



City of Rye, New York

Comprehensive Annual Financial Report

Fiscal Year Ended December 31, 2017

CITY OF RYE



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



For Fiscal Year Ended
December 31, 2017



Prepared by the Finance Department



Joseph Fazzino, Deputy Comptroller

City of Rye, New York
Comprehensive Annual Financial Report
Fiscal Year Ended December 31, 2017

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Statistical Section

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

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, 2017

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

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

David Larr, Fire Chief

Kerry Lenihan, City Building Inspector

Nicole Levitsky, RTV Coordinator

Eleanor Militana, Assistant City Manager

Christian Miller, City Planner

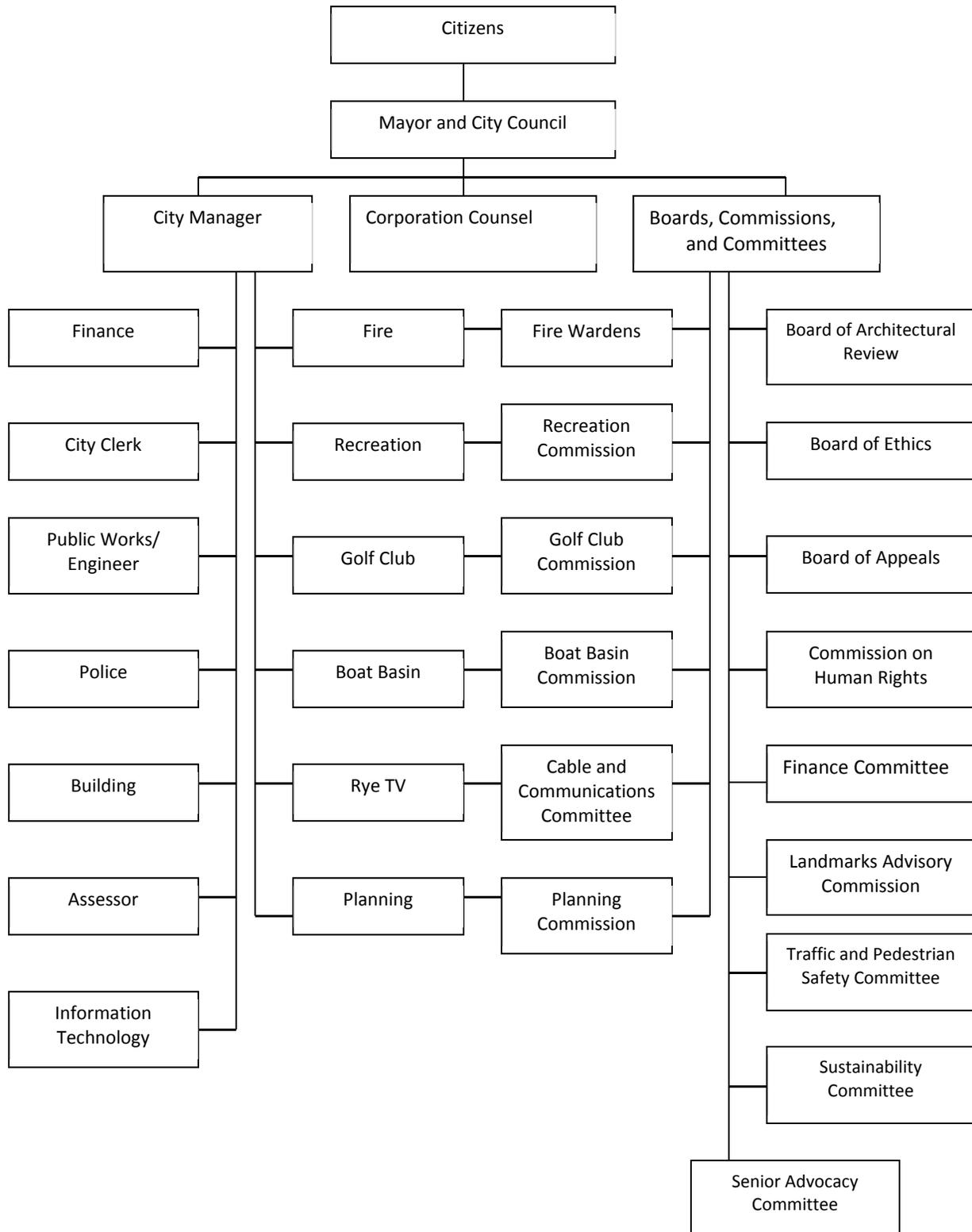
Sally Rogol, Superintendent of Recreation

Kurt Tiejen, 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
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CITY OF RYE
Department of Finance

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<http://www.ryeny.gov>

June 22, 2018

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, 2017.

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, 2017, 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, 2017, 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 2017 at 16,009.

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. Please note that all dollar figures are rounded to the nearest thousand.

Factors Affecting Financial Condition - Continued

The City's 2017 governmental activity revenues continued the upward trend of the past two years. The City's 2017 business-type activity revenue increased as a result of credits given to golf club members in 2016. In 2017, General Fund revenues were approximately \$1.8 million greater than 2016 revenues. Increases in property tax revenues of \$1.64 million, the largest component of this increase, building permit revenues of \$316,000, mortgage tax revenue of \$308,000, sales tax revenue and interest income of \$109,000 each were offset by a decrease in compensation for loss. In 2016 there was an insurance settlement with Travelers and as a result the City was reimbursed for its numerous legal costs pertaining to the Rye Golf Club investigation, in the amount of \$599,000. The City is cautiously optimistic that revenues will remain near 2017 levels. Based on the positive results over the last few years, the City used \$700,000 of General Fund unassigned fund balance for capital project expenditures in 2017 and \$600,000 of the property tax levy was dedicated to street paving (this was previously funded through the use of unassigned fund balance).

Taxable assessments rose slightly, increasing 0.47% (from \$140,227,854 to \$140,888,074), and our tax base is not dependent upon any single industry or taxpayer. The top ten principal taxpayers of the City represent roughly 7.3% of the tax roll, with public utilities representing 2.8%, commercial establishments 1.8%, and residential properties representing the remaining 2.7%.

Residential home sales reflect the upscale nature of our community. The City Assessor reported that 229 homes in the City were sold in 2017. Of these, 82% sold for \$1 million or more and 38% sold for \$2 million or more. The median homes sales price increased by 9% from \$1,560,000 in 2016 to \$1,700,000 in 2017 while the average home sales price rose by 5.5% from \$1,952,000 to \$2,059,000. The highest 2017 sales price reported for a single-family home was \$7,750,000.

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	2016	2011	2006
Residential	74.41 %	71.96 %	70.50 %
Business	10.69	12.68	13.37
Other	14.90	15.36	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:

<u>Data Item</u>	<u>City of Rye</u>	<u>Westchester County</u>	<u>New York State</u>	<u>United States</u>
Per Capita	\$ 89,301	\$ 49,938	\$ 34,212	\$ 29,829
Median Household	162,394	86,226	60,741	55,322

The 2017 unemployment rate for Westchester County was 4.0% and continues to remain favorable against the 2017 rates for New York State (4.4%) and the United States (3.9%).

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 with City staff on further long-term capital planning through the issuance of debt, use of fund balance and/or grants and aid.

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 2017, mortgage taxes also approached 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. The Federal Reserve again slightly increased interest rates in 2017, pushing rates above one percent and interest income climbed to \$193,000 in 2017, or \$109,000 more than 2016. To put this in perspective, General Fund interest earnings were over \$902,000 in 2007, prior to the recession.

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.

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 2018 is a year that requires responsible planning for 2019 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. Beginning in 2018, the City's Finance Committee, as one of its tasks, will review certain areas of the policy.

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 2017 Budget called for \$1.5 million in capital projects. In addition to the annual street-resurfacing of \$1 million, work began on projects including the Dearborn Pump Station and the First/Second Street Parking Lot.

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 systems that reduce inflow and infiltration of stormwater, groundwater, and illegal discharges. In 2018, 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 2018 Budget added an additional \$1.95 million in capital projects including another \$1 million for street resurfacing and additional funding for annual traffic light, sewer and drainage improvement and pedestrian safety programs. There was also additional funding for the Locust Avenue sewer siphon and Brevoort Lane force main projects, as well as funding for improvements to Gagliardo Park and design work for the Purchase Street/Theodore Fremd Avenue/Purdy Street intersection.

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, 2016. This was the twentieth 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.

