

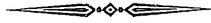


City of Rye, New York

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2016

CITY OF RYE



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



For Fiscal Year Ended
December 31, 2016



Prepared by the Finance Department



Joseph Fazzino, Deputy Comptroller

City of Rye, New York
Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2016

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Statistical Section

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This section includes the following schedules:

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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Introductory Section

City of Rye, New York
List of Elected and Appointed Officials
December 31, 2016

Elected Officials

Joseph Sack, Mayor

Kirstin Bucci, Council Member

Emily Hurd, Council Member

Julie Killian, Council Member

Terrance McCartney, Council Member

Richard Mecca, Council Member

Danielle Tagger-Epstein, Council Member

Appointed Officials

Marcus Serrano, City Manager

Michael Billington, Fire Chief

Jim Buoniauto, Golf Club Manager

Michael Corcoran, Police Commissioner

Ryan Coyne, City Engineer

Carolyn D'Andrea Esq., City Clerk

Kerry Donahue, IT Coordinator

Joseph Fazzino, Deputy City Comptroller

George Hogben, Boat Basin Supervisor

Kerry Lenihan, City Building Inspector

Nicole Levitsky, RTV Coordinator

Eleanor Militana, Assistant City Manager

Christian Miller, City Planner

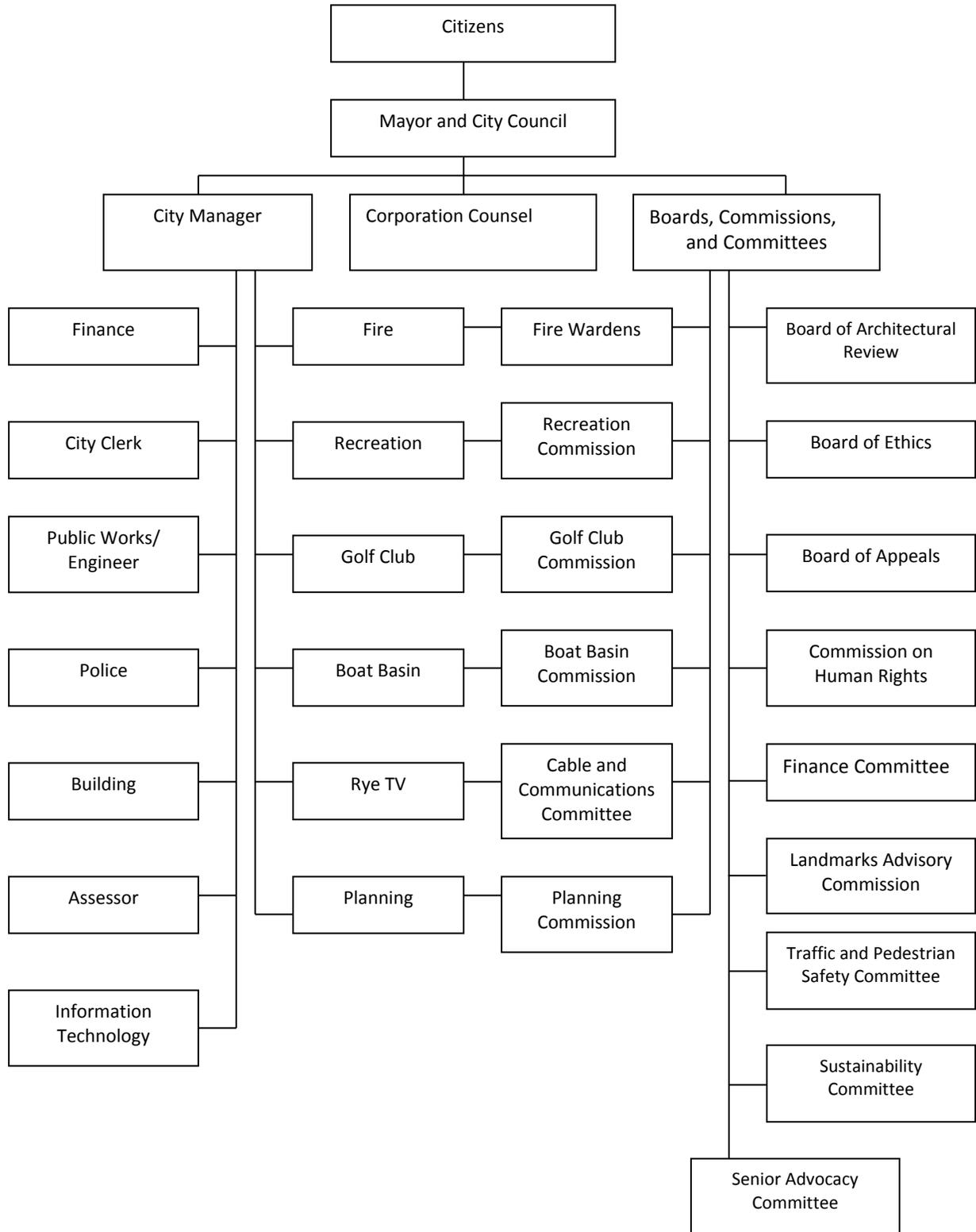
Sally Rogol, Superintendent of Recreation

Kurt Tiejn, Fire Inspector

Noreen Whitty, City Assessor

Kristen Wilson Esq., Corporation Counsel

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

Tel: (914) 967-7303
Fax: (914) 967-7370
E-mail: jfazzino@ryeny.gov
<http://www.ryeny.gov>

June 12, 2017

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, 2016.

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 accounting principles generally accepted in the United States of America. 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 BST & Co. CPAs, 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, 2016, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting 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, 2016, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting principles generally accepted in the United States of America 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 the 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*.

Profile of the City of Rye, New York - Continued

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 estimates the City's population count as of 2015 at 16,046.

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, 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.

Profile of the City of Rye, New York - Continued

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, inter-fund 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 third 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.

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.

Factors Affecting Financial Condition - Continued

The City's 2016 governmental activity revenues continued the upward trend of the past two years. Although stable, the City's 2016 business-type activity revenue declined as a result of credits offered to golf club members and one-time settlement revenues received in 2015. In 2016, General Fund revenues were approximately \$652,000 greater than 2015 revenues. Increases in property tax revenues of about \$318,000 and the largest component of this increase, as a result of an insurance settlement with Travelers, the City was reimbursed for its numerous legal costs pertaining to the Rye Golf Club investigation, of roughly \$599,000 were offset by decreases in State aid revenues of \$307,000. This decrease was driven by two major factors. During 2015, the City received over \$112,000 of additional and State emergency aid for Super-storm Sandy as FEMA continued to process numerous claims. Mortgage tax was down \$186,000 as this revenue item continues to be a difficult amount to predict on an annual basis. The City is cautiously optimistic that revenues will remain near 2016 levels. Based on the positive results in 2015 and 2016, the City used \$1,980,000 of General Fund unassigned fund balance for capital project expenditures in 2016, continuing an upward trend after having funding of \$235,000 in 2013, and no funding in 2012.

Taxable assessments rose slightly, increasing 1.02% (from \$138,817,827 to \$140,227,854), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 7.5% of the tax roll, with public utilities representing 2.9%, commercial establishments 1.8%, and residential properties representing the remaining 2.8%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 215 homes in the City were sold in 2016. Of these, 77% sold for \$1 million or more and 37% sold for \$2 million or more. The median home sales price decreased by 5.4% from \$1,649,500 in 2015 to \$1,560,000 in 2016, while the average home sales price dropped 10.4% from \$2,179,000 to \$1,952,000. The highest 2016 sales price reported for a single-family home was \$21,150,000.

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	2015	2010	2005
Residential	74.10 %	72.02 %	70.50 %
Business	10.80	12.68	13.37
Other	15.10	15.30	16.13
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.

Factors Affecting Financial Condition - Continued

Local Economy

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	\$ 92,871	\$ 47,984	\$ 32,382	\$ 28,184
Median Household	155,422	81,946	58,003	52,250

The 2016 unemployment rate for Westchester County was 4.0% and continues to remain favorable against the 2016 rates for New York State (4.9%) and the United States (4.7%).

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 Four-Year General Fund Plan.

Building permit revenues continue to be a large revenue source for the City, and sales tax revenues have exceeded 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 several years, 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. While the Federal Reserve again slightly increased interest rates in 2016, General fund interest earnings were over \$902,000 in 2007 prior to the recession and were just \$84,000 in 2016, an increase of \$32,000 over 2015.

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 and school districts 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 order for homeowners in their jurisdictions to receive the property tax credit in the second year, the local government had to certify that it has stayed within the tax cap, 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.

The 2017 Budget year marked the first year that the NYS mandated property tax cap was overridden by the City of Rye. Large increases in uncontrollable costs such as health insurance and workers' compensation, have made staying under the tax cap unsustainable. We believe that 2017 is a year that requires responsible planning for 2018 and beyond, searching for new sources of revenue, trying to minimize increases in the aforementioned uncontrollable expenditures and evaluating and possibly reducing core services, while finding ways to improve infrastructure and adding capital for future needs.

Factors Affecting Financial Condition - Continued

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

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, 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.

The 2016 Budget called for \$1.885 million in capital projects. In addition to the annual street, sidewalk, traffic light/pedestrian safety and sewer maintenance programs, work began on projects including the Safe Routes to School implementation, the Nature Center Bridge Repair, and the revisiting of the City's Master Plan. As noted in the City's current Capital Improvement Plan (CIP), there are increasing regulatory pressures on the City from State and County authorities to make improvements to the system that reduce inflow and infiltration of stormwater, groundwater, and illegal discharges. In 2017, it is anticipated that the City will be required to complete a Sanitary Sewer Evaluation Survey (SSES). The cost of the SSES, which includes months of metering and analysis, is substantial and it will likely identify the need for potential capital improvements to the City's sewer collection system. The 2017 Budget added an additional \$1.5 million in capital projects including another \$1 million for street resurfacing, replacement of pumps at the Dearborn Pump Station and improvements to the First/Second Street parking lots.

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, 2015. This was the nineteenth 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 accounting principles generally accepted in the United States of America and applicable legal requirements.

The City also received the GFOA's *Distinguished Budget Presentation Award* for its fiscal 2016 annual budget document, making it the fourteenth 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.

Awards and Acknowledgements - Continued

The preparation of this report would not have been possible without the dedicated services of all City departments concerning information specific to their operations. I would like to thank the Finance Department Staff for their hard work, as it is a pleasure to work with them on a daily basis. We appreciate the input from our independent auditor, BST & Co. CPAs, LLP, and we commend them on their timely and professional completion of their audit of the City of Rye as well as their guidance on various topics throughout the course of the year. Our gratitude is extended to our Mayor and City Council, who continuously strive to enhance the quality of life for our citizens.

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

Respectfully submitted,

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, 2015

Executive Director/CEO

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Financial Section



Independent Auditor's Report

The Honorable Mayor and City Council
City of Rye, New York
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, 2016, 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.

Auditor's 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 auditor's 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 entity'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 entity'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 of Rye, New York as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, and the schedules of funding progress - other postemployment benefits, proportionate share of the net pension liability, and pension contributions on pages 61 through 64 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.

Other Supplementary 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 other supplementary information listed in the accompanying table of contents, 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 other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary 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 12, 2017, 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 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.

BST & CO. CPAs, LLP

Albany, New York
June 12, 2017



City of Rye, New York

Management's Discussion and Analysis December 31, 2016

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, 2016. 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 \$55,292,315. Of this amount, the unrestricted portion for governmental activities is a deficit of \$15,186,668. 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, the accrual of the City's annual other post-employment benefit cost in accordance with the provisions of GASB Statement No. 45, and beginning in 2015, GASB Statement No. 68 requires employers (which previously had no reporting responsibility related to pension liability/assets) to include in their financial statements their proportionate shares of the net pension liability on their financial statements, as well as other statistics, such as pension expense and deferred inflows/outflows.
- ❖ The City's total net position decreased by \$2,301,842.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$13,290,677, of which \$4,930,854 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 \$4,930,854, or about 15.0% of total General Fund expenditures, up from \$4,521,623, or 13.6% of expenditures in the prior year, as 2016 actual results were favorable compared to budgeted revenues and expenditures.
- ❖ The City's total bonded debt decreased 11.7% from \$14,675,000 to \$12,955,000 during the current fiscal year, representing \$1,720,000 in principal payments made during the year.

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.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Overview of the Financial Statements - Continued

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 non-major 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.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Overview of the Financial Statements - Continued

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 non-major 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.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Government-Wide Financial Analysis

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

	December 31,					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 26,576,702	\$ 26,058,786	\$ 6,781,539	\$ 6,634,914	\$ 33,358,241	\$ 32,693,700
Capital assets, net	66,369,312	65,980,126	10,218,252	9,999,845	76,587,564	75,979,971
Total assets	92,946,014	92,038,912	16,999,791	16,634,759	109,945,805	108,673,671
Deferred outflows of resources	11,854,666	3,295,401	456,213	144,818	12,310,879	3,440,219
Current liabilities	4,234,601	4,400,217	1,831,968	711,185	6,066,569	5,111,402
Long-term liabilities	57,319,883	47,141,807	2,172,994	2,215,130	59,492,877	49,356,937
Total liabilities	61,554,484	51,542,024	4,004,962	2,926,315	65,559,446	54,468,339
Deferred inflows of resources	1,354,225	47,025	50,698	4,369	1,404,923	51,394
Net position						
Net investment in capital assets	54,032,854	52,289,335	9,416,698	8,811,057	63,449,552	61,100,392
Restricted	3,045,785	2,373,603	-	-	3,045,785	2,373,603
Unrestricted	(15,186,668)	(10,917,674)	3,983,646	5,037,836	(11,203,022)	(5,879,838)
Total net position	\$ 41,891,971	\$ 43,745,264	\$ 13,400,344	\$ 13,848,893	\$ 55,292,315	\$ 57,594,157

For the City, assets exceeded liabilities by \$55,292,315 at the close of the most recent fiscal year. Of this amount, \$63,449,552 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, \$3,045,785, 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 \$11,203,022. 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 \$1,295,495, compensated absences of \$1,393,887, OPEB obligations of \$33,780,380, and net pension liability of \$10,054,144, 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 decreased the City's net position by \$1,853,293. Major revenues received included:

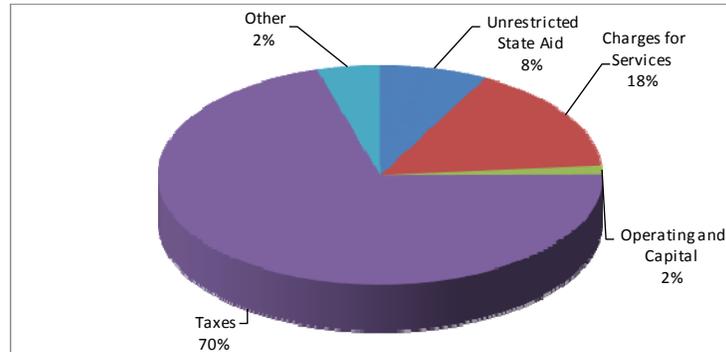
- ❖ \$22,528,077 in real property taxes and related items.
- ❖ \$2,297,696 in sales and use taxes.
- ❖ \$160,530 in hotel occupancy taxes.
- ❖ \$369,263 in utilities gross receipts taxes.
- ❖ \$91,202 from interest and investment income.
- ❖ \$2,831,745 in state aid not restricted to specific programs, including \$1,208,024 in State Revenue Sharing and \$1,623,721 in Mortgage Tax Revenue.
- ❖ \$1,647,735 in other revenues.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Government-Wide Financial Analysis - Continued

Revenues by Source - Governmental Activities



Revenues from charges for services were \$5,637,986. Governmental programs received \$70,689 in operating grants and \$416,237 in capital grants, representing State Aid (CHIPS) for road improvements.

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues						
Charges for services	\$ 5,637,986	\$ 5,685,166	\$ 4,759,129	\$ 5,374,256	\$ 10,397,115	\$ 11,059,422
Operating grants and contributions	70,689	202,322	8,500	4,385	79,189	206,707
Capital grants and contributions	416,237	369,661	-	-	416,237	369,661
General revenues						
Real property taxes and related items	22,528,077	22,033,338	-	-	22,528,077	22,033,338
Non-property taxes	2,827,489	2,834,113	-	-	2,827,489	2,834,113
Unrestricted use of money and property	91,202	58,438	24,394	7,807	115,596	66,245
Unrestricted state aid	2,831,745	3,017,973	-	-	2,831,745	3,017,973
Other revenues	1,647,735	901,314	1,034,574	2,611,370	2,682,309	3,512,684
Total revenues	<u>36,051,160</u>	<u>35,102,325</u>	<u>5,826,597</u>	<u>7,997,818</u>	<u>41,877,757</u>	<u>43,100,143</u>
EXPENSES						
General government	3,773,782	3,944,226	-	-	3,773,782	3,944,226
Public safety	18,390,138	17,724,572	-	-	18,390,138	17,724,572
Transportation	4,109,760	5,539,231	-	-	4,109,760	5,539,231
Culture and recreation	4,898,866	4,698,776	-	-	4,898,866	4,698,776
Home and community services	6,253,568	6,035,152	-	-	6,253,568	6,035,152
Interest	478,339	510,774	-	-	478,339	510,774
Boat basin	-	-	940,029	920,267	940,029	920,267
Golf club	-	-	5,335,117	4,282,357	5,335,117	4,282,357
Total expenses	<u>37,904,453</u>	<u>38,452,731</u>	<u>6,275,146</u>	<u>5,202,624</u>	<u>44,179,599</u>	<u>43,655,355</u>
CHANGE IN NET POSITION	(1,853,293)	(3,350,406)	(448,549)	2,795,194	(2,301,842)	(555,212)
NET POSITION, beginning of year	<u>43,745,264</u>	<u>47,095,670</u>	<u>13,848,893</u>	<u>11,053,699</u>	<u>57,594,157</u>	<u>58,149,369</u>
NET POSITION, end of year	<u>\$ 41,891,971</u>	<u>\$ 43,745,264</u>	<u>\$ 13,400,344</u>	<u>\$ 13,848,893</u>	<u>\$ 55,292,315</u>	<u>\$ 57,594,157</u>

Business-Type Activities

Business-type activities decreased the City's net position by \$448,549.

