Towns", and its amenities have been featured in *The New York Times*.

The City maintains 71 miles of streets and roads, 53 miles of sanitary sewer lines; 6 pump stations, and 30 miles of storm drains within the borders of its six square miles. City-owned buildings include city hall, a police station, two firehouses, recreation facilities including a recreation center and other buildings, public works facilities consisting of offices, garages, and material storage buildings, a museum, a nature center, an arts center, marina offices and garages, and several buildings belonging to our golf club, including a historic "castle" (circa 1858) overlooking the golf course and Long Island Sound. The City prides itself in its maintenance and preservation of open space, with several parks and playgrounds for both passive and active recreation.

The United States Census Bureau's *American Community Survey* (2006-2010) reports that the City has a per capita income of \$94,559 and a median household income of \$143,359. The median family income is \$216,810. The City's population count was reported at 15,868.

On November 3, 1959 an amendment to the City Charter was approved by public referendum to create the position of City Manager. Since that time, the City has operated under the Council-Manager form of government. Policy-making and legislative authority are vested in the City Council, which consists of the Mayor and six other members. The City Council appoints the City Manager and the Corporation Counsel; supervises the work of all boards, commissions and officers appointed by the City Council, and awards all contracts for public works requiring competitive bidding. The Mayor serves as head of the City government; appoints City judges subject to approval by the City Council; designates chairpersons of boards and commissions, and unless otherwise provided by law or the City Council, executes deeds, contracts and other documents. City Council members, including the Mayor, each serve a four-year term of office, and are elected to office by registered voters authorized to vote in City elections.

The City Manager is the chief administrative officer of the City, and is responsible for all city affairs placed in his or her charge. The City Manager appoints all department heads and their subordinates, with the exception of the Corporation Counsel and police officers. With the advice and assistance of the City Comptroller, the City Manager prepares and submits to the City Council the annual tentative budget. The City Manager has control and supervision over purchasing, except for competitive bidding as required by law. The City Manager serves at the pleasure of the City Council for an indefinite term.

The City Comptroller serves at the pleasure of the City Manager for an indefinite term. All other department heads and employees serve terms subject to various laws, employment contracts, labor agreements and/or the provisions of Civil Service Law.

The City provides a full range of services. General government services include vital statistics (birth and death certificates); business and occupational licenses, and a variety of other permits and licenses required under state or local law. Public safety is provided through a full-time police department; a fire department comprised of paid and volunteer firefighters, an ambulance/EMS services contracted through a local volunteer ambulance corps and building inspections provided by the building department. Transportation services include engineering, street maintenance and administration, snow removal, street lighting, and off-street parking. Recreational services include recreation activities (camps, athletics, tennis, youth and adult activities), parks and playgrounds, marina services, a golf course, a municipal pool, and a nature center. Home and community services includes community planning, conservation,

emergency disaster, maintenance of sewers and drains, street cleaning, solid waste and recycling, community beautification and shade tree maintenance. Cultural services include library services contracted through a local library, an art center owned by the City but operated by an independent not-for-profit organization, and two government access cable television channels operated by the City.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations, revenue estimates for the forthcoming year, and a forecast of current year revenues and expenditures to the City Comptroller, on or before August 31 of each year. The City Comptroller reviews these submissions with the departments to ensure that the current forecasts are reasonable, and that the forthcoming year's appropriation requests and revenue estimates are clearly understood. The finance department, under the direction of the City Comptroller, completes the forecasts, appropriations, and revenue estimates for those items not specifically associated with a department, such as general revenues, internal service fund charges, interfund charges, and debt service requirements. When all of this information has been compiled and reviewed, the City Comptroller submits the entire set of requests and estimates to the City Manager, usually within the second week of September. The City Manager will meet with departments and the City Comptroller throughout the months of September and October to review the submissions, making adjustments as required or desired to meet the objectives that may have been expressed or implied by the City Council.

In accordance with §C21-2 of the City Charter, the City Manager must present a tentative budget to the City Council on the first Wednesday in November. Prior to a public hearing on the tentative budget, the City Council may make any changes to the tentative budget by a vote of at least four council members. After considering the tentative budget, the City Council publishes a notice of public hearing on the tentative budget to be held no later than the first Wednesday in December of the current year, and with at least ten days' notice. After the public hearing, the City Council may adopt the budget without amendment, or, may continue to amend the budget, except for those items required by law or for debt service. Amendments that would increase the estimated revenues or total appropriations require five affirmative votes of the City Council. The City Council must adopt the budget and set the property tax rate for the forthcoming year on or before December 31 of the current year. If the City Council fails to adopt the budget by December 31, the tentative budget as amended by the City Council becomes the adopted budget. If no amendments to the tentative budget had been made by the City Council, the tentative budget as submitted by the City Manager becomes the adopted budget.

Throughout the year, the City Manager is authorized to make amendments between any accounts within a fund, provided that the amendments do not increase total estimated revenues or total appropriations. Amendments between funds or those that would increase total estimated revenues or appropriations must be made by resolution of the City Council. The original budget; the budget as amended by fiscal year end; actual results, and variances between the amended budget and actual results for the governmental funds are presented in the governmental funds subsection of this report. It should be noted that multi-year, rather than annual budgets, are adopted for the Capital Projects Fund. This report includes a project-length schedule for all projects within the Capital Projects Fund, including project budget, current year revenues and expenditures, project inception-to-date revenues and expenditures, and available project balance remaining at the end of the current fiscal year.

The Governmental Accounting Standards Board (“GASB”) issued its Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in February 2009. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows:

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government’s General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered in light of the specific environment in which the City operates.

### ***Local Economy***

In 2013, the City’s revenues continued the upward trend of the past two years. In 2013, General Fund revenues were roughly \$1,850,000 greater than 2012 revenues. Property tax revenues increased about \$502,000. Building department revenues increased about \$435,000, or 29.9%, over 2012. Mortgage tax revenue increased almost \$895,000 in 2013 as compared to 2012. Sales and use tax revenue increased \$146,000. The City received over \$700,000 in Federal and State emergency aid for Superstorm Sandy compared to \$628,000 received in 2012 for Sandy and Hurricane Irene. The City is cautiously optimistic that revenues will remain near 2013 levels. Based on the positive results in 2012, the City used \$195,000 of General

Fund unassigned fund balance for capital project expenditures in 2013, after having no funding in 2012.

Taxable assessments rose slightly, after declining for three consecutive years, increasing 0.26% (from \$137,736,733 to \$138,095,192), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 7.4% of the tax roll, with public utilities representing 2.9%, commercial establishments 1.7%, and residential properties representing the remaining 2.8%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 231 homes in the City were sold in 2013. Of these, 71% sold for \$1 million or more and 34% sold for \$2 million or more. The median home sales price increased slightly, from \$1,440,000 in 2012 to \$1,450,000 in 2013, and the average home sales price experienced an increase from \$1,869,000 to \$1,920,000. The highest 2013 sales price reported for a single-family home was \$11,600,000.

Major employers with facilities located in the City enhance its economic strength by providing a wide variety of industries, including business services, electric and gas utilities, social services, primary metal industries, educational services, insurance services, investment banking and miscellaneous retail operations. The distribution of the assessment roll for the current fiscal year, five years' and ten years' previous demonstrates a relative economic stability of the City over time:

#### Assessment Roll Classification

Class	2013	2008	2004
Residential	73.01 %	71.68 %	69.90 %
Business	12.27	12.99	13.87
Other	14.72	15.33	16.23
Total	100.00 %	100.00 %	100.00 %

Note: Residential includes one to three-family homes, condominiums, cooperative apartments, and apartments. Business includes commercial, industrial, and recreational facilities. Other includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is exempt from property taxes.

Access to employment in New York City is readily available by car or mass transit (train or bus), with Interstate Route 95, Interstate Route 287, U.S. Route 1, and the Metro-North commuter train line intersecting in the City. Westchester County Airport is a short drive from the City. Two major international airports (John F. Kennedy and LaGuardia) are located within 30 miles and Newark International Airport lies within 45 miles of the City.

Economic data for the City from the United States Census Bureau's *American Community Survey* (2006-2010) compares quite favorably against the Westchester County, New York State, and national figures:

Data Item	City of Rye	Westchester County	New York State	United States
Per Capita	\$ 94,559	\$47,814	\$30,948	\$27,344
Median Household	\$149,973	\$79,619	\$55,603	\$51,914
Median Family	\$216,810	\$100,893	\$67,405	\$62,982

The 2013 unemployment rate for Westchester County was 6.3% and continues to remain favorable against the 2013 rates for New York State (7.7%) and the United States (7.4%).

### ***Long-term Financial Planning***

The City publishes documents that assist in its long-term financial planning, including a five-year *Capital Improvement Plan*. This document is available for review in City Hall, in the Rye Free Reading Room, and on the City's website (<http://www.ryeny.gov>). The City's Finance Committee is currently working on updating a 4 Year General Fund Plan.

Building department revenues reached a high point compared to the last five years and sales tax revenues have returned to levels prior to the recession. In 2013, mortgage taxes also returned to pre-recession levels. This shows signs of continued stabilization in the economy.

Over the past year, the Federal Funds rate has maintained a low point of less than one percent. This will continue to have a significant impact on the City's interest earnings. General fund interest earnings were over \$902,000 in 2007 prior to the recession and were just \$47,000 in 2013.

While State aid for the time being is projected to remain flat, it may also be further reduced as the State attempts to close its own budget shortfalls. The volatility of commodity markets could mean that broad and sweeping changes in our assumed costs of materials and supplies could increase our costs. Market liquidity, interest rates, and consumer confidence could have a profound effect on our outlook for sales and use taxes, mortgage taxes, and building permit revenues.

Effective for local government fiscal years beginning in 2015, the Adopted New York State Budget includes a proposal to effectively "freeze" property taxes for two years on the primary residences of homeowners with annual incomes at or below \$500,000 in local governments and school districts that stay within the tax cap there will be a property tax freeze for taxpayers, which requires the City to stay under the property tax cap. In order for homeowners in their jurisdictions to receive the property tax credit in the second year, the local government must certify that it has stayed within the tax cap (and there is no local override law in place), as well as develop (or participate in the development of) a state-approved "Government Efficiency Plan" that features shared services, cooperation agreements, mergers and/or efficiencies that, when implemented, will achieve savings for taxpayers.

We believe that 2014 is a year that requires responsible planning for 2015 and beyond, with an eye towards evaluating and possibly reducing core services, while preserving capital for future needs.

### ***Relevant Financial Policies***

The City has adopted a *Comprehensive Financial Policy Document*, which is available in City Hall, the Rye Free Reading Room, and on the City's website. This document contains all of the City's adopted financial policies, including budget, cash management and investment, capital assets, debt management, revenues and expenditures, operating position, and procurement/purchasing. This document is reviewed at least annually and as needed to incorporate applicable recommended practices.

The City prepares its budgets, capital improvement plans, and forecasts with the various financial policies in mind, and operates in compliance with the policies. The City does not foresee any issues with its ability to comply with the current policies in the implementation of its near and long-term initiatives.

### ***Major Initiatives***

Three major flood mitigation and transportation projects were completed in 2013. These included the reconstruction and improved floodway clearance of the Central Avenue Bridge and the construction of the Bowman Avenue Sluice Gate as well as the Milton Harbor Dredging Project. The costs of these projects will be reimbursed with aid from the Federal Emergency Management Agency ("FEMA"), as well as Federal, State and Local grants.

The reconstruction of the retaining wall along Theodore Fremd Avenue is expected to be delayed until 2014. This structure, along with the Central Avenue Bridge, was destroyed in the Nor'easter of April 15, 2007. It is anticipated that this project will approach or exceed \$1 million in costs, a majority of which will also be reimbursed with Federal, State and County grants.

The City passed a bond referendum in 2012. Infrastructure improvements to be financed with the proceeds of this bond include: major safety improvements to the Smith/Elm/Purchase streets intersection, reconstruction of portions of Smith Street to address a dangerous "sinkhole" beneath the paved surface, rebuilding a portion of the retaining wall along the Boston Post Road between Thistle Lane and Purdy Street, replacing an old and decaying sewer siphon on Locust Avenue and an assortment of sidewalk and pedestrian safety improvements city-wide, primarily around school zones.

### ***Awards and Acknowledgements***

The Government Finance Officers Association ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended December 31, 2012. This was the seventeenth consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

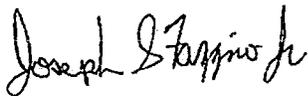
The City also received the GFOA's *Distinguished Budget Presentation Award* for its fiscal 2013 annual budget document, making it the thirteenth consecutive year that the City received the

award. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of all City departments concerning information specific to their operations. Our gratitude is extended to our Mayor and City Council, who continuously strive to enhance the quality of life for our citizens. We appreciate the input from our independent auditor, O'Connor Davies, LLP and we commend them on their timely and professional completion of our audit.

Most importantly, our thanks go to the citizens and residents, for giving us the opportunity to serve our fine City.

Respectfully submitted,

A handwritten signature in black ink, reading "Joseph S. Fazzino Jr." in a cursive style.

Joseph S. Fazzino, Jr.  
Deputy City Comptroller



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Rye  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

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**FINANCIAL SECTION**

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## Independent Auditors' Report

**The Honorable Mayor and City Council  
of the City of Rye, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York ("City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations* and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

### **Report on Comparative Information**

We have previously audited the City's December 31, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 7, 2013. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

June 2, 2014

## **Management's Discussion and Analysis ("MD&A")**

As management of the City of Rye, New York ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

### **Financial Highlights**

- ❖ On the government-wide financial statements, the assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$61,047,060. Of this amount, the unrestricted portion for governmental activities is a deficit of \$3,401,492. This deficit results primarily from the accrual of certain operating liabilities pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 34, which will be satisfied in future years, including tax certiorari claims, compensated absences and the accrual of the City's annual other post employment benefit cost in accordance with the provisions of GASB Statement No. 45.
- ❖ The City's total net position increased by \$954,641.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$13,107,354, of which \$5,942,286 is unassigned and available for spending at the City's discretion.
- ❖ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,942,286 or 18.2%, of total General Fund expenditures, up from \$4,982,632, or 16.4% of expenditures in the prior year.
- ❖ The City's total bonded debt decreased 6.9% from \$19,360,000 to \$18,010,000 during the current fiscal year, representing \$1,550,000 in principal payments made during the year and \$200,000 in adjustments due the refunding of the City's 1998 and 2005 Public Improvement Serial Bonds.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements, and notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing changes in the City's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result

in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave and other post employment benefit obligations).

Both of the government-wide financial statements distinguish functions of the City that are governmental activities (those principally supported by taxes and revenues from other governments) and functions of the City that are business-type activities (those that are intended to recover all or a significant portion of their costs through user fees and charges). The governmental activities of the City include general government, public safety, transportation, culture and recreation, and home and community services. The business-type activities of the City include the DePauw Municipal Boat Basin and the Rye Golf Club. The government-wide financial statements can be found on the pages immediately following this MD&A.

### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds: the General Fund, the Cable TV Special Revenue Fund, the K.T. Woods Permanent Fund, the Debt Service Fund and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Information from the other nonmajor governmental funds is combined into a single, aggregated presentation. Individual information on each of these funds is provided in the form of combining statements and schedules found elsewhere in this report. The City adopts annual budgets for the General Fund, Cable TV Fund, K.T. Woods Permanent Fund and Debt Service Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets. Multi-year budgets are adopted for the Capital Projects Fund, and a project-length schedule that provides information concerning these projects and their budgets is included elsewhere in this report.

### ***Proprietary Funds***

The City maintains two types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its marina (the DePauw Municipal Boat Basin) and golf course (the Rye Golf Club) operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general liability insurance coverage (the Risk Retention Fund), and the acquisition, operation, maintenance and disposition of its buildings and vehicles (the Building and Vehicle Maintenance Fund). These services have been classified as governmental activities in the government-wide financial statements because they predominantly benefit governmental, rather than business-type, functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Boat Basin Fund and the Golf Club Fund, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements are presented in this report.

### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support City programs. The City maintains only one type of fiduciary fund that is known as an agency fund. The City holds resources in this fund purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government. The agency fund financial statements are presented in this report.

### **Notes to Financial Statements**

The notes to financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

The combining statements referred to earlier in connection with the nonmajor governmental funds and the two internal service funds are presented immediately following the basic financial statements. Combining and individual fund statements and schedules can be found elsewhere in this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

	Net Position					
	December 31, 2013			December 31, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	\$ 26,850,999	\$ 2,645,767	\$ 29,496,766	\$ 20,259,951	\$ 2,199,665	\$ 22,459,616
Capital Assets	66,796,027	11,245,285	78,041,312	70,529,430	11,333,866	81,863,296
Total Assets	93,647,026	13,891,052	107,538,078	90,789,381	13,533,531	104,322,912
Deferred Outflows Of Resources	491,110	64,251	555,361	293,193	54,623	347,816
Current Liabilities	5,505,644	223,198	5,728,842	5,289,224	286,851	5,576,075
Long-term Liabilities	38,307,024	3,010,513	41,317,537	35,732,488	3,269,746	39,002,234
Total Liabilities	43,812,668	3,233,711	47,046,379	41,021,712	3,556,597	44,578,309
Net Position						
Net Investment in Capital Assets	51,028,225	9,324,839	60,353,064	54,209,854	9,097,824	63,307,678
Restricted	2,698,735	-	2,698,735	3,237,805	-	3,237,805
Unrestricted	(3,401,492)	1,396,753	(2,004,739)	(7,386,797)	933,733	(6,453,064)
Total Net Position	\$ 50,325,468	\$ 10,721,592	\$ 61,047,060	\$ 50,060,862	\$ 10,031,557	\$ 60,092,419

For the City, assets exceeded liabilities by \$61,047,060 at the close of the most recent fiscal year. Of this amount, \$60,353,064 reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction-in-progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

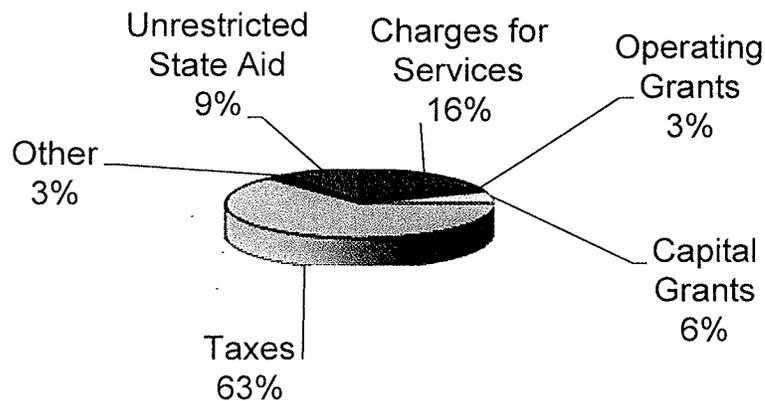
An additional portion of the City's net position, \$2,698,735 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$2,004,739. This deficit does not mean that the City does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including claims payable of \$1.1 million, compensated absences of \$1.5 million and OPEB obligations of \$20.1 million that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that actual payment will be made.

## Governmental Activities

Governmental activities increased the City's net position by \$264,606. Major revenues received included:

- ❖ \$20,860,358 in real property taxes
- ❖ \$2,222,745 in sales and use taxes
- ❖ \$166,778 in hotel occupancy taxes
- ❖ \$402,313 in utilities gross receipts taxes
- ❖ \$48,667 from interest and investment income, and rental of property
- ❖ Gain on sale of capital assets \$470,967, which includes the gain on the sale of 1037 Boston Post Road of \$457,108
- ❖ \$3,390,946 in state aid not restricted to specific programs including \$1,208,024 in State Revenue Sharing and \$2,182,922 in Mortgage Tax Revenue

### Revenues by Source - Governmental Activities

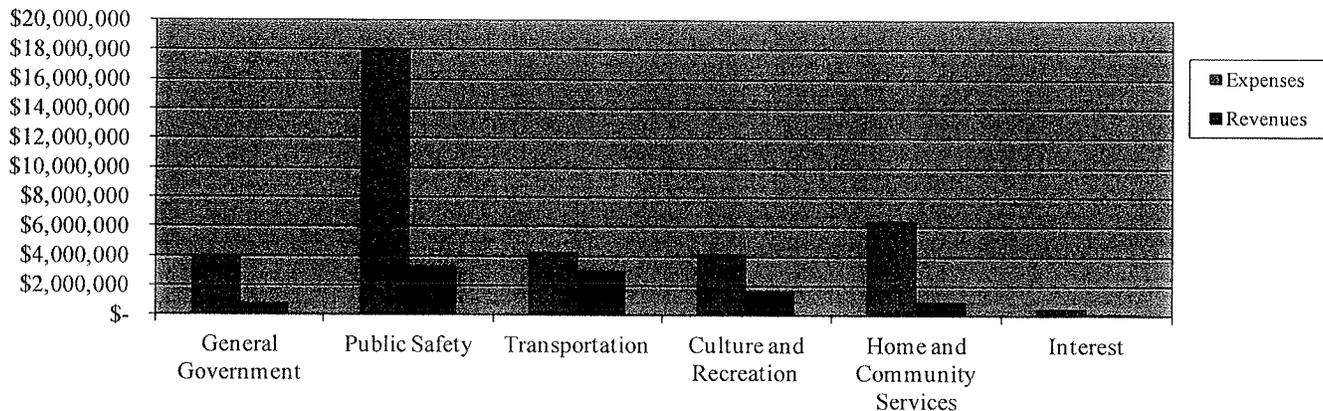


Revenues from charges for services were \$6,163,893. Governmental programs received \$1,098,398 in operating grants, and \$2,208,204 in capital grants, which includes:

- ❖ \$1,313,484 in Federal Aid for the Central Avenue Bridge
- ❖ \$ 400,000 in State Aid for the Bowman Avenue Sluice Gate
- ❖ \$ 344,040 in State Aid (CHIPS) for road improvements
- ❖ \$ 150,000 in Municipal Aid for the Osborn Road/Theodore Fremd Avenue Corridor

	Changes in Net Position					
	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>REVENUES</b>						
Program Revenues						
Charges for Services	\$ 6,163,893	\$ 6,724,029	\$ 12,887,922	\$ 5,962,787	\$ 7,400,656	\$ 13,363,443
Operating Grants and Contributions	1,098,398	559,942	1,658,340	1,429,372	28,718	1,458,090
Capital Grants and Contributions	2,208,204	-	2,208,204	267,288	-	267,288
General Revenues						
Real Property Taxes	20,860,358	-	20,860,358	20,433,026	-	20,433,026
Non-Property Taxes	2,791,836	-	2,791,836	2,612,451	-	2,612,451
Unrestricted Use of Money and Property	48,667	2,311	50,978	43,420	1,963	45,383
Gain on Sale of Capital Assets	470,967	-	470,967	-	-	-
Unrestricted State Aid	3,390,946	-	3,390,946	2,496,256	-	2,496,256
Other Revenues	562,540	-	562,540	538,610	-	538,610
<b>Total Revenues</b>	<b>37,595,809</b>	<b>7,286,282</b>	<b>44,882,091</b>	<b>33,783,210</b>	<b>7,431,337</b>	<b>41,214,547</b>
<b>EXPENSES</b>						
General Government	3,966,979	-	3,966,979	3,733,393	-	3,733,393
Public Safety	18,064,524	-	18,064,524	16,093,285	-	16,093,285
Transportation	4,266,362	-	4,266,362	3,858,783	-	3,858,783
Culture and Recreation	4,149,577	-	4,149,577	4,055,710	-	4,055,710
Home and Community Services	6,376,814	-	6,376,814	6,302,729	-	6,302,729
Interest	506,947	-	506,947	589,183	-	589,183
Boat Basin	-	895,996	895,996	-	1,018,739	1,018,739
Golf Club	-	5,700,251	5,700,251	-	6,851,676	6,851,676
<b>Total Expenses</b>	<b>37,331,203</b>	<b>6,596,247</b>	<b>43,927,450</b>	<b>34,633,083</b>	<b>7,870,415</b>	<b>42,503,498</b>
Change in Net Position	264,606	690,035	954,641	(849,873)	(439,078)	(1,288,951)
Net Position - Beginning	50,060,862	10,031,557	60,092,419	50,910,735	10,470,635	61,381,370
Net Position - Ending	\$ 50,325,468	\$ 10,721,592	\$ 61,047,060	\$ 50,060,862	\$ 10,031,557	\$ 60,092,419

### Expenses and Program Revenues - Governmental Activities

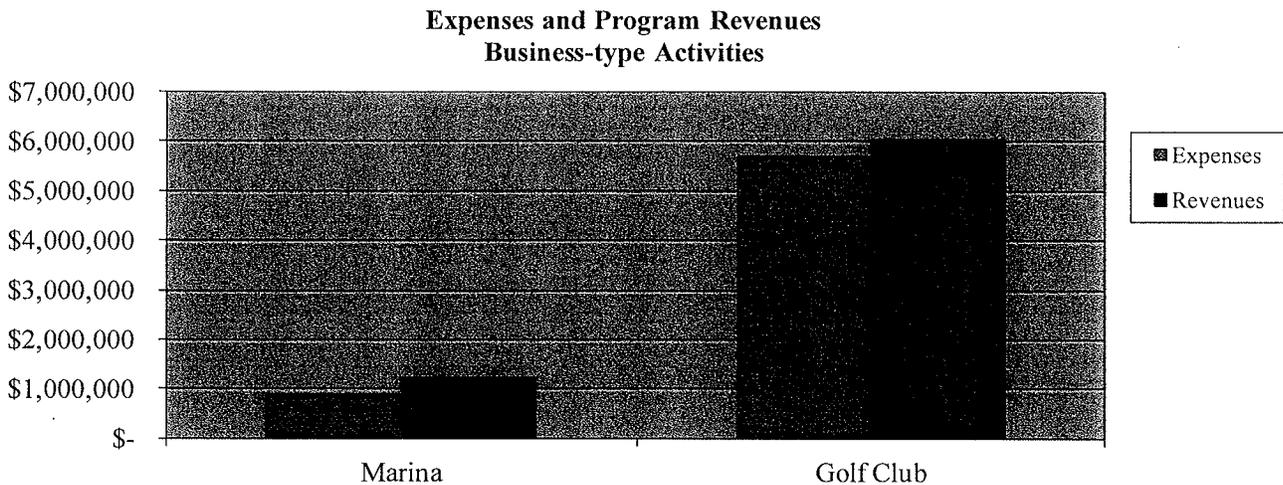


**Business-type Activities**

Business-type activities increased the City's net position by \$690,035.