Factors Affecting Financial Condition - Continued

Awards and Acknowledgements - Continued

The City also received the GFOA's *Distinguished Budget Presentation Award* for its fiscal 2017 annual budget document, making it the fifteenth consecutive year that the City received the award. In order to qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the dedicated services of all City departments concerning information specific to their operations. 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, 2016

Christopher P. Morvill

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, 2017, and the related notes to the financial statements, which collectively comprise the entity'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 as of December 31, 2017, 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 62 through 65 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 22, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Albany, New York
June 22, 2018

BST & CO. CPAs, LLP



City of Rye, New York

Management's Discussion and Analysis December 31, 2017

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, 2017. 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 \$54,591,477. Of this amount, the unrestricted portion for governmental activities is a deficit of \$19,388,822. 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 GASB Statement No. 68, which 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 \$700,838.
- ❖ Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$14,091,105, of which \$4,978,546 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 \$4,978,546, or about 13.9% of total General Fund expenditures compared to \$4,930,854, or 14.1% of expenditures in the prior year, as 2017 actual results were favorable compared to budgeted revenues and expenditures.
- ❖ The City's total bonded debt decreased 13.7% from \$12,955,000 to \$11,180,000 during the current fiscal year, representing \$1,775,000 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, 2017

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, 2017

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, 2017

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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 33,693,806	\$ 26,576,702	\$ 5,923,809	\$ 6,781,539	\$ 39,617,615	\$ 33,358,241
Capital assets, net	69,180,869	66,369,312	10,011,194	10,218,252	79,192,063	76,587,564
Total assets	102,874,675	92,946,014	15,935,003	16,999,791	118,809,678	109,945,805
Deferred outflows of resources	6,690,380	11,854,666	222,027	456,213	6,912,407	12,310,879
Current liabilities	5,933,401	5,857,202	775,088	1,831,968	6,708,489	7,689,170
Long-term liabilities	54,236,059	55,697,282	1,660,022	2,172,994	55,896,081	57,870,276
Total liabilities	60,169,460	61,554,484	2,435,110	4,004,962	62,604,570	65,559,446
Deferred inflows of resources	8,485,436	1,354,225	40,602	50,698	8,526,038	1,404,923
Net position						
Net investment in capital assets	58,254,651	54,032,854	9,607,185	9,416,698	67,861,836	63,449,552
Restricted	2,044,330	3,045,785	-	-	2,044,330	3,045,785
Unrestricted	(19,388,822)	(15,186,668)	4,074,133	3,983,646	(15,314,689)	(11,203,022)
Total net position	\$ 40,910,159	\$ 41,891,971	\$ 13,681,318	\$ 13,400,344	\$ 54,591,477	\$ 55,292,315

For the City, assets exceeded liabilities by \$54,591,477 at the close of the most recent fiscal year. Of this amount, \$67,861,836 reflects the City's investment in capital assets (land, buildings, improvements, machinery and equipment, construction-in-progress, and infrastructure), net of depreciation and any related outstanding debt. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the City's net position, \$2,044,330, 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 \$15,314,689. 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 \$1,150,740, compensated absences of \$1,575,598, OPEB obligations of \$37,850,605, and net pension liability of \$5,932,323, 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 \$981,812. Major revenues received included:

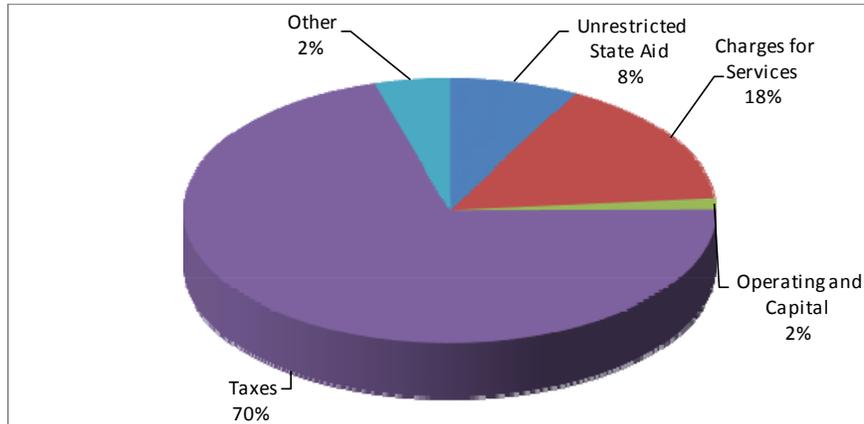
- ❖ \$24,016,544 in real property taxes and related items.
- ❖ \$2,407,074 in sales and use taxes.
- ❖ \$166,673 in hotel occupancy taxes.
- ❖ \$377,069 in utilities gross receipts taxes.
- ❖ \$200,361 from interest and investment income.
- ❖ \$3,140,204, in state aid not restricted to specific programs, including \$1,208,024 in State Revenue Sharing and \$1,932,180 in Mortgage Tax Revenue.
- ❖ \$797,200 in other revenues.

City of Rye, New York

Management's Discussion and Analysis December 31, 2017

Government-Wide Financial Analysis - Continued

Revenues by Source - Governmental Activities



Revenues from charges for services were \$6,088,751. Governmental programs received \$68,433 in operating grants and \$2,217,759 in capital grants, including \$465,597 in State Aid (CHIPS) for road improvements and \$1,752,162 in reimbursement for two Westchester County projects.

	December 31,					
	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues						
Charges for services	\$ 6,088,751	\$ 5,637,986	\$ 5,561,247	\$ 4,759,129	\$ 11,649,998	\$ 10,397,115
Operating grants and contributions	68,433	70,689	-	8,500	68,433	79,189
Capital grants and contributions	2,217,759	416,237	-	-	2,217,759	416,237
General revenues						
Real property taxes and related items	24,016,544	22,528,077	-	-	24,016,544	22,528,077
Non-property taxes	2,950,816	2,827,489	-	-	2,950,816	2,827,489
Unrestricted use of money and property	200,361	91,202	46,657	24,394	247,018	115,596
Unrestricted state aid	3,140,204	2,831,745	-	-	3,140,204	2,831,745
Other revenues	797,200	1,647,735	86,548	1,034,574	883,748	2,682,309
Total revenues	<u>39,480,068</u>	<u>36,051,160</u>	<u>5,694,452</u>	<u>5,826,597</u>	<u>45,174,520</u>	<u>41,877,757</u>
EXPENSES						
General government	4,399,755	3,773,782	-	-	4,399,755	3,773,782
Public safety	19,904,784	18,390,138	-	-	19,904,784	18,390,138
Transportation	4,081,780	4,109,760	-	-	4,081,780	4,109,760
Culture and recreation	5,154,387	4,898,866	-	-	5,154,387	4,898,866
Home and community services	6,477,718	6,253,568	-	-	6,477,718	6,253,568
Interest	443,456	478,339	-	-	443,456	478,339
Boat basin	-	-	912,251	940,029	912,251	940,029
Golf club	-	-	4,501,227	5,335,117	4,501,227	5,335,117
Total expenses	<u>40,461,880</u>	<u>37,904,453</u>	<u>5,413,478</u>	<u>6,275,146</u>	<u>45,875,358</u>	<u>44,179,599</u>
CHANGE IN NET POSITION	(981,812)	(1,853,293)	280,974	(448,549)	(700,838)	(2,301,842)
NET POSITION, beginning 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>
NET POSITION, end of year	<u>\$ 40,910,159</u>	<u>\$ 41,891,971</u>	<u>\$ 13,681,318</u>	<u>\$ 13,400,344</u>	<u>\$ 54,591,477</u>	<u>\$ 55,292,315</u>

Business-Type Activities

Business-type activities increased the City's net position by \$280,974.

Revenues from charges for services were \$706,006 from marina operations and \$4,855,241 from golf club operations. Combined, the business-type activities earned \$46,657 in interest and investment income.

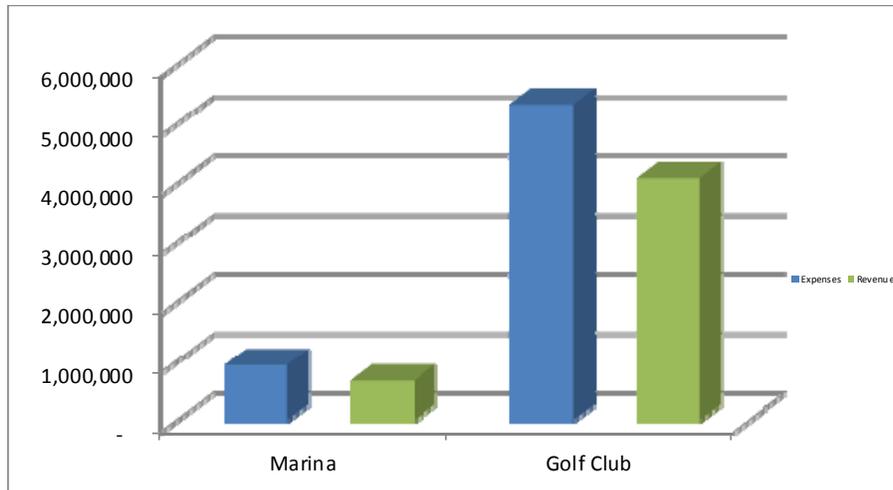
City of Rye, New York

Management's Discussion and Analysis December 31, 2017

Government-Wide Financial Analysis - Continued

Business-Type Activities - Continued

Offsetting these revenues were expenses of \$912,251 for marina operations and \$4,501,227 for golf club operations.



Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Excluding the Capital Projects Fund, the City's governmental funds reported combined ending fund balances of \$14,091,105, an increase of \$800,428 (6.0%) from the prior year. Approximately 35.3% (\$4,978,546) 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 \$4,978,546, representing 38.3% of the total General Fund balance of \$12,990,326. 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 13.9% unassigned fund balance to total expenditures and other financing uses and a 36.2% total fund balance to total expenditures and other financing uses.