Revenues from charges for services were \$668,258 from marina operations and \$4,090,871 from golf club operations. A business operating grant of \$8,500 represents FEMA aid to the Boat Basin for Hurricane Irene. \$1,034,574 in other revenues includes the City's insurance recovery for the Rye Golf Club theft claim. Combined, the business-type activities earned \$24,394 in interest and investment income.

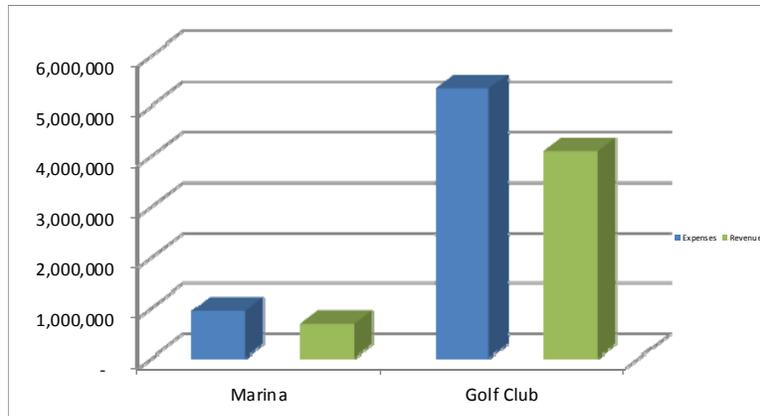
City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Government-Wide Financial Analysis - Continued

Business-Type Activities - Continued

Offsetting these revenues were expenses of \$940,029 for marina operations and \$5,335,117 for golf club operations, which includes the City's settlement of \$1,000,000 for the Fair Labor Standards claim by former Golf Club restaurant employees.



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 \$13,290,677, a decrease of \$25,445 (0.2%) from the prior year. Approximately 37.1% (\$4,930,854) of the total ending fund balance, excluding the Capital Projects Fund, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is classified as non-spendable, 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 \$4,930,854, representing 40.3% of the total General Fund balance of \$12,236,766. 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 14.1% unassigned fund balance to total expenditures and other financing uses and a 34.9% total fund balance to total expenditures and other financing uses.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the City's Funds - Continued

The General Fund's fund balance decreased by \$189,578 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$2,340,609. The transfers out were as follows: \$273,609 to the Debt Service Fund for long-term debt principal and interest requirements and \$1,980,000 to the Capital Projects Fund and \$87,000 to the Building and Vehicle Fund for annual infrastructure and vehicle projects. There were no transfers in from other funds in 2016. Revenues of the General Fund exceeded expenditures of that fund by \$2,151,031. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased \$317,413 (1.4%) from \$22,007,859 to \$22,325,572, which reflects our tax rate increase, offset by refunds to taxpayers due to tax certiorari and small claims assessment review settlements.
- ❖ Non-property taxes remained flat (-0.2%) from \$2,834,113 to \$2,827,489, due to increases in sales and use tax of \$32,524 and decreases in utility taxes of \$23,211 and hotel occupancy taxes of \$15,937.
- ❖ Charges for services decreased \$93,131 (5.7%) from \$1,647,702 to \$1,554,571 with decreases in certain revenue captions such as recreation fees of \$49,787, parking meter revenues of \$27,501 and surface water control fees of \$14,800.
- ❖ Interest and investment income increased \$32,185 (62.3%), from \$51,678 to \$83,863 due to increased interest rates.
- ❖ Licenses and permit revenues decreased \$54,931 (2.0%) from \$2,807,489 to \$2,752,558 which can be attributed to certain increases in licenses and permit revenue captions such as parking permit revenues of \$69,865 (new waitlist fees and snow field permits) and a decrease in building department permit revenues of \$128,545, or 6.6% over 2015. However, building department permit revenues outperformed the budget by \$273,275.
- ❖ Fines and forfeitures increased \$130,052 (19.9%), from \$654,842 to \$784,894, primarily due to increased vehicle and traffic fines of \$138,397.
- ❖ Miscellaneous revenues decreased \$13,537 (7.1%) from \$191,416 to \$177,879, primarily due to a decrease in the sale of army surplus equipment of \$42,640 offset by donations to various recreation programs of \$25,426.
- ❖ Sales and loss compensation increased \$639,226, led by the aforementioned insurance settlement with Travelers, of \$599,013, increased police overtime reimbursements of \$81,995, offset by decreases in workers' compensation recoveries of \$39,247.
- ❖ Mortgage tax revenues decreased \$186,228 from \$1,809,949 to \$1,623,721. State revenue sharing remained flat. State aid for navigation decreased by \$17,288.
- ❖ The City received \$112,294 of additional and State emergency aid for Super-storm Sandy as FEMA continued to process numerous claims in 2015. This revenue stream was not available in 2016.
- ❖ Overall salaries and wages decreased \$456,861 (3.4%) from \$13,525,601 in 2015 to \$13,068,740 in 2016, mostly due to vacancies in certain positions throughout the course of the year. There were 11 retirements and 2 resignations from the end of 2015 and during 2016. While these positions were eventually filled, in most cases they were done so with employees earning lower salaries than their predecessors.
- ❖ Equipment purchases decreased \$37,110 (14.7%) from \$253,138 to \$216,028 with increased purchases of Police Patrol Equipment of \$32,022 offset by numerous decreases in purchases of equipment across the city, led by computers and systems of \$26,724, firefighting equipment of \$10,457, and parking systems of \$9,884 (credit card readers purchased in 2015).

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Financial Analysis of the City's Funds - Continued

- ❖ Materials and supplies decreased \$53,264 (2.6%) from \$2,059,195 to \$2,005,931. This can be attributed to decreases in salt and deicing costs of \$142,940, due to the harsh winter in 2015 and a somewhat mild winter in 2016, offset by increased purchases of recycling supplies of \$29,874 asphalt and concrete of \$29,285, and uniforms and accessories of \$26,607.
- ❖ Contractual costs were up \$225,194 (2.9%) from \$7,779,167 to \$8,004,361 with increases in legal fees of \$330,629 and decreased inter-fund service charges of \$121,903.
- ❖ Employee benefits and taxes decreased \$121,701 (1.27%) from \$9,554,833 to \$9,433,132. There were decreases in employee hospitalization and medical costs of \$245,857 (due to the previously mentioned retirements and the firefighter union switching health insurance plans offsetting a health insurance premium increase for the rest of City employees), decreased retirement costs of \$50,995 (decreased contribution rates and less funding due to employee retirements offset the reporting of retroactive contract settlements and employee retirement payouts to NYS Retirement in 2016) and a decrease in FICA expense of \$42,302. These decreases were negated by increases in workers' compensation costs of \$141,732 (representative of a 13% increase by the Workers' Compensation Board) and an increase in retiree health insurance of \$116,497, attributed to the 11 retirements from 2015 and 2016.

The Capital Projects Fund closed the fiscal year with a fund balance of \$2,148,042. Capital Projects Fund revenues of \$527,752, expenditures of \$1,960,143, and other financing sources and uses of \$1,980,000 (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 \$1,706,102, a decrease of \$257,907 from the prior year. The net investment in capital assets was \$789,153 and unrestricted net position of \$916,949 represented the balance of net position. The operating loss of the Boat Basin Fund was \$268,116 (operating revenues of \$668,258 offset by \$936,374 of operating expenses, including \$420,154 in depreciation). Interest income of \$1,874 and interest expense \$165 and federal and state aid of \$8,500 (FEMA aid for Hurricane Irene) made up the balance of total net income.

Total net position of the Golf Club Fund at year-end was \$11,930,873, a decrease of \$169,840 from the prior year. The net investment in capital assets was \$8,598,721 with unrestricted net position of \$3,332,152 representing the balance of net position. Golf Club Fund operating expenses of \$5,287,195 offset operating revenues of \$4,090,871 to arrive at an operating loss of \$1,196,324. Included in the operating loss is the accrual of \$1,000,000 for the City's settlement of the FLSA claim by former Golf Club restaurant employees. As mentioned last year, the City received \$2,519,000 in compensation from a chemical company, from whom the City purchased a chemical that caused damage to the Golf Course greens. In 2016, the City offered a discount to returning members due to the situation above, resulting in the decline of charges for services in 2016. Interest income of \$22,520 offset by \$30,610 of interest expense related to long-term debt, as well as the sale of property and compensation for losses of \$1,034,574 made up the balance of total net income. \$950,987 of this amount was the Golf Club's share of the insurance settlement with Travelers for the Rye Golf Club theft claim.

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

General Fund Budgetary Highlights

At the end of 2016, the difference between the operating appropriations originally budgeted and the amended budget for the General Fund was \$1,335,101 (\$36,045,972 vs. \$37,381,073), a change of 3.7%. This can be attributed to the appropriation of prior year encumbrances carried forward of \$180,752, \$389,349 in carry forward balances of recreation special events, an appropriation of \$230,000 for legal fees, an appropriation of \$500,000 for the Hewlett Avenue pump station project, and an appropriation of funds designated for law enforcement in the amount of \$35,000 for the purchase of a police vehicle. Actual expenditures and encumbrances at December 31, 2016, were \$1,943,480 less than the 2016 amended budget, 5.2%.

At year-end, there is no difference between the original and amended budget for the General Fund estimated operating revenues (\$33,398,657). However, the actual revenues realized for the year ended December 31, 2016 exceeded the anticipated amount in the final budget by \$1,480,561. The most significant were as follows: sales and use tax revenues, penalties and interest on payments of delinquent taxes, interest income, parking permit revenues, building permit revenues, vehicle and traffic fines, police overtime reimbursement, and insurance recoveries.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2016, net of \$57,917,050 of accumulated depreciation, was \$76,587,564. 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:

General vehicle and equipment additions totaled \$503,564 including an administrative vehicle for \$27,955 a police vehicle for \$42,963, a Freightliner plow truck for \$206,237, DPW truck upgrades for \$106,920, and DPW garage vehicle lifts for \$116,080.

- ❖ There were no major additions to the City's infrastructure completed in 2016, however, several projects began in 2016 that will be completed in 2017. These projects include the Central Business District Streetscape improvements and improvements to the Hewlett Avenue pump station. \$538,317 was spent on street resurfacing in 2016.

Assets	Capital Assets					
	December 31, 2016			December 31, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 4,561,755	\$ 1,700,408	\$ 6,262,163	\$ 4,561,755	\$ 1,700,408	\$ 6,262,163
Construction in progress	3,752,118	432,039	4,184,157	2,415,946	27,317	2,443,263
Buildings	16,506,163	11,759,480	28,265,643	16,506,163	11,759,480	28,265,643
Improvements	4,882,488	8,461,004	13,343,492	4,846,416	7,831,733	12,678,149
Machinery and equipment	11,991,513	1,326,625	13,318,138	11,487,950	1,254,764	12,742,714
Infrastructure	69,131,020	-	69,131,020	69,083,414	-	69,083,414
Less, accumulated depreciation	<u>(44,455,745)</u>	<u>(13,461,304)</u>	<u>(57,917,049)</u>	<u>(42,921,518)</u>	<u>(12,573,857)</u>	<u>(55,495,375)</u>
Total (net of depreciation)	<u>\$ 66,369,312</u>	<u>\$ 10,218,252</u>	<u>\$ 76,587,564</u>	<u>\$ 65,980,126</u>	<u>\$ 9,999,845</u>	<u>\$ 75,979,971</u>

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

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Capital Assets and Debt Administration - Continued

Long-Term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$12,955,000. 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 \$12,955,000 bonded debt outstanding at fiscal year-end, \$790,000 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, 2016, the City had exhausted 2.19% of its constitutional debt limit, providing an available debt margin of 97.81% with the authority to issue an additional \$486 million of general obligation long-term debt.

In addition to the legal debt margin, the City Charter §C21-9 places limitations on the issuance of new debt. The City Council may, by a vote of at least five members, authorize the issuance of debt not exceeding 30% of the average gross annual budget for the preceding three years. Debt in excess of 30% requires approval of the voting public in a general or special election. All bond resolutions authorizing the issuance of bonds in excess of \$1 million for the acquisition of real property shall be adopted by a vote of at least five members of the City Council and shall be subject to the approval of a majority of the qualified voters voting at a general or special election. Debt for public safety purposes in the amount of \$1 million per year to a maximum aggregate amount of \$2.5 million for all such debt issued is exempt from these debt limits, as is debt for Disaster Rebuilding to a maximum aggregate of \$2.5 million. 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, and the internal service funds (Risk Retention Fund and Building and Vehicle Maintenance Fund) are not included in the calculation, as their budgets are supported primarily by revenues and transfers charged to other funds. For the 2017 budget year, the charter bonding limit subject to City Council vote is \$11,221,358.

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 3h 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 2016 unemployment rate for Westchester County was 4.0%. This compares favorably with the rate of 4.9% for New York State and the 4.7% national unemployment rate. The slight increase in the Consumer Price Index (CPI), not seasonally adjusted, for the area (New York-Northern New Jersey-Long Island, NY-NJ-CT-PA) from 2015 to 2016 (263.365) was one percent lower than recorded for the U.S. city average for the same period.

Home financing and refinancing rates, while rising continued to be low in fiscal 2016 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 1.02% (from \$138,817,827 in 2015 to \$140,227,854 in 2016).

City of Rye, New York

Management's Discussion and Analysis December 31, 2016

Economic Factors and Next Year's Budgets and Rates - Continued

The median home sales price had a decrease of 5.4% from \$1,649,500 in 2015 to \$1,560,000 in 2016, and the average home sales price decreased from \$2,179,000 in 2015 to \$1,952,000 in 2016 (10.4%).

City management has taken the approach that 2017 will continue to be a transitional period in City budgeting. Expenditures such as health insurance and employee pension contributions are expected to increase. 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 \$894,400 of fund balance from the General Fund for spending in fiscal 2017 to fund the acquisition of capital assets and equipment. \$660,000 of fund balance was appropriated for operations. The use of this fund balance was within the City's policy of maintaining an unassigned General Fund balance of at least 5% of annual appropriations. The use of appropriated fund balance at this level is not sustainable. A large portion of fund balance usage is to fund capital fund projects. If fund balance is no longer available for capital projects, the City might have to turn to debt or grants to fund future projects. If fund balance is no longer available to fund operations, the City may be forced to override the tax cap in order to cover these operating expenditures. Combined with all other revenue sources, the fiscal 2017 real property tax rate of \$167.74 per \$1,000 of taxable assessed value provides funding for all General Fund appropriations. The tax rate increase from 2016 to 2017 is 6.73% (\$157.16 to \$167.74).

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.

City of Rye, New York

Government-Wide Financial Statements Statement of Net Position

	December 31, 2016		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 19,721,494	\$ 6,803,843	\$ 26,525,337
Taxes receivable	1,253,659	-	1,253,659
Accounts receivable	1,735,538	42,764	1,778,302
Deposits	43,500	-	43,500
Due from other governments	2,042,514	-	2,042,514
Internal balances	110,486	(110,486)	-
Prepaid expenses	1,669,511	45,418	1,714,929
Capital assets			
Not being depreciated	8,313,873	2,132,447	10,446,320
Being depreciated, net	58,055,439	8,085,805	66,141,244
Total assets	92,946,014	16,999,791	109,945,805
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	11,634,347	427,389	12,061,736
Deferred amounts on refunding bonds	220,319	28,824	249,143
	11,854,666	456,213	12,310,879
LIABILITIES			
Accounts payable	1,723,551	83,337	1,806,888
Accrued liabilities	559,729	1,258,735	1,818,464
Accrued interest payable	71,552	7,062	78,614
Retainage payable	-	40,421	40,421
Deposits	640,658	-	640,658
Due to fiduciary fund	132	-	132
Due to other governments	547,762	24,229	571,991
Unearned revenues	691,217	-	691,217
Non-current liabilities			
Due within one year	1,622,601	418,184	2,040,785
Due in more than one year	55,697,282	2,172,994	57,870,276
Total liabilities	61,554,484	4,004,962	65,559,446
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,354,225	50,698	1,404,923
	1,354,225	50,698	1,404,923
NET POSITION			
Net investment in capital assets	54,032,854	9,416,698	63,449,552
Restricted for			
Capital projects	2,148,042	-	2,148,042
Permanent fund			
Expendable	249	-	249
Nonexpendable	20,000	-	20,000
Special purposes			
Police	61,509	-	61,509
Fire	2,000	-	2,000
Parks	101,809	-	101,809
Recreation programs	432,768	-	432,768
WWI memorial	4,151	-	4,151
9/11 memorial	250	-	250
Debt service	38,376	-	38,376
Risk retention	236,631	-	236,631
Unrestricted	(15,186,668)	3,983,646	(11,203,022)
Total net position	\$ 41,891,971	\$ 13,400,344	\$ 55,292,315

See accompanying Notes to Financial Statements.

City of Rye, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2016

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government activities	\$ 3,773,782	\$ 532,439	\$ -	\$ -	\$ (3,241,343)	\$ -	\$ (3,241,343)
Public safety	18,390,138	2,714,182	56,647	-	(15,619,309)	-	(15,619,309)
Transportation	4,109,760	1,304,498	-	416,237	(2,389,025)	-	(2,389,025)
Culture and recreation	4,898,866	992,096	8,628	-	(3,898,142)	-	(3,898,142)
Home and community services	6,253,568	94,771	5,414	-	(6,153,383)	-	(6,153,383)
Interest	478,339	-	-	-	(478,339)	-	(478,339)
Total governmental activities	<u>37,904,453</u>	<u>5,637,986</u>	<u>70,689</u>	<u>416,237</u>	<u>(31,779,541)</u>	<u>-</u>	<u>(31,779,541)</u>
BUSINESS-TYPE ACTIVITIES							
Boat basin	940,029	668,258	8,500	-	-	(263,271)	(263,271)
Golf club	5,335,117	4,090,871	-	-	-	(1,244,246)	(1,244,246)
Total business-type activities	<u>6,275,146</u>	<u>4,759,129</u>	<u>8,500</u>	<u>-</u>	<u>-</u>	<u>(1,507,517)</u>	<u>(1,507,517)</u>
Total government	\$ 44,179,599	\$ 10,397,115	\$ 79,189	\$ 416,237	(31,779,541)	(1,507,517)	(33,287,058)
GENERAL REVENUES							
Real property taxes and related items					22,528,077	-	22,528,077
Non-property taxes							
Sales and use taxes					2,297,696	-	2,297,696
Hotel occupancy taxes					160,530	-	160,530
Utilities gross receipts taxes					369,263	-	369,263
Unrestricted use of money and property					91,202	24,394	115,596
Governmental aid not restricted to specific programs					2,831,745	-	2,831,745
Other revenues					1,647,735	1,034,574	2,682,309
Total general revenues					<u>29,926,248</u>	<u>1,058,968</u>	<u>30,985,216</u>
Change in net position					(1,853,293)	(448,549)	(2,301,842)
NET POSITION, beginning of year					<u>43,745,264</u>	<u>13,848,893</u>	<u>57,594,157</u>
NET POSITION, end of year					\$ 41,891,971	\$ 13,400,344	\$ 55,292,315

See accompanying Notes to Financial Statements.