Revenues from charges for services were \$663,455 from marina operations and \$6,060,574 from golf club operations. Business operating grants of \$559,942 represents FEMA aid for the marina dredging project accrued by the City in 2013. Combined, the business-type activities earned \$2,311 in interest and investment income.

Offsetting these revenues were expenses of \$895,996 for marina operations and \$5,700,251 for golf club operations.



**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$13,107,354, an increase of \$1,396,917 (11.9%) from the prior year. Approximately 45% (\$5,942,286) of the total ending fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is classified as nonspendable, restricted or assigned in accordance with the provisions of GASB Statement No. 54.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$5,942,286, representing 48% of the total General Fund balance of \$12,363,291. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a 18.2% unassigned fund balance to total expenditures and other financing uses and a 37.8% total fund balance to total expenditures and other financing uses.

The General Fund's fund balance increased by \$1,281,526 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$509,595. The transfers out were as follows: \$274,595 to the Debt Service Fund for long-term debt principal and interest requirements, \$145,000 to the Capital Projects Fund for annual infrastructure projects and \$90,000 to the Building and Vehicle Fund for vehicle and equipment purchases. There were no transfers in from other funds in 2013. Operating revenues of the General Fund exceeded operating expenditures of that fund by \$1,791,121. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased \$486,047 (2.4%) from \$20,245,812 to \$20,731,859, which reflects our tax rate increase, offset by refunds to taxpayers due to tax certiorari and small claims assessment review settlements and decreases in penalties collected on delinquent tax payments.
- ❖ Non-property taxes increased \$179,385 (6.9%) from \$2,612,451 to \$2,791,836, due to increases in sales and use tax of \$146,381, utility taxes of \$21,760 and hotel occupancy taxes of \$11,244.
- ❖ Charges for services increased \$6,367 (0.35%) from \$1,809,922 to \$1,816,289.
- ❖ Interest and investment income increased slightly, \$4,269 from \$42,475 to \$46,744 due to continued low interest rates, coupled with slightly higher cash balances available for investment.
- ❖ Licenses and permit revenues increased \$451,756 (19.5%) from \$2,311,138 to \$2,762,894 which can be attributed predominantly to increases in building permit revenue of \$435,346 and filming permit revenue of \$16,800.
- ❖ Fines and forfeitures decreased \$98,428 (16.2%), from \$609,247 to 510,819, with decreased vehicle and traffic fines of \$32,147 and parking violations of \$68,196.
- ❖ Miscellaneous revenues decreased \$88,428 (24.4%) from \$362,442 to \$274,014, due to a decrease in police overtime reimbursements, as there were numerous Con Edison projects in 2012.
- ❖ Workers compensation recoveries increased \$117,216 from \$106,858 to \$224,074.
- ❖ Mortgage tax revenues increased \$894,689 (69.5%) from \$1,288,232 to \$2,182,921. State revenue sharing remained flat. State aid for navigation increased \$38,864.
- ❖ Federal aid and State emergency disaster aid received in 2013 was up \$72,054 reflecting additional FEMA payments to reimburse expenditures related to both Hurricane Irene and Super-storm Sandy.
- ❖ Salaries and wages increased \$717,329 (5.97%) from \$12,024,640 to \$12,741,969, reflecting the Police arbitration award for 2009 and 2010 as well as year-end salary accruals for multiple bargaining units with expired contracts.
- ❖ Equipment purchases decreased from \$230,943 to \$213,277, with computer and system purchases up \$32,945 and miscellaneous non-office equipment (related to Super-storm Sandy) down \$36,722.
- ❖ Materials and supplies increased \$258,699 (13.1%) from \$1,974,149 to \$2,232,848. This can be attributed to increases in tax certiorari payments of \$218,643 (with large settlements to Westchester Country Club, 411 Theodore Fremd Avenue 120 Old Post

Road) sand, salt and deicing costs of \$106,184 (with a mild winter in 2012), licenses, permits and fees of \$24,257 and printing costs (related to litigation) of \$21,264 offset by decreases in tree maintenance (related to Super-storm Sandy) of \$110,797.

- ❖ Contractual costs were down \$244,167 (3.2%) from \$7,705,461 to \$7,461,294, with decreases in risk fund inter-fund service charges of \$114,782, miscellaneous service contracts of \$91,566 and legal services of \$76,349, offset by increases in recreation event admission fees of \$13,269, consulting fees of \$10,721, arbitration costs of \$7,943 and appraisal services of \$7,500.
- ❖ Employee benefits and taxes increased \$1,447,289 (17.8%) from \$8,113,318 to \$9,560,607. Increases in retirement costs of \$800,139 (due to sharply higher contribution rates and the aforementioned arbitration award and accruals for contract settlements), hospitalization and medical costs of \$412,858 and workers' compensation costs \$160,466 (the first full year of experience due to a large settlement in 2011) contributed to the increase.

The Capital Projects Fund closed the fiscal year with a fund balance of \$1,075,353. Capital Projects Fund revenues of \$2,441,518, expenditures of \$3,198,418 and other financing sources and uses of \$145,000 (net) represent only the current fiscal year's portion of total project activity. An itemized project-length schedule of all projects is presented elsewhere in this report.

### ***Proprietary Funds***

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in greater detail.

Total net position of the Boat Basin Fund at year-end was \$2,425,080, an increase of \$331,591 from the prior year. The net investment in capital assets was \$1,979,750 and unrestricted net position of \$445,330 represented the balance of net position. The operating loss of the Boat Basin Fund was \$229,075 (operating revenues of \$663,455 offset by \$892,530 of operating expenses). Interest income of \$724 and state and federal aid of \$559,942 (Aid related to Hurricane Irene and Super-storm Sandy for dredging of the marina) made up the balance of total net income.

Total net position of the Golf Club Fund at year-end was \$8,444,427, an increase of \$406,465 from the prior year. The net investment in capital assets was \$7,345,089 with unrestricted net position of \$1,099,338 representing the balance of net position. Golf Club Fund operating expenses of \$5,603,256 offset operating revenues of \$6,060,574 to arrive at operating income of \$457,318. Interest income of \$1,587 offset by \$52,440 of interest expense related to long-term debt made up the balance of total net income.

### **General Fund Budgetary Highlights**

At the end of 2013 the difference between the operating appropriations originally budgeted and the amended budget for the General Fund was \$603,406 (\$31,706,181 vs. \$32,309,587), a change of 1.9%. This can be attributed to the appropriation of prior year encumbrances carried forward of \$308,004, \$295,402 in carry forward balances of recreation special event and surcharges from the end of 2012. The aforementioned increase in expenditures related to the arbitration award, year end payroll accruals, health insurance and tax certiorari settlements, along with year end encumbrances of \$341,771, led to general fund expenditures and encumbrances exceeding amended budgeted expenditures by \$751,774.

At year-end, the difference between the original and amended budget for the General Fund estimated operating revenues was \$982,921 (\$30,910,834 vs. \$31,893,755). However, the actual revenues realized for the year ended December 31, 2013 exceeded the anticipated amount in the final budget by \$2,107,358. The most significant were as follows: sales and use tax revenues, increased building permit revenues, recreation program fees, fees in lieu of parkland, police overtime reimbursement, workers' compensation recoveries, State revenue sharing, State Navigation Aid, Federal and State emergency disaster and mortgage tax revenues which came in at \$982,921 better than budgeted.

At the meeting of April 23, 2014 the City Council adopted a resolution to accept the additional \$982,921 in mortgage tax revenue, to cover the various expenditures exceeding budget.

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2013, net of \$50,923,770 of accumulated depreciation, was \$78,041,312. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction-in-progress, and infrastructure.

Major capital asset events during the current fiscal year included the following:

The Sale of 1037 Boston Post Road for a book gain of \$457,108, general vehicle and equipment additions totaled \$214,288, including the installation of a generator at the public works building, in the amount of \$67,962, a DPW pickup truck for a purchase price of \$33,091, two snowblowers for \$82,090, and two salters for \$31,145.

- ❖ Two sewer systems were added to the infrastructure (Cedar Place and Old Milton Road) in the amount of \$349,955.

Asset	Capital Assets					
	December 31, 2013			December 31, 2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 4,561,755	\$ 1,700,408	\$ 6,262,163	\$ 6,571,814	\$ 1,700,408	\$ 8,272,222
Construction in progress	3,904,471	78,703	3,983,174	1,899,998	38,670	1,938,668
Buildings	16,506,163	11,759,480	28,265,643	19,832,889	11,759,480	31,592,369
Improvements	4,672,224	7,361,215	12,033,439	4,636,167	6,747,374	11,383,541
Machinery and equipment	10,103,018	1,254,764	11,357,782	10,044,263	1,239,325	11,283,588
Infrastructure	67,062,881	-	67,062,881	66,712,926	-	66,712,926
Less - accumulated depreciation	(40,014,485)	(10,909,285)	(50,923,770)	(39,168,627)	(10,151,391)	(49,320,018)
Total (net of depreciation)	<u>\$ 66,796,027</u>	<u>\$ 11,245,285</u>	<u>\$ 78,041,312</u>	<u>\$ 70,529,430</u>	<u>\$ 11,333,866</u>	<u>\$ 81,863,296</u>

Additional information on the City's capital assets can be found in Note 3, C in the notes to financial statements.

## **Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$18,010,000. As required by New York State Law, all bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. As a policy, principal and interest on debt issued by the enterprise funds must be repaid solely from revenues of those funds. Of the \$18,010,000 bonded debt outstanding at fiscal year end, \$1,910,000 represented debt of the Golf Club Enterprise Fund.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the City must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2013, the City had exhausted 3.46% of its constitutional debt limit, providing an available debt margin of 96.54% with the authority to issue an additional \$455 million of general obligation long-term debt.

City Charter §C21-9 specifies the amount of debt that can be authorized solely on the adoption of a resolution by the City Council; the amount that can be raised by resolution of the City Council but subject to permissive referendum, and the amount requiring a mandatory referendum. At December 31, 2013, the amount of debt that could be authorized by City Council resolution alone was \$291,094 and the amount that could be authorized by City Council resolution subject to a permissive referendum was \$2,087,592. The authorization of all other long-term debt, unless otherwise specifically exempt by law, requires a mandatory referendum.

In 2013 (when the City refunded its 1998 Series B and 2005 PISB), Moody's Investor Service assigned its highest credit rating ("Aaa") to all City debt.

Additional information on the City's long-term debt can be found in Note 3,G in the notes to financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

According to the United States Bureau of Labor Statistics, the 2013 unemployment rate for the City was 6.3%. This compares favorably with the rate of 7.7% for New York State and the 7.4% national unemployment rate. The slight increase in the Consumer Price Index, not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2012 to 2013 was roughly the same compared to the increase recorded for the U.S. city average for the same period.

Home financing and refinancing rates continued to be low in fiscal 2013 and as a result there were dramatic increases in revenue from mortgage taxes and building activity. Taxable assessed value of real property in the City showed a marginal increase of 0.26% (from \$137,736,733 in 2012 to \$138,095,192 in 2013).

The median home sales price had a minimal increase from \$1,440,000 in 2012 to \$1,450,000 in 2013 and the average home sales price increased from \$1,869,000 in 2012 to \$1,920,000 in 2013 (2.7%).

City management has taken the approach that 2014 will continue to be a transitional period in City budgeting. Expenditures such as health insurance and employee pension contributions have continued to increase each year since 2010. Although revenues other than property taxes

have returned to pre-recession levels, we cannot expect these revenues to continue to keep increasing at these levels.

The City appropriated the use of \$1,301,585 of fund balance from the General Fund for spending in fiscal 2014 to fund the acquisition of capital assets and equipment. This is an increase of \$816,238, when compared to 2013. The use of this fund balance was within the City's policy of maintaining an unassigned General Fund fund balance of at least 5% of annual appropriations. Combined with all other revenue sources, the fiscal 2014 real property tax rate of \$150.38 per \$1,000 of taxable assessed value provides funding for all General Fund appropriations. The tax rate increase from 2013 to 2014 is 0.99% (\$148.91 to \$150.38).

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to Joseph S. Fazzino, Deputy City Comptroller, City of Rye, 1051 Boston Post Road, Rye, New York 10580.

**BASIC FINANCIAL STATEMENTS**

**City of Rye, New York**

Statement of Net Position

December 31, 2013

(With Comparative Amounts for 2012)

	2013		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 20,502,173	\$ 2,428,259	\$ 22,930,432
Taxes receivable	1,153,195	-	1,153,195
Accounts receivable	1,062,262	11,159	1,073,421
Deposits	28,500	-	28,500
Due from other governments	2,576,418	554,586	3,131,004
Internal balances	467,526	(467,526)	-
Prepaid expenses	1,060,925	62,313	1,123,238
Inventories	-	56,976	56,976
Deferred charges	-	-	-
Capital assets			
Not being depreciated	8,466,226	1,779,111	10,245,337
Being depreciated, net	58,329,801	9,466,174	67,795,975
Total Assets	<u>93,647,026</u>	<u>13,891,052</u>	<u>107,538,078</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding bonds	<u>491,110</u>	<u>64,251</u>	<u>555,361</u>
<b>LIABILITIES</b>			
Accounts payable	966,310	120,702	1,087,012
Accrued liabilities	2,397,231	57,289	2,454,520
Accrued interest payable	97,698	14,231	111,929
Retainage payable	209,922	-	209,922
Deposits	660,405	-	660,405
Due to other governments	537,917	30,976	568,893
Unearned revenues	636,161	-	636,161
Non-current liabilities			
Due within one year	1,641,967	371,900	2,013,867
Due in more than one year	36,665,057	2,638,613	39,303,670
Total Liabilities	<u>43,812,668</u>	<u>3,233,711</u>	<u>47,046,379</u>
<b>NET POSITION</b>			
Net investment in capital assets	51,028,225	9,324,839	60,353,064
Restricted for			
Capital projects	1,640,486	-	1,640,486
Permanent fund			
Expendable	166	-	166
Nonexpendable	20,000	-	20,000
Special purposes			
Police purposes	8,809	-	8,809
Fire purposes	2,000	-	2,000
Parks	99,659	-	99,659
Recreation programs	330,199	-	330,199
WWI memorial	4,151	-	4,151
Debt service	52,172	-	52,172
Risk retention	541,093	-	541,093
Unrestricted	(3,401,492)	1,396,753	(2,004,739)
Total Net Position	<u>\$ 50,325,468</u>	<u>\$ 10,721,592</u>	<u>\$ 61,047,060</u>

The notes to financial statements are an integral part of this statement.

2012		
Governmental Activities	Business-type Activities	Total
\$ 14,932,898	\$ 2,031,215	\$ 16,964,113
1,169,675	-	1,169,675
896,247	2,264	898,511
28,500	-	28,500
1,856,409	323,850	2,180,259
230,437	(230,437)	-
1,084,210	56,040	1,140,250
61,575	16,733	78,308
8,471,812	1,739,078	10,210,890
62,057,618	9,594,788	71,652,406
<u>90,789,381</u>	<u>13,533,531</u>	<u>104,322,912</u>
<u>293,193</u>	<u>54,623</u>	<u>347,816</u>
1,275,498	198,561	1,474,059
1,943,164	25,438	1,968,602
115,251	28,462	143,713
189,814	-	189,814
585,726	-	585,726
615,030	34,390	649,420
564,741	-	564,741
1,564,363	341,700	1,906,063
34,168,125	2,928,046	37,096,171
<u>41,021,712</u>	<u>3,556,597</u>	<u>44,578,309</u>
54,209,854	9,097,824	63,307,678
2,122,425	-	2,122,425
141	-	141
20,000	-	20,000
8,709	-	8,709
2,000	-	2,000
99,659	-	99,659
295,401	-	295,401
4,151	-	4,151
54,643	-	54,643
630,676	-	630,676
(7,386,797)	933,733	(6,453,064)
<u>\$ 50,060,862</u>	<u>\$ 10,031,557</u>	<u>\$ 60,092,419</u>

City of Rye, New York

Statement of Activities  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

2013							
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental activities</b>							
General government	\$ 3,966,979	\$ 707,740	\$ -	\$ -	\$ (3,259,239)	\$ -	\$ (3,259,239)
Public safety	18,064,524	2,473,451	789,830	-	(14,801,243)	-	(14,801,243)
Transportation	4,266,362	1,323,178	-	1,627,589	(1,315,595)	-	(1,315,595)
Culture and recreation	4,149,577	1,479,838	121,533	-	(2,548,206)	-	(2,548,206)
Home and community services	6,376,814	179,686	187,035	580,391	(5,429,702)	-	(5,429,702)
Interest	506,947	-	-	224	(506,723)	-	(506,723)
Total Governmental Activities	<u>37,331,203</u>	<u>6,163,893</u>	<u>1,098,398</u>	<u>2,208,204</u>	<u>(27,860,708)</u>	<u>-</u>	<u>(27,860,708)</u>
<b>Business-type activities</b>							
Boat basin	895,996	663,455	559,942	-	-	327,401	327,401
Golf club	5,700,251	6,060,574	-	-	-	360,323	360,323
Total Business-type Activities	<u>6,596,247</u>	<u>6,724,029</u>	<u>559,942</u>	<u>-</u>	<u>-</u>	<u>687,724</u>	<u>687,724</u>
<b>Total</b>	<u>\$ 43,927,450</u>	<u>\$ 12,887,922</u>	<u>\$ 1,658,340</u>	<u>\$ 2,208,204</u>	<u>(27,860,708)</u>	<u>687,724</u>	<u>(27,172,984)</u>
<b>General revenues</b>							
Real property taxes and related items					20,860,358	-	20,860,358
Non-property taxes							
Sales and use taxes					2,222,745	-	2,222,745
Hotel occupancy taxes					166,778	-	166,778
Utilities gross receipts taxes					402,313	-	402,313
Unrestricted use of money and property					48,667	2,311	50,978
Gain on sale of capital assets					470,967	-	470,967
Governmental aid not restricted to specific programs					3,390,946	-	3,390,946
Other revenues					562,540	-	562,540
Total General Revenues					<u>28,125,314</u>	<u>2,311</u>	<u>28,127,625</u>
Change in Net Position					264,606	690,035	954,641
Net Position - Beginning					50,060,862	10,031,557	60,092,419
Net Position - Ending					<u>\$ 50,325,468</u>	<u>\$ 10,721,592</u>	<u>\$ 61,047,060</u>

The notes to financial statements are an integral part of this statement.

2012

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ 3,733,393	\$ 899,551	\$ 1,458	\$ -	\$ (2,832,384)	\$ -	\$ (2,832,384)
16,093,285	2,129,247	681,077	-	(13,282,961)	-	(13,282,961)
3,858,783	1,264,716	-	267,196	(2,326,871)	-	(2,326,871)
4,055,710	1,457,025	145,750	-	(2,452,935)	-	(2,452,935)
6,302,729	212,248	601,087	-	(5,489,394)	-	(5,489,394)
589,183	-	-	92	(589,091)	-	(589,091)
<u>34,633,083</u>	<u>5,962,787</u>	<u>1,429,372</u>	<u>267,288</u>	<u>(26,973,636)</u>	<u>-</u>	<u>(26,973,636)</u>
1,018,739	640,518	28,718	-	-	(349,503)	(349,503)
6,851,676	6,760,138	-	-	-	(91,538)	(91,538)
<u>7,870,415</u>	<u>7,400,656</u>	<u>28,718</u>	<u>-</u>	<u>-</u>	<u>(441,041)</u>	<u>(441,041)</u>
<u>\$ 42,503,498</u>	<u>\$ 13,363,443</u>	<u>\$ 1,458,090</u>	<u>\$ 267,288</u>	<u>(26,973,636)</u>	<u>(441,041)</u>	<u>(27,414,677)</u>
				20,433,026	-	20,433,026
				2,076,364	-	2,076,364
				155,534	-	155,534
				380,553	-	380,553
				43,420	1,963	45,383
				-	-	-
				2,496,256	-	2,496,256
				538,610	-	538,610
				<u>26,123,763</u>	<u>1,963</u>	<u>26,125,726</u>
				(849,873)	(439,078)	(1,288,951)
				<u>50,910,735</u>	<u>10,470,635</u>	<u>61,381,370</u>
				<u>\$ 50,060,862</u>	<u>\$ 10,031,557</u>	<u>\$ 60,092,419</u>

City of Rye, New York

Balance Sheet  
 Governmental Funds  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and equivalents	\$ 11,416,704	\$ 1,411,906	\$ 675,671	\$ 13,504,281
Receivables				
Taxes receivable	1,153,195	-	-	1,153,195
Accounts receivable	566,315	30,387	89,005	685,707
Due from other funds	2,106,961	154,650	-	2,261,611
Due from other governments	1,027,765	1,508,575	-	2,536,340
Prepaid expenditures	919,261	-	7,261	926,522
Total Assets	<u>\$ 17,190,201</u>	<u>\$ 3,105,518</u>	<u>\$ 771,937</u>	<u>\$ 21,067,656</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 404,991	\$ 303,407	\$ 2,867	\$ 711,265
Accrued liabilities	1,711,976	-	515	1,712,491
Retainage payable	-	97,364	-	97,364
Deposits	660,405	-	-	660,405
Due to other funds	686,971	1,628,300	23,285	2,338,556
Due to other governments	535,616	1,094	1,207	537,917
Unearned revenues	636,161	-	-	636,161
Total Liabilities	<u>4,636,120</u>	<u>2,030,165</u>	<u>27,874</u>	<u>6,694,159</u>
<b>Deferred inflows of resources</b>				
Deferred tax revenues	190,790	-	-	190,790
Total Liabilities and Deferred Inflows of Resources	<u>4,826,910</u>	<u>2,030,165</u>	<u>27,874</u>	<u>6,884,949</u>
<b>Fund balances</b>				
Nonspendable	1,533,556	-	27,261	1,560,817
Restricted	1,383,442	705,847	62,353	2,151,642
Assigned	3,504,007	369,506	654,449	4,527,962
Unassigned	5,942,286	-	-	5,942,286
Total Fund Balances	<u>12,363,291</u>	<u>1,075,353</u>	<u>744,063</u>	<u>14,182,707</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 17,190,201</u>	<u>\$ 3,105,518</u>	<u>\$ 771,937</u>	<u>\$ 21,067,656</u>

The notes to financial statements are an integral part of this statement.