City of Rye, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the City's Funds - Continued

The General Fund's fund balance increased by \$753,560 during the current fiscal year. Of this amount, transfers out of the General Fund exceeded transfers in by \$1,734,695. The transfers out were as follows: \$274,695 to the Debt Service Fund for long-term debt principal and interest requirements and \$1,440,000 to the Capital Projects Fund and \$45,000 to the Building and Vehicle Fund for annual infrastructure and vehicle projects. There was \$25,000 transferred in from the Cable TV Fund as a new source of revenue going forward. Revenues of the General Fund exceeded expenditures of that fund by \$2,488,255. Major changes in specific revenues and expenditures in comparison to the prior year are as follows:

- ❖ Real property tax revenues increased \$1,578,877 (7.1%) from \$22,325,572 to \$23,904,449, which reflects our tax rate increase, offset by refunds to taxpayers due to tax certiorari and small claims assessment review settlements and a decrease in interest and penalties collected on property taxes. In 2016, The City began foreclosure proceedings against properties with delinquent taxes, resulting in the payment of those taxes, and payments of penalties and interest. The City plans to revisit this process in 2018.
- ❖ Non-property taxes increased \$123,327 (4.4%) from \$2,827,489 to \$2,950,816 due to an increase in sales and use tax of \$109,378 and slight increases in utility taxes and hotel occupancy taxes.
- ❖ Charges for services increased \$61,696 (4.0%) from \$1,554,571 to \$1,616,449 with increases in parking meter revenues of \$49,120 and planning review fees of \$35,303 negated by decreases in recreation fees of \$21,578,
- ❖ Interest and investment income increased \$109,490 from \$83,863 to \$193,353 due to increased interest rates.
- ❖ Licenses and permit revenues increased \$326,152 (11.9%) from \$2,752,558 to \$3,078,711 which can be mostly attributed to increases in building permit revenues.
- ❖ Fines and forfeitures decreased \$19,718 (2.5%), from \$784,893 to \$765,195, primarily due to a decrease in vehicle and traffic fines of \$47,621 offset by an increase in parking fines of \$34,892.
- ❖ Miscellaneous revenues decreased \$29,289 (16.5%) from \$177,879 to \$148,590, primarily due to the sale of army surplus equipment in 2016.
- ❖ Sales and loss compensation decreased \$696,664 (75.5%) from \$922,373 to \$226,009, led by the aforementioned insurance settlement with Travelers in 2016, of \$599,013, as well as decreased police overtime reimbursements of \$97,351.
- ❖ Mortgage tax revenues increased \$308,459 from \$1,623,721 to \$1,932,180. State revenue sharing remained flat.
- ❖ Overall salaries and wages increased \$714,835 (5.5%) from \$13,068,740 in 2016 to \$13,783,575 in 2017. There were 11 retirements and 2 resignations from the end of 2015 and during 2016. These positions were eventually filled in 2016, but the impact of a full year's salary was not felt until 2017. In addition to that, there were several additional hires in 2017 across all departments, budgeted salary and step increases, as well as promotions, leading to this increase.
- ❖ Equipment purchases increased \$126,742 (58.7%) from \$216,028 to \$342,770. The City purchased 10 new parking pay stations in 2017, replacing those installed in 2004. The cost of these machines was \$105,838, representing the majority of the increase in equipment purchases. There were increased purchases of police patrol equipment of \$14,693 and recreation equipment of \$10,459.

City of Rye, New York

Management's Discussion and Analysis December 31, 2017

Financial Analysis of the City's Funds - Continued

- ❖ Materials and supplies increased \$225,223 (11.2%) from \$2,005,930 to \$2,231,153. This can be attributed to increased tax certiorari payments of \$198,058, based on an increased number of settlements, as well as several large settlements in 2017, salt and deicing costs of \$61,277, due to a more active winter weather pattern in 2017, playground repair and maintenance costs of \$32,872 and education and training of \$15,316, offset by decreased purchases of asphalt and concrete of \$28,631, recycling supplies of \$27,476 and uniforms and accessories of \$25,724.
- ❖ Contractual costs were up \$21,075 (0.3%) from \$8,004,361 to \$8,025,436 with increases in miscellaneous service contracts of \$87,796, contract agency costs of \$39,595 and appraisal services of \$39,575, negated by decreases in legal fees of \$106,225 and inter-fund service charges of \$41,542.
- ❖ Employee benefits and taxes increased \$346,420 (3.7%) from \$9,433,132 to \$9,779,552. There were increases in employee hospitalization and medical costs of \$186,737, FICA expense of \$80,044 and retirement expense of \$30,265, as a result of the new hires and salary increases mentioned earlier. There was also an increase in workers' compensation costs of \$99,784, representative of a 13% increase by the Workers' Compensation Board at the end of 2016. These increases were offset by a decrease in retiree health insurance of \$63,222, attributed to a decrease in premium rates for retirees.
- ❖ Transfers to other funds were down \$580,914 (24.8%) from \$2,340,609 to \$1,759,695 as planned and budgeted.

The Capital Projects Fund closed the fiscal year with a fund balance of \$1,129,030. Capital Projects Fund revenues of \$2,296,903, expenditures of \$4,755,915, and other financing sources and uses of \$1,440,000 (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 \$1,502,243, a decrease of \$203,859 from the prior year. The net investment in capital assets was \$449,336 and unrestricted net position of \$1,052,907 represented the balance of net position. The operating loss of the Boat Basin Fund was \$206,922, which included \$420,281 in depreciation. Interest income of \$3,176 and interest expense of \$113 made up the balance of total net income.

Total net position of the Golf Club Fund at year-end was \$12,410,998, an increase of \$480,125 from the prior year. The net investment in capital assets was \$9,140,696 with unrestricted net position of \$3,270,302 representing the balance of net position. Golf Club Fund operating revenues of \$4,855,241 offset operating expenses of \$4,484,249 to arrive at operating income of \$370,992. Interest income of \$43,481 offset by \$20,896 of interest expense related to long-term debt, as well as the sale of property and compensation for losses of \$86,548 made up the balance of total net income.

City of Rye, New York

Management's Discussion and Analysis December 31, 2017

General Fund Budgetary Highlights

At the end of 2017, the difference between the operating appropriations originally budgeted and the amended budget for the General Fund was \$731,264 (\$35,713,556 vs. \$36,444,820), a change of 3.0%. This can be attributed to the appropriation of prior year encumbrances carried forward of \$372,434, \$432,768 in carry forward balances of recreation special events, an appropriation of \$300,000 for a Safe Routes to School project, and appropriations of donated funds designated for miscellaneous City expenses throughout the course of the year, in the amount of \$11,063. Actual expenditures and encumbrances at December 31, 2017, were \$1,702,297 less than the 2017 amended budget, 4.5%.

At year-end, there is no difference between the original and amended budget for the General Fund estimated operating revenues (\$35,234,156). However, the actual revenues realized for the year ended December 31, 2017 exceeded the anticipated amount in the final budget by \$1,416,588. The most significant increases were as follows: sales and use tax revenues, interest income, building permit revenues, traffic and parking fines, and mortgage tax revenue.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for governmental and business-type activities at December 31, 2017, net of \$60,383,978 of accumulated depreciation, was \$79,192,063. 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 \$506,111, including a high lift loader for \$178,966, two police vehicles for \$89,439, a John Deere 1600 tractor for \$53,300, a fuel master upgrade for \$48,661, a Ram 3500 pickup truck for 38,607 and a John Deere 1575 terrain mower for \$31,184. As mentioned earlier 10 new parking pay stations were purchased for a cost of \$102,688.

- ❖ The Central Business District streetscape was completed. Total cost of the project was \$1,565,905.
- ❖ LED streetlights were installed throughout the City at cost of \$313,726.
- ❖ \$877,152 was spent on street resurfacing in 2017.

Assets	Capital Assets					
	December 31, 2017			December 31, 2016		
	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	4,018,127	70,796	4,088,923	3,752,118	432,039	4,184,157
Buildings	16,506,163	11,759,480	28,265,643	16,506,163	11,759,480	28,265,643
Improvements	4,882,488	9,460,989	14,343,477	4,882,488	8,461,004	13,343,492
Machinery and equipment	12,497,624	1,419,521	13,917,145	11,991,513	1,326,625	13,318,138
Infrastructure	72,698,690	-	72,698,690	69,131,020	-	69,131,020
Less, accumulated depreciation	<u>(45,983,978)</u>	<u>(14,400,000)</u>	<u>(60,383,978)</u>	<u>(44,455,745)</u>	<u>(13,461,304)</u>	<u>(57,917,049)</u>
Total (net of depreciation)	<u>\$ 69,180,869</u>	<u>\$ 10,011,194</u>	<u>\$ 79,192,063</u>	<u>\$ 66,369,312</u>	<u>\$ 10,218,252</u>	<u>\$ 76,587,564</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, 2017

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 \$11,180,000. 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 \$11,180,000 bonded debt outstanding at fiscal year-end, \$400,000 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, 2017, the City had exhausted 2.06% of its constitutional debt limit, providing an available debt margin of 97.94% with the authority to issue an additional \$519 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 \$11,510,204.

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 2017 unemployment rate for Westchester County was 4.0%. This compares favorably with the rate of 4.4% for New York State and the 3.9% 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 2016 to 2017 (268.52) was roughly the same as recorded for the U.S. city average for the same period.

Home financing and refinancing rates, while rising, continued to be low in fiscal 2017 and, as a result, there were dramatic increases in revenue from mortgage taxes and building activity. Taxable assessed value of real property in the City showed a marginal increase of 0.47% (from \$140,227,854 in 2016 to \$140,888,074 in 2017).

City of Rye, New York

Management's Discussion and Analysis December 31, 2017

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

The median home sales price had an increase of 9% from \$1,560,000 in 2016 to \$1,700,000 in 2017, and the average home sales price increased from \$1,952,000 in 2016 to \$2,059,000 in 2017 (5.5%).

City management has taken the approach that 2018 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 increasing at these rates. Also, the City, in its Capital Improvement Plan has identified tens of millions of dollars in capital expenditures. The City will need to turn to debt and possible grants to fund the cost of these future projects. Annual debt payments will add another cost. At the end of 2017, the Federal government ruled to limit the amount that New York State residents can deduct from their personal income tax returns for State and Local Taxes (SALT). While it is too early to estimate the impact on City revenues and home sales, City staff must be diligent in monitoring these possible effects in 2018.