City of Rye, New York
Fund Financial Statements
Balance Sheet - Governmental Funds

December 31, 2016

	<u>Major Funds</u>			Total Governmental Funds
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and equivalents	\$ 8,324,452	\$ 3,431,563	\$ 987,242	\$ 12,743,257
Receivables				
Taxes receivable	1,253,659	-	-	1,253,659
Accounts receivable	360,722	24,000	102,288	487,010
Due from other funds	3,355,565	500,200	-	3,855,765
Due from other governments	886,586	1,124,603	-	2,011,189
Prepaid expenditures	1,456,094	-	4,350	1,460,444
Total assets	<u>\$ 15,637,078</u>	<u>\$ 5,080,366</u>	<u>\$ 1,093,880</u>	<u>\$ 21,811,324</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 289,370	\$ 1,038,783	\$ 20,137	\$ 1,348,290
Accrued liabilities	397,714	-	3,911	401,625
Deposits	640,658	-	-	640,658
Due to other funds	535,252	1,892,447	14,953	2,442,652
Due to other governments	545,700	1,094	968	547,762
Unearned revenues	691,217	-	-	691,217
Total liabilities	<u>3,099,911</u>	<u>2,932,324</u>	<u>39,969</u>	<u>6,072,204</u>
Deferred inflows of resources				
Deferred tax revenues	300,401	-	-	300,401
Total liabilities and deferred inflows of resources	<u>3,400,312</u>	<u>2,932,324</u>	<u>39,969</u>	<u>6,372,605</u>
Fund balances				
Nonspendable	2,233,767	-	24,350	2,258,117
Restricted	1,849,816	2,148,042	59,639	4,057,497
Assigned	3,222,329	-	969,922	4,192,251
Unassigned	4,930,854	-	-	4,930,854
Total fund balances	<u>12,236,766</u>	<u>2,148,042</u>	<u>1,053,911</u>	<u>15,438,719</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,637,078</u>	<u>\$ 5,080,366</u>	<u>\$ 1,093,880</u>	<u>\$ 21,811,324</u>

See accompanying Notes to Financial Statements.

City of Rye, New York

Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

		December 31, 2016
Fund Balances - Total Governmental Funds		\$ 15,438,719
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.		45,338,204
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Real property taxes		300,401
Pension contributions made subsequent to the pension measurement date are reported as deferred outflows of resources.		1,769,881
The valuation of pension obligations can result in changes in actuarial assumptions, differences between expected and actual experiences, differences between projected and actual investment earnings and changes in proportion, and differences between employer contributions and proportionate share of contributions. These items are reported as deferred outflows and inflows of resources:		
Deferred outflows	9,410,025	
Deferred inflows	<u>(1,300,547)</u>	
		8,109,478
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 amounts on refunding bonds		22,429
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.		17,510,847
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable	(4,361,271)	
Claims payable	(1,295,495)	
Accrued interest payable	(20,361)	
Compensated absences	(1,268,043)	
Net pension liability	(9,230,497)	
Other postemployment benefit obligations payable	<u>(30,422,321)</u>	
		<u>(46,597,988)</u>
Net position of governmental activities		<u>\$ 41,891,971</u>

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended December 31, 2016			
	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
REVENUES				
Real property taxes and related items	\$ 22,325,572	\$ -	\$ 123,768	\$ 22,449,340
Non-property taxes	2,827,489	-	393,884	3,221,373
Charges for services	1,554,571	-	1,575	1,556,146
Intergovernmental charges	91,428	-	-	91,428
Use of money and property	89,563	-	1,639	91,202
Licenses and permits	2,752,558	42,351	-	2,794,909
Fines and forfeitures	784,894	-	-	784,894
Sale of property and compensation for loss	922,373	-	-	922,373
Interfund revenues	447,184	-	-	447,184
State aid	2,897,020	416,237	-	3,313,257
Federal aid	8,688	5,414	-	14,102
Miscellaneous	177,879	63,750	50,000	291,629
Total revenues	34,879,219	527,752	570,866	35,977,837
EXPENDITURES				
General government	3,870,010	-	-	3,870,010
Public safety	15,872,354	-	-	15,872,354
Transportation	3,500,925	-	-	3,500,925
Culture and recreation	4,100,950	-	278,184	4,379,134
Home and community services	5,383,949	-	-	5,383,949
Debt service				
Principal	-	-	271,981	271,981
Interest	-	-	130,177	130,177
Capital outlay				
Public safety	-	644,529	-	644,529
Transportation	-	602,939	-	602,939
Home and community services	-	712,675	-	712,675
Total expenditures	32,728,188	1,960,143	680,342	35,368,673
Excess (deficiency) of revenues over expenditures	2,151,031	(1,432,391)	(109,476)	609,164
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,396,240	273,609	2,669,849
Transfers out	(2,340,609)	(416,240)	-	(2,756,849)
Total other financing sources (uses)	(2,340,609)	1,980,000	273,609	(87,000)
Net change in fund balances	(189,578)	547,609	164,133	522,164
FUND BALANCES, beginning of year	12,426,344	1,600,433	889,778	14,916,555
FUND BALANCES, end of year	\$ 12,236,766	\$ 2,148,042	\$ 1,053,911	\$ 15,438,719

See accompanying Notes to Financial Statements.

City of Rye, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

		<u>Year Ended December 31, 2016</u>
Amounts reported for governmental activities in the statement of activities are different because		
Net change in fund balances - total governmental funds	\$	522,164
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	1,470,042	
Depreciation expense	<u>(414,719)</u>	
		1,055,323
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds - real property taxes.		78,737
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal paid on bonds	271,981	
Amortization of loss on refunding bonds and issuance premium	<u>(2,345)</u>	
		269,636
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:		
Claims	555,533	
Pension expense	(984,618)	
Accrued interest	1,391	
Compensated absences	21,432	
Other postemployment benefit obligations payable	<u>(3,558,898)</u>	
		(3,965,160)
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>186,007</u>
Change in net position of governmental activities		<u><u>\$ (1,853,293)</u></u>

City of Rye, New York

General Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

	Year Ended December 31, 2016			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes and related items	\$ 22,366,589	\$ 22,366,589	\$ 22,325,572	\$ (41,017)
Non-property tax	2,650,000	2,650,000	2,827,489	177,489
Charges for services	1,752,439	1,752,439	1,554,571	(197,868)
Intergovernmental charges	84,045	84,045	91,428	7,383
Use of money and property	50,700	50,700	89,563	38,863
Licenses and permits	2,390,501	2,390,501	2,752,558	362,057
Fines and forfeitures	561,200	561,200	784,894	223,694
Sale of property and compensation for loss	136,000	136,000	922,373	786,373
Interfund revenues	443,609	443,609	447,184	3,575
State aid	2,857,124	2,857,124	2,897,020	39,896
Federal aid	-	-	8,688	8,688
Miscellaneous	106,450	106,450	177,879	71,429
Total revenues	33,398,657	33,398,657	34,879,219	1,480,562
EXPENDITURES				
General government				
City council	71,233	130,915	130,863	52
City manager	559,783	607,267	527,410	79,857
Finance administration	142,876	162,113	153,020	9,093
General accounting	296,959	330,372	287,134	43,238
Accounts payable	99,385	99,687	95,991	3,696
Payroll	173,567	176,648	169,105	7,543
Treasury	273,839	296,707	267,233	29,474
Parking Violation Bureau	61,630	63,199	56,503	6,696
Assessor	439,213	445,747	399,400	46,347
City clerk	383,828	397,732	302,981	94,751
Records management	52,870	52,875	32,567	20,308
Parking administration	56,239	56,244	29,891	26,353
Law	283,978	804,853	791,597	13,256
Human resources	267,670	273,335	226,943	46,392
Elections	35,877	36,574	33,976	2,598
Information technology	381,341	385,435	365,396	20,039
Contingent account	910,290	-	-	-
Total general government	4,490,578	4,319,703	3,870,010	449,693

City of Rye, New York

General Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued

	Year Ended December 31, 2016			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - Continued				
Public safety				
Police administration	1,388,073	1,541,949	1,466,795	75,154
Police patrol	6,762,271	6,793,546	6,519,173	274,373
Police investigations	1,279,710	1,219,796	1,131,245	88,551
Police marine patrol	143,820	149,165	131,690	17,475
Parking enforcement	273,448	284,024	276,831	7,193
School crossing guards	179,200	179,200	177,667	1,533
Traffic control	257,825	277,549	175,391	102,158
Fire prevention and suppression	5,134,777	5,410,247	5,205,485	204,762
Animal control	24,669	34,714	24,487	10,227
Building inspection	623,087	665,766	541,774	123,992
Ambulance service	221,816	221,816	221,816	-
Total public safety	16,288,696	16,777,772	15,872,354	905,418
Transportation				
Public works administration	1,229,063	1,035,342	1,244,879	(209,537)
Engineering	545,565	561,213	518,948	42,265
Street maintenance	917,435	932,263	808,007	124,256
Snow removal	377,303	350,503	322,539	27,964
Street lighting	409,564	409,773	370,655	39,118
Off-street parking	283,161	350,964	235,897	115,067
Total transportation	3,762,091	3,640,058	3,500,925	139,133
Culture and recreation				
Recreation administration	415,009	421,747	393,869	27,878
Parks and playgrounds	544,022	606,146	519,679	86,467
Recreation center	283,166	287,663	279,004	8,659
Recreation programs	237,243	231,796	216,181	15,615
Camps	592,136	585,001	536,813	48,188
Athletics	294,515	301,981	290,443	11,538
Tennis	121,084	126,083	112,595	13,488
Special events	116,668	228,689	143,850	84,839
Adult recreation	163,425	165,888	147,510	18,378
Rye youth council	43,500	45,504	45,504	-
Rye town park	50,000	50,000	50,000	-
Southeast consortium	22,733	22,993	22,653	340
Rye free reading room	1,195,000	1,195,000	1,195,000	-
Square house museum	111,200	111,438	94,351	17,087
Rye arts center	7,205	7,205	7,205	-
Special facilities administration	18,088	18,088	18,088	-
Rye nature center	28,205	28,205	28,205	-
Total culture and recreation	4,243,199	4,433,427	4,100,950	332,477

See accompanying Notes to Financial Statements.

City of Rye, New York

General Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued

	Year Ended December 31, 2016			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - Continued				
Home and community services				
Planning	338,473	352,543	324,915	27,628
Sanitary sewers	417,366	419,732	342,505	77,227
Storm drains	283,889	284,241	163,590	120,651
Refuse and garbage	2,230,331	2,252,694	2,190,220	62,474
Recycling	803,369	844,768	818,736	26,032
Street cleaning	63,506	69,349	59,477	9,872
Community beautification	946,024	964,434	837,699	126,735
Rodent and insect control	11,951	12,045	10,639	1,406
Shade tree maintenance	662,136	668,947	631,850	37,097
Conservation	4,363	4,363	4,318	45
Total home and community services	5,761,408	5,873,116	5,383,949	489,167
Total expenditures	34,545,972	35,044,076	32,728,188	2,315,888
Excess (deficiency) of revenues	(1,147,315)	(1,645,419)	2,151,031	3,796,450
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,515,000)	(1,415,000)	(2,340,609)	925,609
Net change in fund balances	(2,662,315)	(3,060,419)	(189,578)	4,722,059
FUND BALANCES, beginning of year	12,426,344	12,426,344	12,426,344	-
FUND BALANCES, end of year	\$ 9,764,029	\$ 9,365,925	\$ 12,236,766	\$ 4,722,059

City of Rye, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2016			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Total	
CURRENT ASSETS				
Cash and equivalents	\$ 1,422,973	\$ 5,380,870	\$ 6,803,843	\$ 6,978,237
Accounts receivable	-	42,764	42,764	1,248,528
Deposits	-	-	-	43,500
Due from other funds	-	-	-	35,184
Due from other governments	-	-	-	31,325
Prepaid expenses	13,367	32,051	45,418	209,067
Total current assets	1,436,340	5,455,685	6,892,025	8,545,841
NONCURRENT ASSETS				
Capital assets				
Land	408	1,700,000	1,700,408	4,561,755
Buildings	341,930	11,417,551	11,759,481	16,506,163
Improvements	3,995,027	4,465,977	8,461,004	5,089,391
Machinery and equipment	73,388	1,253,238	1,326,626	11,696,366
Construction in progress	5,936	426,103	432,039	42,453
Less accumulated depreciation	(3,624,440)	(9,836,866)	(13,461,306)	(16,865,020)
Total noncurrent assets	792,249	9,426,003	10,218,252	21,031,108
Total assets	2,228,589	14,881,688	17,110,277	29,576,949
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	72,447	354,942	427,389	454,177
Deferred amounts on refunding bonds	-	28,824	28,824	197,890
Total deferred outflows of resources	72,447	383,766	456,213	652,067

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds - Continued

	December 31, 2016			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin	Golf Club	Total	
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 41,873	\$ 41,464	\$ 83,337	\$ 375,261
Accrued liabilities	4,416	1,017,688	1,022,104	394,735
Accrued interest payable	-	7,062	7,062	51,191
Retainage payable	-	40,421	40,421	-
Due to other funds	20,411	90,075	110,486	1,337,679
Due to other governments	5,174	19,055	24,229	-
Compensated absences	2,739	6,229	8,968	7,106
Capital lease obligation	1,198	5,989	7,187	42,223
Bonds payable	-	390,000	390,000	1,102,097
Total current liabilities	75,811	1,617,983	1,693,794	3,310,292
NONCURRENT LIABILITIES				
Bonds payable, less current portion	-	421,798	421,798	6,984,247
Compensated absences, less current portion	1,901	60,680	62,581	47,189
Capital lease obligation, less current portion	1,898	9,495	11,393	66,938
Net pension liability	70,598	329,459	400,057	423,591
Other postemployment benefit obligations	435,779	853,415	1,289,194	2,068,865
Total noncurrent liabilities	510,176	1,674,847	2,185,023	9,590,830
Total liabilities	585,987	3,292,830	3,878,817	12,901,122
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	8,947	41,751	50,698	53,678
NET POSITION				
Net investment in capital assets	789,153	8,598,721	9,387,874	12,835,603
Unrestricted	916,949	3,332,152	4,249,101	4,438,613
Total net position	\$ 1,706,102	\$ 11,930,873	\$ 13,636,975	\$ 17,274,216
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(236,631)	
Net position of business-type activities			\$ 13,400,344	

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	Year Ended December 31, 2016			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Total	
OPERATING REVENUES				
Charges for services	\$ 668,258	\$ 3,753,698	\$ 4,421,956	\$ 4,485,630
Rental of property	-	328,823	328,823	-
Miscellaneous	-	8,350	8,350	5,435
Total operating revenues	668,258	4,090,871	4,759,129	4,491,065
OPERATING EXPENSES				
Salaries and wages	172,815	1,465,549	1,638,364	598,300
Employee benefits	147,448	668,806	816,254	803,265
Materials and supplies	73,185	1,078,484	1,151,669	877,578
Contractual costs	122,772	1,607,063	1,729,835	770,134
Depreciation and amortization	420,154	467,293	887,447	1,063,097
Total operating expenses	936,374	5,287,195	6,223,569	4,112,374
Income (loss) from operations	(268,116)	(1,196,324)	(1,464,440)	378,691
NON-OPERATING REVENUES (EXPENSES)				
State and federal aid	8,500	-	8,500	29,056
Sale of property and compensation for loss	-	83,587	83,587	-
Interest income	1,874	22,520	24,394	17,662
Compensation for losses	-	950,987	950,987	-
Interest expense	(165)	(30,610)	(30,775)	(347,204)
Total nonoperating revenues (expenses)	10,209	1,026,484	1,036,693	(300,486)
Income (loss) before transfers	(257,907)	(169,840)	(427,747)	78,205
Transfers in	-	-	-	125,975
Transfers out	-	-	-	(38,975)
Change in net position	(257,907)	(169,840)	(427,747)	165,205
NET POSITION, <i>beginning of year</i>	1,964,009	12,100,713	14,064,722	17,109,011
NET POSITION, <i>end of year</i>	\$ 1,706,102	\$ 11,930,873	\$ 13,636,975	\$ 17,274,216
CHANGE IN NET POSITION			\$ (427,747)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(20,802)	
CHANGE IN NET POSITION, business-type activities			\$ (448,549)	

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2016			
	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Boat Basin Fund	Golf Club Fund	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Cash received from customers	\$ 668,258	\$ 4,143,998	\$ 4,812,256	\$ 4,479,169
Cash payments to employees	(313,490)	(1,063,605)	(1,377,095)	(1,087,507)
Cash payments to vendors	(176,584)	(2,644,587)	(2,821,171)	(1,062,383)
	<u>178,184</u>	<u>435,806</u>	<u>613,990</u>	<u>2,329,279</u>
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES				
State and federal aid	566,876	-	566,876	29,056
Compensation for losses	-	3,469,987	3,469,987	-
Transfers in	-	-	-	125,975
Transfers out	-	-	-	(38,975)
	<u>566,876</u>	<u>3,469,987</u>	<u>4,036,863</u>	<u>116,056</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(21,498)	(1,084,355)	(1,105,853)	(453,369)
Principal paid on capital debt	-	(380,000)	(380,000)	(1,068,018)
Payments on capital lease obligation	(1,146)	(5,730)	(6,876)	(40,397)
Interest paid on capital debt	-	(29,896)	(29,896)	(259,524)
Interest paid on capital lease obligation	(165)	(1,072)	(1,237)	(7,554)
Proceeds from sale of capital assets	-	83,587	83,587	-
	<u>(22,809)</u>	<u>(1,417,466)</u>	<u>(1,440,275)</u>	<u>(1,828,862)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest income	<u>1,874</u>	<u>22,520</u>	<u>24,394</u>	<u>17,662</u>
Net increase in cash and equivalents	724,125	2,510,847	3,234,972	634,135
CASH AND EQUIVALENTS, <i>beginning of year</i>	<u>698,848</u>	<u>2,870,023</u>	<u>3,568,871</u>	<u>6,344,102</u>
CASH AND EQUIVALENTS, <i>end of year</i>	<u>\$ 1,422,973</u>	<u>\$ 5,380,870</u>	<u>\$ 6,803,843</u>	<u>\$ 6,978,237</u>

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds - Continued

	Year Ended December 31, 2016			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Total	
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Income (loss) from operations	\$ (268,116)	\$ (1,196,324)	\$ (1,464,440)	\$ 378,691
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities				
Depreciation and amortization	420,154	467,293	887,447	1,063,097
(Increase) decrease in				
Accounts receivable	-	53,127	53,127	1,172
Due from other funds	-	-	-	(23,595)
Due from other governments	-	-	-	10,527
Prepaid expenses	(2,503)	6,999	4,496	105,297
Deferred outflows of resources	(57,012)	(266,054)	(323,066)	(342,069)
Increase (decrease) in				
Accounts payable	21,285	(3,941)	17,344	204,463
Accrued liabilities	2,999	1,014,997	1,017,996	8,808
Retainage payable	-	40,421	40,421	-
Due to other funds	(3,807)	(42,845)	(46,652)	266,761
Due to other governments	4,398	(2,519)	1,879	-
Net pension liability	57,075	266,351	323,426	342,452
Deferred inflows of resources	8,176	38,153	46,329	49,053
Other post employment benefit obligations	18,285	55,524	73,809	281,391
Compensated absences	(22,750)	4,624	(18,126)	(16,769)
Total adjustments	446,300	1,632,130	2,078,430	1,950,588
Net cash provided by operating activities	\$ 178,184	\$ 435,806	\$ 613,990	\$ 2,329,279

See accompanying Notes to Financial Statements.