2012

General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 8,484,821	\$ 2,215,829	\$ 572,990	\$ 11,273,640
1,169,675	-	-	1,169,675
556,891	-	84,305	641,196
3,506,595	56,872	5,017	3,568,484
1,076,517	735,003	-	1,811,520
957,958	-	4,900	962,858
<u>\$ 15,752,457</u>	<u>\$ 3,007,704</u>	<u>\$ 667,212</u>	<u>\$ 19,427,373</u>
\$ 1,047,904	\$ 55,294	\$ 10,544	\$ 1,113,742
1,384,294	-	922	1,385,216
-	30,589	-	30,589
585,726	-	-	585,726
287,912	1,233,474	25,072	1,546,458
611,934	1,094	2,002	615,030
564,741	-	-	564,741
<u>4,482,511</u>	<u>1,320,451</u>	<u>38,540</u>	<u>5,841,502</u>
188,181	-	-	188,181
<u>4,670,692</u>	<u>1,320,451</u>	<u>38,540</u>	<u>6,029,683</u>
1,501,991	-	24,900	1,526,891
1,938,058	726,792	62,836	2,727,686
2,659,084	960,461	540,936	4,160,481
4,982,632	-	-	4,982,632
<u>11,081,765</u>	<u>1,687,253</u>	<u>628,672</u>	<u>13,397,690</u>
<u>\$ 15,752,457</u>	<u>\$ 3,007,704</u>	<u>\$ 667,212</u>	<u>\$ 19,427,373</u>

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**City of Rye, New York**

Reconciliation of Governmental Funds Balance Sheet to  
 The Government-Wide Statement of Net Position - Governmental Activities  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Fund Balances - Total Governmental Funds	\$ 14,182,707	\$ 13,397,690
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>44,549,998</u>	<u>42,589,581</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real property taxes	<u>190,790</u>	<u>188,181</u>
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred charges	-	7,300
Deferred amounts on refunding bonds	<u>49,997</u>	<u>34,236</u>
	<u>49,997</u>	<u>41,536</u>
Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance, and risk to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>17,155,836</u>	<u>16,511,469</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued liabilities	(263,229)	(203,133)
Bonds payable	(5,182,532)	(5,415,398)
Claims payable	(1,105,833)	(1,145,813)
Accrued interest payable	(24,293)	(33,016)
Compensated absences	(1,393,551)	(1,326,166)
Other postemployment benefit obligations payable	<u>(17,834,422)</u>	<u>(14,544,069)</u>
	<u>(25,803,860)</u>	<u>(22,667,595)</u>
Net Position of Governmental Activities	<u>\$ 50,325,468</u>	<u>\$ 50,060,862</u>

The notes to financial statements are an integral part of this statement.

**City of Rye, New York**

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes and related items	\$ 20,731,859	\$ -	\$ 125,890	\$ 20,857,749
Non-property taxes	2,791,836	-	332,571	3,124,407
Charges for services	1,816,289	-	-	1,816,289
Intergovernmental charges	85,998	-	-	85,998
Use of money and property	155,476	-	941	156,417
Licenses and permits	2,762,894	47,000	-	2,809,894
Fines and forfeitures	510,819	-	-	510,819
Sale of property and compensation for loss	238,215	-	-	238,215
Interfund revenues	445,759	-	-	445,759
State aid	3,488,355	744,040	-	4,232,395
Federal aid	699,599	1,283,549	-	1,983,148
Miscellaneous	274,014	366,929	51,524	692,467
<b>Total Revenues</b>	<b>34,001,113</b>	<b>2,441,518</b>	<b>510,926</b>	<b>36,953,557</b>
<b>EXPENDITURES</b>				
Current				
General government	3,774,826	-	-	3,774,826
Public safety	16,111,656	-	-	16,111,656
Transportation	3,226,903	-	-	3,226,903
Culture and recreation	3,773,307	-	266,950	4,040,257
Home and community services	5,323,300	-	-	5,323,300
Debt service				
Principal	-	-	254,579	254,579
Interest	-	-	148,601	148,601
Refunding bond issuance costs	-	-	6,655	6,655
Capital outlay				
Public safety	-	2,170	-	2,170
Transportation	-	1,927,269	-	1,927,269
Home and community services	-	1,268,979	-	1,268,979
<b>Total Expenditures</b>	<b>32,209,992</b>	<b>3,198,418</b>	<b>676,785</b>	<b>36,085,195</b>
Excess (Deficiency) of Revenues Over Expenditures	1,791,121	(756,900)	(165,859)	868,362
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	378,885	378,885
Issuance premium	-	-	13,598	13,598
Payment to refunded bond escrow agent	-	-	(385,828)	(385,828)
Transfers in	-	555,456	274,595	830,051
Transfers out	(509,595)	(410,456)	-	(920,051)
<b>Total Other Financing Sources (Uses)</b>	<b>(509,595)</b>	<b>145,000</b>	<b>281,250</b>	<b>(83,345)</b>
<b>Net Change in Fund Balances</b>	<b>1,281,526</b>	<b>(611,900)</b>	<b>115,391</b>	<b>785,017</b>
<b>FUND BALANCES</b>				
Beginning of Year	11,081,765	1,687,253	628,672	13,397,690
End of Year	<u>\$ 12,363,291</u>	<u>\$ 1,075,353</u>	<u>\$ 744,063</u>	<u>\$ 14,182,707</u>

The notes to financial statements are an integral part of this statement.

2012

General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 20,245,812	\$ -	\$ 189,536	\$ 20,435,348
2,612,451	-	326,183	2,938,634
1,809,922	-	-	1,809,922
81,095	-	-	81,095
338,017	-	552	338,569
2,311,138	33,425	-	2,344,563
609,247	-	-	609,247
119,983	-	-	119,983
441,634	-	-	441,634
2,630,308	284,502	-	2,914,810
549,679	45,854	-	595,533
362,442	536,080	52,023	950,545
<u>32,111,728</u>	<u>899,861</u>	<u>568,294</u>	<u>33,579,883</u>
3,622,160	-	-	3,622,160
14,340,455	-	-	14,340,455
2,972,934	-	-	2,972,934
3,616,440	-	269,172	3,885,612
5,496,520	-	-	5,496,520
-	-	246,918	246,918
-	-	156,428	156,428
-	-	-	-
-	-	-	-
-	293,946	-	293,946
-	985,249	-	985,249
<u>30,048,509</u>	<u>1,279,195</u>	<u>672,518</u>	<u>32,000,222</u>
<u>2,063,219</u>	<u>(379,334)</u>	<u>(104,224)</u>	<u>1,579,661</u>
-	-	-	-
-	-	-	-
-	-	-	-
35,000	194,943	261,896	491,839
(274,216)	(182,623)	-	(456,839)
<u>(239,216)</u>	<u>12,320</u>	<u>261,896</u>	<u>35,000</u>
<u>1,824,003</u>	<u>(367,014)</u>	<u>157,672</u>	<u>1,614,661</u>
9,257,762	2,054,267	471,000	11,783,029
<u>\$ 11,081,765</u>	<u>\$ 1,687,253</u>	<u>\$ 628,672</u>	<u>\$ 13,397,690</u>

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**City of Rye, New York**

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds to the Statement of Activities  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Net Change in Fund Balances - Total Governmental Funds	<u>\$ 785,017</u>	<u>\$ 1,614,661</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. This amount is less than the total capital outlay since capital outlay includes amounts that are under the capitalization threshold or were repairs and maintenance and, therefore, were not capitalized.		
Capital outlay expenditures capitalized	2,362,076	937,461
Depreciation expense	<u>(401,659)</u>	<u>(396,532)</u>
	<u>1,960,417</u>	<u>540,929</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds -		
Real property taxes	<u>2,609</u>	<u>(2,322)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Refunding bonds issued	(378,885)	-
Premium of debt issued	(13,598)	-
Payment to refunded bond escrow agent	385,828	-
Principal paid on bonds	254,579	246,918
Amortization of issuance costs, loss on refunding bonds and issuance premium	<u>(6,597)</u>	<u>116</u>
	<u>241,327</u>	<u>247,034</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Self-insured health benefits	(60,096)	89,618
Claims	39,980	(109,214)
Accrued interest	8,723	(6,691)
Compensated absences	(67,385)	(7,962)
Other postemployment benefit obligations payable	<u>(3,290,353)</u>	<u>(3,258,864)</u>
	<u>(3,369,131)</u>	<u>(3,293,113)</u>
Internal service funds are used by management to charge the costs of building maintenance, vehicle maintenance and risk to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
	<u>644,367</u>	<u>42,938</u>
Change in Net Position of Governmental Activities	<u>\$ 264,606</u>	<u>\$ (849,873)</u>

The notes to financial statements are an integral part of this statement.

City of Rye, New York

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ 20,853,483	\$ 20,853,483	\$ 20,731,859	\$ (121,624)
Non-property tax	2,525,000	2,525,000	2,791,836	266,836
Charges for services	1,662,360	1,662,360	1,816,289	153,929
Intergovernmental charges	91,245	91,245	85,998	(5,247)
Use of money and property	335,610	335,610	155,476	(180,134)
Licenses and permits	1,872,438	1,872,438	2,762,894	890,456
Fines and forfeitures	589,700	589,700	510,819	(78,881)
Sale of property and compensation for loss	41,000	41,000	238,215	197,215
Interfund revenues	440,434	440,434	445,759	5,325
State aid	2,328,322	3,311,243	3,488,355	177,112
Federal aid	-	-	699,599	699,599
Miscellaneous	171,242	171,242	274,014	102,772
Total Revenues	<u>30,910,834</u>	<u>31,893,755</u>	<u>34,001,113</u>	<u>2,107,358</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
City Council	63,861	196,189	195,475	714
City Manager	566,587	620,094	584,582	35,512
Finance Administration	156,280	167,019	162,300	4,719
General Accounting	350,162	275,459	244,345	31,114
Accounts Payable	104,581	94,825	92,894	1,931
Payroll	142,838	199,587	196,963	2,624
Treasury	272,428	473,745	459,387	14,358
Parking Violation Bureau	55,549	48,422	46,243	2,179
Assessor	420,667	410,924	410,224	700
City Clerk	369,530	337,025	320,021	17,004
Records Management	53,867	41,104	39,144	1,960
Parking Administration	50,673	42,626	40,967	1,659
Law	272,452	259,892	258,837	1,055
Human Resources	330,245	306,353	304,302	2,051
Elections	36,518	36,518	33,772	2,746
City Hall Annex	181,251	63,047	63,047	-
Information Technology	360,066	340,473	322,323	18,150
Contingent Account	300,000	-	-	-
Total General Government	<u>4,087,555</u>	<u>3,913,302</u>	<u>3,774,826</u>	<u>138,476</u>

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 20,266,310	\$ 20,266,310	\$ 20,245,812	\$ (20,498)
2,295,365	2,295,365	2,612,451	317,086
1,633,530	1,633,530	1,809,922	176,392
88,245	88,245	81,095	(7,150)
345,542	345,542	338,017	(7,525)
1,718,705	1,718,705	2,311,138	592,433
613,200	613,200	609,247	(3,953)
44,100	44,100	119,983	75,883
446,409	446,409	441,634	(4,775)
2,318,623	2,318,623	2,630,308	311,685
-	-	549,679	549,679
167,242	168,742	362,442	193,700
<u>29,937,271</u>	<u>29,938,771</u>	<u>32,111,728</u>	<u>2,172,957</u>

75,623	252,977	252,977	-
558,921	548,921	540,125	8,796
239,741	180,939	147,186	33,753
385,438	357,173	295,705	61,468
93,367	93,367	88,383	4,984
129,586	138,896	138,895	1
227,926	262,495	248,032	14,463
39,303	35,821	35,119	702
398,860	385,360	359,063	26,297
337,554	359,389	338,207	21,182
53,705	47,705	46,385	1,320
50,538	50,538	48,254	2,284
284,381	259,546	258,399	1,147
324,180	329,486	329,486	-
36,232	36,232	34,017	2,215
179,919	179,919	179,919	-
292,177	284,077	282,008	2,069
300,000	-	-	-
<u>4,007,451</u>	<u>3,802,841</u>	<u>3,622,160</u>	<u>180,681</u>

(Continued)

City of Rye, New York

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Public safety				
Police Administration	\$ 1,259,448	\$ 1,366,138	\$ 1,362,647	\$ 3,491
Police Patrol	6,182,281	7,353,787	7,329,317	24,470
Police Investigations	830,841	859,434	844,410	15,024
Police Marine Patrol	138,627	132,948	130,005	2,943
Parking Enforcement	282,282	249,542	247,407	2,135
School Crossing Guards	156,214	150,992	150,833	159
Traffic Control	184,232	168,419	165,884	2,535
Fire Prevention and Suppression	4,995,738	5,323,488	5,196,013	127,475
Animal Control	33,602	33,676	23,811	9,865
Building	426,044	441,823	438,828	2,995
Ambulance Service	222,501	222,501	222,501	-
Total Public Safety	<u>14,711,810</u>	<u>16,302,748</u>	<u>16,111,656</u>	<u>191,092</u>
Transportation				
Public Works Administration	1,227,230	1,145,240	1,124,474	20,766
Engineering	410,890	435,771	421,292	14,479
Street Maintenance	745,998	740,217	738,432	1,785
Snow Removal	362,775	350,994	350,105	889
Street Lighting	355,485	370,596	370,394	202
Off-Street Parking	287,846	223,565	222,206	1,359
Total Transportation	<u>3,390,224</u>	<u>3,266,383</u>	<u>3,226,903</u>	<u>39,480</u>
Culture and recreation				
Recreation Administration	394,411	345,237	340,362	4,875
Parks and Playgrounds	579,439	572,657	566,202	6,455
Recreation Center	299,972	295,849	293,501	2,348
Recreation Programs	184,911	172,447	168,523	3,924
Camps	518,506	515,067	512,537	2,530
Athletics	249,213	250,626	247,397	3,229
Tennis	111,641	111,641	100,612	11,029
Special Events	139,948	144,923	108,886	36,037
Adult Recreation	144,640	161,712	107,785	53,927
Rye Youth Council	40,000	42,099	42,099	-
Rye Town Park	50,000	11,000	11,000	-
Southeast Consortium	21,675	22,532	22,166	366
Rye Free Reading Room	1,110,000	1,110,000	1,110,000	-
Square House Museum	99,706	99,706	86,074	13,632
Rye Arts Center	5,600	5,600	5,600	-
Special Facilities Administration	19,053	19,053	19,046	7
Rye Nature Center	31,517	31,517	31,517	-
Total Culture and Recreation	<u>4,000,232</u>	<u>3,911,666</u>	<u>3,773,307</u>	<u>138,359</u>

## 2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 1,351,744	\$ 1,357,509	\$ 1,355,537	\$ 1,972
5,773,058	6,184,469	6,156,246	28,223
793,165	793,253	793,252	1
138,924	131,435	130,187	1,248
281,739	255,891	255,017	874
136,274	119,139	118,741	398
218,913	180,258	179,063	1,195
4,593,028	4,749,810	4,726,596	23,214
23,307	33,063	23,398	9,665
363,393	379,129	378,643	486
223,775	223,775	223,775	-
<u>13,897,320</u>	<u>14,407,731</u>	<u>14,340,455</u>	<u>67,276</u>
1,224,024	1,154,058	1,151,488	2,570
294,834	360,127	328,058	32,069
780,123	711,874	706,974	4,900
353,044	233,594	161,640	71,954
334,469	350,987	350,986	1
284,078	273,878	273,788	90
<u>3,270,572</u>	<u>3,084,518</u>	<u>2,972,934</u>	<u>111,584</u>
361,902	353,220	352,490	730
575,799	480,444	479,916	528
292,790	241,811	241,811	-
168,009	150,861	150,860	1
451,650	490,588	488,671	1,917
223,389	211,600	209,631	1,969
93,952	100,542	100,542	-
119,093	132,570	130,225	2,345
132,548	117,111	117,099	12
40,000	42,100	42,099	1
75,000	53,100	53,018	82
20,558	22,128	21,343	785
1,080,000	1,087,066	1,087,066	-
107,413	90,613	90,189	424
5,526	5,526	5,526	-
14,204	14,204	14,204	-
31,750	31,750	31,750	-
<u>3,793,583</u>	<u>3,625,234</u>	<u>3,616,440</u>	<u>8,794</u>

(Continued)

City of Rye, New York

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Concluded)

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Home and community services				
Planning	\$ 279,151	\$ 265,379	\$ 259,080	\$ 6,299
Sanitary Sewers	378,880	350,982	333,804	17,178
Storm Drains	187,781	173,491	158,256	15,235
Refuse and Garbage	2,259,333	2,347,404	2,342,293	5,111
Recycling	858,724	787,675	778,418	9,257
Street Cleaning	62,405	63,695	62,751	944
Community Beautification	700,024	737,825	730,127	7,698
Rodent and Insect Control	11,179	11,179	9,867	1,312
Shade Tree Maintenance	613,603	607,411	605,035	2,376
Conservation	3,689	3,689	3,588	101
Emergency Disaster	-	40,083	40,081	2
Total Home and Community Services	<u>5,354,769</u>	<u>5,388,813</u>	<u>5,323,300</u>	<u>65,513</u>
Total Expenditures	<u>31,544,590</u>	<u>32,782,912</u>	<u>32,209,992</u>	<u>572,920</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(633,756)</u>	<u>(889,157)</u>	<u>1,791,121</u>	<u>2,680,278</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(469,595)</u>	<u>(509,595)</u>	<u>(509,595)</u>	<u>-</u>
Total Other Financing Uses	<u>(469,595)</u>	<u>(509,595)</u>	<u>(509,595)</u>	<u>-</u>
Net Change in Fund Balance	<u>(1,103,351)</u>	<u>(1,398,752)</u>	<u>1,281,526</u>	<u>2,680,278</u>
<b>FUND BALANCE</b>				
Beginning of Year	<u>1,103,351</u>	<u>1,398,752</u>	<u>11,081,765</u>	<u>9,683,013</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,363,291</u>	<u>\$ 12,363,291</u>

The notes to financial statements are an integral part of this statement.

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 274,623	\$ 260,902	\$ 257,052	\$ 3,850
347,066	351,376	339,624	11,752
200,724	166,730	153,404	13,326
2,064,094	2,195,473	2,195,473	-
820,784	789,513	788,496	1,017
59,879	61,825	60,846	979
649,647	677,673	677,673	-
9,657	9,657	9,472	185
531,048	621,855	621,005	850
3,669	3,669	3,532	137
-	389,944	389,943	1
<u>4,961,191</u>	<u>5,528,617</u>	<u>5,496,520</u>	<u>32,097</u>
29,930,117	30,448,941	30,048,509	400,432
<u>7,154</u>	<u>(510,170)</u>	<u>2,063,219</u>	<u>2,573,389</u>
-	35,000	35,000	-
<u>(261,896)</u>	<u>(274,216)</u>	<u>(274,216)</u>	<u>-</u>
<u>(261,896)</u>	<u>(239,216)</u>	<u>(239,216)</u>	<u>-</u>
<u>(254,742)</u>	<u>(749,386)</u>	<u>1,824,003</u>	<u>2,573,389</u>
254,742	749,386	9,257,762	8,508,376
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,081,765</u>	<u>\$ 11,081,765</u>

City of Rye, New York

Statement of Net Position

Proprietary Funds

December 31, 2013

(With Comparative Amounts for 2012)

	2013			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds		Totals	
	Boat Basin Fund	Golf Club Fund		
<b>ASSETS</b>				
Current assets				
Cash and equivalents	\$ 491,806	\$ 1,936,453	\$ 2,428,259	\$ 6,997,892
Accounts receivable	1,974	9,185	11,159	376,555
Deposits	-	-	-	28,500
Due from other funds	-	4,581	4,581	527,740
Due from other governments	554,586	-	554,586	40,078
Prepaid expenses	15,051	47,262	62,313	134,403
Inventories	-	56,976	56,976	-
Total Current Assets	<u>1,063,417</u>	<u>2,054,457</u>	<u>3,117,874</u>	<u>8,105,168</u>
Noncurrent assets				
Deferred charges	-	-	-	-
Capital assets				
Land	408	1,700,000	1,700,408	4,561,755
Buildings	341,930	11,417,550	11,759,480	16,506,163
Improvements	3,926,545	3,434,670	7,361,215	4,672,224
Machinery and equipment	73,388	1,181,376	1,254,764	10,016,944
Construction in progress	-	78,703	78,703	161,470
Less - Accumulated depreciation	<u>(2,362,521)</u>	<u>(8,546,764)</u>	<u>(10,909,285)</u>	<u>(13,672,527)</u>
Total Capital Assets (net of accumulated depreciation)	<u>1,979,750</u>	<u>9,265,535</u>	<u>11,245,285</u>	<u>22,246,029</u>
Total Noncurrent Assets	<u>1,979,750</u>	<u>9,265,535</u>	<u>11,245,285</u>	<u>22,246,029</u>
Total Assets	<u>3,043,167</u>	<u>11,319,992</u>	<u>14,363,159</u>	<u>30,351,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amounts on refunding bonds	-	64,251	64,251	441,113

2012

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 347,309	\$ 1,683,906	\$ 2,031,215	\$ 3,659,258
950	1,314	2,264	255,051
-	-	-	28,500
-	-	-	231,286
323,850	-	323,850	44,889
11,970	44,070	56,040	121,352
-	-	-	-
<u>684,079</u>	<u>1,729,290</u>	<u>2,413,369</u>	<u>4,340,336</u>
-	16,733	16,733	54,275
408	1,700,000	1,700,408	6,571,814
341,930	11,417,550	11,759,480	19,832,889
3,312,704	3,434,670	6,747,374	4,636,167
73,388	1,165,937	1,239,325	9,958,189
-	38,670	38,670	169,118
<u>(1,942,682)</u>	<u>(8,208,709)</u>	<u>(10,151,391)</u>	<u>(13,228,328)</u>
<u>1,785,748</u>	<u>9,548,118</u>	<u>11,333,866</u>	<u>27,939,849</u>
<u>1,785,748</u>	<u>9,564,851</u>	<u>11,350,599</u>	<u>27,994,124</u>
<u>2,469,827</u>	<u>11,294,141</u>	<u>13,763,968</u>	<u>32,334,460</u>
-	54,623	54,623	258,955

(Continued)

City of Rye, New York

Statement of Net Position (Continued)  
 Proprietary Funds  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,229	119,473	120,702	255,045
Accrued liabilities	7,914	49,375	57,289	421,511
Accrued interest payable	-	14,231	14,231	73,405
Retainage payable	-	-	-	112,558
Due to other funds	239,639	84,553	324,192	131,184
Due to other governments	1,633	29,343	30,976	-
Compensated absences	3,100	3,800	6,900	6,800
Bonds payable	-	365,000	365,000	1,012,709
Total Current Liabilities	<u>253,515</u>	<u>665,775</u>	<u>919,290</u>	<u>2,013,212</u>
Noncurrent liabilities				
Bonds payable, less current portion	-	1,619,697	1,619,697	10,376,807
Compensated absences, less current portion	27,499	34,459	61,958	61,597
Other postemployment benefit obligations	<u>337,073</u>	<u>619,885</u>	<u>956,958</u>	<u>1,332,773</u>
Total Noncurrent Liabilities	<u>364,572</u>	<u>2,274,041</u>	<u>2,638,613</u>	<u>11,771,177</u>
Total Liabilities	<u>618,087</u>	<u>2,939,816</u>	<u>3,557,903</u>	<u>13,784,389</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,979,750	7,345,089	9,324,839	12,101,873
Unrestricted	445,330	1,099,338	1,544,668	4,906,048
Total Net Position	<u>\$ 2,425,080</u>	<u>\$ 8,444,427</u>	<u>10,869,507</u>	<u>\$ 17,007,921</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(147,915)</u>	
Net Position of Business-type Activities			<u>\$ 10,721,592</u>	

The notes to financial statements are an integral part of this statement.