The City appropriated the use of \$1,649,700 of fund balance from the General Fund for spending in fiscal 2017 to fund the acquisition of capital assets and equipment. \$860,000 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. 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 2018 real property tax rate of \$172.83 per \$1,000 of taxable assessed value provides funding for all General Fund appropriations. The tax rate increase from 2017 to 2018 is 3.03% (\$167.74 to \$172.83).

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, 2017		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and equivalents	\$ 27,766,183	\$ 5,954,668	\$ 33,720,851
Taxes receivable	1,101,249	-	1,101,249
Accounts receivable	2,015,687	57,041	2,072,728
Deposits	-	-	-
Due from other governments	2,046,975	-	2,046,975
Internal balances	109,411	(109,411)	-
Prepaid expenses	654,301	21,511	675,812
Capital assets			
Not being depreciated	8,579,882	1,771,204	10,351,086
Being depreciated, net	60,600,987	8,239,990	68,840,977
Total assets	<u>102,874,675</u>	<u>15,935,003</u>	<u>118,809,678</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	6,550,188	204,874	6,755,062
Deferred amounts on refunding bonds	140,192	17,153	157,345
	<u>6,690,380</u>	<u>222,027</u>	<u>6,912,407</u>
LIABILITIES			
Accounts payable	966,658	38,528	1,005,186
Accrued liabilities	1,209,024	256,039	1,465,063
Accrued interest payable	61,020	3,638	64,658
Retainage payable	-	22,148	22,148
Deposits	630,484	-	630,484
Due to other governments	676,690	28,486	705,176
Unearned revenues	715,017	-	715,017
Non-current liabilities			
Due within one year	1,674,508	426,249	2,100,757
Due in more than one year	54,236,059	1,660,022	55,896,081
Total liabilities	<u>60,169,460</u>	<u>2,435,110</u>	<u>62,604,570</u>
DEFERRED INFLOWS OF RESOURCES			
Real property taxes received in advance of lien date	7,398,980	-	7,398,980
Pension deferrals	1,086,456	40,602	1,127,058
	<u>8,485,436</u>	<u>40,602</u>	<u>8,526,038</u>
NET POSITION			
Net investment in capital assets	58,254,651	9,607,185	67,861,836
Restricted for			
Capital projects	1,129,030	-	1,129,030
Permanent fund			
Expendable	289	-	289
Nonexpendable	20,000	-	20,000
Special purposes			
Police	56,751	-	56,751
Fire	2,200	-	2,200
Parks	100,159	-	100,159
Recreation programs	465,723	-	465,723
WWI memorial	4,151	-	4,151
9/11 memorial	250	-	250
Debt service	33,854	-	33,854
Risk retention	231,923	-	231,923
Unrestricted	<u>(19,388,822)</u>	<u>4,074,133</u>	<u>(15,314,689)</u>
Total net position	<u>\$ 40,910,159</u>	<u>\$ 13,681,318</u>	<u>\$ 54,591,477</u>

See accompanying Notes to Financial Statements.

City of Rye, New York

Government-Wide Financial Statements Statement of Activities

Year Ended December 31, 2017

Functions/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government activities	\$ 4,399,755	\$ 532,231	\$ -	\$ -	\$ (3,867,524)	\$ -	\$ (3,867,524)
Public safety	19,904,784	3,016,375	64,656	-	(16,823,753)	-	(16,823,753)
Transportation	4,081,780	1,438,378	-	2,217,759	(425,643)	-	(425,643)
Culture and recreation	5,154,387	970,719	3,433	-	(4,180,235)	-	(4,180,235)
Home and community services	6,477,718	131,048	344	-	(6,346,326)	-	(6,346,326)
Interest	443,456	-	-	-	(443,456)	-	(443,456)
Total governmental activities	40,461,880	6,088,751	68,433	2,217,759	(32,086,937)	-	(32,086,937)
BUSINESS-TYPE ACTIVITIES							
Boat basin	912,251	706,006	-	-	-	(206,245)	(206,245)
Golf club	4,501,227	4,855,241	-	-	-	354,014	354,014
Total business-type activities	5,413,478	5,561,247	-	-	-	147,769	147,769
Total government	\$ 45,875,358	\$ 11,649,998	\$ 68,433	\$ 2,217,759	(32,086,937)	147,769	(31,939,168)
GENERAL REVENUES							
Real property taxes and related items					24,016,544	-	24,016,544
Non-property taxes							
Sales and use taxes					2,407,074	-	2,407,074
Hotel occupancy taxes					166,673	-	166,673
Utilities gross receipts taxes					377,069	-	377,069
Unrestricted use of money and property					200,361	46,657	247,018
Governmental aid not restricted to specific programs					3,140,204	-	3,140,204
Other revenues					797,200	86,548	883,748
Total general revenues					31,105,125	133,205	31,238,330
Change in net position					(981,812)	280,974	(700,838)
NET POSITION, beginning of year					41,891,971	13,400,344	55,292,315
NET POSITION, end of year					\$ 40,910,159	\$ 13,681,318	\$ 54,591,477

See accompanying Notes to Financial Statements.

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

	December 31, 2017			
	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
ASSETS				
Cash and equivalents	\$ 16,507,104	\$ 3,385,896	\$ 1,056,933	\$ 20,949,933
Receivables				
Taxes receivable	1,101,249	-	-	1,101,249
Accounts receivable	571,418	-	188,003	759,421
Due from other funds	4,753,964	300,116	-	5,054,080
Due from other governments	903,360	1,106,510	-	2,009,870
Prepaid expenditures	495,847	-	4,652	500,499
Total assets	\$ 24,332,942	\$ 4,792,522	\$ 1,249,588	\$ 30,375,052
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 373,833	\$ 411,054	\$ 6,669	\$ 791,556
Accrued liabilities	963,925	-	527	964,452
Deposits	630,484	-	-	630,484
Due to other funds	300,116	3,251,344	56,337	3,607,797
Due to other governments	675,596	1,094	-	676,690
Unearned revenues	715,017	-	-	715,017
Total liabilities	3,658,971	3,663,492	63,533	7,385,996
Deferred inflows of resources				
Deferred tax revenues	284,665	-	-	284,665
Real property taxes received in advance of lien date	7,398,980	-	-	7,398,980
Other unavailable resources	-	-	85,276	85,276
Total liabilities and deferred inflows of resources	11,342,616	3,663,492	148,809	15,154,917
Fund balances				
Nonspendable	1,251,143	-	24,652	1,275,795
Restricted	2,044,853	1,129,030	63,210	3,237,093
Assigned	4,715,784	-	1,012,917	5,728,701
Unassigned	4,978,546	-	-	4,978,546
Total fund balances	12,990,326	1,129,030	1,100,779	15,220,135
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,332,942	\$ 4,792,522	\$ 1,249,588	\$ 30,375,052

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

	<u>December 31, 2017</u>
Fund Balances - Total Governmental Funds	\$ 15,220,135
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.	48,656,093
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Real property taxes	284,665
Other unavailable resources	85,276
Pension contributions made subsequent to the pension measurement date are reported as deferred outflows of resources.	1,820,037
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	4,511,580
Deferred inflows	<u>(1,043,468)</u>
	3,468,112
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.	17,643,059
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(4,071,634)
Claims payable	(1,150,740)
Accrued interest payable	(18,938)
Compensated absences	(1,444,386)
Net pension liability	(5,480,299)
Other postemployment benefit obligations payable	<u>(34,123,650)</u>
	<u>(46,289,647)</u>
Net position of governmental activities	<u>\$ 40,910,159</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, 2017			
	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
REVENUES				
Real property taxes and related items	\$ 23,904,448	\$ -	\$ 127,832	\$ 24,032,280
Non-property taxes	2,950,816	-	404,563	3,355,379
Charges for services	1,616,449	-	-	1,616,449
Intergovernmental charges	104,337	-	-	104,337
Use of money and property	198,103	-	2,258	200,361
Licenses and permits	3,078,711	78,800	-	3,157,511
Fines and forfeitures	765,195	-	-	765,195
Sale of property and compensation for loss	226,009	-	-	226,009
Interfund revenues	447,259	-	-	447,259
State aid	3,208,293	465,597	-	3,673,890
Federal aid	2,534	344	-	2,878
Miscellaneous	148,590	1,752,162	50,050	1,950,802
Total revenues	<u>36,650,744</u>	<u>2,296,903</u>	<u>584,703</u>	<u>39,532,350</u>
EXPENDITURES				
General government	4,065,932	-	-	4,065,932
Public safety	16,659,094	-	-	16,659,094
Transportation	3,641,184	-	-	3,641,184
Culture and recreation	4,231,391	-	380,191	4,611,582
Home and community services	5,564,888	-	-	5,564,888
Debt service				
Principal	-	-	282,901	282,901
Interest	-	-	124,438	124,438
Capital outlay				
Public safety	-	1,314,887	-	1,314,887
Transportation	-	1,720,841	-	1,720,841
Home and community services	-	1,720,187	-	1,720,187
Total expenditures	<u>34,162,489</u>	<u>4,755,915</u>	<u>787,530</u>	<u>39,705,934</u>
Excess (deficiency) of revenues over expenditures	<u>2,488,255</u>	<u>(2,459,012)</u>	<u>(202,827)</u>	<u>(173,584)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	2,258,325	274,695	2,558,020
Transfers out	(1,759,695)	(818,325)	(25,000)	(2,603,020)
Total other financing sources (uses)	<u>(1,734,695)</u>	<u>1,440,000</u>	<u>249,695</u>	<u>(45,000)</u>
Net change in fund balances	753,560	(1,019,012)	46,868	(218,584)
FUND BALANCES, beginning of year	<u>12,236,766</u>	<u>2,148,042</u>	<u>1,053,911</u>	<u>15,438,719</u>
FUND BALANCES, end of year	<u>\$ 12,990,326</u>	<u>\$ 1,129,030</u>	<u>\$ 1,100,779</u>	<u>\$ 15,220,135</u>