City of Rye, New York

Statement of Assets and Liabilities - Fiduciary Fund

	<u>Trust and Agency</u> <u>December 31,</u> <u>2016</u>
ASSETS	
Cash and equivalents	\$ 159,462
Accounts receivable	<u>2,317</u>
Total assets	<u>\$ 161,779</u>
LIABILITIES	
Accounts payable	\$ 98,101
Employee payroll deductions	<u>63,678</u>
Total liabilities	<u>\$ 161,779</u>

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and 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 accounting principles generally accepted in the United State of America (U.S. GAAP) 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. 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies

b. Government-Wide Financial Statements - 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 is 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 and amortization 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 U.S. GAAP, as follows:

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Fund Financial Statements - Continued

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.

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.

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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 three months or less.

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 Federal Deposit Insurance Corporation (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. Accordingly, the City's policy provides for no credit risk on investments.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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

Cash and Equivalents - Continued

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 its 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. The City discloses deposits 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, 2016.

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 1st 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 1st 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 1st and collected by the City in two installments: the taxes for the period July 1st to June 30th are due on September 1st, with the first half payable without penalty until September 30th, and the second half payable without penalty until November 30th. The Rye City School District is responsible for the levy and collection of Rye City School District taxes until July 1st 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 25th, and the balance of forty percent (40%) on October 15th. 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 1st of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school district taxes is from the date of the levy until the respective due dates, at which time the 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 15th, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of school district taxes is deemed a financing transaction until the warrants are satisfied.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances
- Continued

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 31st. 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.

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 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 back trending (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).

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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

Capital Assets - Continued

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:

<u>Asset</u>	<u>Prior to January 1, 1995</u>	<u>Subsequent to January 1, 1995</u>
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 are 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 have 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 \$691,217 for parking permit and building permit fees received in advance in the General Fund.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net 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 net 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 \$220,319 and \$28,824 for a deferred loss on refunding bonds in the governmental activities and business-type activities 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.

The City has reported deferred inflows of resources of \$300,401 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balances - Continued

Deferred Outflows/Inflows of Resources - Continued

Pension related deferred outflows of resources and deferred inflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and difference between employer contributions made subsequent to the measurement date. Deferred outflows of resources resulting from differences between expected and actual experience and projected and actual investment earnings are \$10,170,370 at December 31, 2016. Deferred inflows of resources resulting from changes in the City's proportionate share of the liability are \$1,404,923 at December 31, 2016. Deferred outflows of resources resulting from contributions made subsequent to the measurement date but before year end are \$1,891,366 at December 31, 2016.

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 expensed 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 remaining 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:

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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

Fund Balance - Continued

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 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 other governmental funds, unassigned fund balance can be negative, if 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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.

g. Estimates

The preparation of the financial statements 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. New Accounting Pronouncements

GASB Statement No. 72, Fair Value Measurement and Application. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. This statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB Statement No. 68), as well as for the assets accumulated for purposes of providing those pensions. In addition, this statement establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68.

GASB Statement No. 76, Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This statement identifies the hierarchy of U.S. GAAP in the context of governmental financial reporting. This statement reduces the hierarchy of U.S. GAAP to two categories of authoritative U.S. GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specific with a source of authoritative U.S. GAAP.

GASB Statement No. 77, Tax Abatement Disclosures. This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments by tax abatement recipients,
- Gross dollar amount of taxes abated during the period, and
- Commitments made by the government, other than to abate taxes, as part of a tax abatement agreement.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. New Accounting Pronouncements - Continued

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of GASB Statement No. 68 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that is:

- Not a state or local government pension plan,
- Used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and
- Not used predominantly by a state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

GASB Statement No 79, *Certain External Investment Pools and Pool Participants*. This statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

Adoption of these accounting standards did not significantly impact the City's financial statements.

i. Subsequent Events Evaluation by Management

The City has evaluated subsequent events for potential recognition or disclosure through June __, 2017, the date the financial statements were available to be issued.

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 31st, 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 2 - Stewardship, Compliance, and Accountability - Continued

a. Budgetary Data - Continued

- 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 U.S. GAAP. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the proprietary funds.
- 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 15, 2020.

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 2 - Stewardship, Compliance, and Accountability - Continued

b. Property Tax Limitation - Continued

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 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. Capital Projects Fund Project Deficits

The following capital projects reflect deficits at December 31, 2016, due to expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

CBD Streetscape Improvement	\$ 560,510
North Street Sewer Realignment	462,309
Kirby Land Sanitary Sewer	405,555
Locust Avenue Sewer	76,939
Dearborn Seawall Construction	40,163
Boston Post Road Rock Stabilization	35,989
Annual Sidewalk Replacement Program	16,979
Kirby Lane Culvert	12,200

Note 3 - Detailed Notes on All Funds

a. Taxes Receivable

Taxes receivable at December 31, 2016 consisted of the following:

City taxes, current	\$ 869,148
City taxes, delinquent	167,185
School district taxes, current	217,326
	<hr/>
	\$ 1,253,659

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

a. Taxes Receivable - Continued

School district taxes are offset by liabilities to the school district, which will be paid no later than July 1, 2017. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$300,401, 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 \$777,731 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.

b. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2016 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Cable TV Fund	\$ 14,953
	Capital Projects Fund	1,892,447
	Risk Retention Fund	1,253,269
	Boat Basin Fund	20,411
	Golf Club Fund	90,075
	Building and Vehicle Maintenance Fund	<u>84,410</u>
		<u>3,355,565</u>
Capital Projects Fund	General Fund	<u>500,200</u>
Building and Vehicle Maintenance Fund	General Fund	35,052
	Payroll Fund	132
		<u>35,184</u>
		<u>\$ 3,890,949</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:

Governmental Activities	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital assets not being depreciated				
Land	\$ 4,561,755	\$ -	\$ -	\$ 4,561,755
Construction in progress	2,415,946	1,428,515	(92,343)	3,752,118
Total capital assets not being depreciated	<u>6,977,701</u>	<u>1,428,515</u>	<u>(92,343)</u>	<u>8,313,873</u>
Depreciable capital assets				
Buildings	16,506,163	-	-	16,506,163
Improvements	4,846,416	36,072	-	4,882,488
Machinery, equipment, and vehicles	11,487,950	503,563	-	11,991,513
Infrastructure	69,083,414	47,606	-	69,131,020
Total depreciable capital assets	<u>101,923,943</u>	<u>587,241</u>	<u>-</u>	<u>102,511,184</u>
Less accumulated depreciation				
Buildings	4,098,286	327,605	-	4,425,891
Improvements	2,964,513	222,694	-	3,187,207
Machinery, equipment, and vehicles	8,768,157	569,209	-	9,337,366
Infrastructure	27,090,562	414,719	-	27,505,281
Total accumulated depreciation	<u>42,921,518</u>	<u>1,534,227</u>	<u>-</u>	<u>44,455,745</u>
Net depreciable capital assets	<u>59,002,425</u>	<u>(946,986)</u>	<u>-</u>	<u>58,055,439</u>
Total net capital assets governmental activities	<u>\$ 65,980,126</u>	<u>\$ 481,529</u>	<u>\$ (92,343)</u>	<u>\$ 66,369,312</u>

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

c. Capital Assets - Continued

Business-type Activities	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital assets not being depreciated				
Land	\$ 1,700,408	\$ -	\$ -	\$ 1,700,408
Construction in progress	27,317	404,722	-	432,039
Total capital assets not being depreciated	<u>1,727,725</u>	<u>404,722</u>	<u>-</u>	<u>2,132,447</u>
Depreciable capital assets				
Buildings	11,759,480	-	-	11,759,480
Improvements	7,831,733	629,271	-	8,461,004
Machinery and equipment	1,254,764	71,861	-	1,326,625
Total depreciable capital assets	<u>20,845,977</u>	<u>701,132</u>	<u>-</u>	<u>21,547,109</u>
Less accumulated depreciation				
Buildings	5,498,058	205,829	-	5,703,887
Improvements	5,827,210	671,964	-	6,499,174
Machinery and equipment	1,248,589	9,654	-	1,258,243
Total accumulated depreciation	<u>12,573,857</u>	<u>887,447</u>	<u>-</u>	<u>13,461,304</u>
Net depreciable capital assets	<u>8,272,120</u>	<u>(186,315)</u>	<u>-</u>	<u>8,085,805</u>
Total business-type capital assets water activities	<u>\$ 9,999,845</u>	<u>\$ 218,407</u>	<u>\$ -</u>	<u>\$ 10,218,252</u>

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

Governmental activities	
Public safety	\$ 26,556
Transportation	157,531
Home and community services	230,632
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>1,119,508</u>
Total depreciation expense for governmental activities	<u>\$ 1,534,227</u>
Business-type activities	
Boat Basin	\$ 420,154
Golf Club	467,293
Total depreciation expense for business-type activities	<u>\$ 887,447</u>

d. Capital Lease Obligations

The City has a capital lease for the acquisition of a telephone system.

A summary of the net book value of the assets acquired under this capital leases is as follows:

The lease term calls for monthly payments totaling \$4,506, including imputed interest of 4.43%.
The lease matures in July 2019.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

d. Capital Lease Obligations - Continued

A summary of the City's future maturities under this capital lease obligation are as follows:

	2016
Payments required under capital lease obligation	\$ 135,176
Less amount representing interest	7,435
	127,741
Less current portion	49,410
	\$ 78,331

e. Accrued Liabilities

Accrued liabilities at December 31, 2016 were as follows:

	Governmental Activities	Business- Type Activities	Total
Payroll and employee benefits	\$ 419,276	\$ 1,258,735	\$ 1,678,011
Claims	140,453	-	140,453
	\$ 559,729	\$ 1,258,735	\$ 1,818,464

f. General Claim Liabilities

The Risk Retention Fund reflects general claim liabilities. General claim 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, such 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, general 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

f. General Claim Liabilities - Continued

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

	General Liability
Balance, <i>January 1, 2015</i>	\$ 343,248
Provision for claims and claim adjustment expenses	424,217
Claims and claims adjustment expenses paid	(388,288)
Balance, <i>December 31, 2015</i>	379,177
Provision for claims and claim adjustment expenses	81,200
Claims and claims adjustment expenses paid	(83,293)
Balance, <i>December 31, 2016</i>	\$ 377,084

g. Pension Plans

Plan Description and Benefits Provided

The City participates in the New York State and Local Employee's Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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, 2016, were \$256. The pension benefit obligation of this plan is not significant to the City.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Contributions

Most members of the System who joined on or before July 26, 1976 are enrolled in a noncontributory plan. Members of the System who joined after July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and Tier 4 employees with a membership date after July 26, 1976 who have ten or more years of membership or credited service with the System are not required to contribute. Generally, members of the System may retire at 55; however, members of Tiers 2, 3, 4, and 5 will receive a reduced benefit if they retire before 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits, and employees with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. The full benefit age for Tier 6 is 63 for System members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. The contribution rate varies from 3% to 6% depending on salary. Members are required to contribute for all years of service. The average contribution rate for ERS and PFRS for the fiscal year ended March 31, 2016, was approximately 18.2% and 24.7% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

	ERS	PFRS
2016	\$ 1,141,322	\$ 1,558,509
2015	1,520,826	1,625,600
2014	1,252,769	2,017,606

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

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	\$ 928,337
Cable TV	16,872
Boat Basin	18,971
Golf Club	88,064
Building and Vehicle Maintenance	89,078
	\$ 1,141,322

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$9,654,087 in the governmental activities statement of net position and \$400,057 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2016, the City's proportion was .0293238% in the Employee Retirement System and .1806137% in the Police and Fire Retirement System.

For the year ended December 31, 2016, the City recognized pension expense of \$3,667,529 in the governmental activities and \$146,978 in the business-type activities. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,724	\$ 1,318,955
Changes of assumptions	3,453,741	-
Net differences between projected and actual investment earnings on pension plan investments	5,551,742	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	728,517	35,270
City contributions subsequent to the measurement date	1,830,623	-
Total	\$ 11,634,347	\$ 1,354,225
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,022	\$ 47,422
Changes of assumptions	106,683	-
Net differences between projected and actual investment earnings on pension plan investments	237,336	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,605	3,276
City contributions subsequent to the measurement date	60,743	-
Total	\$ 427,389	\$ 50,698

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business Type-Activities	Total
Year ending December 31,			
2017	\$ 2,048,227	\$ 79,797	\$ 2,128,024
2018	2,048,227	79,797	2,128,024
2019	2,048,227	79,797	2,128,024
2020	1,971,643	76,557	2,048,200
2021	333,175	-	333,175
	\$ 8,449,499	\$ 315,948	\$ 8,765,447

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Aggregate cost method
Inflation Rate	2.5% (2016) and 2.7% (2015)
Salary Scale	
ERS	3.8% (2016) and 4.9% (2015), indexed by service
PFRS	4.5% (2016) and 6.0% (2015), indexed by service
Investment rate of return, including inflation	7.0% (2016) and 7.5% (2015), compounded annually, net of expenses
Decrement	
2016	Based on FY 2011-2015 experience
2015	Based on FY 2005-2010 experience
Mortality improvement	Society of Actuaries Scale MP-2014

Annuitant mortality rates are based on the April 1, 2010 to March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

Actuarial Assumptions - Continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability (asset)			
Proprietary Activities	\$ 902,100	\$ 400,057	\$ (24,147)
Governmental Activities	21,655,242	9,654,087	(441,911)
	\$ 22,557,342	\$ 10,054,144	\$ (466,058)

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727	\$ 202,651,271
Plan net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	\$ 16,050,279	\$ 2,960,787	\$ 19,011,066
 Ratio of plan net position to the employers' total pension liability	90.7%	90.2%	90.6%

h. Long-Term Liabilities

The changes in the City's long-term liabilities were as follows:

	Year Ended December 31, 2016				
	Balance January 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2016	Due Within On Year
Governmental activities					
Bonds payable	\$ 13,505,000	\$ -	\$ 1,340,000	\$ 12,165,000	\$ 1,385,000
Plus unamortized premium on bonds	345,760	-	63,144	282,616	63,144
	13,850,760	-	1,403,144	12,447,616	1,448,144
Other non-current liabilities					
Capital lease obligations	149,558	-	40,397	109,161	42,223
Claims payable	1,851,028	571,536	1,127,069	1,295,495	-
Compensated absences	1,360,539	136,054	174,255	1,322,338	132,234
Net pension liability	1,279,025	10,977,881	2,602,819	9,654,087	-
Other postemployment benefit obligations payable	28,650,897	6,229,281	2,388,992	32,491,186	-
	33,291,047	17,914,752	6,333,532	44,872,267	174,457
Governmental activities long-term liabilities	\$ 47,141,807	\$ 17,914,752	\$ 7,736,676	\$ 57,319,883	\$ 1,622,601
Business-type activities					
Bonds payable	\$ 1,170,000	\$ -	\$ 380,000	\$ 790,000	\$ 390,000
Plus unamortized premium on bonds	37,131	-	12,377	24,754	12,377
Less unamortized discount on bond	(3,304)	-	(348)	(2,956)	(348)
	1,203,827	-	392,029	811,798	402,029
Other non-current liabilities					
Capital lease obligations	25,456	-	6,876	18,580	7,187
Compensated absences	89,675	8,968	27,094	71,549	8,968
Net pension liability	76,631	420,438	97,012	400,057	-
Other postemployment benefit obligations payable	1,215,385	270,306	196,497	1,289,194	-
	1,407,147	699,712	327,479	1,779,380	16,155
Business-type activities long-term liabilities	\$ 2,610,974	\$ 699,712	\$ 719,508	\$ 2,591,178	\$ 418,184

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

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, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Year Ended December 31, 2016			Amount Outstanding at December 31, 2016
		Original Issue Amount	Final Maturity	Interest Rates	
EFC - Land Acquisition	2004	\$ 1,708,013	August 2024	4.061 to 4.964	\$ 775,000
Refunding Bonds	2010	8,965,000	September 2021	3.000 to 4.000	3,970,000
Public Improvements	2010	3,534,000	September 2030	2.000 to 4.000	2,725,000
EFC - Kirby Lane Sewer	2010	2,373,374	April 2039	1.414 to 4.603	1,880,000
Refunding Bonds	2013	5,175,000	December 2025	0.625 to 2.500	3,605,000
					\$ 12,955,000

Interest expenditure/expense of \$130,177 and \$347,204 was recorded in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$478,339 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$30,775 was recorded in the fund financial and government-wide financial statements for the business-type activities.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding, including interest of \$2,239,686 as of December 31, 2016, are as follows:

Year	Bonds				Total	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2017	\$ 1,385,000	\$ 367,525	\$ 390,000	\$ 24,113	\$ 1,775,000	\$ 391,638
2018	1,435,000	324,884	400,000	12,500	1,835,000	337,384
2019	1,480,000	280,622	-	-	1,480,000	280,622
2020	1,540,000	225,660	-	-	1,540,000	225,660
2021	890,000	170,282	-	-	890,000	170,282
2022-2026	3,405,000	555,092	-	-	3,405,000	555,092
2027-2031	1,330,000	206,876	-	-	1,330,000	206,876
2032-2036	430,000	62,087	-	-	430,000	62,087
2037-2039	270,000	10,045	-	-	270,000	10,045
	\$ 12,165,000	\$ 2,203,073	\$ 790,000	\$ 36,613	\$ 12,955,000	\$ 2,239,686

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

Advance Refunding

In prior years, the City defeased certain debt obligations, whereby the proceeds of the new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. At December 31, 2016, approximately \$3,605,000 of such defeased obligations were outstanding. The assets and liabilities related to these obligations are not reported in the accompanying financial statements.