2012

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
1,446	197,115	198,561	161,756
4,223	21,215	25,438	354,815
-	28,462	28,462	82,235
-	-	-	159,225
22,043	108,500	130,543	2,122,769
1,223	33,167	34,390	-
3,000	8,700	11,700	7,200
-	330,000	330,000	941,728
<u>31,935</u>	<u>727,159</u>	<u>759,094</u>	<u>3,829,728</u>
-	1,977,398	1,977,398	11,151,274
27,098	79,178	106,276	65,127
<u>317,305</u>	<u>527,067</u>	<u>844,372</u>	<u>1,135,711</u>
<u>344,403</u>	<u>2,583,643</u>	<u>2,928,046</u>	<u>12,352,112</u>
<u>376,338</u>	<u>3,310,802</u>	<u>3,687,140</u>	<u>16,181,840</u>
1,785,748	7,312,076	9,097,824	16,994,135
307,741	725,886	1,033,627	(582,560)
<u>\$ 2,093,489</u>	<u>\$ 8,037,962</u>	<u>10,131,451</u>	<u>\$ 16,411,575</u>
		<u>(99,894)</u>	
		<u>\$ 10,031,557</u>	

City of Rye, New York

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 663,455	\$ 6,051,198	\$ 6,714,653	\$ 4,483,179
Sale of property and compensation for loss	-	2,378	2,378	-
Miscellaneous	-	6,998	6,998	238,239
Total Operating Revenues	<u>663,455</u>	<u>6,060,574</u>	<u>6,724,029</u>	<u>4,721,418</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	181,701	1,628,691	1,810,392	633,395
Employee benefits	130,099	652,871	782,970	642,050
Materials and supplies	50,954	1,607,239	1,658,193	963,095
Contractual costs	109,937	1,344,832	1,454,769	897,596
Depreciation and amortization	419,839	369,623	789,462	1,184,063
Total Operating Expenses	<u>892,530</u>	<u>5,603,256</u>	<u>6,495,786</u>	<u>4,320,199</u>
Income (Loss) from Operations	<u>(229,075)</u>	<u>457,318</u>	<u>228,243</u>	<u>401,219</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
State and federal aid	559,942	-	559,942	-
Gain on sale of capital assets	-	-	-	470,967
Interest income	724	1,587	2,311	1,930
Interest expense	-	(52,440)	(52,440)	(367,770)
Total Non-Operating Revenues (Expenses)	<u>560,666</u>	<u>(50,853)</u>	<u>509,813</u>	<u>105,127</u>
Income (Loss) Before Transfers	331,591	406,465	738,056	506,346
Transfers in	-	-	-	90,000
Transfers out	-	-	-	-
Change in Net Position	<u>331,591</u>	<u>406,465</u>	<u>738,056</u>	<u>596,346</u>
<b>NET POSITION</b>				
Beginning of Year	2,093,489	8,037,962	10,131,451	16,411,575
End of Year	<u>\$ 2,425,080</u>	<u>\$ 8,444,427</u>	<u>\$ 10,869,507</u>	<u>\$ 17,007,921</u>
Change in Net Position			\$ 738,056	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(48,021)</u>	
Change in Net Position of Business-type Activities			<u>\$ 690,035</u>	

The notes to financial statements are an integral part of this statement.

2012

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 640,518	\$ 6,756,049	\$ 7,396,567	\$ 4,433,349
-	2,233	2,233	-
-	1,856	1,856	454,026
<u>640,518</u>	<u>6,760,138</u>	<u>7,400,656</u>	<u>4,887,375</u>
193,867	1,134,711	1,328,578	660,102
122,915	680,031	802,946	634,464
75,433	1,783,627	1,859,060	1,011,914
108,942	2,794,272	2,903,214	836,042
519,479	386,949	906,428	1,214,507
<u>1,020,636</u>	<u>6,779,590</u>	<u>7,800,226</u>	<u>4,357,029</u>
(380,118)	(19,452)	(399,570)	530,346
28,718	-	28,718	-
-	-	-	-
475	1,488	1,963	945
-	(96,473)	(96,473)	(427,069)
<u>29,193</u>	<u>(94,985)</u>	<u>(65,792)</u>	<u>(426,124)</u>
(350,925)	(114,437)	(465,362)	104,222
-	-	-	-
-	-	-	(35,000)
<u>(350,925)</u>	<u>(114,437)</u>	<u>(465,362)</u>	<u>69,222</u>
2,444,414	8,152,399	10,596,813	16,342,353
<u>\$ 2,093,489</u>	<u>\$ 8,037,962</u>	<u>\$ 10,131,451</u>	<u>\$ 16,411,575</u>
		\$ (465,362)	
		26,284	
		<u>\$ (439,078)</u>	

City of Rye, New York

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 662,431	\$ 6,020,975	\$ 6,683,406	\$ 4,070,032
Cash payments to employees	(287,840)	(2,210,203)	(2,498,043)	(1,057,617)
Cash payments to vendors	53,817	(3,099,881)	(3,046,064)	(3,776,705)
Other operating revenues	-	9,376	9,376	238,239
Net Cash from Operating Activities	<u>428,408</u>	<u>720,267</u>	<u>1,148,675</u>	<u>(526,051)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
State and federal aid	329,206	-	329,206	-
Transfers in	-	-	-	90,000
Transfers out	-	-	-	-
Net Cash from Non-Capital Financing Activities	<u>329,206</u>	<u>-</u>	<u>329,206</u>	<u>90,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Advances from other funds	-	-	-	-
Acquisition and construction of capital assets	(613,841)	(55,471)	(669,312)	(218,260)
Principal paid on capital debt	-	(340,000)	(340,000)	(955,421)
Interest paid on capital debt	-	(73,836)	(73,836)	(381,526)
Proceeds from sale of capital assets	-	-	-	5,327,962
Net Cash from Capital and Related Financing Activities	<u>(613,841)</u>	<u>(469,307)</u>	<u>(1,083,148)</u>	<u>3,772,755</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	724	1,587	2,311	1,930
Sale of investments	-	-	-	-
Net Cash from Investing Activities	<u>724</u>	<u>1,587</u>	<u>2,311</u>	<u>1,930</u>
Net Change in Cash and Equivalents	144,497	252,547	397,044	3,338,634
Cash and Equivalents - Beginning of Year	347,309	1,683,906	2,031,215	3,659,258
Cash and Equivalents - End of Year	<u>\$ 491,806</u>	<u>\$ 1,936,453</u>	<u>\$ 2,428,259</u>	<u>\$ 6,997,892</u>

2012

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
\$ 640,518	\$ 6,705,662	\$ 7,346,180	\$ 4,383,381
(294,258)	(1,673,024)	(1,967,282)	(1,079,495)
(398,174)	(4,590,961)	(4,989,135)	(1,139,017)
-	4,089	4,089	454,026
<u>(51,914)</u>	<u>445,766</u>	<u>393,852</u>	<u>2,618,895</u>
22,368	-	22,368	-
-	-	-	-
-	-	-	(35,000)
<u>22,368</u>	<u>-</u>	<u>22,368</u>	<u>(35,000)</u>
-	-	-	(708,702)
-	(38,670)	(38,670)	(84,845)
-	(320,000)	(320,000)	(918,082)
-	(107,895)	(107,895)	(439,471)
-	-	-	-
<u>-</u>	<u>(466,565)</u>	<u>(466,565)</u>	<u>(2,151,100)</u>
475	1,488	1,963	945
2,354	26,667	29,021	3,074,491
<u>2,829</u>	<u>28,155</u>	<u>30,984</u>	<u>3,075,436</u>
(26,717)	7,356	(19,361)	3,508,231
374,026	1,676,550	2,050,576	151,027
<u>\$ 347,309</u>	<u>\$ 1,683,906</u>	<u>\$ 2,031,215</u>	<u>\$ 3,659,258</u>

(Continued)

City of Rye, New York

Statement of Cash Flows ( Continued)  
 Proprietary Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			Governmental Activities - Internal Service Funds
	Business-type Activities - Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Totals	
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>				
Income (loss) from operations	\$ (229,075)	\$ 457,318	\$ 228,243	\$ 401,219
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation and amortization expense	419,839	369,623	789,462	1,184,063
Changes in assets and liabilities				
Accounts receivable	(1,024)	(7,871)	(8,895)	(413,147)
Due from other funds	-	(4,581)	(4,581)	-
Prepaid expenses	(3,081)	(3,192)	(6,273)	(13,051)
Inventories	-	(56,976)	(56,976)	-
Accounts payable	(217)	(77,642)	(77,859)	93,289
Accrued liabilities	3,691	28,160	31,851	66,696
Retainage payable	-	-	-	(46,667)
Due to other funds	217,596	(23,947)	193,649	(1,991,585)
Due to other governments	410	(3,824)	(3,414)	-
Other post employment benefit obligations	19,768	92,818	112,586	197,062
Compensated absences	501	(49,619)	(49,118)	(3,930)
Total Adjustments	<u>657,483</u>	<u>262,949</u>	<u>920,432</u>	<u>(927,270)</u>
Net Cash from Operating Activities	<u>\$ 428,408</u>	<u>\$ 720,267</u>	<u>\$ 1,148,675</u>	<u>\$ (526,051)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Refunding bonds issued	-	825,000	825,000	3,971,115
Refunding bond issuance premium (discount)	-	(4,174)	(4,174)	142,524
Payment to refunded bond escrow agent	-	(805,125)	(805,125)	(4,043,881)

The notes to financial statements are an integral part of this statement.

2012

Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
Boat Basin Fund	Golf Club Fund	Totals	
<u>\$ (380,118)</u>	<u>\$ (19,452)</u>	<u>\$ (399,570)</u>	<u>\$ 530,346</u>
519,479	386,949	906,428	1,214,507
-	687	687	(49,968)
-	-	-	50,000
(5,718)	(24,176)	(29,894)	(30,907)
-	-	-	-
(203,088)	(62,145)	(265,233)	24,181
2,073	21,215	23,288	(57,407)
-	-	-	655
(5,096)	23,416	18,320	737,010
103	(1,231)	(1,128)	-
21,424	114,522	135,946	204,268
(973)	5,981	5,008	(3,790)
<u>328,204</u>	<u>465,218</u>	<u>793,422</u>	<u>2,088,549</u>
<u>\$ (51,914)</u>	<u>\$ 445,766</u>	<u>\$ 393,852</u>	<u>\$ 2,618,895</u>

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**City of Rye, New York**

Statement of Assets and Liabilities

Fiduciary Fund

December 31, 2013

(With Comparative Amounts for 2012)

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 354,230	\$ 316,383
Accounts receivable	3,542	3,253
Total Assets	<u>\$ 357,772</u>	<u>\$ 319,636</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 325,989	\$ 293,529
Employee payroll deductions	31,783	26,107
Total Liabilities	<u>\$ 357,772</u>	<u>\$ 319,636</u>

The notes to financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The City of Rye, New York ("City") was incorporated in 1942 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a City Council/Manager form of government. The City Council is the legislative body responsible for overall operation. The City Manager serves as the chief administrative officer and the City Comptroller serves as the chief financial officer. The City provides the following services to its residents: public safety, transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

**A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government which is the City, b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities that would be included in the financial statements.

The City participates in a joint venture for the operation of the Rye Town Park ("Park"). The Park was established in 1907 by the New York State Legislature pursuant to Chapter 711 of the Laws of 1907. The Park provides recreational activities to the public, and is governed by a Commission, which has full charge and supervision over the capital improvements, operations, and maintenance of the Park. The Commission consists of six members: the Supervisor of the Town of Rye, the Mayor of the City of Rye, the Mayor of the Village of Port Chester, the Mayor of the Village of Rye Brook, one Commissioner appointed by the City Council of the City of Rye, and one Commissioner appointed by the Town Board of the Town of Rye. The City of Rye does not have an equity interest in the Park. The City has an ongoing financial responsibility in that the annual income or loss resulting from the Park's activities is shared proportionally by the City of Rye and the Town of Rye, using a calculation based on their equalized assessed valuation. The City's share of the Park's loss reflected in the City's 2013 financial statements is \$11,000. Complete separate financial statements for the Park may be obtained from the Town of Rye, 10 Pearl Street, Port Chester, New York 10573.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the City as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Statement of Net Position presents the financial position of the City at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise Funds and the Internal Service Funds are charges to customers for services. Operating expenses for the Enterprise Funds and the Internal Service Funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

**C. Fund Financial Statements**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The City maintains internal service and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles, as follows:

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the City and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

The City also reports the following non-major governmental funds:

Cable TV Special Revenue Fund – The Cable TV Special Revenue Fund is used to account for the receipt and use of revenues received from the franchise holder for public access cable television programming.

K.T. Woods Permanent Fund - The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs, namely the funding of certain expenditures in the Rye Nature Center.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. Internal service funds are used to account for operations that provide services to other departments or agencies of the government, or other governments, on a cost reimbursement basis. The operations of the Boat Basin and Golf Club funds are recorded as major enterprise funds. The City has established its Risk Retention and Building and Vehicle Maintenance funds as internal service funds. The City applies all applicable Financial Accounting Standards Board ("FASB") guidance issued after November 30, 1989 in accounting and reporting for its enterprise operations.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims, compensated absences and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances**

**Deposits and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

State statutes govern the City's deposit and investment policies. The City has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The City is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions and, accordingly, the City's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The City has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The City utilizes a pooled investment concept for governmental and proprietary funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2013.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property when levied. City property taxes are levied by the City on February 1<sup>st</sup> and collected by the City in one installment in February, and are due and payable without penalty during the month of February. County property taxes are levied by the County on April 1<sup>st</sup> and collected by the City in one installment in May, and are due and payable without penalty during the month of May. Rye Neck Union Free School District property taxes are levied by the school district on September 1<sup>st</sup> and collected by the City in two installments: the taxes for the period July 1<sup>st</sup> to June 30<sup>th</sup> are due on September 1<sup>st</sup>, with the first half payable without penalty until September 30<sup>th</sup>, and the second half payable without penalty until November 30<sup>th</sup>. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until July 1<sup>st</sup> of the following year, after which collection becomes the responsibility of the City. In accordance with Westchester County Finance Law, the City guarantees the full payment of the County, Rye City School District and Rye Neck Union Free School District warrants, and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

The City functions in both a fiduciary and guarantor relationship with the County of Westchester and the school districts with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the City to collect County taxes. The City must remit to the County sixty percent (60%) of the amount levied by May 25<sup>th</sup>, and the balance of forty percent (40%) on October 15<sup>th</sup>. With respect to school district taxes, New York State law and the County Charter provide that the City satisfy the warrant of the school districts by July 1<sup>st</sup> of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school districts taxes is from the date of the levy until the respective due dates, at which time the

**Note 1 - Summary of Significant Accounting Policies (Continued)**

City must satisfy its obligations to the school districts, regardless of the amounts collected. Since the County tax warrant must be paid in full by October 15<sup>th</sup>, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of December 31<sup>st</sup>. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement, workers' compensation insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Inventories** - Inventories in the Golf Club Fund consist of beverages and are recorded at cost on a first-in, first-out basis. These inventories consist of items held for consumption. The cost is recorded as inventory at the time individual items are purchased. The City uses the consumption method to relieve inventory. In other funds, purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

**Capital Assets** - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure are depreciated using the straight line method over the following estimated useful lives:

Asset	Life in Years	
	Prior to January 1, 1995	Subsequent to January 1, 1995
Buildings	45	50
Improvements	20	5 - 20
Machinery and equipment	5 - 15	5 - 10
Infrastructure	20	25 - 50

The costs associated with the acquisition or construction of capital assets is shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported unearned revenues of \$636,161 for parking permit fees received in advance in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City has reported deferred outflows of resources of \$491,110 and \$64,251 for a deferred loss on refunding bonds in the government-wide and proprietary fund Statements of Net Position, respectively. These amounts result from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The City has reported deferred inflows of resources of \$190,790 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**Long-term Liabilities** - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position include, net investment in capital assets, restricted for capital projects, permanent fund, special purposes, debt service and risk retention. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that

**Note 1 - Summary of Significant Accounting Policies (Continued)**

are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Council is the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the City removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Council.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the City Council for amounts assigned for balancing the subsequent year's budget or the City Comptroller for amounts assigned for purchases on order, police purposes, fire purposes, parks, recreation programs, WWI memorial and tax certiorari. Unlike commitments, assignments generally exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 2, 2014.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The City generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before the seventh day of November, the City Manager submits to the City Council a tentative budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year.
- b) Upon receipt of the Manager's tentative budget and prior to a public hearing, the City Council may, by a vote of at least four members of the City Council, make changes in the tentative budget.
- c) After considering the tentative budget, but not later than the first Wednesday in December and with a public notice published ten days in advance, the City Council holds a public hearing on the proposed budget.
- d) After the public hearing, but not later than December 31<sup>st</sup>, the City Council adopts the budget presented at the public hearing as submitted or amended. Amendments made between the time of the public hearing and the date of adoption, which increase total estimated revenues or total appropriations, require an affirmative vote of at least five members of the City Council.
- e) Formal budgetary integration is employed during the year as a management control device for General, Special Revenue and Debt Service funds.
- f) Budgets for General, Special Revenue and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Proprietary funds.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- g) The City Manager may, at any time during the fiscal year, transfer part or all of any unencumbered appropriation balance among programs or accounts within a department, office or agency under his/her supervision, and such transfers are reported to the Council at or prior to the next City Council meeting. The City Council may, by resolution, transfer part or all of any unencumbered appropriation balance among programs or accounts of a board or commission or within a department, office or agency, or from one board, commission, department, office or agency to another. No appropriation for debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.
- h) Appropriations in General, Special Revenue and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council. Individual amendments for the current year were not material in relation to the original appropriations that were amended.

**B. Property Tax Limitation**

The City is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a City in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

and tort judgments payable by the City. The City Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Council first enacts, by a vote of at least sixty percent of the total voting power of the City Council, a local law to override such limit for such coming fiscal year.

**C. Application of Accounting Standards**

For the year ended December 31, 2013, the City implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

**D. Capital Projects Fund Project Deficits**

The following capital projects reflect deficits at December 31, 2013 because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Kirby Lane Sanitary Sewer	\$	405,555
Annual Sewer Drainage Improvement Program		150,838
Upper Blind Brook Study		8,740

**Note 3 - Detailed Notes on All Funds**

**A. Taxes Receivable**

Taxes receivable at December 31, 2013 consisted of the following:

City taxes - Current	\$	55,144
City taxes - Delinquent		912,883
School district taxes - Current		185,168
		<u>185,168</u>
		<u>\$ 1,153,195</u>

School district taxes are offset by liabilities to the school district, which will be paid no later than July 1, 2014. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$190,790, which represents an estimate of the receivable that will not be collected within the first sixty days of the subsequent year. School and County taxes receivable in the amount of \$614,295 are also classified as nonspendable fund balance in the fund financial statements, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

**City of Rye, New York**

Notes to Financial Statements (Continued)  
December 31, 2013

**Note 3 - Detailed Notes on All Funds (Continued)**

**B. Due From/To Other Funds**

The balances reflected as due from/to other funds at December 31, 2013 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cable TV Fund	\$ 23,285
	Capital Projects Fund	1,628,300
	Boat Basin Fund	239,639
	Golf Club Fund	84,553
	Building and Vehicle Maintenance Fund	<u>131,184</u>
		<u>2,106,961</u>
Capital Projects Fund	General Fund	<u>154,650</u>
Golf Club Fund	General Fund	<u>4,581</u>
Building and Vehicle Maintenance Fund	General Fund	<u>527,740</u>
		<u><u>\$ 2,266,192</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**C. Capital Assets**

Changes in the City's capital assets are as follows:

<u>Class</u>	<u>Balance at January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2013</u>
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 6,571,814	\$ -	\$ 2,010,059	\$ 4,561,755
Construction-in-progress	<u>1,899,998</u>	<u>2,414,210</u>	<u>409,737</u>	<u>3,904,471</u>
Total Capital Assets, not being depreciated	<u><u>\$ 8,471,812</u></u>	<u><u>\$ 2,414,210</u></u>	<u><u>\$ 2,419,796</u></u>	<u><u>\$ 8,466,226</u></u>

City of Rye, New York

Notes to Financial Statements (Continued)  
December 31, 2013

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
<b>Governmental Activities (Continued):</b>				
Capital Assets, being depreciated:				
Buildings	\$ 19,832,889	\$ -	\$ 3,326,726	\$ 16,506,163
Improvements	4,636,167	67,963	31,906	4,672,224
Machinery and Equipment	10,044,263	157,946	99,191	10,103,018
Infrastructure	66,712,926	349,955	-	67,062,881
<b>Total Capital Assets, being depreciated</b>	<b>101,226,245</b>	<b>575,864</b>	<b>3,457,823</b>	<b>98,344,286</b>
Less Accumulated Depreciation for:				
Buildings	3,571,073	358,725	489,361	3,440,437
Improvements	2,384,757	195,658	22,334	2,558,081
Machinery and Equipment	7,341,357	517,917	99,191	7,760,083
Infrastructure	25,871,440	384,444	-	26,255,884
<b>Total Accumulated Depreciation</b>	<b>39,168,627</b>	<b>1,456,744</b>	<b>610,886</b>	<b>40,014,485</b>
<b>Total Capital Assets, being depreciated, net</b>	<b>\$ 62,057,618</b>	<b>\$ (880,880)</b>	<b>\$ 2,846,937</b>	<b>\$ 58,329,801</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 70,529,430</b>	<b>\$ 1,533,330</b>	<b>\$ 5,266,733</b>	<b>\$ 66,796,027</b>
<b>Business-type Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$ 1,700,408	\$ -	\$ -	\$ 1,700,408
Construction-in-progress	38,670	40,033	-	78,703
<b>Total Capital Assets, not being depreciated</b>	<b>\$ 1,739,078</b>	<b>\$ 40,033</b>	<b>\$ -</b>	<b>\$ 1,779,111</b>
Capital Assets, being depreciated:				
Buildings	\$ 11,759,480	\$ -	\$ -	\$ 11,759,480
Improvements	6,747,374	613,841	-	7,361,215
Machinery and Equipment	1,239,325	15,439	-	1,254,764
<b>Total Capital Assets, being depreciated</b>	<b>19,746,179</b>	<b>629,280</b>	<b>-</b>	<b>20,375,459</b>

**City of Rye, New York**

Notes to Financial Statements (Continued)  
December 31, 2013

**Note 3 - Detailed Notes on All Funds (Continued)**

Class	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
<b>Business-type Activities (Continued):</b>				
Less Accumulated Depreciation for:				
Buildings	\$ 4,880,626	\$ 205,811	\$ -	\$ 5,086,437
Improvements	4,034,233	546,202	-	4,580,435
Machinery and Equipment	1,236,532	5,881	-	1,242,413
Total Accumulated Depreciation	10,151,391	757,894	-	10,909,285
Total Capital Assets, being depreciated, net	9,594,788	(128,614)	-	9,466,174
Business-type Activities Capital Assets, net	\$ 11,333,866	\$ (88,581)	\$ -	\$ 11,245,285

Depreciation expense was charged to the City's functions and programs as follows:

<b>Governmental Activities:</b>	
Public Safety	\$ 25,182
Transportation	124,406
Recreation	17,215
Home and Community Services	234,856
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	1,055,085
Total Depreciation Expense - Governmental Activities	<u>\$ 1,456,744</u>
<b>Business-type Activities:</b>	
Boat Basin	\$ 419,839
Golf Club	338,055
Total Depreciation Expense - Business-Type Activities	<u>\$ 757,894</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

**D. Accrued Liabilities**

Accrued liabilities at December 31, 2013 were as follows:

	Governmental Activities	Business- Type Activities	Total
Payroll and employee benefits	\$ 1,752,002	\$ 57,289	\$ 1,809,291
Claims	645,229	-	645,229
<b>Total Accrued Liabilities</b>	<b>\$ 2,397,231</b>	<b>\$ 57,289</b>	<b>\$ 2,454,520</b>

**E. Unpaid Claim Liabilities**

The Risk Retention Fund reflects general liability claim liabilities. The government-wide statement of net position reflects health benefit claim liabilities. The liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Using a variety of actuarial and statistical techniques, claim liabilities are recomputed periodically to produce current estimates. These estimates reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	General Liability	Health Benefits	General Liability	Health Benefits
Balance - Beginning of Year	\$ 340,000	\$ 203,133	\$ 412,000	\$ 292,751
Provision for Claims and Claims Adjustment Expenses	207,755	2,851,585	7,448	2,252,209
Claims and Claims Adjustment Expenses Paid	(165,755)	(2,791,489)	(79,448)	(2,341,827)
<b>Balance - End of Year</b>	<b>\$ 382,000</b>	<b>\$ 263,229</b>	<b>\$ 340,000</b>	<b>\$ 203,133</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

The liability for health claims is reflected in the government-wide financial statements within accrued liabilities. In the fund financial statements, payments in excess of deposits by the claims administrator have been reflected as accrued liabilities.

**F. Pension Plans**

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Contributions required of employers and employees, and benefits to employees, are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and are expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year's ended March 31, 2014 are as follows:

	<u>Tier/Plan/Option</u>	<u>Rate</u>
ERS	2 75I/41J	26.2 %
	3 A14/41J	21.0
	4 A15/41J	21.0
	5 A15/41J	16.9
	6 A15/41J1	11.4
PFRS	2 384D	28.4 %
	5 384D	22.7
	6 384D	16.0

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2013	\$ 1,235,540	\$ 1,753,871
2012	1,146,257	1,232,738
2011	982,882	1,052,604

These contributions were equal to the 100% of the actuarially required contributions for each respective fiscal year.