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, 2017</u>
Amounts reported for governmental activities in the statement of activities are different because		
Net change in fund balances - total governmental funds	\$	(218,584)
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	3,807,230	
Depreciation expense	<u>(489,340)</u>	
		3,317,890
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Real property taxes		(15,736)
Other unavailable resources		85,276
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	282,901	
Amortization of loss on refunding bonds and issuance premium	<u>6,736</u>	
		289,637
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	144,755	
Pension expense	(841,012)	
Accrued interest	1,422	
Compensated absences	(176,343)	
Other postemployment benefit obligations payable	<u>(3,701,329)</u>	
		(4,572,507)
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>132,212</u>
Change in net position of governmental activities	\$	<u>(981,812)</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, 2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes and related items	\$ 23,962,545	\$ 23,962,545	\$ 23,904,448	\$ (58,097)
Non-property tax	2,700,000	2,700,000	2,950,816	250,816
Charges for services	1,671,806	1,671,806	1,616,449	(55,357)
Intergovernmental charges	84,045	84,045	104,337	20,292
Use of money and property	55,700	55,700	198,103	142,403
Licenses and permits	2,530,252	2,530,252	3,078,711	548,459
Fines and forfeitures	610,200	610,200	765,195	154,995
Sale of property and compensation for loss	186,000	186,000	226,009	40,009
Interfund revenues	442,584	442,584	447,259	4,675
State aid	2,857,124	2,857,124	3,208,293	351,169
Federal aid	-	-	2,534	2,534
Miscellaneous	133,900	133,900	148,590	14,690
Total revenues	35,234,156	35,234,156	36,650,744	1,416,588
EXPENDITURES				
General government				
City council	75,729	76,177	73,289	2,888
City manager	630,639	680,899	600,862	80,037
Finance administration	154,367	160,298	145,167	15,131
General accounting	303,480	323,050	291,414	31,636
Accounts payable	100,290	101,554	99,303	2,251
Payroll	176,032	183,586	179,326	4,260
Treasury	282,311	498,101	467,665	30,436
Parking violation bureau	61,553	62,455	56,949	5,506
Assessor	433,819	527,137	434,388	92,749
City clerk	381,789	407,197	335,524	71,673
Records management	35,312	38,707	36,768	1,939
Parking administration	31,032	39,340	36,753	2,587
Law	505,225	738,739	676,216	62,523
Human resources	292,429	297,520	234,708	62,812
Elections	35,601	40,691	39,787	904
Information technology	345,177	394,965	357,813	37,152
Contingent account	1,199,504	-	-	-
Total general government	5,044,289	4,570,416	4,065,932	504,484

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, 2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES - Continued				
Public safety				
Police administration	1,566,500	1,541,369	1,532,996	8,373
Police patrol	6,708,426	7,005,472	6,800,936	204,536
Police investigations	1,145,370	1,173,204	1,135,249	37,955
Police marine patrol	147,777	148,204	133,644	14,560
Parking enforcement	285,318	302,780	298,090	4,690
School crossing guards	203,500	203,500	193,390	10,110
Traffic control	275,581	293,204	169,694	123,510
Fire prevention and suppression	5,311,060	5,634,357	5,485,693	148,664
Animal control	25,026	35,358	25,033	10,325
Building inspection	771,787	745,173	660,916	84,257
Ambulance service	225,645	225,645	223,453	2,192
Total public safety	16,665,990	17,308,266	16,659,094	649,172
Transportation				
Public works administration	1,338,143	1,354,390	1,295,784	58,606
Engineering	496,281	495,157	450,074	45,083
Street maintenance	903,841	955,224	772,148	183,076
Snow removal	363,184	419,457	404,850	14,607
Street lighting	411,625	413,480	362,872	50,608
Off-street parking	270,484	375,776	355,456	20,320
Total transportation	3,783,558	4,013,484	3,641,184	372,300
Culture and recreation				
Recreation administration	403,428	414,509	373,267	41,242
Parks and playgrounds	565,750	650,895	597,855	53,040
Recreation center	270,818	273,069	254,979	18,090
Recreation programs	229,501	241,961	223,276	18,685
Camps	593,928	618,296	585,150	33,146
Athletics	300,664	317,992	306,256	11,736
Tennis	124,153	143,049	112,771	30,278
Special events	128,947	257,080	151,787	105,293
Adult recreation	166,737	168,631	141,822	26,809
Rye youth council	48,000	50,099	50,099	-
Rye town park	50,000	50,000	50,000	-
Southeast consortium	22,949	23,615	23,295	320
Rye free reading room	1,230,000	1,230,000	1,230,000	-
Square house museum	88,005	88,545	79,184	9,361
Rye arts center	7,264	7,264	7,264	-
Special facilities administration	15,852	15,852	15,852	-
Rye nature center	28,534	28,534	28,534	-
Total culture and recreation	4,274,530	4,579,391	4,231,391	348,000

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, 2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES - Continued				
Home and community services				
Planning	349,721	367,747	346,420	21,327
Sanitary sewers	423,495	425,339	370,567	54,772
Storm drains	283,125	282,472	172,013	110,459
Refuse and garbage	2,300,410	2,260,476	2,188,195	72,281
Recycling	823,352	824,251	769,911	54,340
Street cleaning	65,197	76,372	70,894	5,478
Community beautification	1,012,077	1,036,014	997,287	38,727
Rodent and insect control	11,991	12,051	10,996	1,055
Shade tree maintenance	671,214	683,888	633,952	49,936
Conservation	4,607	4,653	4,653	-
Total home and community services	5,945,189	5,973,263	5,564,888	408,375
Total expenditures	35,713,556	36,444,820	34,162,489	2,282,331
Excess (deficiency) of revenues over expenditures	(479,400)	(1,210,664)	2,488,255	3,698,919
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	(1,100,000)	(1,485,000)	(1,759,695)	274,695
Net change in fund balances	(1,554,400)	(2,670,664)	753,560	3,973,614
FUND BALANCES, beginning of year	12,236,766	12,236,766	12,236,766	-
FUND BALANCES, end of year	\$ 10,682,366	\$ 9,566,102	\$ 12,990,326	\$ 3,973,614

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Net Position - Proprietary Funds

	December 31, 2017			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Total	
CURRENT ASSETS				
Cash and equivalents	\$ 1,563,100	\$ 4,391,568	\$ 5,954,668	\$ 6,816,250
Accounts receivable	-	57,041	57,041	1,256,266
Deposits	-	-	-	-
Due from other funds	-	-	-	295
Due from other governments	-	-	-	37,105
Prepaid expenses	3,923	17,588	21,511	153,798
Total current assets	1,567,023	4,466,197	6,033,220	8,263,714
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	4,027,607	5,433,384	9,460,991	5,089,391
Machinery and equipment	112,709	1,306,812	1,419,521	12,202,477
Construction in progress	13,301	57,495	70,796	68,902
Less accumulated depreciation	(4,044,721)	(10,355,282)	(14,400,003)	(17,903,913)
Total noncurrent assets	451,234	9,559,960	10,011,194	20,524,775
Total assets	2,018,257	14,026,157	16,044,414	28,788,489
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	33,180	171,694	204,874	218,572
Deferred amounts on refunding bonds	-	17,153	17,153	117,764
Total deferred outflows of resources	33,180	188,847	222,027	336,336

See accompanying Notes to Financial Statements.

City of Rye, New York

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

	December 31, 2017			
	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
Boat Basin	Golf Club	Total		
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 8,530	\$ 29,998	\$ 38,528	\$ 175,102
Accrued liabilities	3,157	20,959	24,116	476,495
Accrued interest payable	-	3,638	3,638	42,082
Retainage payable	-	22,148	22,148	-
Due to other funds	20,196	89,215	109,411	1,337,167
Due to other governments	1,453	27,033	28,486	-
Compensated absences	2,739	6,229	8,968	5,128
Capital lease obligation	1,252	6,260	7,512	44,130
Bonds payable	-	409,769	409,769	1,144,336
Total current liabilities	37,327	615,249	652,576	3,224,440
NONCURRENT LIABILITIES				
Bonds payable, less current portion	-	-	-	5,783,499
Compensated absences, less current portion	11,776	59,191	70,967	46,149
Capital lease obligation, less current portion	646	3,235	3,881	22,808
Net pension liability	38,745	180,809	219,554	232,470
Other postemployment benefit obligations	453,535	912,085	1,365,620	2,361,335
Total noncurrent liabilities	504,702	1,155,320	1,660,022	8,446,261
Total liabilities	542,029	1,770,569	2,312,598	11,670,701
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	7,165	33,437	40,602	42,988
NET POSITION				
Net investment in capital assets	449,336	9,140,696	9,590,032	13,530,002
Unrestricted	1,052,907	3,270,302	4,323,209	3,881,134
Total net position	\$ 1,502,243	\$ 12,410,998	\$ 13,913,241	\$ 17,411,136
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(231,923)	
Net position of business-type activities			\$ 13,681,318	