Claims Payable

Claims payable is comprised of a liability of \$1,295,495 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 Postemployment 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 postemployment 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 \$45,096 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

Other Postemployment Benefit Obligations Payable - Continued

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for 2016, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 6,538,034	\$ 283,403	\$ 6,821,437
Interest on net OPEB obligation	1,146,035	48,616	1,194,651
Adjustment to annual required contribution	<u>(1,454,788)</u>	<u>(61,713)</u>	<u>(1,516,501)</u>
Annual OPEB cost	6,229,281	270,306	6,499,587
Contributions made	<u>2,388,992</u>	<u>196,497</u>	<u>2,585,489</u>
Increase in net OPEB obligation	3,840,289	73,809	3,914,098
Net OPEB obligation, <i>beginning of year</i>	<u>28,650,897</u>	<u>1,215,385</u>	<u>29,866,282</u>
Net OPEB obligation, <i>end of year</i>	<u>\$ 32,491,186</u>	<u>\$ 1,289,194</u>	<u>\$ 33,780,380</u>

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:

Year ended December 31,	Healthcare Cost Trend Rate %
2016	7.50
2017	7.00
2018	6.50
2019	6.00
2020	5.50
2021+	5.00

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

Other Postemployment Benefit Obligations Payable - Continued

The amortization basis is the level percentage of pay method with an open amortization approach with 30 years remaining in the amortization period. The actuarial assumptions also include a 3.0% inflation rate and a 2.5% annual payroll growth rate. The City currently has no assets set aside for the purpose of paying other postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2016 was as follows:

Active employees	144
Retired employees	112
	256

	Governmental Activities	Business-type Activities	Total
Amortization component			
Actuarial accrued liability as of January 1, 2016	\$ 74,130,037	\$ 3,511,509	\$ 77,641,546
Unfunded actuarial accrued liability ("UAAL")	\$ 74,130,037	\$ 3,511,509	\$ 77,641,546
Funded ratio	0.00%	0.00%	0.00%
Covered payroll (active plan members)	\$ 14,761,468	\$ 699,245	\$ 15,460,713
UAAL as a percentage of covered payroll	502.19%	502.19%	502.19%

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
2016	\$ 6,499,587	39.80%	\$ 33,780,380
2015	6,973,352	32.04%	29,866,282
2014	6,665,634	24.95%	25,126,282

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

i. Significant Commitments - Encumbrances

As discussed in Note 2a, 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, 2016, the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

Fund		
General	\$	372,434
Non-Major Governmental - Cable TV		15,776
Total	\$	388,210

j. 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, 2016, are as follows:

Transfers Out	Transfers In			Total
	Capital Projects	Non-Major Governmental	Internal Service	
General	\$ 1,980,000	\$ 273,609	\$ 87,000	\$ 2,340,609
Building and Vehicle Maintenance	-	-	38,975	38,975
Capital Projects	416,240	-	-	416,240
Total	\$ 2,396,240	\$ 273,609	\$ 125,975	\$ 2,795,824

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.

k. Net Position and Fund Balance

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.

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

k. Net Position and Fund Balance - Continued

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."

	December 31, 2016			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
Nonspendable				
Prepaid expenditures	\$ 1,456,036	\$ -	\$ 4,350	\$ 1,460,386
Long-term receivables	777,731	-	-	777,731
Permanent Fund	-	-	20,000	20,000
Total nonspendable	2,233,767	-	24,350	2,258,117
Restricted				
Compensated absences	1,247,329	-	21,014	1,268,343
Police purposes	61,509	-	-	61,509
Fire purposes	2,000	-	-	2,000
Parks	101,809	-	-	101,809
Recreation programs	432,768	-	-	432,768
WWI memorial	4,151	-	-	4,151
9/11 memorial	250	-	-	250
Capital projects	-	2,148,042	-	2,148,042
Permanent Fund	-	-	249	249
Debt service	-	-	38,376	38,376
Total restricted	1,849,816	2,148,042	59,639	4,057,497
Assigned				
Purchases on order				
General government support	41,523	-	-	41,523
Public safety	102,701	-	-	102,701
Transportation	154,618	-	-	154,618
Culture and recreation	70,322	-	-	70,322
Home and community services	3,270	-	15,776	19,046
	372,434	-	15,776	388,210
Other				
Subsequent year's expenditures	1,554,400	-	-	1,554,400
Tax certiorari	1,295,495	-	-	1,295,495
Cable TV	-	-	954,146	954,146
Total assigned	3,222,329	-	969,922	4,192,251
Unassigned	4,930,854	-	-	4,930,854
Total fund balances	\$ 12,236,766	\$ 2,148,042	\$ 1,053,911	\$ 15,438,719

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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 3 - Detailed Notes on All Funds - Continued

k. Net Position and Fund Balance - Continued

Prepaid expenditures represent 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 represent 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, 2016, 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, tax certiorari settlements and Cable TV.

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

Note 4 - Commitments and Contingencies

a. Litigation and Contingencies

The City is a party to various legal proceedings, including negligence suits, some of which involve serious inquiry. Many of these actions arise in the normal course of the City's operations. The City records accruals for claims liability to the extent that management concludes their occurrence is probable and the related damages are estimable. If the range of the liability is probable and estimateable, the City accrues the amount most likely to be paid. Changes in the City's claim liability from 2015 to 2016 are shown in footnote 3f.

The City is also a 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.

Certain other claims cannot be estimated as they involve complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss or an estimation of damages cannot be determined.

b. Other 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.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 4 - Commitments and Contingencies - Continued

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 provides 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.

d. Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with two entities as of December 31, 2016:

Agreement	Start Date	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Westchester County IDA c/o Avon Products Inc.	January 24, 1996	\$ 610,210	\$ 157.16	\$ 95,900	\$ 95,900	\$ -
HONY Housing Development Fund Corp. & Rye Manor	November 25, 2013	<u>345,000</u>	157.16	<u>54,220</u>	<u>31,519</u>	<u>22,701</u>
		<u>\$ 955,210</u>		<u>\$ 150,120</u>	<u>\$ 127,419</u>	<u>\$ 22,701</u>

Copies of the agreements may be obtained from Joseph Fazzino, Deputy City Comptroller, City of Rye, 1051 Boston Post Road, Rye New York 10580.

Note 5 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits) included in the general purposes external financial reports of state and local government other postemployment benefit plans for making decisions and assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

City of Rye, New York

Notes to Financial Statements December 31, 2016

Note 5 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, this Statement identifies requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*. This statement provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

GASB Statement No 82, *Pension Issues*. This statement addresses practice issues raised during implementation of GASB Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting for Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The requirements of this statement are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. This statement required that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

Management has not estimated the extent of the potential impact, if any, of these statements on the City's financial statements.

City of Rye, New York

Required Supplementary Information - Schedule of Funding Progress Other Postemployment Benefits December 31, 2016

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Date	Value of Assets	Accrued Liability	Liability	Ratio	Payroll	Payroll
1/1/2012	\$ -	\$ 65,316,988	\$ 65,316,988	0.00%	\$ 10,653,528	613.1%
1/1/2014	-	77,828,721	77,828,721	0.00%	11,597,044	613.1%
1/1/2016	-	77,641,546	77,641,546	0.00%	15,460,713	502.2%

City of Rye, New York

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability December 31, 2016

ERS	<u>2016</u>
City's proportion of the net pension liability	0.0293238%
City's proportionate share of the net pension liability	\$ 4,706,557
City's covered-employee payroll	\$ 7,456,326
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.12%
Plan fiduciary net position as a percentage of the total pension liability	90.68%
PFRS	<u>2016</u>
City's proportion of the net pension liability	0.1806137%
City's proportionate share of the net pension liability	\$ 5,347,587
City's covered-employee payroll	\$ 6,837,317
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	78.21%
Plan fiduciary net position as a percentage of the total pension liability	90.24%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

City of Rye, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Schedule of Pension Contributions
Years Ended December 31

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 1,141,322	\$ 1,520,826	\$ 1,252,769	\$ 1,373,768	\$ 1,213,149	\$ 1,037,092	\$ 796,171	\$ 509,643	\$ 586,446	\$ 650,344
Contributions in relation to the contractually required contribution	1,141,322	1,520,826	1,252,769	1,373,768	1,213,149	1,037,092	796,171	509,643	586,446	650,344
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	7,456,326	7,421,204	6,765,836	7,133,530	6,649,504	6,813,692	7,235,332	7,429,244	7,268,188	7,057,194
Contributions as a percentage of covered-employee payroll	15.31%	20.49%	18.52%	19.26%	18.24%	15.22%	11.00%	6.86%	8.07%	9.22%

City of Rye, New York

Required Supplementary Information
New York State and Local Police and Fire Retirement System
Schedule of Pension Contributions
Years Ended December 31

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 1,558,509	\$ 1,625,600	\$ 2,017,606	\$ 1,589,019	\$ 1,300,431	\$ 1,103,082	\$ 891,722	\$ 802,412	\$ 840,329	\$ 766,703
Contributions in relation to the contractually required contribution	1,558,509	1,625,600	2,017,606	1,589,019	1,300,431	1,103,082	891,722	802,412	840,329	766,703
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	6,837,317	6,776,549	6,658,875	5,582,035	5,408,957	5,476,847	5,612,453	5,909,336	5,723,373	5,369,861
Contributions as a percentage of covered-employee payroll	22.79%	23.99%	30.30%	28.47%	24.04%	20.14%	15.89%	13.58%	14.68%	14.28%

Other Supplementary Information

Capital Projects Fund
Project-Length Schedule

City of Rye, New York

Supplementary Information -
Capital Projects Fund - Project Length Schedule

Project Number	Project Title	Year Authorized	Project Budget	Expenditures and Other Financing Uses			Unexpended Balance	Revenues and Other Financing Sources			Project Balance (Deficit) at December 31, 2016
				Prior Years	Current Year	Total		Prior Years	Current Year	Total	
505231	EPA Hewlett Ave Pump	2016	\$ 1,220,866	\$ 313,781	\$ 82,900	\$ 396,681	\$ 824,185	\$ 477,866	\$ 530,000	\$ 1,007,866	\$ 183,681
533033	CBD Streetscape Improvement	2014	968,579	24,219	624,870	649,089	319,490	88,579	-	88,579	(230,911)
533034	Annual Traffic Light/Pedestrian Safety	2015	150,000	12,463	37,186	49,649	100,351	100,000	50,000	150,000	49,649
533035	Five Point Intersection	2015	150,000	2,156	-	2,156	147,844	150,000	-	150,000	2,156
533036	LED Streetlights	2016	350,000	-	10,420	10,420	339,580	-	350,000	350,000	10,420
551061	Peck Ave Intersection	2007	400,000	219,500	-	219,500	180,500	400,000	-	400,000	219,500
551070	Central Avenue Bridge Reconstruction	2007	2,248,600	2,015,125	350,000	2,365,125	(116,525)	2,389,954	-	2,389,954	2,506,479
551077	Boston Post Road Rock Stabilization	2008	378,200	114,189	-	114,189	264,011	78,200	-	78,200	(185,811)
551088	2013 Street Resurfacing Program	2013	614,937	614,937	-	614,937	-	614,937	-	614,937	614,937
551091	Safe Routes to School	2013	313,952	50,915	2,348	53,263	260,689	40,000	50,000	90,000	(170,689)
551092	Osborn Theall Corridor	2013	150,000	-	-	-	150,000	150,000	-	150,000	-
551093	Nature Center/BPR Realing	2014	50,000	23,249	-	23,249	26,751	50,000	-	50,000	23,249
551094	Street resurfacing	2014	827,100	824,700	-	824,700	2,400	827,100	-	827,100	824,700
551097	Annual Street Resurfacing Program	2015	2,383,034	1,226,405	566,650	1,793,055	589,979	1,316,797	1,049,587	2,366,384	1,776,405
551098	Firemen Memorial Intersection	2016	175,000	-	3,940	3,940	171,060	-	175,000	175,000	3,940
551099	Nature Center Bridge Repair	2016	40,000	-	6,168	6,168	33,832	-	40,000	40,000	6,168
551101	Forest Ave Pedestrian Improvements	2016	52,200	-	52,165	52,165	35	-	52,200	52,200	52,165
554118	2013 Sidewalk Replacement Program	2013	308,041	225,020	-	225,020	83,021	58,041	-	58,041	(24,980)
554119	2014 Sidewalk Replacement Program	2014	100,000	68,169	-	68,169	31,831	100,000	-	100,000	68,169
554120	Annual Sidewalk Replacement Program	2015	246,318	61,009	2,200	63,209	183,109	146,318	100,000	246,318	63,209
571090	Disbrow Park Master Plan	2014	57,164	-	-	-	57,164	57,164	-	57,164	-
581201	Kirby Lane Sewer	2003	2,466,773	2,449,012	-	2,449,012	17,761	2,456,979	-	2,456,979	2,439,218
581206	Upper Dogwood Lane Sewer	2007	150,000	135,022	-	135,022	14,978	150,000	-	150,000	135,022
581229	Kirby Lane Sanitary Sewer	2010	17,315	422,870	-	422,870	(405,555)	17,315	-	17,315	422,870
581230	Locust Avenue Sewer	2014	250,000	69,465	7,474	76,939	173,061	-	-	-	(173,061)
581231	Brevoort Force Main Replacement	2015	300,000	-	17,120	17,120	282,880	300,000	-	300,000	17,120
581232	Sewer Pump Station Automation	2015	30,000	-	30,000	30,000	-	30,000	-	30,000	30,000
581233	North Street Sewer Realignment	2016	1,000,000	-	462,309	462,309	537,691	-	-	-	(537,691)
581428	Old Milton Road Drainage	2010	253,885	246,733	-	246,733	7,152	253,885	-	253,885	246,733
581430	2013 Sewer Drainage Improvement Program	2013	135,957	135,957	-	135,957	-	135,957	-	135,957	135,957
581431	2014 Sewer Drainage Improvement Program	2014	113,003	113,003	-	113,003	-	113,003	-	113,003	113,003
581432	Kirby Lane Culvert	2014	-	12,200	-	12,200	(12,200)	-	-	-	12,200
581433	2015 Sewer Drainage Improvement Program	2015	509,678	39,528	52,127	91,655	418,023	109,678	400,000	509,678	91,655
585403	Theo Fremd Retain Wall	2007	1,758,660	121,192	-	121,192	1,637,468	434,811	5,414	440,225	(1,197,243)
585405	Bowman Ave Sluice Gate	2008	2,095,822	1,524,426	36,136	1,560,562	535,260	1,583,928	-	1,583,928	1,048,668
585406	Upper Blind Brook Study	2013	271,794	208,923	29,503	238,426	33,368	205,254	34,040	239,294	205,926
585407	Dearborn Seawall Construction	2012	28,576	24,495	15,669	40,164	(11,588)	-	-	-	11,588
585408	Blind Brook Wall Study	2014	50,000	6,670	-	6,670	43,330	50,000	-	50,000	6,670
585410	Hix Park Drainage Study	2015	20,000	-	-	-	20,000	20,000	-	20,000	-
585411	Theodore Fremd Senior Housing	2016	1,200,000	-	63,750	63,750	1,136,250	-	63,750	63,750	(1,072,500)
			<u>\$ 21,835,454</u>	<u>\$ 11,305,333</u>	<u>\$ 2,452,935</u>	<u>\$ 13,758,268</u>	<u>\$ 8,077,186</u>	<u>\$ 12,905,766</u>	<u>\$ 2,899,991</u>	<u>\$ 15,805,757</u>	<u>\$ 7,728,571</u>

Non-Major Governmental Funds

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

Supplementary Information - Combining Balance Sheet - Non-Major Governmental Funds

	December 31, 2016			
	Cable TV Fund	K.T. Woods Permanent Fund	Debt Service Fund	Total
ASSETS				
Cash and equivalents	\$ 928,617	\$ 20,249	\$ 38,376	\$ 987,242
Accounts receivable	102,288	-	-	102,288
Prepaid expenditures	4,350	-	-	4,350
Total assets	\$ 1,035,255	\$ 20,249	\$ 38,376	\$ 1,093,880
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 20,137	\$ -	\$ -	\$ 20,137
Accrued liabilities	3,911	-	-	3,911
Due to other governments	968	-	-	968
Due to other funds	14,953	-	-	14,953
Total liabilities	39,969	-	-	39,969
Fund balances				
Nonspendable	4,350	20,000	-	24,350
Restricted	21,014	249	38,376	59,639
Assigned	969,922	-	-	969,922
Total fund balances	995,286	20,249	38,376	1,053,911
Total liabilities and fund balances	\$ 1,035,255	\$ 20,249	\$ 38,376	\$ 1,093,880