**Note 3 - Detailed Notes on All Funds (Continued)**

The current ERS contribution for the City was charged to various departments within the funds identified below. The current PFRS contribution was charged to the General Fund.

Fund	Amount
General	\$ 994,310
Cable TV	20,873
Boat Basin	24,335
Golf Club	82,512
Building and Vehicle Maintenance	113,510
	<u>\$ 1,235,540</u>

The City also provides benefits to those police officers that retired from service prior to the inception of PFRS. Benefits are calculated pursuant to Section 192 of the Retirement and Social Security Law. It is the policy of the City to fund any benefits from the General Fund Police Department budget. These pension costs for the year ended December 31, 2013 were \$2,976. The pension benefit obligation of this plan is not significant to the City.

**G. Long-Term Liabilities**

The changes in the City's long-term liabilities for the year ended December 31, 2013 were as follows:

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 17,150,000	\$ 4,350,000	\$ 5,400,000	\$ 16,100,000	\$ 1,275,000
Plus					
Unamortized premium on bonds	358,402	169,720	56,074	472,048	-
	<u>17,508,402</u>	<u>4,519,720</u>	<u>5,456,074</u>	<u>16,572,048</u>	<u>1,275,000</u>
Other Non-current Liabilities:					
Claims Payable	1,145,813	189,183	229,163	1,105,833	221,167
Compensated Absences	1,398,493	203,655	140,200	1,461,948	145,800
Other Post-Employment Benefit Obligations Payable	15,679,780	5,310,308	1,822,893	19,167,195	-
Total Other Non-Current Liabilities	<u>18,224,086</u>	<u>5,703,146</u>	<u>2,192,256</u>	<u>21,734,976</u>	<u>366,967</u>
Governmental Activities Long-Term Liabilities	<u>\$ 35,732,488</u>	<u>\$ 10,222,866</u>	<u>\$ 7,648,330</u>	<u>\$ 38,307,024</u>	<u>\$ 1,641,967</u>

**City of Rye, New York**

Notes to Financial Statements (Continued)

December 31, 2013

**Note 3 - Detailed Notes on All Funds (Continued)**

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
<b>Business-type Activities:</b>					
Bonds Payable	\$ 2,210,000	\$ 825,000	\$ 1,125,000	\$ 1,910,000	\$ 365,000
Plus					
Unamortized premium on bonds	97,398	-	18,701	78,697	-
Less					
Unamortized discount on bond	-	(4,174)	(174)	(4,000)	-
	<u>2,307,398</u>	<u>820,826</u>	<u>1,143,527</u>	<u>1,984,697</u>	<u>365,000</u>
<b>Other Non-current Liabilities:</b>					
Compensated Absences	117,976	-	49,118	68,858	6,900
Other Post-Employment Benefit Obligations Payable	<u>844,372</u>	<u>287,549</u>	<u>174,963</u>	<u>956,958</u>	<u>-</u>
Total Other Non-Current Liabilities	<u>962,348</u>	<u>287,549</u>	<u>224,081</u>	<u>1,025,816</u>	<u>6,900</u>
<b>Business-type Activities</b>					
Long-Term Liabilities	<u>\$ 3,269,746</u>	<u>\$ 1,108,375</u>	<u>\$ 1,367,608</u>	<u>\$ 3,010,513</u>	<u>\$ 371,900</u>

The liability for compensated absences and other post-employment benefit obligations is liquidated by the General, Cable TV, Boat Basin, Golf and Building and Vehicle Maintenance funds. The General Fund liquidates claims liabilities. The City's governmental fund indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General Fund.

**Bonds Payable**

Bonds payable at December 31, 2013 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2013
EFC - Land Acquisition	2004	\$ 1,708,013	August, 2024	4.061 to 4.964 %	\$ 1,025,000
Public Improvements	2005	6,428,000	December, 2014	3.875	290,000
Refunding Bonds	2010	8,965,000	September, 2021	3.0 to 4.000	6,400,000
Public Improvements	2010	3,534,000	September, 2030	2.0 to 4.000	3,165,000
EFC - Kirby Lane Sewer	2010	2,373,374	April, 2039	1.414 to 4.603	2,090,000
Refunding Bonds	2013	5,175,000	December, 2025	0.625 to 2.500	5,040,000
					<u>\$ 18,010,000</u>

Interest expenditure/expense of \$148,601 and \$367,770 was recorded in the fund financial statements in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$506,947 was recorded in the government-wide financial statements for

**Note 3 - Detailed Notes on All Funds (Continued)**

expense of \$506,947 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$52,440 was recorded in the fund financial and government-wide financial statements for the business-type activities - Golf Club Fund.

**Payments to Maturity**

The annual requirements to amortize all bonded debt outstanding, including interest of \$3,724,425 as of December 31, 2013 is as follows:

Year	Bonds				Total	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2014	\$ 1,275,000	\$ 471,501	\$ 365,000	\$ 48,438	\$ 1,640,000	\$ 519,939
2015	1,320,000	435,140	375,000	40,813	1,695,000	475,953
2016	1,340,000	405,832	380,000	32,713	1,720,000	438,545
2017	1,385,000	375,345	390,000	24,113	1,775,000	399,458
2018	1,435,000	332,563	400,000	12,500	1,835,000	345,063
2019-2023	5,485,000	987,670	-	-	5,485,000	987,670
2024-2028	2,430,000	395,127	-	-	2,430,000	395,127
2029-2033	900,000	122,306	-	-	900,000	122,306
2034-2038	440,000	39,328	-	-	440,000	39,328
2039	90,000	1,036	-	-	90,000	1,036
	<u>\$ 16,100,000</u>	<u>\$ 3,565,848</u>	<u>\$ 1,910,000</u>	<u>\$ 158,577</u>	<u>\$ 18,010,000</u>	<u>\$ 3,724,425</u>

The above general obligation bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

**Advance Refunding**

During the 2013 fiscal year, the City issued \$5,175,000 in serial bonds with interest rates ranging from .5% to 4.0%, depending on maturity. The proceeds were used to advance refund \$785,000 of 1998 Series B public improvement serial bonds and \$4,190,000 of 2005 public improvement serial bonds bearing interest at rates ranging from 3.875% to 6.3%. The net proceeds of \$5,234,834 (net of \$151,948 re-offering premium and after payment of \$92,114 in issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Series B and 2005 public improvement serial bonds. As a result, these bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying value of the old debt by \$269,353 and the premium received was \$151,948. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The City advance refunded the 1998 Series B and 2005 public improvement serial bonds to reduce its debt service payments over 13 years by \$414,199 and to obtain a net present value economic gain of \$377,168.

At December 31, 2013 \$4,190,000 of bonds outstanding are considered defeased.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Claims Payable**

Claims payable reflects a liability of \$1,105,833 for tax certiorari refunds, which were not due and payable at year-end. This amount represents likely tax certiorari refunds based upon proceedings pending against the City to reduce assessments upon which taxes had been levied. This amount has been recorded as an expense in the government-wide financial statements.

**Compensated Absences**

Vacation time is generally taken in the year subsequent to the year in which it is earned, although employees may be granted permission to carry over unused vacation time beyond one year. Employees may be paid up to 36 days of unused vacation time upon separation of service. Full-time administrative employees, and full-time employees who are members of the Civil Service Employees Association ("CSEA") Clerical Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum of 250 sick leave days. Full-time employees who are members of the CSEA Public Works Unit hired prior to January 1, 1977 may accrue a maximum of 365 sick leave days, and those hired on or after January 1, 1977 may accrue a maximum 200 sick leave days. The City will pay accrued sick time to all full-time administrative employees at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. The City will pay accrued sick time to all full-time CSEA Clerical Unit employees who have 20 years of service with the City at the daily rate of pay for each day of accrued sick leave in excess of 165 days, to a maximum of 35 days. The City will pay accrued sick time to police officers who retire and have accumulated sick leave in excess of 220 days, in an amount equal to two day's pay per year of service to a maximum of 40 days. There is no payment of accrued sick time upon retirement to firefighters. The value of the compensated absences has been reflected as a liability in the government-wide and proprietary fund financial statements, and as restricted fund balance in the governmental fund financial statements.

**Other Post-Employment Benefit Obligations Payable**

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to the length of service. The cost of providing post employment health care benefits is shared between the City and the retired employee. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements. The City has recognized revenues and expenditures of \$60,773 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and

**Note 3 - Detailed Notes on All Funds (Continued)**

ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in postretirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Healthcare Cost Trend Rate</u>
2014	7.00 %
2015	6.00
2016	5.00

The amortization basis is the level dollar method with an open amortization approach with 24 years remaining in the amortization period. The actuarial assumptions also include a 4% investment rate of return, a 2.5% inflation rate and a 2.5% annual payroll growth rate. The City currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2013 was as follows:

Active Employees	145
Retired Employees	<u>120</u>
	<u><u>265</u></u>

City of Rye, New York

Notes to Financial Statements (Continued)  
December 31, 2013

**Note 3 - Detailed Notes on All Funds (Continued)**

	Governmental Funds	Enterprise Funds	Total
Amortization Component:			
Actuarial Accrued Liability as of January 1, 2013	\$ 64,613,082	\$ 3,943,067	\$ 68,556,149
Assets at Market Value	-	-	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 64,613,082</u>	<u>\$ 3,943,067</u>	<u>\$ 68,556,149</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 10,451,192</u>	<u>\$ 468,674</u>	<u>\$ 10,919,866</u>
UAAL as a Percentage of Covered Payroll	618.24%	841.32%	627.81%
Annual Required Contribution	\$ 5,436,617	\$ 294,351	\$ 5,730,968
Interest on Net OPEB Obligation	627,191	33,775	660,966
Adjustment to Annual Required Contribution	<u>(753,500)</u>	<u>(40,577)</u>	<u>(794,077)</u>
Annual OPEB Cost	5,310,308	287,549	5,597,857
Contributions Made	<u>(1,822,893)</u>	<u>(174,963)</u>	<u>(1,997,856)</u>
Increase in Net OPEB Obligation	3,487,415	112,586	3,600,001
Net OPEB Obligation - Beginning of Year	<u>15,679,780</u>	<u>844,372</u>	<u>16,524,152</u>
Net OPEB Obligation - End of Year	<u>\$ 19,167,195</u>	<u>\$ 956,958</u>	<u>\$ 20,124,153</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 5,597,857	35.69 %	\$ 20,124,153
2012	5,353,525	32.77	16,524,152
2011	5,380,584	35.06	12,925,074

The schedule of funding progress for the OPEB plan immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

**Note 3 - Detailed Notes on All Funds (Continued)**

**H. Significant Commitments - Encumbrances**

As discussed in Note 2,A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2013, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Fund	
General	\$ 341,771
Capital Projects	369,506
Non-Major Governmental - Cable TV	15,102
Total	\$ 726,379

**I. Revenues and Expenditures**

**Interfund Transfers**

Interfund transfers are defined as the flow of assets (such as cash or goods and services) between funds of the City without equivalent flows of assets in return and without a requirement for repayment. Interfund transfers for the fiscal year ended December 31, 2013 were as follows:

Transfers Out	Transfers In			Total
	Capital Projects	Non-Major Governmental	Internal Service	
General	\$ 145,000	\$ 274,595	\$ 90,000	\$ 509,595
Capital Projects	410,456	-	-	410,456
	\$ 555,456	\$ 274,595	\$ 90,000	\$ 920,051

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due and 2) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**J. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

*Restricted for Permanent Fund* - the component of net position that reports the difference between the assets and liabilities of the non-expendable trust with constraints placed on their use by an external party.

*Restricted for Special Purposes* - the component of net position that reports the difference between assets and liabilities of certain police department, fire department, parks, recreation and WWI memorial programs with constraints placed on their use by external parties.

*Restricted for Debt Service* - the component of net position that reports the difference between the assets and liabilities of the Debt Service Fund with constraints placed on their use by New York State Local Finance Law.

*Restricted for Risk Retention* - the component of net position that provides for the payment of self-insured general and liability claims pursuant to New York State Law.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

**Note 3 - Detailed Notes on All Funds (Continued)**

**K. Fund Balances**

	2013				2012			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Prepaid expenditures	\$ 919,261	-	\$ 7,261	\$ 926,522	\$ 957,958	\$ -	\$ 4,900	\$ 962,858
Long-term receivables	614,295	-	-	614,295	544,033	-	-	544,033
Permanent Fund	-	-	20,000	20,000	-	-	20,000	20,000
<b>Total Nonspendable</b>	<b>1,533,556</b>	<b>-</b>	<b>27,261</b>	<b>1,560,817</b>	<b>1,501,991</b>	<b>-</b>	<b>24,900</b>	<b>1,526,891</b>
<b>Restricted:</b>								
Compensated absences	1,379,042	-	14,509	1,393,551	1,313,658	-	12,508	1,326,166
Workers' compensation	4,400	-	300	4,700	624,400	-	300	624,700
Capital projects	-	705,847	-	705,847	-	726,792	-	726,792
Permanent Fund	-	-	166	166	-	-	141	141
Debt service	-	-	47,378	47,378	-	-	49,887	49,887
<b>Total Restricted</b>	<b>1,383,442</b>	<b>705,847</b>	<b>62,353</b>	<b>2,151,642</b>	<b>1,938,058</b>	<b>726,792</b>	<b>62,836</b>	<b>2,727,686</b>
<b>Assigned:</b>								
<b>Purchases on order:</b>								
General government support	102,160	-	-	102,160	104,282	-	-	104,282
Public safety	164,739	-	-	164,739	64,776	17,724	-	82,500
Transportation	27,799	218,829	-	246,628	109,246	450,831	-	560,077
Culture and recreation	12,640	-	15,102	27,742	5,100	-	16,280	21,380
Home and community services	34,433	150,677	-	185,110	24,600	491,906	-	516,506
<b>Other:</b>	<b>341,771</b>	<b>369,506</b>	<b>15,102</b>	<b>726,379</b>	<b>308,004</b>	<b>960,461</b>	<b>16,280</b>	<b>1,284,745</b>
Subsequent year's expenditures	1,611,585	-	4,794	1,616,379	795,347	-	4,756	800,103
Police purposes	8,809	-	-	8,809	8,709	-	-	8,709
Fire purposes	2,000	-	-	2,000	2,000	-	-	2,000
Parks	99,659	-	-	99,659	99,659	-	-	99,659
Recreation programs	330,199	-	-	330,199	295,401	-	-	295,401
WWI memorial	4,151	-	-	4,151	4,151	-	-	4,151
Tax certiorari	1,105,833	-	-	1,105,833	1,145,813	-	-	1,145,813
Cable TV	-	-	634,553	634,553	-	-	519,900	519,900
<b>Total Assigned</b>	<b>3,504,007</b>	<b>369,506</b>	<b>654,449</b>	<b>4,527,962</b>	<b>2,659,084</b>	<b>960,461</b>	<b>540,936</b>	<b>4,160,481</b>
<b>Unassigned</b>	<b>5,942,286</b>	<b>-</b>	<b>-</b>	<b>5,942,286</b>	<b>4,982,632</b>	<b>-</b>	<b>-</b>	<b>4,982,632</b>
<b>Total Fund Balances</b>	<b>\$ 12,363,291</b>	<b>\$ 1,075,353</b>	<b>\$ 744,063</b>	<b>\$ 14,182,707</b>	<b>\$ 11,081,765</b>	<b>\$ 1,687,253</b>	<b>\$ 628,672</b>	<b>\$ 13,397,690</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures represents workers' compensation insurance, retirement and other costs paid in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Long-Term Receivables have been classified as nonspendable to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Amounts restricted for Compensated Absences represents funds set aside for the payment of accumulated vacation and sick leave in accordance with various collective bargaining agreements and the General Municipal Law of the State of New York. These funds are not "available" for appropriation or expenditure.

Amounts restricted for Workers' Compensation represents funds set aside to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

Purchases on order are assigned and represent the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Other assignments of fund balance are not legally required segregations but represent intended use for a specific purpose. At December 31, 2013, the City Council has assigned the above amounts to be appropriated for the ensuing year's budget, police purposes, fire purposes, the acquisition and/or embellishment of parks and playgrounds, recreational programs, WWI memorial and tax certiorari settlements.

Unassigned fund balance in the General Fund represent amounts not classified as nonspendable, restricted or assigned.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

The City, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, malicious prosecution, and defamation of character or personal injury. The filing of such claims commences a statutory period for initiating judicial action. Currently, the City is defendant in numerous actions that may exceed insurance limits, or are not covered by applicable insurance. Such actions are being defended and no opinion is expressed as to the merits or possible outcome of each case. Payments that may be required as a result of these actions have been included in the assessment and calculation of liabilities in the Risk Retention Fund.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

The City is a defendant in an action seeking damage of approximately \$880,000 for breach of contract by failing to pay for additional work performed by a contractor and for delay damages. The City's insurance carrier has disclaimed coverage on this matter. The City intends to vigorously defend. No provision for loss has been reflected in the financial statements.

The City is also defendant in numerous pending tax certiorari proceedings, the results of which cannot be determined at this time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

**B. Contingencies**

The City participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures/expenses that may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

**C. Risk Management**

The City purchases various conventional insurance policies to reduce its exposure to loss. The general liability, law enforcement and public officials policies maintained provide coverage up to \$1 million per occurrence and \$2 million in the aggregate, with a self insured retention level of \$50,000 per occurrence. The City also maintains an umbrella liability policy which provides coverage up to \$10 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Accrued liabilities in the Risk Retention Fund include provisions for claims reported and claims incurred but not reported (IBNR's).

The City, along with other municipal entities, participates in the Municipal Employee Benefits Consortium ("MEBCO"). MEBCO is a public entity risk pool currently operating as a common risk management and health insurance program for its members. MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provided cities and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an intermunicipal agreement pursuant to Article 5-G of the General Municipal Law of the State of New York. The purpose of the pool is to stabilize the cost of medical benefits provided to employees (see unpaid claim liabilities). MEBCO functions primarily as a claims service whereby each participating municipality retains its own risk. MEBCO does not transfer risk since charges to each municipality are ultimately determined by their individual claims/loss experience. The City pays the pool an annual provision for its health coverage.

Workers' compensation insurance is secured with statutory coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

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**City of Rye, New York**

Required Supplementary Information - Schedule of Funding Progress  
 Other Postemployment Benefits  
 Last Three Fiscal Years

Fiscal Year Ended December 31,	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
2011	\$ -	\$ 62,651,652	\$ 62,651,652	- %	\$ 11,589,356	540.60 %
2012	-	65,316,988	65,316,988	-	10,653,528	613.10
2013	-	68,556,149	68,556,149	-	10,919,866	627.81

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**CAPITAL PROJECTS FUND  
PROJECT-LENGTH SCHEDULE**

City of Rye, New York

Capital Projects Fund  
 Project-Length Schedule  
 Inception of Project Through December 31, 2013

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses		
				Prior Years	Current Year	Total
533025/032	Signal Purchase/Ridge Street Roundabout	2007/2010	\$ 787,400	\$ 218,550	\$ 27,857	\$ 246,407
533026	CBD Traffic Signals	2007	350,000	337,626	12,374	350,000
533030	2009 ARRA Projects	2009	898,792	820,332	2,170	822,502
551061	Peck Avenue Intersection	2007	400,000	219,500	-	219,500
551070	Central Avenue Bridge Reconstruction	2007	2,374,613	391,619	1,609,798	2,001,417
551082	SRS - Boston Post Road	2010	131,400	92,264	-	92,264
551083	Manursing Way Guiderail	2010	25,000	-	25,000	25,000
551084	Pay Station Shelter	2010	40,000	31,550	-	31,550
551087	Annual Street Resurfacing Program	2012	493,724	284,826	208,898	493,724
554117	Annual Sidewalk Replacement Program	2012	10,298	60	10,238	10,298
571041	Recreation Master Plan	2001	75,409	68,245	-	68,245
581201B	Kirby Lane Sewer	2003	2,466,774	2,449,014	-	2,449,014
581206	Upper Dogwood Lane Sewer	2007	150,000	135,022	-	135,022
581219	Hewlett Avenue Pump Station	2007	690,866	307,393	-	307,393
581227	Cedar Place Sewer	2009	135,000	2,900	129,322	132,222
581229	Kirby Lane Sanitary Sewer	2010	17,315	422,870	-	422,870
581427	Annual Sewer Drainage Improvement Program	2010	69,198	69,198	-	69,198
581428	Old Milton Road Drainage	2010	253,885	5,750	240,983	246,733
585403	Theo Fremd Retaining Wall	2007	1,758,660	118,192	3,000	121,192
585405	Bowman Avenue Sluice Gate	2008	2,095,822	946,643	373,076	1,319,719
585407	Dearborn Seawall Construction	2012	28,576	-	23,985	23,985
551086	Midland Palisades Improvements	2011	17,500	5,921	11,579	17,500
581429	Annual Sewer Drainage Improvement Program	2011	159,773	120,674	17,014	137,688
551088	Annual Street Resurfacing Program	2013	614,937	-	569,858	569,858
551091	Safe Routes to School	2013	40,000	-	-	-
551092	Osborn Theall Corridor	2013	150,000	-	-	-
554418	Annual Sidewalk Replacement Program	2013	300,000	-	200,838	200,838
581430	Annual Sewer Drainage Improvement Program	2013	135,957	-	134,144	134,144
585406	Upper Blind Brook Study	2013	130,000	-	8,740	8,740
			<u>\$ 14,800,899</u>	<u>\$ 7,048,149</u>	<u>\$ 3,608,874</u>	<u>\$ 10,657,023</u>

Unexpended Balance	Revenues and Other Financing Sources			Fund Balance (Deficit) at December 31, 2013
	Prior Years	Current Year	Total	
\$ 540,993	\$ 287,400	\$ -	\$ 287,400	\$ 40,993
-	350,000	-	350,000	-
76,290	793,365	29,137	822,502	-
180,500	400,000	-	400,000	180,500
373,196	1,030,743	1,343,870	2,374,613	373,196
39,136	131,400	-	131,400	39,136
-	25,000	-	25,000	-
8,450	40,000	-	40,000	8,450
-	493,724	-	493,724	-
-	10,298	-	10,298	-
7,164	75,409	-	75,409	7,164
17,760	2,456,978	-	2,456,978	7,964
14,978	150,000	-	150,000	14,978
383,473	477,866	-	477,866	170,473
2,778	135,000	-	135,000	2,778
(405,555)	17,315	-	17,315	(405,555)
-	66,548	2,650	69,198	-
7,152	210,000	43,885	253,885	7,152
1,637,468	431,864	-	431,864	310,672
776,103	946,643	586,538	1,533,181	213,462
4,591	28,576	-	28,576	4,591
-	17,500	-	17,500	-
22,085	159,773	-	159,773	22,085
45,079	-	614,937	614,937	45,079
40,000	-	40,000	40,000	40,000
150,000	-	150,000	150,000	150,000
99,162	-	50,000	50,000	(150,838)
1,813	-	135,957	135,957	1,813
121,260	-	-	-	(8,740)
<u>\$ 4,143,876</u>	<u>\$ 8,735,402</u>	<u>\$ 2,996,974</u>	<u>\$ 11,732,376</u>	<u>\$ 1,075,353</u>

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<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
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**SPECIAL REVENUE FUNDS**

The Cable TV Special Revenue Fund is used to account for the receipt and use of revenues received from the franchise holder for public access cable television programming.