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, 2017			
	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Boat Basin Fund	Golf Club Fund	Total	
OPERATING REVENUES				
Charges for services	\$ 706,006	\$ 4,537,358	\$ 5,243,364	\$ 4,449,141
Rental of property	-	305,796	305,796	-
Miscellaneous	-	12,087	12,087	38,923
Total operating revenues	706,006	4,855,241	5,561,247	4,488,064
OPERATING EXPENSES				
Salaries and wages	190,882	1,468,929	1,659,811	609,957
Employee benefits	135,547	674,379	809,926	783,137
Materials and supplies	45,812	1,250,155	1,295,967	905,971
Contractual costs	120,406	572,371	692,777	867,571
Depreciation and amortization	420,281	518,415	938,696	982,483
Total operating expenses	912,928	4,484,249	5,397,177	4,149,119
Income (loss) from operations	(206,922)	370,992	164,070	338,945
NON-OPERATING REVENUES (EXPENSES)				
State and federal aid	-	-	-	33,993
Sale of property and compensation for loss	-	86,548	86,548	-
Interest income	3,176	43,481	46,657	37,068
Interest expense	(113)	(20,896)	(21,009)	(318,086)
Total nonoperating revenues (expenses)	3,063	109,133	112,196	(247,025)
Income (loss) before transfers	(203,859)	480,125	276,266	91,920
Transfers in	-	-	-	54,175
Transfers out	-	-	-	(9,175)
Change in net position	(203,859)	480,125	276,266	136,920
NET POSITION, beginning of year	1,706,102	11,930,873	13,636,975	17,274,216
NET POSITION, end of year	\$ 1,502,243	\$ 12,410,998	\$ 13,913,241	\$ 17,411,136
CHANGE IN NET POSITION			\$ 276,266	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			4,708	
CHANGE IN NET POSITION, business-type activities			\$ 280,974	

See accompanying Notes to Financial Statements.

City of Rye, New York

Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended December 31, 2017			
	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	\$ 706,006	\$ 4,840,964	\$ 5,546,970	\$ 4,509,435
Cash payments to employees	(294,425)	(3,060,856)	(3,355,281)	(1,069,848)
Cash payments to vendors	(194,053)	(1,829,824)	(2,023,877)	(1,802,793)
	217,528	(49,716)	167,812	1,636,794
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES				
State and federal aid	-	-	-	33,993
Transfers in	-	-	-	54,175
Transfers out	-	-	-	(9,175)
	-	-	-	78,993
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(79,266)	(652,372)	(731,638)	(532,560)
Principal paid on capital debt	-	(390,000)	(390,000)	(1,102,099)
Payments on capital lease obligation	(1,198)	(5,989)	(7,187)	(42,223)
Interest paid on capital debt	-	(20,182)	(20,182)	(230,406)
Interest paid on capital lease obligation	(113)	(1,072)	(1,185)	(7,554)
Proceeds from sale of capital assets	-	86,548	86,548	-
	(80,577)	(983,067)	(1,063,644)	(1,914,842)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES				
Interest income	3,176	43,481	46,657	37,068
Net increase (decrease) in cash and equivalents	140,127	(989,302)	(849,175)	(161,987)
CASH AND EQUIVALENTS, <i>beginning of year</i>	1,422,973	5,380,870	6,803,843	6,978,237
CASH AND EQUIVALENTS, <i>end of year</i>	\$ 1,563,100	\$ 4,391,568	\$ 5,954,668	\$ 6,816,250

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, 2017			
	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	\$ (206,922)	\$ 370,992	\$ 164,070	\$ 338,945
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities				
Depreciation and amortization	420,281	518,415	938,696	982,483
(Increase) decrease in				
Accounts receivable	-	(14,277)	(14,277)	(7,738)
Due from other funds	-	-	-	34,889
Due from other governments	-	-	-	(5,780)
Prepaid expenses	9,444	14,463	23,907	55,269
Deposits	-	-	-	43,500
Deferred outflows of resources	39,267	183,248	222,515	235,605
Increase (decrease) in				
Accounts payable	(33,343)	(11,466)	(44,809)	(200,159)
Accrued liabilities	(1,259)	(1,000,153)	(1,001,412)	72,651
Retainage payable	-	(18,273)	(18,273)	-
Due to other funds	(215)	(860)	(1,075)	(512)
Due to other governments	(3,721)	7,978	4,257	-
Net pension liability	(31,853)	(148,650)	(180,503)	(191,121)
Deferred inflows of resources	(1,782)	(8,314)	(10,096)	(10,690)
Other post employment benefit obligations	17,756	58,670	76,426	292,470
Compensated absences	9,875	(1,489)	8,386	(3,018)
Total adjustments	424,450	(420,708)	3,742	1,297,849
Net cash provided (used) by operating activities	\$ 217,528	\$ (49,716)	\$ 167,812	\$ 1,636,794

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>2017</u>
ASSETS	
Cash and equivalents	\$ 162,651
Accounts receivable	1,886
	<hr/>
Total assets	<u>\$ 164,537</u>
LIABILITIES	
Accounts payable	\$ 98,591
Employee payroll deductions	65,946
	<hr/>
Total liabilities	<u>\$ 164,537</u>

City of Rye, New York

Notes to Financial Statements December 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017.

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, 2017

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 services are provided 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 estimated useful life in excess of one year and an initial, individual cost as follows:

Asset	Capitalization Threshold
Buildings	\$ 100,000
Building improvements	50,000
Accounting, assessment or tax systems	15,000
Passenger vehicles	15,000
Computer hardware and software	15,000
Construction machinery	15,000
Fire/Police boats	15,000
Firefighting apparatus	50,000
Miscellaneous equipment, furniture, furnishings	15,000
Fences and walls	20,000
Docks	20,000
Dredging	100,000
Parks and playgrounds	50,000
Golf course improvements	50,000
Swimming pools	50,000
Underground fuel tanks	50,000
Bridges and tunnels	50,000
Curbs and sidewalks	50,000
Drainage	20,000
Parking lots	20,000
Sewers	20,000
Primary streets	50,000
Secondary streets	20,000
Traffic signals and signs	50,000

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

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.

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, equipment, and vehicles	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 revenues 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 \$715,017 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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

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 \$140,192 and \$17,153 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 \$284,665 for real property taxes levied but uncollected in the current and prior years and \$7,398,980 as real property taxes received in advance of the lien date in the General Fund. The City has reported deferred inflows of resources of \$85,276 for certain non-property taxes that did not meet both the measurable and available criteria of revenue recognition in the current period. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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 \$4,811,161 at December 31, 2017. Deferred inflows of resources resulting from changes in the City's proportionate share of the liability are \$1,127,058 at December 31, 2017. Deferred outflows of resources resulting from contributions made subsequent to the measurement date but before year end are \$1,943,901 at December 31, 2017.

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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

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:

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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

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

- f. Encumbrances*

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

- g. Estimates*

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

- h. Subsequent Events Evaluation by Management*

The City has evaluated subsequent events for potential recognition or disclosure through June 22, 2018, 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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability - Continued

- 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.
- 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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 2 - Stewardship, Compliance, and Accountability - Continued

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions 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, 2017, 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	\$ 930,675
Kirby Land Sanitary Sewer	405,555
Annual Sidewalk Replacement Program	166,979
Locust Avenue Sewer	76,939
Boston Post Road Rock Stabilization	35,989
Dearborn Seawall Construction	34,282
Kirby Lane Culvert	24,550
North Street Sewer Realignment	20,271

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds

a. Taxes Receivable

Taxes receivable at December 31, 2017 consisted of the following:

City taxes, current	\$ 836,440
City taxes, delinquent	189,728
School district taxes, current	<u>75,081</u>
	<u><u>\$ 1,101,249</u></u>

School district taxes are offset by liabilities to the school district, which will be paid no later than July 1, 2018. Taxes receivable are also partially offset in the fund financial statements by deferred tax revenues of \$284,665, which represents the receivable that was not collected within the first sixty days of the subsequent year. School and County taxes receivable in the amount of \$755,296 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, 2017 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Cable TV Fund	\$ 56,337
	Capital Projects Fund	3,251,344
	Risk Retention Fund	1,253,269
	Boat Basin Fund	19,901
	Golf Club Fund	89,215
	Building and Vehicle Maintenance Fund	<u>83,898</u>
		4,753,964
Capital Projects Fund	General Fund	300,116
Building and Vehicle Maintenance Fund	Boat Basin Fund	<u>295</u>
		<u><u>\$ 5,054,375</u></u>

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

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds – Continued

c. Capital Assets

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

Governmental Activities	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated				
Land	\$ 4,561,755	\$ -	\$ -	\$ 4,561,755
Construction in progress	3,752,118	2,491,770	2,225,761	4,018,127
Total capital assets not being depreciated	<u>8,313,873</u>	<u>2,491,770</u>	<u>2,225,761</u>	<u>8,579,882</u>
Depreciable capital assets				
Buildings	16,506,163	-	-	16,506,163
Improvements	4,882,488	-	-	4,882,488
Machinery, equipment, and vehicles	11,991,513	506,111	-	12,497,624
Infrastructure	69,131,020	3,567,670	-	72,698,690
Total depreciable capital assets	<u>102,511,184</u>	<u>4,073,781</u>	<u>-</u>	<u>106,584,965</u>
Less accumulated depreciation				
Buildings	4,425,891	318,636	-	4,744,527
Improvements	3,187,207	216,083	-	3,403,290
Machinery, equipment, and vehicles	9,337,366	504,174	-	9,841,540
Infrastructure	27,505,281	489,340	-	27,994,621
Total accumulated depreciation	<u>44,455,745</u>	<u>1,528,233</u>	<u>-</u>	<u>45,983,978</u>
Net depreciable capital assets	<u>58,055,439</u>	<u>2,545,548</u>	<u>-</u>	<u>60,600,987</u>
Total net capital assets governmental activities	<u>\$ 66,369,312</u>	<u>\$ 5,037,318</u>	<u>\$ 2,225,761</u>	<u>\$ 69,180,869</u>
	Balance			Balance
	January 1,			December 31,
	2017	Additions	Deletions	2017
Capital assets not being depreciated				
Land	\$ 1,700,408	\$ -	\$ -	\$ 1,700,408
Construction in progress	432,039	7,365	368,608	70,796
Total capital assets not being depreciated	<u>2,132,447</u>	<u>7,365</u>	<u>368,608</u>	<u>1,771,204</u>
Depreciable capital assets				
Buildings	11,759,480	-	-	11,759,480
Improvements	8,461,004	999,985	-	9,460,989
Machinery and equipment	1,326,625	92,896	-	1,419,521
Total depreciable capital assets	<u>21,547,109</u>	<u>1,092,881</u>	<u>-</u>	<u>22,639,990</u>
Less accumulated depreciation				
Buildings	5,703,887	204,987	-	5,908,874
Improvements	6,499,174	708,058	-	7,207,232
Machinery and equipment	1,258,243	25,651	-	1,283,894
Total accumulated depreciation	<u>13,461,304</u>	<u>938,696</u>	<u>-</u>	<u>14,400,000</u>
Net depreciable capital assets	<u>8,085,805</u>	<u>154,185</u>	<u>-</u>	<u>8,239,990</u>
Total business-type capital assets activities	<u>\$ 10,218,252</u>	<u>\$ 161,550</u>	<u>\$ 368,608</u>	<u>\$ 10,011,194</u>