City of Rye, New York

Supplementary Information - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds

	Year Ended December 31, 2016			Total Governmental Funds
	Cable TV Fund	K.T. Woods Permanent Fund	Debt Service Fund	
REVENUES				
Real property taxes and related items	\$ -	\$ -	\$ 123,768	\$ 123,768
Non-property taxes	393,884	-	-	393,884
Charges for services	1,575	-	-	1,575
Use of money and property	1,447	34	158	1,639
Miscellaneous	50,000	-	-	50,000
Total revenues	<u>446,906</u>	<u>34</u>	<u>123,926</u>	<u>570,866</u>
EXPENDITURES				
Culture and recreation				
Salaries and wages	155,308	-	-	155,308
Equipment	35,477	-	-	35,477
Materials and supplies	10,816	-	-	10,816
Contractual costs	16,338	-	-	16,338
Employee benefits	60,245	-	-	60,245
	<u>278,184</u>	<u>-</u>	<u>-</u>	<u>278,184</u>
Debt service				
Principal	-	-	271,981	271,981
Interest	-	-	130,177	130,177
Total expenditures	<u>278,184</u>	<u>-</u>	<u>402,158</u>	<u>680,342</u>
Excess (deficiency) of revenues over expenditures	168,722	34	(278,232)	(109,476)
OTHER FINANCING SOURCES				
Transfers in	-	-	273,609	273,609
Net change in fund balances	168,722	34	(4,623)	164,133
FUND BALANCES, beginning of year	<u>826,564</u>	<u>20,215</u>	<u>42,999</u>	<u>889,778</u>
FUND BALANCES, end of year	<u><u>\$ 995,286</u></u>	<u><u>\$ 20,249</u></u>	<u><u>\$ 38,376</u></u>	<u><u>\$ 1,053,911</u></u>

City of Rye, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual - Cable TV Fund

	Year Ended December 31, 2016			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Non-property tax	\$ 330,000	\$ 330,000	\$ 393,884	\$ 63,884
Charges for services	500	500	1,575	1,075
Use of money and property	700	700	1,447	747
Miscellaneous	50,650	50,650	50,000	(650)
Total revenues	381,850	381,850	446,906	65,056
EXPENDITURES				
Current				
Culture and recreation				
Salaries and wages	191,349	191,349	155,308	36,041
Equipment	55,000	61,603	35,477	26,126
Materials and supplies	19,209	19,247	10,816	8,431
Contractual costs	53,927	79,057	16,338	62,719
Employee benefits	77,644	77,644	60,245	17,399
Total expenditures	397,129	428,900	278,184	150,716
Excess (deficiency) of revenues over expenditures	(15,279)	(47,050)	168,722	215,772
FUND BALANCE, <i>beginning of year</i>	826,564	826,564	826,564	-
FUND BALANCE, <i>end of year</i>	\$ 811,285	\$ 779,514	\$ 995,286	\$ 215,772

City of Rye, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual - K.T. Woods Permanent Fund

	Year Ended December 31, 2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ 25	\$ 25	\$ 34	\$ 9
FUND BALANCE, <i>beginning of year</i>	20,190	20,190	20,215	25
FUND BALANCE, <i>end of year</i>	\$ 20,215	\$ 20,215	\$ 20,249	\$ 34

City of Rye, New York

Supplementary Information - Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual - Debt Service Fund

	Year Ended December 31, 2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes and related items	\$ 123,769	\$ 123,769	\$ 123,768	\$ (1)
Use of money and property	150	150	158	8
Total revenues	123,919	123,919	123,926	7
EXPENDITURES				
Debt service				
Principal	271,982	271,982	271,981	1
Interest	130,177	130,177	130,177	-
Total expenditures	402,159	402,159	402,158	1
Deficiency of revenues over expenditures	(278,240)	(278,240)	(278,232)	8
OTHER FINANCING SOURCES				
Transfers in	273,609	273,609	273,609	-
Net change in fund balance	(4,631)	(4,631)	(4,623)	8
FUND BALANCE, <i>beginning of year</i>	42,999	42,999	42,999	-
FUND BALANCE, <i>end of year</i>	\$ 38,368	\$ 38,368	\$ 38,376	\$ 8

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

Supplementary Information - Combining Statement of Net Position - Internal Service Funds

	December 31, 2016		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 361,444	\$ 6,616,793	\$ 6,978,237
Accounts receivable	1,246,070	2,458	1,248,528
Deposits	43,500	-	43,500
Due from other funds	-	35,184	35,184
Due from other governments	-	31,325	31,325
Prepaid expenses	130,855	78,212	209,067
Total current assets	1,781,869	6,763,972	8,545,841
NONCURRENT ASSETS			
Capital assets			
Land	-	4,561,755	4,561,755
Buildings	-	16,506,163	16,506,163
Improvements	-	5,089,391	5,089,391
Machinery and equipment	-	11,696,366	11,696,366
Construction in progress	-	42,453	42,453
Less accumulated depreciation	-	(16,865,020)	(16,865,020)
Total capital assets	-	21,031,108	21,031,108
Total assets	1,781,869	27,795,080	29,576,949
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	-	454,177	454,177
Deferred amounts on refunding bonds	-	197,890	197,890
Total deferred outflows of resources	-	652,067	652,067

City of Rye, New York

Supplementary Information - Combining Statement of Net Position - Internal Service Funds

	December 31, 2016		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 17,673	\$ 357,588	\$ 375,261
Accrued liabilities	377,084	17,651	394,735
Accrued interest payable	-	51,191	51,191
Due to other funds	1,253,269	84,410	1,337,679
Capital lease obligation	-	42,223	42,223
Compensated absences	-	7,106	7,106
Bonds payable	-	1,102,097	1,102,097
Total current liabilities	1,648,026	1,662,266	3,310,292
NONCURRENT LIABILITIES			
Capital lease obligation, less current portion	-	66,938	66,938
Compensated absences, less current portion	-	47,189	47,189
Bonds payable, less current portion	-	6,984,247	6,984,247
Net pension liability	-	423,591	423,591
Other postemployment benefit obligations	-	2,068,865	2,068,865
Total noncurrent liabilities	-	9,590,830	9,590,830
Total liabilities	1,648,026	11,253,096	12,901,122
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	53,678	53,678
NET POSITION			
Net investment in capital assets	-	12,835,603	12,835,603
Unrestricted	133,843	4,304,770	4,438,613
Total net position	\$ 133,843	\$ 17,140,373	\$ 17,274,216

City of Rye, New York

Supplementary Information - Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds

	Year Ended December 31, 2016		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 443,020	\$ 4,042,610	\$ 4,485,630
Miscellaneous	1,000	4,435	5,435
Total operating revenues	444,020	4,047,045	4,491,065
OPERATING EXPENSES			
Salaries and wages	-	598,300	598,300
Employee benefits	-	803,265	803,265
Materials and supplies	-	877,578	877,578
Contractual costs	547,308	222,826	770,134
Depreciation and amortization	-	1,063,097	1,063,097
Total operating expenses	547,308	3,565,066	4,112,374
Income (loss) from operations	(103,288)	481,979	378,691
NON-OPERATING REVENUES (EXPENSES)			
State and federal aid	-	29,056	29,056
Interest income	177	17,485	17,662
Interest expense	-	(347,204)	(347,204)
Total non-operating revenues (expenses)	177	(300,663)	(300,486)
Income (loss) before transfers	(103,111)	181,316	78,205
Transfers in	-	125,975	125,975
Transfers out	-	(38,975)	(38,975)
Change in net position	(103,111)	268,316	165,205
NET POSITION, <i>beginning of year</i>	236,954	16,872,057	17,109,011
NET POSITION, <i>end of year</i>	\$ 133,843	\$ 17,140,373	\$ 17,274,216

City of Rye, New York

Supplementary Information - Combining Statement of Cash Flows - Internal Service Funds

	December 31, 2016		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 454,609	\$ 4,024,560	\$ 4,479,169
Cash payments to employees	-	(1,087,507)	(1,087,507)
Cash payments to vendors	(96,170)	(966,213)	(1,062,383)
	358,439	1,970,840	2,329,279
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES			
State and federal aid	-	29,056	29,056
Transfers in	-	125,975	125,975
Transfers out	-	(38,975)	(38,975)
	-	116,056	116,056
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(453,369)	(453,369)
Principal paid on capital debt	-	(1,068,018)	(1,068,018)
Payments on capital lease obligation	-	(40,397)	(40,397)
Interest paid on capital debt	-	(259,524)	(259,524)
Interest paid on capital lease obligation	-	(7,554)	(7,554)
	-	(1,828,862)	(1,828,862)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES			
Interest income	177	17,485	17,662
Net increase in cash and equivalents	358,616	275,519	634,135
CASH AND EQUIVALENTS, beginning of year	2,828	6,341,274	6,344,102
CASH AND EQUIVALENTS, end of year	\$ 361,444	\$ 6,616,793	\$ 6,978,237
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES			
Income (loss) from operations	\$ (103,288)	\$ 481,979	\$ 378,691
Adjustments to reconcile income (loss) from operations to net cash from operating activities			
Depreciation expense	-	1,063,097	1,063,097
(Increase) decrease in			
Accounts receivable	(1,000)	2,172	1,172
Due from other funds	11,589	(35,184)	(23,595)
Due from other governments	-	10,527	10,527
Prepaid expenses	114,182	(8,885)	105,297
Deferred outflows of resources	-	(342,069)	(342,069)
Increase (decrease) in			
Accounts payable	4,676	199,787	204,463
Accrued liabilities	(2,093)	10,901	8,808
Due to other funds	334,373	(67,612)	266,761
Other post employment benefit obligations	-	281,391	281,391
Deferred inflows of resources	-	49,053	49,053
Net pension liability	-	342,452	342,452
Compensated absences	-	(16,769)	(16,769)
Total adjustments	461,727	1,488,861	1,950,588
Net cash from operating activities	\$ 358,439	\$ 1,970,840	\$ 2,329,279

See Independent Auditor's Report.

City of Rye, New York

Supplementary Information - Statement of Changes in Assets and Liabilities - Fiduciary Fund

	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016
ASSETS				
Cash and equivalents	\$ 147,216	\$ 29,035,197	\$ 29,022,951	\$ 159,462
Accounts receivable	3,725	28,433,168	28,434,576	2,317
	\$ 150,941	\$ 57,468,365	\$ 57,457,527	\$ 161,779
LIABILITIES				
Accounts payable	\$ 87,007	\$ 279,477	\$ 268,383	\$ 98,101
Employee payroll deductions	63,933	6,066,025	6,066,280	63,678
	\$ 150,940	\$ 6,345,502	\$ 6,334,663	\$ 161,779

**Capital Assets Used in the
Operation of Governmental Funds**

City of Rye, New York

Supplementary Information - Schedule by Source

	<u>2016</u>
Governmental Funds' Capital Assets	
Machinery and Equipment	\$ 86,074
Infrastructure	69,133,191
Construction in Progress	<u>3,709,663</u>
Investment in Governmental Funds' Capital Assets	
by Source - Capital Projects Fund	72,928,928
Less - Accumulated depreciation	<u>(27,590,724)</u>
 Net Book Value	 <u><u>\$ 45,338,204</u></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.

City of Rye, New York

Supplementary Information - Schedule by Function and Activity

Function and Activity	Machinery and Equipment	Infrastructure	Construction in Progress	Total	Accumulated Depreciation	Net Book Value
PUBLIC SAFETY						
Traffic signals	\$ -	\$ 1,448,648	\$ -	\$ 1,448,648	\$ (444,080)	\$ 1,004,568
COMMUNITY ENVIRONMENT						
Rights of way	-	21,301,087	-	21,301,087	-	21,301,087
Streets	-	14,319,311	884,970	15,204,281	(9,863,286)	5,340,995
Streetlights	-	451,582	-	451,582	(317,013)	134,569
Sidewalks	-	976,585	-	976,585	(808,077)	168,508
Bridges	-	2,452,814	-	2,452,814	(491,226)	1,961,588
Sanitary sewers	-	12,155,337	-	12,155,337	(7,595,789)	4,559,548
Pump stations	-	1,392,648	157,126	1,549,774	(471,832)	1,077,942
Storm sewers	-	11,444,119	2,667,567	14,111,686	(7,513,347)	6,598,339
Total community environment	-	64,493,483	3,709,663	68,203,146	(27,060,570)	41,142,576
CULTURE AND RECREATION						
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	\$ 69,133,191	\$ 3,709,663	\$ 72,928,928	\$ (27,590,724)	\$ 45,338,204

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.

City of Rye, New York

Supplementary Information - Schedule of Changes by Function and Activity

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets December 31</u>
PUBLIC SAFETY				
Traffic signals	\$ 1,411,462	\$ 37,186	\$ -	\$ 1,448,648
COMMUNITY ENVIRONMENT				
Rights of way	21,301,087	-	-	21,301,087
Streets	14,514,790	689,491	-	15,204,281
Streetlights	441,162	10,420	-	451,582
Sidewalks	976,585	-	-	976,585
Bridges	2,452,814	-	-	2,452,814
Sanitary sewers	12,155,337	-	-	12,155,337
Pump stations	1,466,874	82,900	-	1,549,774
Storm sewers	13,461,641	650,045	-	14,111,686
Total community environment	<u>66,770,290</u>	<u>1,432,856</u>	<u>-</u>	<u>68,203,146</u>
CULTURE AND RECREATION				
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><u>\$ 71,458,886</u></u>	<u><u>\$ 1,470,042</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,928,928</u></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.

Statistical Section

This part of the City's Comprehensive Annual Financial Statement Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the personal income tax.

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.

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.

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.

Sources: Unless otherwise notes, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant years.

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

Statistical Section - Financial Trends Net Position by Component - Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net investment in capital assets	\$ 45,961,185	\$ 48,067,286	\$ 52,236,195	\$ 52,620,335	\$ 54,629,581	\$ 54,209,854	\$ 51,028,225	\$ 50,856,162	\$ 52,289,335	\$ 54,032,854
Restricted	2,849,549	2,697,494	2,646,922	2,761,748	2,630,318	3,237,805	2,698,735	2,004,948	2,373,603	3,045,785
Unrestricted	11,470,537	4,933,791	(320,838)	(1,266,730)	(6,349,164)	(7,386,797)	(3,401,492)	(5,765,440)	(10,917,674)	(15,186,668)
Total governmental activities net position	<u>60,281,271</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>	<u>47,095,670</u>	<u>43,745,264</u>	<u>41,891,971</u>
Business-type activities										
Net investment in capital assets	8,265,309	9,073,386	9,740,758	9,620,669	9,637,370	9,097,824	9,324,839	9,104,264	8,811,057	9,416,698
Unrestricted	4,437,719	4,335,879	2,951,808	1,630,040	833,265	933,733	1,396,753	1,949,435	5,037,836	3,983,646
Total business-type activities net position	<u>12,703,028</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>	<u>11,053,699</u>	<u>13,848,893</u>	<u>13,400,344</u>
Primary government										
Net investment in capital assets	54,226,494	57,140,672	61,976,953	62,241,004	64,266,951	63,307,678	60,353,064	59,960,426	61,100,392	63,449,552
Restricted	2,849,549	2,697,494	2,646,922	2,761,748	2,630,318	3,237,805	2,698,735	2,004,948	2,373,603	3,045,785
Unrestricted	15,908,256	9,269,670	2,630,970	363,310	(5,515,899)	(6,453,064)	(2,004,739)	(3,816,005)	(5,879,838)	(11,203,022)
Total primary government net position	<u>\$ 72,984,299</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>	<u>\$ 58,149,369</u>	<u>\$ 57,594,157</u>	<u>\$ 55,292,315</u>

(1) Includes the cumulative effect of the adoption of accounting standards GASB 68 and 71, representing an adjustment to total net position of \$755,990.