**PERMANENT FUND**

The K.T. Woods Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

**DEBT SERVICE FUND**

The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

**City of Rye, New York**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>ASSETS</b>				
Cash and equivalents	\$ 603,333	\$ 20,166	\$ 52,172	\$ 675,671
Accounts receivable	89,005	-	-	89,005
Due from other funds	-	-	-	-
Prepaid expenditures	7,261	-	-	7,261
Total Assets	<u>\$ 699,599</u>	<u>\$ 20,166</u>	<u>\$ 52,172</u>	<u>\$ 771,937</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,867	\$ -	\$ -	\$ 2,867
Accrued liabilities	515	-	-	515
Due to other funds	23,285	-	-	23,285
Due to other governments	1,207	-	-	1,207
Total Liabilities	<u>27,874</u>	<u>-</u>	<u>-</u>	<u>27,874</u>
<b>FUND BALANCES</b>				
Nonspendable	7,261	20,000	-	27,261
Restricted	14,809	166	47,378	62,353
Assigned	649,655	-	4,794	654,449
Total Fund Balances	<u>671,725</u>	<u>20,166</u>	<u>52,172</u>	<u>744,063</u>
Total Liabilities and Fund Balances	<u>\$ 699,599</u>	<u>\$ 20,166</u>	<u>\$ 52,172</u>	<u>\$ 771,937</u>

2012

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ 496,901	\$ 20,141	\$ 55,948	\$ 572,990
84,305	-	-	84,305
-	-	5,017	5,017
4,900	-	-	4,900
<u>\$ 586,106</u>	<u>\$ 20,141</u>	<u>\$ 60,965</u>	<u>\$ 667,212</u>
\$ 10,544	\$ -	\$ -	\$ 10,544
922	-	-	922
18,750	-	6,322	25,072
2,002	-	-	2,002
<u>32,218</u>	<u>-</u>	<u>6,322</u>	<u>38,540</u>
4,900	20,000	-	24,900
12,808	141	49,887	62,836
536,180	-	4,756	540,936
<u>553,888</u>	<u>20,141</u>	<u>54,643</u>	<u>628,672</u>
<u>\$ 586,106</u>	<u>\$ 20,141</u>	<u>\$ 60,965</u>	<u>\$ 667,212</u>

**City of Rye, New York**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013			
	Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
<b>REVENUES</b>				
Real property taxes and related items	\$ -	\$ -	\$ 125,890	\$ 125,890
Non-property taxes	332,571	-	-	332,571
Use of money and property	692	25	224	941
Miscellaneous	51,524	-	-	51,524
Total Revenues	<u>384,787</u>	<u>25</u>	<u>126,114</u>	<u>510,926</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Salaries and wages	135,257	-	-	135,257
Equipment	39,911	-	-	39,911
Materials and supplies	12,094	-	-	12,094
Contractual costs	14,514	-	-	14,514
Employee benefits	65,174	-	-	65,174
	<u>266,950</u>	<u>-</u>	<u>-</u>	<u>266,950</u>
Debt service				
Principal	-	-	254,579	254,579
Interest	-	-	148,601	148,601
Refunding bond issuance costs	-	-	6,655	6,655
Total Expenditures	<u>266,950</u>	<u>-</u>	<u>409,835</u>	<u>676,785</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>117,837</u>	<u>25</u>	<u>(283,721)</u>	<u>(165,859)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	378,885	378,885
Issuance premium	-	-	13,598	13,598
Payment to refunded bond escrow agent	-	-	(385,828)	(385,828)
Transfer in	-	-	274,595	274,595
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>281,250</u>	<u>281,250</u>
Net Change in Fund Balances	117,837	25	(2,471)	115,391
<b>FUND BALANCES</b>				
Beginning of Year	553,888	20,141	54,643	628,672
End of Year	<u>\$ 671,725</u>	<u>\$ 20,166</u>	<u>\$ 52,172</u>	<u>\$ 744,063</u>

2012

Cable TV Fund	KT Woods Permanent Fund	Debt Service Fund	Total
\$ -	\$ -	\$ 189,536	\$ 189,536
326,183	-	-	326,183
447	13	92	552
52,023	-	-	52,023
<u>378,653</u>	<u>13</u>	<u>189,628</u>	<u>568,294</u>
125,390	-	-	125,390
37,558	-	-	37,558
8,195	-	-	8,195
35,676	-	-	35,676
62,353	-	-	62,353
<u>269,172</u>	<u>-</u>	<u>-</u>	<u>269,172</u>
-	-	246,918	246,918
-	-	156,428	156,428
-	-	-	-
<u>269,172</u>	<u>-</u>	<u>403,346</u>	<u>672,518</u>
<u>109,481</u>	<u>13</u>	<u>(213,718)</u>	<u>(104,224)</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>261,896</u>	<u>261,896</u>
<u>-</u>	<u>-</u>	<u>261,896</u>	<u>261,896</u>
109,481	13	48,178	157,672
444,407	20,128	6,465	471,000
<u>\$ 553,888</u>	<u>\$ 20,141</u>	<u>\$ 54,643</u>	<u>\$ 628,672</u>

**City of Rye, New York**

**Cable TV Special Revenue Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

**Year Ended December 31, 2013**

**(With Comparative Amounts for 2012)**

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Non-property taxes	\$ 300,000	\$ 300,000	\$ 332,571	\$ 32,571
Use of money and property	200	200	692	492
Miscellaneous	51,500	51,500	51,524	24
Total Revenues	<u>351,700</u>	<u>351,700</u>	<u>384,787</u>	<u>33,087</u>
<b>EXPENDITURES</b>				
Current				
Culture and recreation				
Salaries and wages	129,572	135,258	135,257	1
Equipment	71,280	71,895	39,911	31,984
Materials and supplies	18,820	19,511	12,094	7,417
Contractual costs	47,513	33,911	14,514	19,397
Employee benefits	69,548	76,158	65,174	10,984
Total Expenditures	<u>336,733</u>	<u>336,733</u>	<u>266,950</u>	<u>69,783</u>
Excess (Deficiency) of Revenues Over Expenditures	14,967	14,967	117,837	102,870
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of Year	(14,967)	(14,967)	553,888	568,855
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,725</u>	<u>\$ 671,725</u>

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 300,000	\$ 300,000	\$ 326,183	\$ 26,183
200	200	447	247
50,640	50,640	52,023	1,383
<u>350,840</u>	<u>350,840</u>	<u>378,653</u>	<u>27,813</u>
150,572	150,572	125,390	25,182
66,735	66,735	37,558	29,177
19,819	19,819	8,195	11,624
55,777	55,777	35,676	20,101
122,490	122,490	62,353	60,137
<u>415,393</u>	<u>415,393</u>	<u>269,172</u>	<u>146,221</u>
(64,553)	(64,553)	109,481	174,034
64,553	64,553	444,407	379,854
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,888</u>	<u>\$ 553,888</u>

**City of Rye, New York**

K.T. Woods Permanent Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ 10	\$ 10	\$ 25	\$ 15
<b>EXPENDITURES</b>				
Current - Culture and recreation	-	-	-	-
Excess of Revenues Over Expenditures	10	10	25	15
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of Year	(10)	(10)	20,141	20,151
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,166</u>	<u>\$ 20,166</u>

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 15	\$ 15	\$ 13	\$ (2)
-	-	-	-
15	15	13	(2)
(15)	(15)	20,128	20,143
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,141</u>	<u>\$ 20,141</u>

**City of Rye, New York**

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Real property taxes and related items	\$ 125,891	\$ 125,891	\$ 125,890	\$ (1)
Use of money and property	-	-	224	224
Total Revenues	<u>125,891</u>	<u>125,891</u>	<u>126,114</u>	<u>223</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	253,272	254,579	254,579	-
Interest	151,970	150,663	148,601	2,062
Refunding bond issuance costs	-	6,655	6,655	-
Total Expenditures	<u>405,242</u>	<u>411,897</u>	<u>409,835</u>	<u>2,062</u>
Deficiency of Revenues Over Expenditures	<u>(279,351)</u>	<u>(286,006)</u>	<u>(283,721)</u>	<u>2,285</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	378,885	378,885	-
Issuance premium	-	13,598	13,598	-
Payment to refunded bond escrow agent	-	(385,828)	(385,828)	-
Transfers in	274,595	274,595	274,595	-
Total Other Financing Sources	<u>274,595</u>	<u>281,250</u>	<u>281,250</u>	<u>-</u>
Net Change in Fund Balance	<u>(4,756)</u>	<u>(4,756)</u>	<u>(2,471)</u>	<u>2,285</u>
<b>FUND BALANCE</b>				
Beginning of Year	4,756	4,756	54,643	49,887
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,172</u>	<u>\$ 52,172</u>

2012

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 141,373	\$ 141,373	\$ 189,536	\$ 48,163
-	-	92	92
<u>141,373</u>	<u>141,373</u>	<u>189,628</u>	<u>48,255</u>
246,918	246,918	246,918	-
156,430	156,430	156,428	2
-	-	-	-
<u>403,348</u>	<u>403,348</u>	<u>403,346</u>	<u>2</u>
<u>(261,975)</u>	<u>(261,975)</u>	<u>(213,718)</u>	<u>48,257</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>261,896</u>	<u>261,896</u>	<u>261,896</u>	<u>-</u>
<u>261,896</u>	<u>261,896</u>	<u>261,896</u>	<u>-</u>
(79)	(79)	48,178	48,257
79	79	6,465	6,386
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,643</u>	<u>\$ 54,643</u>

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## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The internal service funds of the City are as follows:

- The Risk Retention Fund is used to account for general liability insurance and risk management activities.
- The Building and Vehicle Maintenance Fund is used to account for the acquisition, operation, maintenance and disposition of the City's buildings and vehicles which are not otherwise accounted for in other funds.

**City of Rye, New York**

Internal Service Funds  
 Combining Statement of Net Position  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	2013		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>ASSETS</b>			
Current assets			
Cash and equivalents	\$ 513,654	\$ 6,484,238	\$ 6,997,892
Accounts receivable, net	362,621	13,934	376,555
Deposits	28,500	-	28,500
Due from other funds	-	527,740	527,740
Due from other governments, net	-	40,078	40,078
Prepaid expenses	72,735	61,668	134,403
Total Current Assets	<u>977,510</u>	<u>7,127,658</u>	<u>8,105,168</u>
Noncurrent assets			
Deferred charges	-	-	-
Capital assets			
Land	-	4,561,755	4,561,755
Buildings	-	16,506,163	16,506,163
Improvements	-	4,672,224	4,672,224
Machinery and equipment	-	10,016,944	10,016,944
Construction in progress	-	161,470	161,470
Less - Accumulated depreciation	-	(13,672,527)	(13,672,527)
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>22,246,029</u>	<u>22,246,029</u>
Total Noncurrent Assets	<u>-</u>	<u>22,246,029</u>	<u>22,246,029</u>
Total Assets	<u>977,510</u>	<u>29,373,687</u>	<u>30,351,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts on refunding bonds	-	441,113	441,113

2012		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 644,141	\$ 3,015,117	\$ 3,659,258
251,138	3,913	255,051
28,500	-	28,500
-	231,286	231,286
-	44,889	44,889
71,779	49,573	121,352
<u>995,558</u>	<u>3,344,778</u>	<u>4,340,336</u>
-	54,275	54,275
-	6,571,814	6,571,814
-	19,832,889	19,832,889
-	4,636,167	4,636,167
-	9,958,189	9,958,189
-	169,118	169,118
-	(13,228,328)	(13,228,328)
-	27,939,849	27,939,849
-	27,994,124	27,994,124
<u>995,558</u>	<u>31,338,902</u>	<u>32,334,460</u>
-	258,955	258,955

(Continued)

**City of Rye, New York**

Internal Service Funds  
 Combining Statement of Net Position (Continued)  
 December 31, 2013  
 (With Comparative Amounts for 2012)

	2013		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	54,417	200,628	255,045
Accrued liabilities	382,000	39,511	421,511
Accrued interest payable	-	73,405	73,405
Retainage payable	-	112,558	112,558
Due to other funds	-	131,184	131,184
Compensated absences	-	6,800	6,800
Bonds payable	-	1,012,709	1,012,709
Total Current Liabilities	<u>436,417</u>	<u>1,576,795</u>	<u>2,013,212</u>
Noncurrent liabilities			
Bonds payable, less current portion	-	10,376,807	10,376,807
Compensated absences, less current portion	-	61,597	61,597
Other postemployment benefit obligations	-	1,332,773	1,332,773
Total Noncurrent Liabilities	<u>-</u>	<u>11,771,177</u>	<u>11,771,177</u>
Total Liabilities	<u>436,417</u>	<u>13,347,972</u>	<u>13,784,389</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	12,101,873	12,101,873
Unrestricted	541,093	4,364,955	4,906,048
Total Net Position	<u>\$ 541,093</u>	<u>\$ 16,466,828</u>	<u>\$ 17,007,921</u>

2012		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
24,882	136,874	161,756
340,000	14,815	354,815
-	82,235	82,235
-	159,225	159,225
-	2,122,769	2,122,769
-	7,200	7,200
-	941,728	941,728
<u>364,882</u>	<u>3,464,846</u>	<u>3,829,728</u>
-	11,151,274	11,151,274
-	65,127	65,127
-	1,135,711	1,135,711
<u>-</u>	<u>12,352,112</u>	<u>12,352,112</u>
<u>364,882</u>	<u>15,816,958</u>	<u>16,181,840</u>
-	16,994,135	16,994,135
630,676	(1,213,236)	(582,560)
<u>\$ 630,676</u>	<u>\$ 15,780,899</u>	<u>\$ 16,411,575</u>

**City of Rye, New York**

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2013

(With Comparative Amounts for 2012)

	2013		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 547,145	\$ 3,936,034	\$ 4,483,179
Miscellaneous	115,996	122,243	238,239
Total Operating Revenues	<u>663,141</u>	<u>4,058,277</u>	<u>4,721,418</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	-	633,395	633,395
Employee benefits	-	642,050	642,050
Materials, supplies and equipment	-	963,095	963,095
Contractual costs	753,333	144,263	897,596
Depreciation and amortization	-	1,184,063	1,184,063
Total Operating Expenses	<u>753,333</u>	<u>3,566,866</u>	<u>4,320,199</u>
Income (Loss) from Operations	<u>(90,192)</u>	<u>491,411</u>	<u>401,219</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on sale of capital assets	-	470,967	470,967
Interest income	609	1,321	1,930
Interest expense	-	(367,770)	(367,770)
Total Non-Operating Revenues (Expenses)	<u>609</u>	<u>104,518</u>	<u>105,127</u>
Income (Loss) Before Transfers	<u>(89,583)</u>	<u>595,929</u>	<u>506,346</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	90,000	90,000
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>90,000</u>	<u>90,000</u>
Change in Net Position	<u>(89,583)</u>	<u>685,929</u>	<u>596,346</u>
<b>NET POSITION</b>			
Beginning of Year	<u>630,676</u>	<u>15,780,899</u>	<u>16,411,575</u>
End of Year	<u>\$ 541,093</u>	<u>\$ 16,466,828</u>	<u>\$ 17,007,921</u>

2012		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 712,286	\$ 3,721,063	\$ 4,433,349
127,040	326,986	454,026
<u>839,326</u>	<u>4,048,049</u>	<u>4,887,375</u>
-	660,102	660,102
-	634,464	634,464
-	1,011,914	1,011,914
599,431	236,611	836,042
-	1,214,507	1,214,507
<u>599,431</u>	<u>3,757,598</u>	<u>4,357,029</u>
<u>239,895</u>	<u>290,451</u>	<u>530,346</u>
-	-	-
426	519	945
-	(427,069)	(427,069)
<u>426</u>	<u>(426,550)</u>	<u>(426,124)</u>
<u>240,321</u>	<u>(136,099)</u>	<u>104,222</u>
-	-	-
-	(35,000)	(35,000)
-	(35,000)	(35,000)
<u>240,321</u>	<u>(171,099)</u>	<u>69,222</u>
390,355	15,951,998	16,342,353
<u>\$ 630,676</u>	<u>\$ 15,780,899</u>	<u>\$ 16,411,575</u>

**City of Rye, New York**

Combining Statement of Cash Flows  
 Internal Service Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from charges to other funds	\$ 435,662	\$ 3,634,370	\$ 4,070,032
Cash payments to employees	-	(1,057,617)	(1,057,617)
Cash payments to vendors	(682,754)	(3,093,951)	(3,776,705)
Other operating revenues	115,996	122,243	238,239
Net Cash from Operating Activities	<u>(131,096)</u>	<u>(394,955)</u>	<u>(526,051)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	90,000	90,000
Transfers out	-	-	-
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>90,000</u>	<u>90,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Advances from other funds	-	-	-
Acquisition and construction of capital assets	-	(218,260)	(218,260)
Principal paid on capital debt	-	(955,421)	(955,421)
Interest paid on capital debt	-	(381,526)	(381,526)
Proceeds from sale of capital assets	-	5,327,962	5,327,962
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>3,772,755</u>	<u>3,772,755</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	609	1,321	1,930
Sale of investments	-	-	-
Net Cash from Investing Activities	<u>609</u>	<u>1,321</u>	<u>1,930</u>
Net Change in Cash and Equivalents	<u>(130,487)</u>	<u>3,469,121</u>	<u>3,338,634</u>
<b>CASH AND EQUIVALENTS</b>			
Beginning of Year	644,141	3,015,117	3,659,258
End of Year	<u>\$ 513,654</u>	<u>\$ 6,484,238</u>	<u>\$ 6,997,892</u>

2012		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 591,403	\$ 3,791,978	\$ 4,383,381
-	(1,079,495)	(1,079,495)
(666,230)	(472,787)	(1,139,017)
127,040	326,986	454,026
<u>52,213</u>	<u>2,566,682</u>	<u>2,618,895</u>
-	-	-
-	(35,000)	(35,000)
-	(35,000)	(35,000)
-	(708,702)	(708,702)
-	(84,845)	(84,845)
-	(918,082)	(918,082)
-	(439,471)	(439,471)
-	-	-
-	(2,151,100)	(2,151,100)
426	519	945
591,502	2,482,989	3,074,491
591,928	2,483,508	3,075,436
644,141	2,864,090	3,508,231
-	151,027	151,027
<u>\$ 644,141</u>	<u>\$ 3,015,117</u>	<u>\$ 3,659,258</u>

(Continued)

City of Rye, New York

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 Year Ended December 31, 2013  
 (With Comparative Amounts for 2012)

	2013		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>			
Income (loss) from operations	\$ (90,192)	\$ 491,411	\$ 401,219
Adjustments to reconcile income (loss) from operations to net cash from operating activities			
Depreciation and amortization expense	-	1,184,063	1,184,063
Changes in assets and liabilities			
Accounts receivable	(111,483)	(301,664)	(413,147)
Due from other funds	-	-	-
Prepaid expenses	(956)	(12,095)	(13,051)
Accounts payable	29,535	63,754	93,289
Accrued liabilities	42,000	24,696	66,696
Retainage payable	-	(46,667)	(46,667)
Due to other funds	-	(1,991,585)	(1,991,585)
Other post employment benefit obligations	-	197,062	197,062
Compensated absences	-	(3,930)	(3,930)
Total Adjustments	<u>(40,904)</u>	<u>(886,366)</u>	<u>(927,270)</u>
Net Cash from Operating Activities	<u>\$ (131,096)</u>	<u>\$ (394,955)</u>	<u>\$ (526,051)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Refunding bonds issued	-	3,971,115	3,971,115
Refunding bond issuance premium	-	142,524	142,524
Payment to refunded bond escrow agent	-	(4,043,881)	(4,043,881)

2012		
Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
\$ 239,895	\$ 290,451	\$ 530,346
-	1,214,507	1,214,507
(120,883)	70,915	(49,968)
50,000	-	50,000
(3,575)	(27,332)	(30,907)
(41,224)	65,405	24,181
(72,000)	14,593	(57,407)
-	655	655
-	737,010	737,010
-	204,268	204,268
-	(3,790)	(3,790)
<u>(187,682)</u>	<u>2,276,231</u>	<u>2,088,549</u>
<u>\$ 52,213</u>	<u>\$ 2,566,682</u>	<u>\$ 2,618,895</u>

-	-	-
-	-	-
-	-	-

**City of Rye, New York**

Statement of Changes in Assets and Liabilities  
 Fiduciary Funds - Agency Fund  
 Year Ended December 31, 2013

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
<b>ASSETS</b>				
Cash and equivalents	\$ 316,383	\$ 17,091,923	\$ 17,054,076	\$ 354,230
Accounts receivable	3,253	16,653,714	16,653,425	3,542
	<u>319,636</u>	<u>33,745,637</u>	<u>33,707,501</u>	<u>357,772</u>
Total Assets	<u>\$ 319,636</u>	<u>\$ 33,745,637</u>	<u>\$ 33,707,501</u>	<u>\$ 357,772</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 293,529	\$ 777,247	\$ 744,787	\$ 325,989
Employee payroll deductions	26,107	5,477,864	5,472,188	31,783
	<u>319,636</u>	<u>6,255,111</u>	<u>6,216,975</u>	<u>357,772</u>
Total Liabilities	<u>\$ 319,636</u>	<u>\$ 6,255,111</u>	<u>\$ 6,216,975</u>	<u>\$ 357,772</u>

**CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL  
FUNDS**

**City of Rye, New York**

Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2013

	<u>2013</u>
<b>Governmental Funds' Capital Assets</b>	
Machinery and Equipment	\$ 86,074
Infrastructure	67,062,881
Construction in Progress	<u>3,743,001</u>
Investment in Governmental Funds' Capital Assets	
by Source - Capital Projects Fund	70,891,956
Less - Accumulated depreciation	<u>(26,341,958)</u>
 Net Book Value	 <u>\$ 44,549,998</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34.

City of Rye, New York

Capital Assets Used in the Operation of Governmental Funds  
 Schedule by Function and Activity  
 December 31, 2013

<u>Function and Activity</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<b>PUBLIC SAFETY</b>						
Traffic signals	\$ -	\$ 1,398,999	\$ -	\$ 1,398,999	\$ (367,125)	\$ 1,031,874
<b>COMMUNITY ENVIRONMENT</b>						
Rights of way	-	21,301,087	-	21,301,087	-	21,301,087
Streets	-	14,317,140	61,120	14,378,260	(9,524,669)	4,853,591
Streetlights	-	441,162	-	441,162	(307,001)	134,161
Sidewalks	-	976,585	-	976,585	(792,109)	184,476
Bridges	-	456,605	1,982,502	2,439,107	(380,483)	2,058,624
Sanitary sewers	-	12,143,476	-	12,143,476	(7,265,370)	4,878,106
Pump stations	-	1,392,648	67,839	1,460,487	(397,794)	1,062,693
Storm sewers	-	11,444,119	1,631,540	13,075,659	(7,221,333)	5,854,326
Total Community Environment	-	62,472,822	3,743,001	66,215,823	(25,888,759)	40,327,064
<b>CULTURE AND RECREATION</b>						
Cable TV equipment	86,074	-	-	86,074	(86,074)	-
Parks and playgrounds	-	3,191,060	-	3,191,060	-	3,191,060
Total Culture and Recreation	86,074	3,191,060	-	3,277,134	(86,074)	3,191,060
Total Governmental Funds Capital Assets	\$ 86,074	\$ 67,062,881	\$ 3,743,001	\$ 70,891,956	\$ (26,341,958)	\$ 44,549,998

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34.

**City of Rye, New York**

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity  
 Year Ended December 31, 2013

<u>Function and Activity</u>	Governmental Funds Capital Assets January 1	Additions	Deletions	Governmental Funds Capital Assets December 31
<b>PUBLIC SAFETY</b>				
Traffic signals	\$ 1,398,999	\$ -	\$ -	\$ 1,398,999
<b>COMMUNITY ENVIRONMENT</b>				
Rights of way	21,301,087	-	-	21,301,087
Streets	14,376,090	2,170	-	14,378,260
Streetlights	441,162	-	-	441,162
Sidewalks	976,585	-	-	976,585
Bridges	829,307	1,609,800	-	2,439,107
Sanitary sewers	12,040,254	103,222	-	12,143,476
Pump stations	1,460,487	-	-	1,460,487
Storm sewers	12,428,775	646,884	-	13,075,659
Total Community Environment	<u>63,853,747</u>	<u>2,362,076</u>	<u>-</u>	<u>66,215,823</u>
<b>CULTURE AND RECREATION</b>				
Cable TV equipment	86,074	-	-	86,074
Parks and playgrounds	3,191,060	-	-	3,191,060
Total Culture and Recreation	<u>3,277,134</u>	<u>-</u>	<u>-</u>	<u>3,277,134</u>
Total Governmental Funds Capital Assets	<u>\$ 68,529,880</u>	<u>\$ 2,362,076</u>	<u>\$ -</u>	<u>\$ 70,891,956</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

Note - The schedule reflects the retroactive reporting of infrastructure capital assets as required under the provisions of Governmental Accounting Standards Board Statement No. 34.