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

c. Capital Assets - Continued

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

Governmental activities		
Public safety	\$	26,354
Transportation		205,171
Home and community services		257,815
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets		1,038,893
Total depreciation expense for governmental activities	\$	1,528,233
Business-type activities		
Boat Basin	\$	420,281
Golf Club		518,415
Total depreciation expense for business-type activities	\$	938,696

d. Capital Lease Obligations

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

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

Payments required under capital lease obligation	\$	81,105
Less amount representing interest		2,774
		78,331
Less current portion		51,642
	\$	26,689

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

Year	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 44,130	\$ 2,075	\$ 7,512	\$ 353	\$ 51,642	\$ 2,428
2019	22,807	296	3,882	50	26,689	346
	\$ 66,937	\$ 2,371	\$ 11,394	\$ 403	\$ 78,331	\$ 2,774

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

e. Accrued Liabilities

Accrued liabilities at December 31, 2017 were as follows:

	Governmental Activities	Business- Type Activities	Total
Payroll and employee benefits	\$ 1,009,592	\$ 256,039	\$ 1,265,631
Claims	199,432	-	199,432
	<u>\$ 1,209,024</u>	<u>\$ 256,039</u>	<u>\$ 1,465,063</u>

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.

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

	General Liability
Balance, <i>January 1, 2016</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
Provision for claims and claim adjustment expenses	198,303
Claims and claims adjustment expenses paid	(144,032)
Balance, <i>December 31, 2017</i>	<u>\$ 431,355</u>

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans

Plan Description and Benefits Provided

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), 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 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.

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:

	<u>ERS</u>	<u>PFRS</u>
2017	\$ 1,112,971	\$ 1,424,226
2015	1,141,322	1,558,509
2016	1,520,826	1,625,600

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

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

g. Pension Plans - Continued

Contributions - Continued

The current PFRS contribution of \$1,424,226 was charged to the General Fund. The current ERS contribution for the City was charged to various departments within the funds identified below.

Fund	Amount
General	\$ 897,552
Cable TV	23,168
Boat Basin	19,533
Golf Club	87,586
Building and Vehicle Maintenance	85,132
	\$ 1,112,971

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

At December 31, 2017, the City reported a liability of \$5,712,769 in the governmental activities statement of net position and \$219,554 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, 2017, 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, 2017, the City's proportion was .0274897% in the Employee Retirement System and .1615964% in the Police and Fire Retirement System.

For the year ended December 31, 2017, the City recognized pension expense of \$3,498,316 in the governmental activities and \$129,301 in the business-type activities. At December 31, 2017, 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	\$ 489,599	\$ 937,591
Changes of assumptions	2,457,511	-
Net differences between projected and actual investment earnings on pension plan investments	972,292	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	748,817	148,865
City contributions subsequent to the measurement date	1,881,969	-
Total	\$ 6,550,188	\$ 1,086,456

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,502	\$ 33,341
Changes of assumptions	75,008	-
Net differences between projected and actual investment earnings on pension plan investments	43,854	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,578	7,261
City contributions subsequent to the measurement date	61,932	-
Total	\$ 204,874	\$ 40,602

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. 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 Activities	Total
Year ending December 31,			
2018	\$ 1,285,870	\$ 45,092	\$ 1,330,962
2019	1,285,870	45,092	1,330,962
2020	1,216,595	42,125	1,258,720
2021	(296,936)	(29,969)	(326,905)
2022	90,364	-	90,364
Total	\$ 3,581,763	\$ 102,340	\$ 3,684,103

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the valuation were as follows:

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

Actuarial Assumptions - Continued

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5 percent
Salary Scale	
ERS	3.8 percent, indexed by service
PFRS	4.5 percent, indexed by service
Investment rate of return, including inflation	7.0 percent compounded annually, net of expenses
Decrement	Based on FY 2011-2015 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, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015.

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, 2017 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	36.00%	4.60%
International equity	14.00%	6.40%
Private equity	10.00%	7.80%
Real estate	10.00%	5.80%
Bonds and mortgages	17.00%	1.30%
Other	13.00%	1.50% - 5.90%
	<u>100.00%</u>	

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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

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 (asset) 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	\$ 701,213	\$ 219,554	\$ (187,687)
Governmental Activities	17,043,510	5,712,769	(3,825,911)
	<u>\$ 17,744,723</u>	<u>\$ 5,932,323</u>	<u>\$ (4,013,598)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	(Dollars in Thousands)		
	Employee's Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	<u>(168,004,363)</u>	<u>(29,597,830)</u>	<u>(197,602,193)</u>
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,653</u>	<u>\$ 11,468,876</u>
Ratio of plan net position to the employers' total pension liability	94.7%	93.5%	94.5%

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities

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

	Year Ended December 31, 2017				
	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within On Year
Governmental activities					
Bonds payable	\$ 12,165,000	\$ -	\$ 1,385,000	\$ 10,780,000	\$ 1,435,000
Plus unamortized premium on bonds	282,616	-	63,144	219,472	63,144
	<u>12,447,616</u>	<u>-</u>	<u>1,448,144</u>	<u>10,999,472</u>	<u>1,498,144</u>
Other non-current liabilities					
Capital lease obligations	109,161	-	42,223	66,938	44,130
Claims payable	1,295,495	131,915	276,670	1,150,740	-
Compensated absences	1,322,338	305,559	132,234	1,495,663	132,234
Net pension liability	9,654,087	-	3,941,318	5,712,769	-
Other postemployment benefit obligations payable	32,491,186	6,488,599	2,494,800	36,484,985	-
	<u>44,872,267</u>	<u>6,926,073</u>	<u>6,887,245</u>	<u>44,911,095</u>	<u>176,364</u>
Governmental activities long-term liabilities	<u>\$ 57,319,883</u>	<u>\$ 6,926,073</u>	<u>\$ 8,335,389</u>	<u>\$ 55,910,567</u>	<u>\$ 1,674,508</u>
Business-type activities					
Bonds payable	\$ 790,000	\$ -	\$ 390,000	\$ 400,000	\$ 400,000
Plus unamortized premium on bonds	24,754	-	12,377	12,377	12,377
Less unamortized discount on bond	(2,956)	-	(348)	(2,608)	(2,608)
	<u>811,798</u>	<u>-</u>	<u>402,029</u>	<u>409,769</u>	<u>409,769</u>
Other non-current liabilities					
Capital lease obligations	18,580	-	7,187	11,393	7,512
Compensated absences	71,549	15,541	7,155	79,935	8,968
Net pension liability	400,057	-	180,503	219,554	-
Other postemployment benefit obligations payable	1,289,194	281,626	205,200	1,365,620	-
	<u>1,779,380</u>	<u>297,167</u>	<u>400,045</u>	<u>1,676,502</u>	<u>16,480</u>
Business-type activities long-term liabilities	<u>\$ 2,591,178</u>	<u>\$ 297,167</u>	<u>\$ 802,074</u>	<u>\$ 2,086,271</u>	<u>\$ 426,249</u>

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

Bonds Payable

Bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2017
EFC - Land Acquisition	2004	\$ 1,708,013	August 2024	4.061 to 4.964	\$ 685,000
Refunding Bonds	2010	8,965,000	September 2021	3.000 to 4.000	2,865,000
Public Improvements	2010	3,534,000	September 2030	2.000 to 4.000	2,570,000
EFC - Kirby Lane Sewer	2010	2,373,374	April 2039	1.414 to 4.603	1,805,000
Refunding Bonds	2013	5,175,000	December 2025	0.625 to 2.500	3,255,000
					<u><u>\$ 11,180,000</u></u>

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

Bonds Payable - Continued

Interest expenditure/expense of \$124,438 and \$318,086 was recorded in the Debt Service Fund and the Internal Service Fund, respectively. Interest expense of \$443,445 was recorded in the government-wide financial statements for governmental activities. Interest expense of \$21,009 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 \$1,848,048 as of December 31, 2017 are as follows:

Year	Bonds				Total	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
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	775,000	148,709	-	-	775,000	148,709
2023-2027	2,925,000	469,138	-	-	2,925,000	469,138
2028-2032	1,120,000	160,701	-	-	1,120,000	160,701
2033-2037	435,000	51,135	-	-	435,000	51,135
2038-2039	180,000	4,417	-	-	180,000	4,417
	<u>\$ 10,780,000</u>	<u>\$ 1,835,548</u>	<u>\$ 400,000</u>	<u>\$ 12,500</u>	<u>\$ 11,180,000</u>	<u>\$ 1,848,048</u>

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

Advance Refunding

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, 2017, approximately \$3,255,000 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 \$1,150,740 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.