City of Rye, New York

Statistical Section - Financial Trends Changes in Net Position - Last Ten Fiscal Years

	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental activities										
General government	\$ 4,287,175	\$ 4,852,832	\$ 4,075,663	\$ 3,847,977	\$ 3,847,034	\$ 3,733,393	\$ 3,966,979	\$ 4,860,285	\$ 3,944,226	\$ 3,773,782
Public safety	10,763,060	14,573,551	14,193,748	14,267,990	15,873,630	16,093,285	18,064,524	17,459,935	17,724,572	18,390,138
Community environment	8,215,438	-	-	-	-	-	-	-	-	-
Transportation	-	5,105,678	4,419,335	4,466,928	4,422,582	3,858,783	4,266,362	4,771,873	5,539,231	4,109,760
Culture and recreation	3,700,558	4,201,625	4,128,114	4,152,371	4,326,087	4,055,710	4,149,577	4,726,153	4,698,776	4,898,866
Home and community services	-	5,177,171	5,119,135	5,611,370	5,417,700	6,302,729	6,376,814	6,357,900	6,035,152	6,253,568
Interest	725,075	657,980	609,287	426,731	618,037	589,183	506,947	545,124	510,774	478,339
Total governmental activities	<u>27,691,306</u>	<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>	<u>38,721,270</u>	<u>38,452,731</u>	<u>37,904,453</u>
Business-type activities										
Marina	481,837	589,804	574,268	627,778	904,632	1,018,739	895,996	974,711	920,267	940,029
Golf	6,814,432	6,972,985	7,310,686	7,729,667	7,028,025	6,851,676	5,700,251	4,086,239	4,282,357	5,335,117
Total business-type activities	<u>7,296,269</u>	<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>5,060,950</u>	<u>5,202,624</u>	<u>6,275,146</u>
Total expenses	<u>34,987,575</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>	<u>43,782,220</u>	<u>43,655,355</u>	<u>44,179,599</u>
Program revenues										
Governmental activities										
Charges for services										
General government	505,926	743,220	792,068	789,441	917,026	899,551	707,740	562,980	530,253	532,439
Public safety	578,807	1,850,529	1,680,697	1,662,676	1,819,013	2,129,247	2,473,451	3,115,025	2,701,900	2,714,182
Community environment	2,446,351	-	-	-	-	-	-	-	-	-
Transportation	-	920,145	877,257	918,683	1,200,047	1,264,716	1,323,178	1,347,354	1,302,309	1,304,498
Culture and recreation	1,088,198	1,071,017	1,060,590	1,158,127	1,422,633	1,457,025	1,479,838	1,058,347	1,041,884	992,096
Home and community services	-	149,862	101,890	168,194	128,059	212,248	179,686	213,790	108,820	94,771
Operating grants and contributions	660,091	359,038	399,495	572,225	234,853	1,429,372	1,098,398	114,805	202,322	70,689
Capital grants and contributions	622,728	398,386	2,072,892	1,615,788	278,881	267,288	2,208,204	368,125	369,661	416,237
Total governmental activities	<u>5,902,101</u>	<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>	<u>6,780,426</u>	<u>6,257,149</u>	<u>6,124,912</u>
Business-type activities										
Charges for services										
Marina	576,693	565,473	591,891	633,269	646,459	640,518	663,455	686,471	668,033	668,258
Golf	6,990,360	7,264,208	6,565,155	6,275,216	6,504,746	6,760,138	6,060,574	4,700,869	4,706,223	4,090,871
Operating grants and contributions	-	-	-	-	-	28,718	559,942	17,989	4,385	8,500
Capital grants and contributions	3,826	317,500	-	-	-	-	-	-	-	-
Total business-type activities	<u>7,570,879</u>	<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>5,405,329</u>	<u>5,378,641</u>	<u>4,767,629</u>
Total program revenues	<u>13,472,980</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>	<u>12,185,755</u>	<u>11,635,790</u>	<u>10,892,541</u>

City of Rye, New York

Statistical Section - Financial Trends Changes in Net Position - Last Ten Fiscal Years - Continued

	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net (expense)/revenue										
Governmental activities	(21,789,205)	(29,076,640)	(25,560,393)	(25,888,233)	(28,504,558)	(26,973,636)	(27,860,708)	(31,940,844)	(32,195,582)	(31,779,541)
Business-type activities	274,610	584,392	(727,908)	(1,448,960)	(781,452)	(441,041)	687,724	344,379	176,017	(1,507,517)
Total net expense	<u>(21,514,595)</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>	<u>(31,596,465)</u>	<u>(32,019,565)</u>	<u>(33,287,058)</u>
General revenues										
Governmental activities										
Real property taxes	17,838,489	18,331,970	19,323,667	19,764,674	19,726,762	20,433,026	20,860,358	21,184,086	22,033,338	22,528,077
Non-property taxes	2,622,734	2,643,066	2,364,648	2,566,311	2,620,377	2,612,451	2,791,836	2,901,618	2,834,113	2,827,489
Unrestricted use of money and property	1,195,960	490,398	140,030	95,000	51,907	43,420	48,667	63,946	58,438	91,202
Gain on sale of equipment	26,977	30,672	31,503	15,324	23,438	-	470,967	-	-	-
State aid	3,415,249	2,941,169	2,249,619	2,493,863	2,361,583	2,496,256	3,390,946	2,745,606	3,017,973	2,831,745
Other revenues	23,327	56,665	314,634	506,135	515,873	538,610	562,540	1,043,185	901,314	1,647,735
Total governmental activities	<u>25,122,736</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>	<u>27,938,441</u>	<u>28,845,176</u>	<u>29,926,248</u>
Business-type activities										
Unrestricted use of money and property	254,376	121,845	11,209	7,103	1,378	1,963	2,311	4,343	7,807	24,394
Gain on sale of equipment	-	-	-	-	-	-	-	-	92,370	-
Compensation for losses	-	-	-	-	-	-	-	-	2,519,000	1,034,574
Total business-type activities	<u>254,376</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>4,343</u>	<u>2,619,177</u>	<u>1,058,968</u>
Total general revenues	<u>25,377,112</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>	<u>27,942,784</u>	<u>31,464,353</u>	<u>30,985,216</u>
Change in net position										
Governmental activities	3,333,531	(4,582,700)	(1,136,292)	(446,926)	(3,204,618)	(849,873)	264,606	(4,002,403)	(3,350,406)	(1,853,293)
Business-type activities	528,986	706,237	(716,699)	(1,441,857)	(780,074)	(439,078)	690,035	348,722	2,795,194	(448,549)
Total change in net position	<u>\$ 3,862,517</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>	<u>\$ (3,653,681)</u>	<u>\$ (555,212)</u>	<u>\$ (2,301,842)</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.

City of Rye, New York

Statistical Section - Financial Trends Fund Balances - Governmental Funds - Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 1,647,837	\$ 1,501,991	\$ 1,533,556	\$ 2,079,435	\$ 1,959,971	\$ 2,233,796
Restricted	-	-	-	-	2,141,634	1,938,058	1,383,442	1,874,294	1,862,012	1,849,816
Assigned	-	-	-	-	1,688,353	2,659,084	3,504,007	3,859,588	4,082,738	3,222,329
Unassigned	-	-	-	-	3,779,938	4,982,632	5,942,286	5,245,938	4,521,623	4,930,825
Reserved	3,523,898	3,264,302	3,130,697	4,661,371	-	-	-	-	-	-
Unreserved	9,785,973	7,736,075	6,701,760	5,833,786	-	-	-	-	-	-
Total general fund	<u>13,309,871</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>	<u>13,059,255</u>	<u>12,426,344</u>	<u>12,236,766</u>
All other governmental funds										
Nonspendable	-	-	-	-	24,227	24,900	27,261	25,300	26,909	24,350
Restricted	-	-	-	-	1,723,849	789,628	768,200	1,324,541	1,663,319	2,207,681
Assigned	-	-	-	-	777,191	1,501,397	1,023,955	729,947	799,983	969,922
Reserved	1,921,268	2,036,376	464,673	315,472	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	336,911	191,558	281,777	367,862	-	-	-	-	-	-
Permanent fund	1,099	25	80	118	-	-	-	-	-	-
Debt service fund	9,800	139,356	99,750	21,176	-	-	-	-	-	-
Capital projects fund	(1,476,029)	(3,301,577)	(2,049,789)	2,450,581	-	-	-	-	-	-
Total all other governmental funds	<u>793,049</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>2,079,788</u>	<u>2,490,211</u>	<u>3,201,953</u>
Total governmental funds	<u>\$ 14,102,920</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>	<u>\$ 15,139,043</u>	<u>\$ 14,916,555</u>	<u>\$ 15,438,719</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.

City of Rye, New York

Statistical Section - Financial Trends Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years

	<u>2007</u>	<u>2008(1)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Real property taxes	\$ 17,849,808	\$ 18,272,135	\$ 19,303,263	\$ 19,750,579	\$ 19,740,731	\$ 20,435,348	\$ 20,857,749	\$ 21,054,171	\$ 22,132,379	\$ 22,449,340
Non-property taxes	2,868,819	2,900,960	2,635,463	2,860,490	2,950,001	2,938,634	3,124,407	3,265,217	3,209,355	3,221,373
Charges for services	1,282,324	1,329,874	1,274,460	1,449,041	1,636,476	1,809,922	1,816,289	1,777,944	1,648,227	1,556,146
Intergovernmental charges	73,656	77,799	85,866	82,008	95,651	81,095	85,998	86,150	89,274	91,428
Use of money and property	1,021,617	473,566	138,398	96,288	342,169	338,569	156,417	60,344	58,438	91,202
Licenses and permits	2,035,050	1,730,742	1,557,660	1,457,462	1,975,596	2,344,563	2,809,894	3,428,516	2,845,189	2,794,909
Fines and forfeitures	477,209	583,026	569,770	609,918	617,282	609,247	510,819	560,476	654,842	784,894
Sale of property and compensation for loss	67,234	108,962	49,377	113,486	95,641	119,983	238,215	366,397	283,147	922,373
Interfund revenues	430,025	432,050	445,759	442,984	441,634	441,634	445,759	444,409	448,159	447,184
State aid	3,816,573	3,328,874	2,929,553	2,854,696	2,703,865	2,914,810	4,232,395	3,158,818	3,573,931	3,313,257
Federal aid	450,127	47,002	1,100,153	1,043,013	-	595,533	1,983,148	67,843	15,769	14,102
Miscellaneous	189,884	210,007	332,834	349,608	398,189	950,545	692,467	313,189	242,656	291,629
Total revenues	<u>30,562,326</u>	<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>	<u>34,583,474</u>	<u>35,201,366</u>	<u>35,977,837</u>
Expenditures										
Current										
General government	3,670,968	4,333,767	3,901,647	3,478,239	4,772,526	3,622,160	3,774,826	3,659,719	3,640,550	3,870,010
Public safety	10,984,670	12,890,879	12,736,433	12,883,879	13,835,912	14,340,455	16,111,656	15,393,247	16,436,539	15,872,354
Community services	7,257,244	-	-	-	-	-	-	-	-	-
Transportation	-	3,177,429	3,183,718	3,234,870	3,430,714	2,972,934	3,226,903	3,458,207	3,681,558	3,500,925
Culture and recreation	3,770,058	4,101,417	4,127,040	4,048,699	4,201,941	3,885,612	4,040,257	4,175,428	4,367,278	4,379,134
Home and community services	-	4,478,333	4,571,286	4,604,338	4,924,690	5,496,520	5,323,300	5,312,503	5,392,881	5,383,949
Debt service										
Refunding bond issuance costs	-	-	-	9,782	-	-	6,655	-	-	-
Principal	67,079	71,144	74,242	165,261	221,721	246,918	254,579	262,291	266,786	271,981
Interest	71,470	137,993	117,539	58,871	187,171	156,428	148,601	141,092	135,388	130,177
Capital outlay										
General government	27,980	13,496	-	-	-	-	-	-	-	-
Public safety	16,877	30,401	92,090	779,451	230,062	-	2,170	11,188	27,651	644,529
Transportation	3,055,579	2,337,444	874,498	733,012	552,823	293,946	1,927,269	714,599	1,331,578	602,939
Home and community services	-	1,064,499	1,426,196	668,909	422,012	985,249	1,268,979	398,864	143,644	712,675
Total expenditures	<u>28,921,925</u>	<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>33,527,138</u>	<u>35,423,853</u>	<u>35,368,673</u>
Excess (deficiency) of revenues over expenditures	<u>1,640,401</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>	<u>1,056,336</u>	<u>(222,487)</u>	<u>609,164</u>
Other financing sources (uses)										
Bonds issued	-	-	-	4,677,374	-	-	-	-	-	-
Refunding bonds issued	-	-	-	791,579	-	-	378,885	-	-	-
Issuance premium	-	-	-	56,934	-	-	13,598	-	-	-
Payment to refunded bond escrow agent	-	-	-	(838,731)	-	-	(385,828)	-	-	-
Transfers in	3,384,328	2,274,360	1,204,410	1,664,155	939,801	491,839	830,051	1,248,781	2,031,201	2,669,849
Transfers out	(4,061,378)	(3,169,360)	(1,959,444)	(1,774,155)	(1,024,801)	(456,839)	(920,051)	(1,348,781)	(2,031,201)	(2,756,849)
Total other financing sources (uses)	<u>(677,050)</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>(100,000)</u>	<u>-</u>	<u>(87,000)</u>
Net change in fund balances	<u>\$ 963,351</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>	<u>\$ 956,336</u>	<u>\$ (222,487)</u>	<u>\$ 522,164</u>

Debt service as a percentage of non-capital expenditures	0.54%	0.72%	0.67%	0.79%	1.31%	1.33%	1.24%	1.26%	1.20%	1.22%
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(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.

City of Rye, New York

Statistical Section - Financial Trends Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Hotel Occupancy Taxes</u>	<u>Utilities Gross Receipts Taxes</u>	<u>Mortgage Taxes</u>	<u>Total</u>
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
2014	21,054,171	2,295,447	170,924	435,247	1,537,582	25,493,371
2015	22,132,379	2,265,172	176,467	392,474	1,809,949	26,776,441
2016	22,449,340	2,297,696	160,530	369,263	1,623,721	26,900,550

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

Statistical Section - Revenue Capacity Assessed Valuation, State Equalization Rate, and Estimated Full Value of Real Property - Last Ten Fiscal Years

<u>Year</u>	<u>One-Three Family Residential</u>	<u>Condos Co-ops & Apt. Bldgs.</u>	<u>Business (1)</u>	<u>Other (2)</u>	<u>Total Gross Assessed Valuation</u>	<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>
2007	\$ 110,420,885	\$ 9,161,821	\$ 22,040,490	\$ 26,366,361	\$ 167,989,557	\$ (29,587,882)	\$ 138,401,675	127.24	\$ 6,407,484,954	2.16%
2008	111,523,385	9,147,881	21,869,050	25,815,312	168,355,628	(29,282,510)	139,073,118	131.49	7,059,549,137	1.97%
2009	113,148,100	7,819,866	21,819,700	25,580,843	168,368,509	(29,053,242)	139,315,267	137.38	7,036,124,596	1.98%
2010	113,647,740	7,592,163	21,354,351	25,756,508	168,350,762	(29,058,445)	139,292,317	139.52	7,180,016,340	1.94%
2011	113,336,975	7,343,964	21,257,429	25,770,920	167,709,288	(29,027,596)	138,681,692	140.87	6,420,448,704	2.16%
2012	113,347,445	7,083,655	20,458,446	24,513,427	165,402,973	(27,666,240)	137,736,733	144.99	6,289,348,539	2.19%
2013	113,959,435	7,022,535	20,338,966	24,397,088	165,718,024	(27,622,832)	138,095,192	148.91	6,703,650,097	2.06%
2014	114,415,390	6,572,933	20,290,888	24,390,305	165,669,516	(27,268,354)	138,401,162	150.38	7,061,283,776	1.96%
2015	115,701,170	6,833,053	19,724,538	23,966,042	166,224,803	(27,406,976)	138,817,827	155.11	7,267,949,058	1.91%
2016	117,375,340	6,833,053	19,481,537	23,932,502	167,622,432	(27,394,578)	140,227,854	157.16	8,200,459,298	1.71%

(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 2016 were established on September 15, 2015.

City of Rye, New York

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

Year	City of Rye			Rye City School District	Rye Neck Union Free School District	Westchester County				Total County
	Operations	Debt Service	Total			Westchester County	Refuse Disposal District	Blind Brook Sewer District	Mamaroneck Sewer District	
2007	115.68	11.56	127.24	463.92	-	134.06	15.03	20.56	-	169.65
	115.68	11.56	127.24	-	575.62	134.06	15.03	-	23.14	172.23
2008	117.97	13.52	131.49	490.55	-	141.43	13.61	20.90	-	175.94
	117.97	13.52	131.49	-	626.45	141.43	13.61	-	23.92	178.96
2009	124.40	12.98	137.38	500.20	-	146.28	13.89	21.15	-	181.32
	124.40	12.98	137.38	-	647.88	146.28	13.89	-	25.15	185.32
2010	126.56	12.96	139.52	507.31	-	158.12	15.12	21.87	-	195.11
	126.56	12.96	139.52	-	672.72	158.12	15.12	-	25.15	198.39
2011	128.97	11.90	140.87	520.54	-	156.86	15.34	21.62	-	193.82
	128.97	11.90	140.87	-	696.64	156.86	15.34	-	28.80	201.00
2012	133.15	11.84	144.99	529.68	-	162.12	15.84	22.32	-	200.28
	133.15	11.84	144.99	-	737.53	162.12	15.84	-	28.92	206.88
2013	137.08	11.83	148.91	554.65	-	173.82	16.98	23.23	-	214.03
	137.08	11.83	148.91	-	796.18	173.82	16.98	-	29.38	220.18
2014	138.70	11.68	150.38	561.34	-	187.92	17.61	29.69	-	235.22
	138.70	11.68	150.38	-	847.99	187.92	17.61	-	29.81	235.34
2015	143.45	11.66	155.11	595.58	-	184.87	17.32	35.82	-	238.01
	143.45	11.66	155.11	-	879.29	184.87	17.32	-	29.04	231.23
2016	145.68	11.48	157.16	595.20	-	196.32	17.94	37.72	-	251.98
	145.68	11.48	157.16	-	883.88	196.32	17.94	-	32.07	246.33

Source: City of Rye Comptroller's Office

City of Rye, New York

Statistical Section - Revenue Capacity Principal Taxpayers - Current Year and Nine Years Ago

2016

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,066,206	2.19%
2	Miriam Osborn Memorial Home	Retirement Community	2,133,120	1.52%
3	United Water	Public Utility	836,770	0.60%
4	Parsonage Investment Co.	SFR + Vacant Land	715,800	0.51%
5	Avon Products, Inc.	Office Building + lot	673,310	0.48%
6	Rye VS LLC	Office Building	668,000	0.48%
7	Rye Colony Apts., Inc.	Cooperative	586,459	0.42%
8	Milton Harbor House Inc.	Cooperative	532,748	0.38%
9	Blind Brook Lodge Owners, Inc.	Cooperative	518,895	0.37%
10	Shenorock Shore Club	Beach Club	<u>485,900</u>	<u>0.35%</u>
Total			<u><u>\$ 10,217,208</u></u>	<u><u>7.30%</u></u>

2007

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,257,100	2.35%
2	Consolidated Edison	Public Utility	2,870,007	2.07%
3	The Gateside - Rye Co.	Office Building	879,300	0.64%
4	United Water Westchester ¹	Public Utility	835,851	0.60%
5	Parsonage Investment Co.	Residential	745,300	0.54%
6	Milton Harbor House Inc.	Cooperative	734,534	0.53%
7	Rye Colony Apartments	Cooperative	698,405	0.50%
8	Host Restaurants Inc.	Hotel	549,550	0.40%
9	American Yacht Club	Private Club	542,550	0.39%
10	Blind Brook Lodge Owners, Inc.	Cooperative	<u>511,558</u>	<u>0.36%</u>
Total			<u><u>\$ 11,624,155</u></u>	<u><u>8.38%</u></u>