**STATISTICAL SECTION  
(UNAUDITED)**

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## Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:

Net Position by Component

Changes in Net Position

Fund Balances, Governmental Funds

Changes in Fund Balances, Governmental Funds

Tax Revenues by Source, Governmental Funds

**City of Rye, New York**

Net Position by Component  
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006(1)</u>	<u>2007</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 9,480,762	\$ 13,348,301	\$ 44,227,627	\$ 45,961,185
Restricted	1,224,450	1,762,703	1,660,467	2,849,549
Unrestricted	<u>10,418,032</u>	<u>9,079,270</u>	<u>11,059,645</u>	<u>11,470,537</u>
<b>Total Governmental Activities Net Position</b>	<u>21,123,244</u>	<u>24,190,274</u>	<u>56,947,739</u>	<u>60,281,271</u>
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	8,403,111	8,450,054	8,450,126	8,265,309
Unrestricted	<u>2,499,439</u>	<u>3,265,525</u>	<u>3,723,916</u>	<u>4,437,719</u>
<b>Total Business-Type Activities Net Position</b>	<u>10,902,550</u>	<u>11,715,579</u>	<u>12,174,042</u>	<u>12,703,028</u>
<b>Primary Government</b>				
Net Investment in Capital Assets	17,883,873	21,798,355	52,677,753	54,226,494
Restricted	1,224,450	1,762,703	1,660,467	2,849,549
Unrestricted	<u>12,917,471</u>	<u>12,344,795</u>	<u>14,783,561</u>	<u>15,908,256</u>
<b>Total Primary Government Net Position</b>	<u>\$ 32,025,794</u>	<u>\$ 35,905,853</u>	<u>\$ 69,121,781</u>	<u>\$ 72,984,299</u>

(1) Includes a cumulative effect of change in accounting principle adjustment of \$30,977,163, representing the retroactive reporting of infrastructure assets.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 48,067,286	\$ 52,236,195	\$ 52,620,335	\$ 54,629,581	\$ 54,209,854	\$ 51,028,225
2,697,494	2,646,922	2,761,748	2,630,318	3,237,805	2,698,735
<u>4,933,791</u>	<u>(320,838)</u>	<u>(1,266,730)</u>	<u>(6,349,164)</u>	<u>(7,386,797)</u>	<u>(3,401,492)</u>
<u>55,698,571</u>	<u>54,562,279</u>	<u>54,115,353</u>	<u>50,910,735</u>	<u>50,060,862</u>	<u>50,325,468</u>
9,073,386	9,740,758	9,620,669	9,637,370	9,097,824	9,324,839
<u>4,335,879</u>	<u>2,951,808</u>	<u>1,630,040</u>	<u>833,265</u>	<u>933,733</u>	<u>1,396,753</u>
<u>13,409,265</u>	<u>12,692,566</u>	<u>11,250,709</u>	<u>10,470,635</u>	<u>10,031,557</u>	<u>10,721,592</u>
57,140,672	61,976,953	62,241,004	64,266,951	63,307,678	60,353,064
2,697,494	2,646,922	2,761,748	2,630,318	3,237,805	2,698,735
<u>9,269,670</u>	<u>2,630,970</u>	<u>363,310</u>	<u>(5,515,899)</u>	<u>(6,453,064)</u>	<u>(2,004,739)</u>
<u>\$ 69,107,836</u>	<u>\$ 67,254,845</u>	<u>\$ 65,366,062</u>	<u>\$ 61,381,370</u>	<u>\$ 60,092,419</u>	<u>\$ 61,047,060</u>

**City of Rye, New York**

Changes in Net Position  
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government	\$ 3,218,750	\$ 3,285,497	\$ 3,513,365	\$ 4,287,175
Public Safety	9,941,889	10,379,989	11,259,005	10,763,060
Community Environment	6,058,126	6,836,952	8,181,719	8,215,438
Transportation	-	-	-	-
Culture and Recreation	3,452,925	3,558,305	3,693,298	3,700,558
Home and Community Services	-	-	-	-
Interest	159,129	333,563	552,544	725,075
<b>Total Governmental Activities</b>	<u>22,830,819</u>	<u>24,394,306</u>	<u>27,199,931</u>	<u>27,691,306</u>
<b>Business-Type Activities</b>				
Marina	454,340	446,916	468,524	481,837
Golf	3,819,458	4,115,177	5,306,207	6,814,432
<b>Total Business-Type Activities</b>	<u>4,273,798</u>	<u>4,562,093</u>	<u>5,774,731</u>	<u>7,296,269</u>
<b>Total Expenses</b>	<u>27,104,617</u>	<u>28,956,399</u>	<u>32,974,662</u>	<u>34,987,575</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General Government	457,581	471,658	489,375	505,926
Public Safety	664,726	663,007	647,446	578,807
Community Environment	1,726,572	2,020,307	2,205,360	2,446,351
Transportation	-	-	-	-
Culture and Recreation	976,130	1,009,128	999,740	1,088,198
Home and Community Services	-	-	-	-
Operating Grants and Contributions	253,947	455,106	375,595	660,091
Capital Grants and Contributions	588,967	314,854	410,390	622,728
<b>Total Governmental Activities</b>	<u>4,667,923</u>	<u>4,934,060</u>	<u>5,127,906</u>	<u>5,902,101</u>
<b>Business-Type Activities</b>				
<b>Charges for Services</b>				
Marina	493,151	542,397	633,083	576,693
Golf	4,371,899	4,723,373	5,378,934	6,990,360
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	3,826
<b>Total Business-Type Activities</b>	<u>4,865,050</u>	<u>5,265,770</u>	<u>6,012,017</u>	<u>7,570,879</u>
<b>Total Program Revenues</b>	<u>9,532,973</u>	<u>10,199,830</u>	<u>11,139,923</u>	<u>13,472,980</u>

<u>2008(1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 4,852,832	\$ 4,075,663	\$ 3,847,977	\$ 3,847,034	\$ 3,733,393	\$ 3,966,979
14,573,551	14,193,748	14,267,990	15,873,630	16,093,285	18,064,524
-	-	-	-	-	-
5,105,678	4,419,335	4,466,928	4,422,582	3,858,783	4,266,362
4,201,625	4,128,114	4,152,371	4,326,087	4,055,710	4,149,577
5,177,171	5,119,135	5,611,370	5,417,700	6,302,729	6,376,814
657,980	609,287	426,731	618,037	589,183	506,947
<u>34,568,837</u>	<u>32,545,282</u>	<u>32,773,367</u>	<u>34,505,070</u>	<u>34,633,083</u>	<u>37,331,203</u>
589,804	574,268	627,778	904,632	1,018,739	895,996
6,972,985	7,310,686	7,729,667	7,028,025	6,851,676	5,700,251
<u>7,562,789</u>	<u>7,884,954</u>	<u>8,357,445</u>	<u>7,932,657</u>	<u>7,870,415</u>	<u>6,596,247</u>
<u>42,131,626</u>	<u>40,430,236</u>	<u>41,130,812</u>	<u>42,437,727</u>	<u>42,503,498</u>	<u>43,927,450</u>
743,220	792,068	789,441	917,026	899,551	707,740
1,850,529	1,680,697	1,662,676	1,819,013	2,129,247	2,473,451
-	-	-	-	-	-
920,145	877,257	918,683	1,200,047	1,264,716	1,323,178
1,071,017	1,060,590	1,158,127	1,422,633	1,457,025	1,479,838
149,862	101,890	168,194	128,059	212,248	179,686
359,038	399,495	572,225	234,853	1,429,372	1,098,398
398,386	2,072,892	1,615,788	278,881	267,288	2,208,204
<u>5,492,197</u>	<u>6,984,889</u>	<u>6,885,134</u>	<u>6,000,512</u>	<u>7,659,447</u>	<u>9,470,495</u>
565,473	591,891	633,269	646,459	640,518	663,455
7,264,208	6,565,155	6,275,216	6,504,746	6,760,138	6,060,574
-	-	-	-	28,718	559,942
317,500	-	-	-	-	-
<u>8,147,181</u>	<u>7,157,046</u>	<u>6,908,485</u>	<u>7,151,205</u>	<u>7,429,374</u>	<u>7,283,971</u>
<u>13,639,378</u>	<u>14,141,935</u>	<u>13,793,619</u>	<u>13,151,717</u>	<u>15,088,821</u>	<u>16,754,466</u>

(continued)

**City of Rye, New York**

Changes in Net Position  
Last Ten Fiscal Years (Continued)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue				
Governmental Activities	(18,162,896)	(19,460,246)	(22,072,025)	(21,789,205)
Business-Type Activities	591,252	703,677	237,286	274,610
Total Net Expense	<u>(17,571,644)</u>	<u>(18,756,569)</u>	<u>(21,834,739)</u>	<u>(21,514,595)</u>
General Revenues				
Governmental Activities				
Real Property Taxes	15,528,286	16,141,660	16,987,781	17,838,489
Non-Property Taxes	2,143,838	2,266,922	2,327,161	2,622,734
Unrestricted Use of Money and Property	220,459	565,843	1,137,777	1,195,960
Gain on Sale of Capital Assets	39,655	29,135	33,270	26,977
State Aid	3,003,658	3,451,841	3,324,440	3,415,249
Other Revenues	72,488	71,875	41,899	23,327
Total Governmental Activities	<u>21,008,384</u>	<u>22,527,276</u>	<u>23,852,328</u>	<u>25,122,736</u>
Business-Type Activities				
Unrestricted Use of Money and Property	32,633	109,352	221,177	254,376
Gain on Sale of Equipment	7,000	-	-	-
Total Business-Type Activities	<u>39,633</u>	<u>109,352</u>	<u>221,177</u>	<u>254,376</u>
Total General Revenues	<u>21,048,017</u>	<u>22,636,628</u>	<u>24,073,505</u>	<u>25,377,112</u>
Change in Net Position				
Governmental Activities	2,845,488	3,067,030	1,780,303	3,333,531
Business-Type Activities	630,885	813,029	458,463	528,986
Total Change in Net Position	<u>\$ 3,476,373</u>	<u>\$ 3,880,059</u>	<u>\$ 2,238,766</u>	<u>\$ 3,862,517</u>

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

<u>2008(1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
(29,076,640)	(25,560,393)	(25,888,233)	(28,504,558)	(26,973,636)	(27,860,708)
<u>584,392</u>	<u>(727,908)</u>	<u>(1,448,960)</u>	<u>(781,452)</u>	<u>(441,041)</u>	<u>687,724</u>
<u>(28,492,248)</u>	<u>(26,288,301)</u>	<u>(27,337,193)</u>	<u>(29,286,010)</u>	<u>(27,414,677)</u>	<u>(27,172,984)</u>
18,331,970	19,323,667	19,764,674	19,726,762	20,433,026	20,860,358
2,643,066	2,364,648	2,566,311	2,620,377	2,612,451	2,791,836
490,398	140,030	95,000	51,907	43,420	48,667
30,672	31,503	15,324	23,438	-	470,967
2,941,169	2,249,619	2,493,863	2,361,583	2,496,256	3,390,946
<u>56,665</u>	<u>314,634</u>	<u>506,135</u>	<u>515,873</u>	<u>538,610</u>	<u>562,540</u>
<u>24,493,940</u>	<u>24,424,101</u>	<u>25,441,307</u>	<u>25,299,940</u>	<u>26,123,763</u>	<u>28,125,314</u>
121,845	11,209	7,103	1,378	1,963	2,311
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>121,845</u>	<u>11,209</u>	<u>7,103</u>	<u>1,378</u>	<u>1,963</u>	<u>2,311</u>
<u>24,615,785</u>	<u>24,435,310</u>	<u>25,448,410</u>	<u>25,301,318</u>	<u>26,125,726</u>	<u>28,127,625</u>
(4,582,700)	(1,136,292)	(446,926)	(3,204,618)	(849,873)	264,606
<u>706,237</u>	<u>(716,699)</u>	<u>(1,441,857)</u>	<u>(780,074)</u>	<u>(439,078)</u>	<u>690,035</u>
<u>\$ (3,876,463)</u>	<u>\$ (1,852,991)</u>	<u>\$ (1,888,783)</u>	<u>\$ (3,984,692)</u>	<u>\$ (1,288,951)</u>	<u>\$ 954,641</u>

**City of Rye, New York**

Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,611,046	2,487,324	2,387,761	3,523,898
Unreserved	<u>7,035,140</u>	<u>8,568,860</u>	<u>9,674,609</u>	<u>9,785,973</u>
Total General Fund	<u>9,646,186</u>	<u>11,056,184</u>	<u>12,062,370</u>	<u>13,309,871</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Reserved	330,232	544,315	1,596,362	1,921,268
Unreserved, Reported In:				
Special Revenue Fund	166,993	248,138	324,758	336,911
Permanent Fund	-	4,303	1,309	1,099
Debt Service Fund	-	-	-	9,800
Capital Projects Fund	<u>774,522</u>	<u>1,023,769</u>	<u>(845,230)</u>	<u>(1,476,029)</u>
Total All Other Governmental Funds	<u>1,271,747</u>	<u>1,820,525</u>	<u>1,077,199</u>	<u>793,049</u>
Total Governmental Funds	<u>\$ 10,917,933</u>	<u>\$ 12,876,709</u>	<u>\$ 13,139,569</u>	<u>\$ 14,102,920</u>

(1) - The City implemented the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the fiscal year ended December 31, 2011.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ 1,647,837	\$ 1,501,991	\$ 1,533,556
-	-	-	2,141,634	1,938,058	1,383,442
-	-	-	1,688,353	2,659,084	3,504,007
-	-	-	3,779,938	4,982,632	5,942,286
3,264,302	3,130,697	4,661,371	-	-	-
<u>7,736,075</u>	<u>6,701,760</u>	<u>5,833,786</u>	-	-	-
<u>11,000,377</u>	<u>9,832,457</u>	<u>10,495,157</u>	<u>9,257,762</u>	<u>11,081,765</u>	<u>12,363,291</u>
\$ -	\$ -	\$ -	\$ 24,227	\$ 24,900	\$ 27,261
-	-	-	1,723,849	789,628	768,200
-	-	-	777,191	1,501,397	1,023,955
2,036,376	464,673	315,472	-	-	-
191,558	281,777	367,862	-	-	-
25	80	118	-	-	-
139,356	99,750	21,176	-	-	-
<u>(3,301,577)</u>	<u>(2,049,789)</u>	<u>2,450,581</u>	-	-	-
<u>(934,262)</u>	<u>(1,203,509)</u>	<u>3,155,209</u>	<u>2,525,267</u>	<u>2,315,925</u>	<u>1,819,416</u>
<u>\$ 10,066,115</u>	<u>\$ 8,628,948</u>	<u>\$ 13,650,366</u>	<u>\$ 11,783,029</u>	<u>\$ 13,397,690</u>	<u>\$ 14,182,707</u>

**City of Rye, New York**

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

	2004	2005	2006	2007
<b>Revenues</b>				
Real Property Taxes	\$ 15,551,738	\$ 16,197,588	\$ 16,966,643	\$ 17,849,808
Non-Property Taxes	2,334,151	2,470,665	2,550,088	2,868,819
Charges for Services	1,054,741	1,180,052	1,372,495	1,282,324
Intergovernmental Charges	72,775	76,274	69,235	73,656
Use of Money and Property	211,200	482,446	912,595	1,021,617
Licenses and Permits	1,390,634	1,630,044	1,628,357	2,035,050
Fines and Forfeitures	553,320	540,247	533,102	477,209
Sale of Property and Compensation for Loss	129,600	123,939	89,282	67,234
Interfund Revenues	418,249	404,099	413,628	430,025
State Aid	3,321,831	3,772,275	3,664,263	3,816,573
Federal Aid	15,255	95,935	121,880	450,127
Miscellaneous	113,568	295,813	234,618	189,884
<b>Total Revenues</b>	<u>25,167,062</u>	<u>27,269,377</u>	<u>28,556,186</u>	<u>30,562,326</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	2,916,473	3,063,887	3,346,840	3,670,968
Public Safety	9,831,702	10,373,012	11,281,346	10,984,670
Community Services	6,142,100	6,692,938	7,237,352	7,257,244
Transportation	-	-	-	-
Culture and Recreation	3,499,177	3,559,300	3,720,422	3,770,058
Home and Community Services	-	-	-	-
<b>Debt Service</b>				
Principal	41,525	43,752	64,534	67,079
Interest	56,745	54,717	73,700	71,470
Refunding bond issuance costs	-	-	-	-
<b>Capital Outlay</b>				
General Government	4,808	8,000	6,789	27,980
Public Safety	12,423	68,369	199,687	16,877
Transportation	852,713	518,722	1,398,098	3,055,579
Culture and Recreation	-	-	69,983	-
Home and Community Services	-	-	-	-
<b>Total Expenditures</b>	<u>23,357,666</u>	<u>24,382,697</u>	<u>27,398,751</u>	<u>28,921,925</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>1,809,396</u>	<u>2,886,680</u>	<u>1,157,435</u>	<u>1,640,401</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	-	560,000	-	-
Refunding Bonds Issued	-	-	-	-
Issuance Premium	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Transfers In	3,923,255	657,707	854,202	3,384,328
Transfers Out	<u>(1,196,256)</u>	<u>(2,145,611)</u>	<u>(1,748,777)</u>	<u>(4,061,378)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>2,726,999</u>	<u>(927,904)</u>	<u>(894,575)</u>	<u>(677,050)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 4,536,395</u>	<u>\$ 1,958,776</u>	<u>\$ 262,860</u>	<u>\$ 963,351</u>
<b>Debt Service as a Percentage of Non-Capital Expenditures</b>	0.44%	0.41%	0.52%	0.52%

(1) Beginning in 2008, amounts previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

2008(1)	2009	2010	2011	2012	2013
\$ 18,272,135	\$ 19,303,263	\$ 19,750,579	\$ 19,740,731	\$ 20,435,348	\$ 20,857,749
2,900,960	2,635,463	2,860,490	2,950,001	2,938,634	3,124,407
1,329,874	1,274,460	1,449,041	1,636,476	1,809,922	1,816,289
77,799	85,866	82,008	95,651	81,095	85,998
473,566	138,398	96,288	342,169	338,569	156,417
1,730,742	1,557,660	1,457,462	1,975,596	2,344,563	2,809,894
583,026	569,770	609,918	617,282	609,247	510,819
108,962	49,377	113,486	95,641	119,983	238,215
432,050	445,759	442,984	441,634	441,634	445,759
3,328,874	2,929,553	2,854,696	2,703,865	2,914,810	4,232,395
47,002	1,100,153	1,043,013	-	595,533	1,983,148
210,007	332,834	349,608	398,189	950,545	692,467
<u>29,494,997</u>	<u>30,422,556</u>	<u>31,109,573</u>	<u>30,997,235</u>	<u>33,579,883</u>	<u>36,953,557</u>
4,333,767	3,901,647	3,478,239	4,772,526	3,622,160	3,774,826
12,890,879	12,736,433	12,883,879	13,835,912	14,340,455	16,111,656
-	-	-	-	-	-
3,177,429	3,183,718	3,234,870	3,430,714	2,972,934	3,226,903
4,101,417	4,127,040	4,048,699	4,201,941	3,885,612	4,040,257
4,478,333	4,571,286	4,604,338	4,924,690	5,496,520	5,323,300
71,144	74,242	165,261	221,721	246,918	254,579
137,993	117,539	58,871	187,171	156,428	148,601
-	-	9,782	-	-	6,655
13,496	-	-	-	-	-
30,401	92,090	779,451	230,062	-	2,170
2,337,444	874,498	733,012	552,823	293,946	1,927,269
-	-	-	-	-	-
1,064,499	1,426,196	668,909	422,012	985,249	1,268,979
<u>32,636,802</u>	<u>31,104,689</u>	<u>30,665,311</u>	<u>32,779,572</u>	<u>32,000,222</u>	<u>36,085,195</u>
<u>(3,141,805)</u>	<u>(682,133)</u>	<u>444,262</u>	<u>(1,782,337)</u>	<u>1,579,661</u>	<u>868,362</u>
-	-	4,677,374	-	-	-
-	-	791,579	-	-	378,885
-	-	56,934	-	-	13,598
-	-	(838,731)	-	-	(385,828)
2,274,360	1,204,410	1,664,155	939,801	491,839	830,051
<u>(3,169,360)</u>	<u>(1,959,444)</u>	<u>(1,774,155)</u>	<u>(1,024,801)</u>	<u>(456,839)</u>	<u>(920,051)</u>
<u>(895,000)</u>	<u>(755,034)</u>	<u>4,577,156</u>	<u>(85,000)</u>	<u>35,000</u>	<u>(83,345)</u>
<u>\$ (4,036,805)</u>	<u>\$ (1,437,167)</u>	<u>\$ 5,021,418</u>	<u>\$ (1,867,337)</u>	<u>\$ 1,614,661</u>	<u>\$ 785,017</u>
0.68%	0.65%	0.76%	1.27%	1.30%	1.22%

**City of Rye, New York**

Tax Revenues by Source, Governmental Funds  
Last Ten Fiscal Years

Fiscal Year	Real Property Taxes	Sales and Use Taxes	Hotel Occupancy Taxes	Utilities Gross Receipts Taxes	Mortgage Taxes	Total
2004	\$ 15,551,738	\$ 1,801,366	\$ -	\$ 342,472	\$ 2,161,052	\$ 19,856,628
2005	16,197,589	1,908,845	-	358,077	2,389,053	20,853,564
2006	16,966,642	1,957,187	-	369,974	2,084,125	21,377,928
2007	17,849,808	2,079,744	200,303	342,687	2,141,475	22,614,017
2008	18,272,135	2,050,610	177,338	415,118	1,629,182	22,544,383
2009	19,303,262	1,812,360	136,922	415,366	919,732	22,587,642
2010	19,750,579	1,981,208	153,934	431,169	1,261,186	23,578,076
2011	19,740,731	2,051,254	159,001	410,122	1,153,559	23,514,667
2012	20,435,348	2,076,364	155,534	380,553	1,288,232	24,336,031
2013	20,857,749	2,222,745	166,778	402,313	2,182,922	25,832,507

Source: Comprehensive Annual Financial Report for each respective fiscal year

## Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. These schedules include:

Assessed Valuation, State Equalization Rate  
and Estimated Full Value of Real Property

Property Tax Rates per \$1,000 Assessed Valuation -  
All Direct and Overlapping Governments

Principal Taxpayers

Property Tax Levies and Collections

Constitutional Tax Limit

## City of Rye, New York

### Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property Last Ten Fiscal Years

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation
2004	\$ 105,620,685	\$ 9,432,278	\$ 22,828,518	\$ 26,707,568	\$ 164,589,049
2005	107,282,955	9,267,278	22,101,168	26,657,528	165,308,929
2006	108,596,155	9,113,041	22,080,105	26,536,484	166,325,785
2007	110,420,885	9,161,821	22,040,490	26,366,361	167,989,557
2008	111,523,385	9,147,881	21,869,050	25,815,312	168,355,628
2009	113,148,100	7,819,866	21,819,700	25,580,843	168,368,509
2010	113,647,740	7,592,163	21,354,351	25,756,508	168,350,762
2011	113,336,975	7,343,964	21,257,429	25,770,920	167,709,288
2012	113,347,445	7,083,655	20,458,446	24,513,427	165,402,973
2013	113,959,435	7,022,535	20,338,966	24,397,088	165,718,024

(1) Includes commercial, industrial, and recreational facilities.

(2) Includes agriculture, vacant land, community service, utility, wetland and parkland, most of which is tax-exempt.

(3) A single direct property tax rate applies to all classes of real property.

Note: Assessed values are established by the City Assessor on September 15th of the prior year and includes Special Franchise Assessments as established by the New York State Board of Equalization and Assessment. For instance, assessed values for fiscal 2012 were established on September 15, 2011.