Source: City of Rye Assessor's Office

City of Rye, New York

Statistical Section - Revenue Capacity 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	Total Collected to Date		Total Uncollected to Date		Tax Liens	Percent of Tax Liens to Tax Levy
		Amount	Percent	Amount	Percent		Amount	Percent	Amount	Percent		
2007	\$ 17,706,559	\$ 17,654,153	99.70%	\$ 52,406	0.30%	\$ 51,547	\$ 17,705,700	99.99%	\$ 859	0.01%	\$ 258,076	1.46%
2008	18,387,932	18,318,242	99.62%	69,690	0.38%	68,802	18,387,044	100.00%	888	0.00%	430,138	2.34%
2009	19,241,273	19,136,162	99.45%	105,111	0.55%	104,101	19,240,263	99.99%	1,010	0.01%	443,621	2.31%
2010	19,625,486	19,555,272	99.64%	70,214	0.36%	69,189	19,624,461	99.99%	1,025	0.01%	666,679	3.40%
2011	19,658,891	19,584,532	99.62%	74,359	0.38%	70,837	19,655,369	99.98%	3,522	0.02%	577,105	2.94%
2012	20,268,674	20,195,369	99.64%	73,305	0.36%	69,680	20,265,049	99.98%	3,625	0.02%	588,151	2.90%
2013	20,790,194	20,735,050	99.73%	55,144	0.27%	47,303	20,782,353	99.96%	7,841	0.04%	748,700	3.60%
2014	21,103,045	20,991,291	99.47%	111,754	0.53%	93,505	21,084,796	99.91%	18,249	0.09%	1,119,128	5.30%
2015	21,851,559	21,760,662	99.58%	90,897	0.42%	65,820	21,826,482	99.89%	25,077	0.11%	1,147,060	5.25%
2016	22,354,590	22,293,894	99.73%	60,696	0.27%	14,938	22,308,832	99.80%	45,758	0.20%	804,945	3.60%

Source: City of Rye Comptroller's Office

City of Rye, New York

Statistical Section - Revenue Capacity Constitutional Tax Limit

Constitutional Tax Limit

Constitutional tax limit calculation, December 31, 2016

Full valuation, last five fiscal years

2016		\$ 8,200,459,298
2015		7,267,949,058
2014		7,061,283,776
2013		6,703,650,097
2012		6,289,348,539

Total full valuation, last five years	35,522,690,768
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Five-year average full valuation	7,104,538,154
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Constitutional tax limit: 2% of five-year average full valuation	\$ 142,090,763
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Tax levy - general city purposes	\$ 22,038,527
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Total exclusions ¹	3,788,146
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Tax levy subject to tax limit	\$ 18,250,381
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Percent of constitutional tax limit exhausted	12.84%
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Constitutional tax margin	\$ 123,840,382
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Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
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%
2014	134,618,990	17,565,145	117,053,845	13.05%
2015	134,970,721	17,559,034	117,411,687	13.01%
2016	142,090,763	18,250,381	123,840,382	12.84%

¹ 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

Statistical Section - Debt Capacity Ratios of Outstanding Debt by Type - Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Net Outstanding Debt	Estimated Full Property Value	Percentage of Full Property Value	Population (1)	Debt Per Capita	Per Capita Personal Income (1)	Estimated Total Personal Income	Percentage of Estimated Total Personal Income
Governmental Activities										
2007	16,345,000	\$ -	\$ 16,345,000	\$ 6,407,484,954	0.26%	15,109	\$ 1,082	\$ 76,566	\$ 1,156,835,694	1.41%
2008	15,500,000	-	15,500,000	7,059,549,137	0.22%	15,242	1,017	76,566	1,167,018,972	1.33%
2009	14,625,000	-	14,625,000	7,036,124,596	0.21%	16,737	874	76,566	1,281,485,142	1.14%
2010	19,407,374	-	19,407,374	7,180,016,340	0.27%	15,091	1,286	92,737	1,399,494,067	1.39%
2011	18,389,117	-	18,389,117	6,420,448,704	0.29%	15,720	1,170	93,072	1,463,091,840	1.26%
2012	17,215,209	-	17,215,209	6,289,348,539	0.27%	15,834	1,087	94,207	1,491,673,638	1.15%
2013	16,080,938	-	16,080,938	6,703,650,097	0.24%	15,868	1,013	94,559	1,500,462,212	1.07%
2014	14,832,155	188,209	15,020,364	7,061,283,776	0.21%	15,960	941	91,839	1,465,750,440	1.02%
2015	13,535,871	149,558	13,685,429	7,267,949,058	0.19%	16,046	853	92,871	1,490,208,066	0.92%
2016	12,219,586	109,161	12,328,747	8,200,459,298	0.15%	15,980	772	90,548	1,446,957,040	0.85%
Business-Type Activities										
2007	3,730,000	-	3,730,000	6,407,484,954	0.06%	15,109	247	76,566	1,156,835,694	0.32%
2008	3,470,000	-	3,470,000	7,059,549,137	0.05%	15,242	228	76,566	1,167,018,972	0.30%
2009	3,200,000	-	3,200,000	7,036,124,596	0.05%	16,737	191	76,566	1,281,485,142	0.25%
2010	2,840,000	-	2,840,000	7,180,016,340	0.04%	15,091	188	92,737	1,399,494,067	0.20%
2011	2,580,987	-	2,580,987	6,420,448,704	0.04%	15,720	164	93,072	1,463,091,840	0.18%
2012	2,252,775	-	2,252,775	6,289,348,539	0.04%	15,834	142	94,207	1,491,673,638	0.15%
2013	1,920,446	-	1,920,446	6,703,650,097	0.03%	15,868	121	94,559	1,500,462,212	0.13%
2014	1,538,690	32,036	1,570,726	7,061,283,776	0.02%	15,960	98	91,839	1,465,750,440	0.11%
2015	1,163,332	25,456	1,188,788	7,267,949,058	0.02%	16,046	74	92,871	1,490,208,066	0.08%
2016	782,974	18,580	801,554	8,200,459,298	0.01%	15,980	50	90,548	1,446,957,040	0.06%
Total Government-Wide										
2007	20,075,000	-	20,075,000	6,407,484,954	0.31%	15,109	1,329	76,566	1,156,835,694	1.74%
2008	18,970,000	-	18,970,000	7,059,549,137	0.27%	15,242	1,245	76,566	1,167,018,972	1.63%
2009	17,825,000	-	17,825,000	7,036,124,596	0.25%	16,737	1,065	76,566	1,281,485,142	1.39%
2010	22,247,374	-	22,247,374	7,180,016,340	0.31%	15,091	1,474	92,737	1,399,494,067	1.59%
2011	20,970,104	-	20,970,104	6,420,448,704	0.33%	15,720	1,334	93,072	1,463,091,840	1.43%
2012	19,467,984	-	19,467,984	6,289,348,539	0.31%	15,834	1,230	94,207	1,491,673,638	1.31%
2013	18,001,384	-	18,001,384	6,703,650,097	0.27%	15,868	1,134	94,559	1,500,462,212	1.20%
2014	16,370,845	220,245	16,591,090	7,061,283,776	0.23%	15,960	1,040	91,839	1,465,750,440	1.13%
2015	14,699,203	175,014	14,874,217	7,267,949,058	0.20%	16,046	927	92,871	1,490,208,066	1.00%
2016	13,002,560	127,741	13,130,301	8,200,459,298	0.16%	15,980	822	90,548	1,446,957,040	0.91%

(1) United States Census Bureau

Source: City Comptroller's Office

City of Rye, New York

Statistical Section - Debt Capacity Direct and Overlapping Governmental Activities Debt - Last Ten Fiscal Years

	December 31, 2016		
<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	\$ 32,786,274	100.00%	\$ 32,786,274
Rye Neck Union Free School District	14,428,541	33.32%	4,807,590
Westchester County	1,020,539,010	5.35%	54,604,225
Subtotal, Overlapping Debt			92,198,089
City Direct Debt (2)			12,328,747
 Total Direct and Overlapping Debt			\$ 104,526,836
 Population			15,980
 Overlapping Debt Per Capita			\$ 5,770
 Direct and Overlapping Debt Per Capita			\$ 6,541

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

Year	Overlapping Debt	City Direct Debt	Direct and Overlapping Debt	Population	Overlapping Debt Per Capita	Direct and Overlapping Debt Per Capita
2007	56,889,611	20,075,000	76,964,611	15,242	3,732	5,050
2008	72,272,509	18,970,000	91,242,509	16,737	4,318	5,452
2009	69,394,614	17,825,000	87,219,614	15,091	4,598	5,780
2010	61,092,502	22,247,374	83,339,876	15,720	3,886	5,302
2011	72,521,155	20,970,104	93,491,259	15,834	4,580	5,904
2012	71,965,716	19,467,984	91,433,700	15,868	4,535	5,762
2013	94,761,524	18,001,384	112,762,908	15,960	5,937	7,065
2014	98,668,148	17,045,005	115,713,153	15,960	6,182	7,109
2015	98,714,733	15,229,601	113,944,334	16,046	6,152	7,101
2016	92,198,089	12,328,747	104,526,836	15,980	5,770	6,541

(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

Statistical Section - Debt Capacity Computation of Legal Debt Margin - Last Ten Fiscal Years

Fiscal Year	Net Assessed Valuation	State Equalization Rate	Full Valuation
2016	\$ 140,227,854	1.71%	\$ 8,200,459,298
2015	138,817,827	1.91%	7,267,949,058
2014	138,401,162	1.96%	7,061,283,776
2013	138,095,192	2.06%	6,703,650,097
2012	137,736,733	2.19%	6,289,348,539
Total Five Year Full Valuation			35,522,690,768
Five Year Average Full Valuation of Taxable Real Property			7,104,538,154
Constitutional Debt Limit (7% of Average Full Valuation)			497,317,671
Outstanding Indebtedness at December 31st			13,130,301
Less: 2017 Appropriations for Debt Principal			1,775,000
Net Indebtedness Subject to Debt Limit			11,355,301
Net Debt Contracting Margin			\$ 485,962,370
Percentage of Net Debt Contracting Margin Available			97.72%
Percentage of Net Debt Contracting Power Exhausted			2.28%

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
2007	382,261,817	24,931,748	1,173,948	23,757,800	358,504,017	93.78%
2008	414,939,772	23,550,956	1,217,116	22,333,840	392,605,932	94.62%
2009	442,080,012	22,117,493	1,224,767	20,892,726	421,187,286	95.27%
2010	469,151,135	22,247,374	1,322,828	20,924,546	448,226,589	95.54%
2011	477,450,732	20,845,000	1,406,137	19,438,863	458,011,869	95.93%
2012	475,796,822	19,360,000	1,525,000	17,835,000	457,961,822	96.25%
2013	470,814,236	17,949,212	1,640,000	16,309,212	454,505,024	96.54%
2014	471,166,464	16,323,252	1,695,000	14,628,252	456,538,212	96.90%
2015	472,397,522	15,229,601	1,720,000	13,509,601	458,887,921	97.14%
2016	497,317,671	13,130,301	1,775,000	11,355,301	485,962,370	97.72%

City of Rye, New York

Statistical Section - Debt Capacity Calculation of Charter Bonded Debt Limits

In addition to the legal debt margin, the City Charter §C21-9 places limitations on the issuance of new debt. The City Council may, by a vote of at least five members, authorize the issuance of debt not exceeding 30% of the average gross annual budget for the preceding three years. Debt in excess of 30% requires approval of the voting public in a general or special election. All bond resolutions authorizing the issuance of bonds in excess of \$1 million for the acquisition of real property shall be adopted by a vote of at least five members of the City Council and shall be subject to the approval of a majority of the qualified voters voting at 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, and the internal service funds (Risk Retention Fund and Building and Vehicle Maintenance Fund) are not included in the calculation, as their budgets are supported primarily by revenues and transfers charged to other funds.

Fund	Gross Annual Budgets (As Adopted)		
	2013	2014	2015
General Fund	\$ 31,706,181	\$ 33,589,349	\$ 35,427,514
Cable TV Fund	320,453	422,773	429,910
Boat Basin Fund	888,716	968,756	1,015,510
Golf Club Fund	6,379,621	6,197,291	4,456,555
Total gross annual budgets	\$ 39,294,971	\$ 41,178,169	\$ 41,329,489
Total of preceding three years' gross annual budgets			\$ 121,802,629
Average of preceding three years' gross annual budgets			\$ 40,600,876
	Subject to City Council Vote	Public Safety Exemption	Disaster Rebuilding Exemption
Maximum charter bonding limit	\$ 12,180,263	\$ 2,500,000	\$ 2,500,000
Less outstanding principal at December 31, 2016			
2000 Serial Bonds	(94,416)	-	-
2001 Serial Bonds	(178,120)	-	-
2002 Serial Bonds	-	-	-
2005 Serial Bonds	-	(269,294)	-
2010 Serial Bonds	(1,057,919)	(948,430)	-
Charter bonding limit December 31, 2016	\$ 10,849,808	\$ 1,282,276	\$ 2,500,000

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 Information Demographic and Economic Statistics - Last Ten Fiscal Years

<u>Year</u>	<u>Population¹</u>	<u>Median Age²</u>	<u>Per Capita Income²</u>	<u>Median Household Income²</u>	<u>Median Residential Home Value³</u>	<u>Unemployment Rate⁴</u>
2007	15,109	38.1	\$ 76,566	\$ 110,894	\$ 1,455,000	3.7%
2008	15,242	38.1	76,566	110,894	1,460,000	5.7%
2009	16,737	38.1	76,566	110,894	1,350,000	6.9%
2010(5)	15,091	38.1	92,737	145,990	1,255,000	6.7%
2011	15,720	40.8	93,072	146,069	1,448,750	6.5%
2012	15,834	40.8	94,207	149,973	1,440,000	6.2%
2013	15,868	40.8	94,559	154,734	1,450,000	6.3%
2014	15,960	40.8	91,839	154,734	1,563,000	4.5%
2015	16,046	40.8	92,871	155,422	1,649,500	4.4%
2016	15,980	40.8	90,548	155,273	1,560,000	4.0%

Sources:

- 1 United States Census Bureau.
- 2 United States Census Bureau 2010 Census.
- 3 City of Rye Assessor's office. 2015 median based on sales in 2015.
- 4 United States Bureau of Labor Statistics unemployment rates for Westchester County not seasonally adjusted.
- 5 United States Census Bureau's American Community Survey (2005-2009).

City of Rye, New York

Demographic and Economic Information Principal Employers Fiscal Year Ended December 31, 2004¹

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
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

¹ No data available after fiscal 2004. No data on total employment available.

Source: Westchester County Planning Department

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

Statistical Section - Operating Information 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>	<u>Home and Community Svs (1)</u>	<u>Total</u>
2007	21	61	64	n/a	21	n/a	167
2008	30	64	n/a	16	22	34	166
2009	18	59	n/a	20	22	44	163
2010	18	59	n/a	20	22	44	163
2011	14	57	n/a	19	19	39	148
2012	14	55	n/a	15	19	41	144
2013	13	57	n/a	15	19	42	146
2014	13	61	n/a	13	18	44	149
2015	12	62	n/a	13	20	43	150
2016	13	60	n/a	13	19	42	147

(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

City of Rye, New York

Statistical Section - Operating Information Operating Indicators by Program - Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Primary elections	1	1	1	1	1	1	1	1	1	1
General elections	1	1	1	1	1	1	1	1	1	1
Special elections	1	-	-	-	-	-	-	-	-	-
Public Safety										
Number of police personnel and officers	44	44	42	42	40	39	40	41	41	41
Number of police calls for service	12,182	14,004	12,841	16,252	14,845	13,829	10,957	13,501	15,260	30,120
Number of parking violations issued	9,300	12,739	11,752	11,829	11,930	10,539	8,498	9,061	10,762	10,071
Number of paid firefighters	17	17	17	17	17	17	17	17	17	17
Number of volunteer firefighters	200	225	120	120	112	170	150	150	150	150
Number of fire alarms answered	1,150	855	821	957	951	1,134	888	928	928	1,020
Number of fire inspections performed	428	442	471	478	485	115	119	119	119	N/A
Number of school crossing guards***	8	8	8	10	9	8	-	-	-	-
Home and Community Services										
Tons collected and disposed										
Solid waste	7,419	5,836	5,645	5,806	5,935	5,598	5,391	5,364	5,364	N/A
Green waste	3,006	3,199	3,554	2,863	4,326	5,685	6,697	1,736	1,736	N/A
Metal	194	155	134	111	97	76	86	44	44	N/A
Pulp	1,864	1,934	1,714	1,739	1,673	1,627	1,558	1,617	1,617	N/A
Co-mingled	665	770	800	794	787	734	722	772	772	N/A
Number of tires collected and disposed*	2	4	1	1	1	-	-	-	-	-
Number of shade trees										
Planted	55	115	-	5	7	8	27	30	30	30
Removed	235	239	268	95	219	134	162	91	91	96
Trimmed	379	468	404	253	329	265	147	223	223	257
Emergency calls	55	86	44	75	126	289	95	22	22	64
Stumps ground	139	154	135	66	135	125	99	93	93	55
Culture and Recreation										
Registrations for adult programs	1,170	1,402	1,307	1,130	1,092	1,428	1,300	1,201	1,201	1,326
Picnics**	5,833	4,103	2,516	3,922	N/A	75	77	62	62	71
Registrations for senior citizen programs	6,410	7,445	6,668	6,729	6,511	5,144	5,276	4,976	4,976	5,310
Registrations for special events	6,006	5,051	4,848	4,795	4,509	4,065	4,215	5,438	5,438	6,189
Registrations for youth programs	4,747	5,486	5,270	3,674	2,998	1,810	2,124	1,904	1,904	1,818
Registrations for youth sports	5,012	4,727	4,853	5,109	4,842	4,231	4,239	4,150	4,150	3,012

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

City of Rye, New York

Statistical Section - Operating Information Capital Asset Statistics by Program - Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Number of traffic lights	23	23	23	23	23	23	23	23	23	23
Transportation										
Miles of streets	71	71	71	71	71	71	71	71	71	71
Number of street lights	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105	2,105
Culture and Recreation										
Number of recreation centers	1	1	1	1	1	1	1	1	1	1
Number of parks	3	3	3	3	3	3	3	3	3	3
Acres of parks	75	75	75	75	75	75	75	75	75	75
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Number of swimming pools	1	1	1	1	1	1	1	1	1	1
Number of nature centers	1	1	1	1	1	1	1	1	1	1
Number of cable television channels	2	2	2	2	2	2	2	2	2	2
Number of boat basin slips	412	412	412	412	412	412	412	412	412	412
Home and Community Services										
Miles of sanitary sewers	53	53	53	53	53	53	53	53	53	53
Number of pump stations	6	6	6	6	6	6	6	6	6	6
Miles of storm drains	30	30	30	30	30	30	30	30	30	30

Source: Various City Departments