<u>Exemptions</u>	<u>Total Taxable Assessed Valuation</u>	<u>Direct Tax Rate (3)</u>	<u>Estimated Actual Full Value</u>	<u>Taxable Value as a Percentage of Full Value</u>
\$ (30,014,099)	\$ 134,574,950	\$ 113.41	\$ 5,097,535,985	2.64%
(29,428,082)	135,880,847	116.80	5,246,364,749	2.59%
(29,376,708)	136,949,077	122.39	5,827,620,298	2.35%
(29,587,882)	138,401,675	127.24	6,407,484,954	2.16%
(29,282,510)	139,073,118	131.49	7,059,549,137	1.97%
(29,053,242)	139,315,267	137.38	7,036,124,596	1.98%
(29,058,445)	139,292,317	139.52	7,180,016,340	1.94%
(29,027,596)	138,681,692	140.87	6,420,448,704	2.16%
(27,666,240)	137,736,733	144.99	6,289,348,539	2.19%
(27,622,832)	138,095,192	148.91	6,703,650,097	2.06%

**City of Rye, New York**

Property Tax Rates per \$1,000 Assessed Valuation - All Direct and Overlapping Governments  
Last Ten Fiscal Years

Year	City of Rye (1)	Rye City School District	Rye Neck Union Free School District	Westchester County	
				Westchester County	Refuse Disposal District
2004	\$ 113.41	\$ 396.52	\$ -	\$ 133.71	\$ 16.25
	113.41	-	528.05	133.71	16.25
2005	116.80	416.92	-	124.09	15.12
	116.80	-	529.10	124.09	15.12
2006	122.39	441.85	-	130.43	15.24
	122.39	-	528.51	130.43	15.24
2007	127.24	463.92	-	134.06	15.03
	127.24	-	575.62	134.06	15.03
2008	131.49	490.55	-	141.43	13.61
	131.49	-	626.45	141.43	13.61
2009	137.38	500.20	-	146.28	13.89
	137.38	-	647.88	146.28	13.89
2010	139.52	507.31	-	158.12	15.12
	139.52	-	672.72	158.12	15.12
2011	140.87	520.54	-	156.86	15.34
	140.87	-	696.64	156.86	15.34
2012	144.99	529.68	-	162.12	15.84
	144.99	-	737.53	162.12	15.84
2013	148.91	554.65	-	173.82	16.98
	148.91	-	796.18	173.82	16.98

Source: City of Rye Comptroller's Office

(1) A single direct property tax rate applies to all classes of real property

Blind Brook Sewer District	Mamaroneck Sewer District	Total County	Total with Rye City School District	Total with Rye Neck Union Free School District
\$ 17.05	\$ -	\$ 167.01	\$ 676.94	\$ -
-	17.96	167.92	-	809.38
17.51	-	156.71	690.44	-
-	17.82	157.03	-	802.93
19.68	-	165.35	729.59	-
-	19.87	165.54	-	816.44
20.56	-	169.65	760.81	-
-	23.14	172.23	-	875.09
20.90	-	175.94	797.98	-
-	23.92	178.96	-	936.90
21.15	-	181.32	818.90	-
-	25.15	185.32	-	970.58
21.87	-	195.11	841.94	-
-	25.15	198.39	-	1,010.63
21.62	-	193.82	855.23	-
-	28.80	201.00	-	1,038.51
22.32	-	200.28	874.95	-
-	28.92	206.88	-	1,089.40
23.23	-	214.03	917.59	-
-	29.38	220.18	-	1,165.27

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**City of Rye, New York**

Principal Taxpayers  
December 31, 2013 and 2004

2013

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,096,042	2.24%
2	Miriam Osborn Memorial Home	Retirement Community	2,133,120	1.54%
3	United Water	Public Utility	915,475	0.66%
4	Avon Products	Office Building + Lot	673,310	0.49%
5	Faros Corporate Center	Office Building	668,000	0.48%
6	Rye Colony Apartments	Cooperative	620,130	0.45%
7	Parsonage Investment Co.	SFR & Vacant Land	579,550	0.42%
8	Milton Harbor House	Cooperative	567,450	0.41%
9	Blind Brook Lodge Owners, Inc.	Cooperative	537,692	0.39%
10	Shenorock Shore Club	Private Club	485,900	0.35%
	Total		<u>\$ 10,276,669</u>	<u>7.43%</u>

2004

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,224,000	2.40%
2	Consolidated Edison	Public Utility	2,833,223	2.11%
3	Milton Harbor House	Cooperative	942,872	0.70%
4	The Gateside - Rye Co.	Office Building	879,300	0.65%
5	Aquarion Water Company <sup>1</sup>	Public Utility	834,644	0.62%
6	Parsonage Investment Co.	Residential	734,800	0.55%
7	Rye Colony Apartments	Cooperative	711,550	0.53%
8	Blind Brook Lodge	Cooperative	617,196	0.46%
9	Host Restaurants Inc.	Hotel	549,550	0.41%
10	American Yacht Club	Private Club	542,550	0.40%
	Total		<u>\$ 11,869,685</u>	<u>8.83%</u>

Source: City of Rye Assessor's Office

**City of Rye, New York**

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Uncollected within the Fiscal Year of the Levy		Collected in Subsequent Years
		Amount	Percent	Amount	Percent	
2004	\$ 15,254,280	\$ 15,235,508	99.88%	\$ 18,772	0.12%	\$ 18,006
2005	15,900,190	15,868,141	99.80%	32,049	0.20%	31,261
2006	16,869,097	16,787,177	99.51%	81,920	0.49%	81,094
2007	17,706,559	17,654,153	99.70%	52,406	0.30%	51,531
2008	18,387,932	18,318,242	99.62%	69,690	0.38%	67,691
2009	19,241,273	19,136,162	99.45%	105,111	0.55%	104,101
2010	19,625,486	19,555,272	99.64%	70,214	0.36%	68,010
2011	19,658,891	19,584,532	99.62%	74,359	0.38%	60,103
2012	20,268,674	20,195,369	99.64%	73,305	0.36%	48,563
2013	20,790,194	20,735,050	99.73%	55,144	0.27%	12,161

Source: City of Rye Comptroller's Office

<u>Total Collected to Date</u>		<u>Total Uncollected to Date</u>		<u>Tax Liens</u>	<u>Percent of Tax Liens to Tax Levy</u>
<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>		
\$ 15,253,514	99.99%	\$ 766	0.01%	\$ 458,255	3.00%
15,899,402	99.99%	788	0.01%	288,286	1.81%
16,868,271	99.99%	826	0.01%	186,887	1.11%
17,705,684	99.99%	875	0.01%	258,076	1.46%
18,385,933	99.99%	1,999	0.01%	430,138	2.34%
19,240,263	99.99%	1,010	0.01%	443,621	2.31%
19,623,282	99.99%	2,204	0.01%	666,679	3.40%
19,644,635	99.93%	14,256	0.07%	577,105	2.94%
20,243,932	99.88%	24,742	0.12%	588,151	2.90%
20,747,211	99.79%	42,983	0.21%	748,700	3.60%

## City of Rye, New York

### Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2013

Full valuation, last five fiscal years

2013	\$ 6,703,650,097
2012	6,289,348,539
2011	6,420,448,704
2010	7,180,016,340
2009	7,036,124,596
Total full valuation, last five years	<u>33,629,588,276</u>

Five-year average full valuation 6,725,917,655

Constitutional tax limit: 2% of five-year average full valuation \$ 134,518,353

Tax levy - general city purposes \$ 20,790,194

Total exclusions <sup>1</sup> 2,403,490

Tax levy subject to tax limit \$ 18,386,704

Percent of constitutional tax limit exhausted 13.67%

Constitutional tax margin \$ 116,131,649

#### Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
2004	\$ 66,667,867	\$ 13,379,755	\$ 53,288,112	20.07 %
2005	86,967,321	12,534,148	74,433,173	14.41
2006	97,665,203	13,536,961	84,128,242	13.86
2007	109,217,662	11,596,583	97,621,079	10.62
2008	118,554,221	9,272,883	109,281,338	7.82
2009	126,308,575	15,489,470	110,819,105	12.26
2010	134,043,181	9,462,610	124,580,571	7.06
2011	136,414,495	17,105,703	119,308,792	12.54
2012	135,941,949	18,059,528	117,882,421	13.28
2013	134,518,353	18,386,704	116,131,649	13.67

<sup>1</sup> The constitutional tax limit specifically excludes debt service related to bonds and notes issued for certain specific purposes, and also excludes budgetary appropriations in the forthcoming year's budget for objects or purposes for which a period of probable usefulness is provided for in Section 11 of the New York State Local Finance Law.

## Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. These schedules include:

Ratios of Outstanding Debt by Type

Direct and Overlapping Governmental Activities Debt

Computation of Legal Debt Margin

Calculation of Charter Bonded Debt Limits

**City of Rye, New York**

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Net General Bonded Debt

Fiscal Year	General Obligation Bonds	Less Restricted for Debt Service	Net General Bonded Debt	Percentage of Full Property Value	Debt Per Capita
2004	\$ 12,073,013	\$ -	\$ 12,073,013	0.24%	\$ 803
2005	17,941,013	(98,643)	17,842,370	0.34%	1,190
2006	17,153,013	(150,978)	17,002,035	0.29%	1,134
2007	16,345,000	(247,532)	16,097,468	0.25%	1,065
2008	15,500,000	(259,249)	15,240,751	0.22%	1,000
2009	14,625,000	(120,925)	14,504,075	0.21%	867
2010	19,407,374	(61,035)	19,346,339	0.27%	1,282
2011	18,389,117	(6,465)	18,382,652	0.29%	1,169
2012	17,215,209	(54,643)	17,160,566	0.27%	1,084
2013	16,080,938	(52,172)	16,028,766	0.24%	1,010

(1) United States Census Bureau

Source: City Comptroller's Office

<u>Business-type Activities</u>			Percentage of Estimated Total Personal Income	Debt Per Capita
<u>General Obligation Bonds</u>	<u>Total Primary Government</u>			
\$ 4,610,000	\$ 16,683,013		1.45%	\$ 1,109
4,210,000	22,052,370		1.92%	1,471
3,975,000	20,977,035		1.83%	1,399
3,730,000	19,827,468		1.71%	1,312
3,470,000	18,710,751		1.60%	1,228
3,200,000	17,704,075		1.38%	1,058
2,840,000	22,186,339		1.59%	1,470
2,580,987	20,963,639		1.43%	1,334
2,252,775	19,413,341		1.30%	1,226
1,920,446	17,949,212		1.20%	1,131

**City of Rye, New York**

Direct and Overlapping Governmental Activities Debt

December 31, 2013

<u>Government Unit</u>	<u>Net General Long-Term Debt</u>	<u>Percentage Applicable City of Rye(1)</u>	<u>Amount Applicable to City of Rye</u>
City of Rye School District	\$ 40,655,000	100.00%	\$ 40,655,000
Rye Neck Union Free School District	7,865,000	31.05%	2,442,083
Westchester County	1,108,757,834	4.66%	51,664,441
Subtotal, Overlapping Debt			94,761,524
City Direct Debt (2)			16,028,766
Total Direct and Overlapping Debt			<u>\$ 110,790,290</u>
Population			<u>15,868</u>
Overlapping Debt Per Capita			<u>\$ 5,972</u>
Direct and Overlapping Debt Per Capita			<u>\$ 6,982</u>

Summary of Direct and Overlapping Governmental Activities Debt  
Last Ten Fiscal Years

<u>Year</u>	<u>Overlapping Debt</u>	<u>City Direct Debt</u>	<u>Direct and Overlapping Debt</u>	<u>Population</u>	<u>Overlapping Debt Per Capita</u>	<u>Direct and Overlapping Debt Per Capita</u>
2004	\$ 44,281,289	\$ 12,073,013	\$ 56,354,302	15,043	\$ 2,944	\$ 3,746
2005	59,230,087	17,842,370	77,072,457	14,992	3,951	5,141
2006	58,690,542	17,002,035	75,692,577	14,992	3,915	5,049
2007	56,889,611	16,097,468	72,987,079	15,109	3,765	4,831
2008	72,272,509	15,240,751	87,513,260	15,242	4,742	5,742
2009	69,394,614	14,504,075	83,898,689	16,737	4,146	5,013
2010	61,092,502	19,346,339	80,438,841	15,091	4,048	5,330
2011	72,521,155	18,382,652	90,903,807	15,720	4,613	5,783
2012	71,965,716	17,160,566	89,126,282	15,834	4,545	5,629
2013	94,761,524	16,028,766	110,790,290	15,868	5,972	6,982

(1) The percentage of overlapping debt applicable is estimated using taxable assessed values.

Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

(2) Represents governmental activities debt only.

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Rye. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

**City of Rye, New York**

Computation of Legal Debt Margin  
December 31, 2013

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2013	\$ 138,095,192	2.06%	\$ 6,703,650,097
2012	137,736,733	2.19%	\$ 6,289,348,539
2011	138,681,692	2.16%	6,420,448,704
2010	139,292,317	1.94%	7,180,016,340
2009	139,315,267	1.98%	<u>7,036,124,596</u>
Total Five Year Full Valuation			<u>33,629,588,276</u>
Five Year Average Full Valuation of Taxable Real Property			<u>6,725,917,655</u>
Constitutional Debt Limit (7% of Average Full Valuation)			<u>470,814,236</u>
Outstanding Indebtedness at December 31st			17,949,212
Less: 2014 Appropriations for Debt Principal			<u>1,640,000</u>
Net Indebtedness Subject to Debt Limit			<u>16,309,212</u>
Net Debt Contracting Margin			<u>\$ 454,505,024</u>
Percentage of Net Debt Contracting Margin Available			<u>96.54%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>3.46%</u>

Last Ten Fiscal Years

Year	Constitutional Debt Limit	Outstanding Indebtedness December 31	Less Appropriations for Debt Principal	Indebtedness Subject to Debt Limit	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
2004	\$ 270,250,344	\$ 16,683,013	\$ 1,022,652	\$ 15,660,361	\$ 254,589,983	94.21 %
2005	304,385,625	22,052,370	1,019,974	21,032,396	283,353,229	93.09
2006	341,828,209	20,977,035	1,092,221	19,884,814	321,943,395	94.18
2007	382,261,817	19,827,468	1,173,948	18,653,520	363,608,297	95.12
2008	414,939,772	18,710,751	1,217,116	17,493,635	397,446,137	95.78
2009	442,080,012	17,704,075	1,224,767	16,479,308	425,600,704	96.27
2010	469,151,135	22,186,339	1,322,828	20,863,511	448,287,624	95.55
2011	477,450,732	20,963,639	1,406,137	19,557,502	457,893,230	95.90
2012	475,796,822	19,413,341	1,525,000	17,888,341	457,908,481	96.24
2013	470,814,236	17,949,212	1,640,000	16,309,212	454,505,024	96.54

## City of Rye, New York

### Calculation of Charter Bonded Debt Limits

[In addition to the legal debt margin, the City Charter places limitations on the issuance of new debt (see Section C21-9 of the City of Rye Code). The City Council can authorize the issuance of debt not exceeding 5% of the average gross annual budget for the preceding three years. Debt exceeding 5% but not in excess of 10% is subject to a permissive referendum. Debt in excess of 10% requires approval of the voting public in a general or special election.

In addition to other exemptions, the City Charter provides a limited exemption of \$1 million per year to an aggregate maximum outstanding of \$2.5 million, for debt issued for public safety purposes and disaster rebuilding purposes.

For purposes of this calculation, "gross annual budget" is defined as the total appropriations of the General Fund, the Cable TV Special Revenue Fund, and the enterprise funds (Boat Basin Fund and Golf Club Fund). All other fund budgets - the K.T. Woods Permanent Fund, the Debt Service Fund, the Capital Projects Fund,

Fund:	Gross Annual Budgets (As Adopted)			
	2011	2012	2013	
General Fund	\$ 29,946,910	\$ 29,937,271	\$ 31,706,181	
Cable TV Fund	322,711	396,784	320,453	
Boat Basin Fund	662,223	1,123,751	888,716	
Golf Club Fund	7,832,681	7,305,049	6,379,621	
<b>Total gross annual budgets</b>	<b>\$ 38,764,525</b>	<b>\$ 38,762,855</b>	<b>\$ 39,294,971</b>	
<b>Total of preceding three years' gross annual budgets</b>			<b>\$ 116,822,351</b>	
<b>Average of preceding three years' gross annual budgets</b>			<b>\$ 38,940,784</b>	
	Subject to City Council Vote	Subject to Permissive Referendum	Public Safety Exemption	Disaster Rebuilding Exemption
Maximum charter bonding limit	\$ 1,947,039	\$ 3,894,078	\$ 2,500,000	\$ 2,500,000
Less outstanding principal at December 31, 2013:				
2000 Serial Bonds	(156,462)	(504,918)	-	-
2001 Serial Bonds	(270,741)	(99,109)	-	-
2002 Serial Bonds	-	(459,911)	-	-
2005 Serial Bonds	-	(115,638)	(345,480)	-
2010 Serial Bonds	(1,228,742)	(626,910)	(1,101,571)	-
<b>Charter bonding limit December 31, 2013</b>	<b>\$ 291,094</b>	<b>\$ 2,087,592</b>	<b>\$ 1,052,949</b>	<b>\$ 2,500,000</b>

## Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. These schedules include:

Demographic and Economic Statistics

Principal Employers

## City of Rye, New York

### Demographic and Economic Statistics Last Ten Fiscal Years

Year	Population <sup>1</sup>	Median Age <sup>2</sup>	Per Capita Income <sup>2</sup>	Median Household Income <sup>2</sup>	Median Family Income <sup>2</sup>	Median Residential Home Value <sup>3</sup>	Unemployment Rate <sup>4</sup>
2004	15,043	38.1	\$ 76,566	\$ 110,894	\$ 133,231	\$ 1,070,000	4.5%
2005	14,992	38.1	76,566	110,894	133,231	1,225,000	4.1
2006	14,992	38.1	76,566	110,894	133,231	1,179,000	3.7
2007	15,109	38.1	76,566	110,894	133,231	1,455,000	3.7
2008	15,242	38.1	76,566	110,894	133,231	1,460,000	5.7
2009	16,737	38.1	76,566	110,894	133,231	1,350,000	6.9
2010(5)	15,091	38.1	92,737	145,990	207,773	1,255,000	6.7
2011	15,720	40.8	93,072	146,069	209,149	1,448,750	6.5
2012	15,834	40.8	94,207	149,973	216,810	1,440,000	6.2
2013	15,868	40.8	94,559	143,359	216,810	1,550,000	6.3

Sources:

- <sup>1</sup> United States Census Bureau.
- <sup>2</sup> United States Census Bureau 2010 Census.
- <sup>3</sup> City of Rye Assessor's office. 2013 median based on sales through mid-November 2013.
- <sup>4</sup> United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.
- <sup>5</sup> United States Census Bureau's American Community Survey (2005-2009).

## City of Rye, New York

Principal Employers

Fiscal Year Ended December 31, 2004<sup>1</sup>

Employer	Industry	Number of Employees
Playland	Amusement Park	596
Osborne Retirement Home	Retirement Community	480
Avon Products	Retail Cosmetics	400
Rye City School District	Education	377
Lynch Interactive Corp.	Telecommunications	328
Apawamis Club	Private Club	200
Shenorock Shore Club	Private Club	200
Mobius Management Systems Inc.	Computer Technology	175
Rye Country Day School	Education	160
Lillian Vernon Corp	Catalog and Mail Order Sales	150

<sup>1</sup> No data available prior to or after fiscal 2004. No data on total employment available.

Source: Westchester County Planning Department

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## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. These schedules include:

Full-Time Equivalent Employees by Program

Operating Indicators by Program

Capital Asset Statistics by Program

## City of Rye, New York

### Full-Time Equivalent Employees by Program Last Ten Fiscal Years

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Environment (1)</u>	<u>Transportation (1)</u>	<u>Culture and Recreation</u>
2004	21	62	64	n/a	23
2005	20	62	64	n/a	25
2006	18	61	65	n/a	23
2007	21	61	64	n/a	21
2008	30	64	n/a	16	22
2009	18	59	n/a	20	22
2010	18	59	n/a	20	22
2011	14	57	n/a	19	19
2012	14	55	n/a	15	19
2013	13	57	n/a	15	19

(1) Beginning in 2008, employees previously reported in the community environment function have been reallocated and are now being reported within the public safety, transportation and home and community services functions.

Source: Annual City Budget

Home and  
Community Svs (1)      Total

n/a	170
n/a	171
n/a	167
n/a	167
34	166
44	163
44	163
39	148
41	144
42	146

## City of Rye, New York

### Operating Indicators by Program Last Ten Fiscal Years

	2004	2005	2006	2007
General Government				
Primary elections	2	1	1	1
General elections	1	1	1	1
Special elections	1	1	1	1
Public Safety				
Number of police personnel and officers	45	45	44	44
Number of police calls for service	14,758	14,446	12,923	12,182
Number of parking violations issued	8,595	9,684	8,209	9,300
Number of paid firefighters	17	17	17	17
Number of volunteer firefighters	200	200	200	200
Number of fire alarms answered	803	882	1,068	1,150
Number of fire inspections performed	503	428	356	428
Number of school crossing guards***	8	8	8	8
Home and Community Services				
Tons collected and disposed				
Solid waste	7,153	6,891	7,010	7,419
Green waste	1,060	975	1,245	3,006
Metal	213	175	328	194
Pulp	1,906	1,878	1,867	1,864
Co-mingled	588	609	608	665
Leaves	450	N/A	1,470	N/A
Number of tires collected and disposed*	4	3	2	2
Number of shade trees				
Planted	41	31	42	55
Removed	51	93	164	235
Trimmed	183	420	160	379
Emergency calls	50	160	284	55
Stumps ground	88	26	162	139
Culture and Recreation				
Registrations for adult programs	1,219	1,058	1,086	1,170
Picnics**	6,497	5,429	5,859	5,833
Registrations for senior citizen programs	3,740	3,430	3,489	6,410
Registrations for special events	5,876	5,937	6,881	6,006
Tennis permits issued	529	437	453	425
Registrations for youth programs	3,652	3,771	3,817	4,747
Registrations for youth sports	4,197	4,275	4,838	5,012

Note: "N/A" indicates data not available.

Sources: Departmental annual reports to the City Manager.

\*County stopped collecting used tires. City must now pay to dispose of them.

\*\* Changed to number of picnic events beginning in 2012

\*\*\* Hired Outside Agency for Crossing Guards in 2013

2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
1	1	1	1	1	1
-	-	-	-	-	-
44	42	42	40	39	40
14,004	12,841	16,252	14,845	13,829	10,957
12,739	11,752	11,829	11,930	10,539	8,498
17	17	17	17	17	17
225	120	120	112	170	150
855	821	957	951	1,134	888
442	471	478	485	115	119
8	8	10	9	8	-
5,836	5,645	5,806	5,935	5,598	5,391
3,199	3,554	2,863	4,326	5,685	6,697
155	134	111	97	76	86
1,934	1,714	1,739	1,673	1,627	1,558
770	800	794	787	734	722
N/A	N/A	N/A	N/A	N/A	N/A
4	1	1	1	-	-
115	-	5	7	8	27
239	268	95	219	134	162
468	404	253	329	265	147
86	44	75	126	289	95
154	135	66	135	125	99
1,402	1,307	1,130	1,092	1,428	1,300
4,103	2,516	3,922	N/A	75	77
7,445	6,668	6,729	6,511	5,144	5,276
5,051	4,848	4,795	4,509	4,065	4,215
412	444	406	416	507	550
5,486	5,270	3,674	2,998	1,810	2,124
4,727	4,853	5,109	4,842	4,231	4,239

**City of Rye, New York**

Capital Asset Statistics by Program  
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government				
Number of general government buildings	1	1	1	1
Public Safety				
Number of police stations	1	1	1	1
Number of fire stations	2	2	2	2
Number of traffic lights	23	23	23	23
Transportation				
Miles of streets	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105
Culture and Recreation				
Number of recreation centers	1	1	1	1
Number of parks	3	3	3	3
Acres of parks	75	75	75	75
Number of golf courses	1	1	1	1
Number of swimming pools	1	1	1	1
Number of nature centers	1	1	1	1
Number of cable television channels	2	2	2	2
Number of boat basin slips	412	412	412	412
Home and Community Services				
Miles of sanitary sewers	53	53	53	53
Number of pump stations	6	6	6	6
Miles of storm drains	30	30	30	30

Source: Various City Departments

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
23	23	23	23	23	23
71	71	71	71	71	71
2,105	2,105	2,105	2,105	2,105	2,105
1	1	1	1	1	1
3	3	3	3	3	3
75	75	75	75	75	75
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
412	412	412	412	412	412
53	53	53	53	53	53
6	6	6	6	6	6
30	30	30	30	30	30

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**FEDERAL AWARDS**

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditors' Report**

**The Honorable Mayor and City Council  
of the City of Rye, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Rye, New York ("City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 2, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the City in a separate letter.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*O'Connor Davies, LLP*

O'Connor Davies, LLP

Harrison, New York

June 2, 2014

**Report on Compliance For Each Major Federal Program and on  
Internal Control Over Compliance**

**Independent Auditors' Report**

**The Honorable Mayor and City Council  
of the City of Rye, New York**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Rye, New York's ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**O'Connor Davies, LLP**

Harrison, New York

June 2, 2014

**City of Rye, New York**

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2013

<u>Federal Grantor</u> <u>Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Transportation</u>		
Indirect Program - Passed through New York State Department of Transportation		
Highway Planning and Construction	20.205	\$ 1,283,549
<u>U.S. Department of Homeland Security</u>		
Indirect Program - Passed through New York State Division of Homeland Security and Emergency Services		
Disaster Grants - Public Assistance (Presidentially Declared)	97.036	<u>1,258,648</u>
		<u>\$ 2,542,197</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule

## City of Rye, New York

Notes to Schedule of Expenditures of Federal Awards  
December 31, 2013

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Rye, New York ("City") under programs of the federal government for the year ended December 31, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

**City of Rye, New York**

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2013

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None

**City of Rye, New York**

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2013

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified     Yes   X   No
- Significant deficiency(ies) identified?     Yes   X   None reported

Noncompliance material to financial statements noted?     Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?     Yes   X   No
- Significant deficiency(ies) identified?     Yes   X   None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?     Yes   X   No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee?     Yes   X   No

**City of Rye, New York**

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2013

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