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

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 \$41,176 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees.

The City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"). 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 2017, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 3 - Detailed Notes on All Funds - Continued

h. Long-Term Liabilities - Continued

Other Postemployment Benefit Obligations Payable - Continued

	Governmental Activities	Business-type Activities	Total
Annual required contribution	\$ 6,879,981	\$ 297,155	\$ 7,177,136
Interest on net OPEB obligation	1,299,647	51,568	1,351,215
Adjustment to annual required contribution	(1,691,029)	(67,097)	(1,758,126)
Annual OPEB cost	6,488,599	281,626	6,770,225
Contributions made	2,494,800	205,200	2,700,000
Increase in net OPEB obligation	3,993,799	76,426	4,070,225
Net OPEB obligation, <i>beginning of year</i>	32,491,186	1,289,194	33,780,380
Net OPEB obligation, <i>end of year</i>	\$ 36,484,985	\$ 1,365,620	\$ 37,850,605

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:

	Healthcare Cost Trend Rate %
Year ended December 31,	
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, 2017

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, 2017 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, 2017	\$ 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
2017	\$ 6,770,225	39.88%	\$ 37,850,605
2016	6,499,587	39.80%	33,780,380
2015	6,973,352	32.04%	29,866,282

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, 2017

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, 2017, the amount of encumbrances expected to be honored upon performance by the vendor in the next year are as follows:

Fund		
General	\$	305,344
Non-Major Governmental - Cable TV		50,183
Total	\$	355,527

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, 2017 are as follows:

Transfers Out	Transfers In			
	Capital Projects	Non-Major Governmental	Internal Service	Total
General	\$ 1,440,000	\$ 274,695	\$ 45,000	\$ 1,759,695
Building and Vehicle Maintenance	-	-	9,175	9,175
Capital Projects	818,325	-	-	818,325
Total	\$ 2,258,325	\$ 274,695	\$ 54,175	\$ 2,587,195

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, 2017

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, 2017			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
Nonspendable				
Prepaid expenditures	\$ 495,847	\$ -	\$ 4,652	\$ 500,499
Long-term receivables	755,296	-	-	755,296
Permanent Fund	-	-	20,000	20,000
Total nonspendable	<u>1,251,143</u>	<u>-</u>	<u>24,652</u>	<u>1,275,795</u>
Restricted				
Compensated absences	1,415,619	-	29,067	1,444,686
Police purposes	56,751	-	-	56,751
Fire purposes	2,200	-	-	2,200
Parks	100,159	-	-	100,159
Recreation programs	465,723	-	-	465,723
WWI memorial	4,151	-	-	4,151
9/11 memorial	250	-	-	250
Capital projects	-	1,129,030	-	1,129,030
Permanent Fund	-	-	289	289
Debt service	-	-	33,854	33,854
Total restricted	<u>2,044,853</u>	<u>1,129,030</u>	<u>63,210</u>	<u>3,237,093</u>
Assigned				
Purchases on order				
General government support	37,647	-	-	37,647
Public safety	161,927	-	-	161,927
Transportation	48,960	-	-	48,960
Culture and recreation	52,662	-	-	52,662
Home and community services	4,148	-	50,183	54,331
	<u>305,344</u>	<u>-</u>	<u>50,183</u>	<u>355,527</u>
Other				
Subsequent year's expenditures	2,509,700	-	-	2,509,700
Insurance	750,000	-	-	750,000
Tax certiorari	1,150,740	-	-	1,150,740
Cable TV	-	-	962,734	962,734
Total assigned	<u>4,715,784</u>	<u>-</u>	<u>1,012,917</u>	<u>5,728,701</u>
Unassigned	<u>4,978,546</u>	<u>-</u>	<u>-</u>	<u>4,978,546</u>
Total fund balances	<u>\$ 12,990,326</u>	<u>\$ 1,129,030</u>	<u>\$ 1,100,779</u>	<u>\$ 15,220,135</u>

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, 2017

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, 2017, 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 2016 to 2017 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, 2017

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 official 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 a tax abatement agreement with one entity as of December 31, 2017:

<u>Agreement</u>	<u>Start Date</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
HONY Housing Development Fund Corp. & Rye Manor	November 25, 2013	\$ 345,000	\$ 167.74	\$ 57,870	\$ 32,307	\$ 25,563

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

City of Rye, New York

Notes to Financial Statements December 31, 2017

Note 5 - Accounting Standards Issued But Not Yet Implemented

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 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to GASB Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and 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 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end, which are effective for reporting periods beginning after March 31, 2018.

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 establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

City of Rye, New York

Notes to Financial Statements December 31, 2017

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 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, 2017

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered 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, 2017

ERS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.0274897%	0.0293238%	0.0266866%
City's proportionate share of the net pension liability	\$ 2,582,992	\$ 4,706,557	\$ 901,539
City's covered-employee payroll	\$ 7,469,657	\$ 7,456,326	\$ 7,421,204
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.58%	63.12%	12.15%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%

PFRS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.1615964%	0.1806137%	0.1649777%
City's proportionate share of the net pension liability	\$ 3,349,331	\$ 5,347,587	\$ 454,117
City's covered-employee payroll	\$ 6,209,653	\$ 6,837,317	\$ 6,776,549
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.94%	78.21%	6.70%
Plan fiduciary net position as a percentage of the total pension liability	93.46%	90.24%	99.00%

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>2017</u>	<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>
Contractually required contribution	\$ 1,112,971	\$ 1,141,322	\$ 1,520,826	\$ 1,252,769	\$ 1,373,768	\$ 1,213,149	\$ 1,037,092	\$ 796,171	\$ 509,643	\$ 586,446
Contributions in relation to the contractually required contribution	1,112,971	1,141,322	1,520,826	1,252,769	1,373,768	1,213,149	1,037,092	796,171	509,643	586,446
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	7,469,657	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
Contributions as a percentage of covered-employee payroll	14.90%	15.31%	20.49%	18.52%	19.26%	18.24%	15.22%	11.00%	6.86%	8.07%

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>2017</u>	<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>
Contractually required contribution	\$ 1,424,226	\$ 1,558,509	\$ 1,625,600	\$ 2,017,606	\$ 1,589,019	\$ 1,300,431	\$ 1,103,082	\$ 891,722	\$ 802,412	\$ 840,329
Contributions in relation to the contractually required contribution	1,424,226	1,558,509	1,625,600	2,017,606	1,589,019	1,300,431	1,103,082	891,722	802,412	840,329
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
City's covered-employee payroll	6,209,653	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
Contributions as a percentage of covered-employee payroll	22.94%	22.79%	23.99%	30.30%	28.47%	24.04%	20.14%	15.89%	13.58%	14.68%

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, 2017
				Prior Years	Current Year	Total		Prior Years	Current Year	Total	
505231	EPA Hewlett Ave Pump	2016	\$ 1,220,866	\$ 396,681	\$ -	\$ 396,681	\$ 824,185	\$ 1,007,866	\$ -	\$ 1,007,866	\$ 183,681
533033	CBD Streetscape Improvement	2014	1,569,923	649,089	971,509	1,620,598	(50,675)	88,579	601,344	689,923	740,598
533034	Annual Traffic Light/Pedestrian Safety	2015	181,981	49,649	56,400	106,049	75,932	150,000	31,981	181,981	106,049
533035	Five Point Intersection	2015	150,000	2,156	147,844	150,000	-	150,000	-	150,000	150,000
533036	LED Streetlights	2016	350,000	10,420	313,726	324,146	25,854	350,000	-	350,000	324,146
551061	Peck Ave Intersection	2007	400,000	219,500	150,500	370,000	30,000	400,000	-	400,000	370,000
551070	Central Avenue Bridge Reconstruction	2007	2,389,955	2,365,125	24,830	2,389,955	-	2,389,954	-	2,389,954	2,389,954
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	613,952	53,263	-	53,263	560,689	90,000	300,000	390,000	(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	3,719,782	1,793,055	1,180,152	2,973,207	746,575	2,366,384	1,329,397	3,695,781	2,949,206
551098	Firemen Memorial Intersection	2016	175,000	3,940	8,021	11,961	163,039	175,000	-	175,000	11,961
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
551102	First Street Parking Lot Improvements	2017	200,000	-	194,118	194,118	5,882	-	200,000	200,000	194,118
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	63,209	32,006	95,215	151,103	246,318	-	246,318	95,215
571090	Disbrow Park Master Plan	2014	57,164	-	45,310	45,310	11,854	57,164	-	57,164	45,310
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	76,939	-	76,939	173,061	-	-	-	(173,061)
581231	Brevort Force Main Replacement	2015	300,000	17,120	23,540	40,660	259,340	300,000	-	300,000	40,660
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	509,769	972,078	27,922	-	951,807	951,807	923,885
581234	Dearborn Pump Station	2017	300,000	-	-	-	300,000	-	300,000	300,000	-
581428	Old Milton Road Drainage	2010	253,885	246,733	7,152	253,885	-	253,885	-	253,885	253,885
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	12,350	24,550	(24,550)	-	-	-	24,550
581433	2015 Sewer Drainage Improvement Program	2015	509,678	91,655	235,104	326,759	182,919	509,678	-	509,678	326,759
585403	Theo Fremd Retain Wall	2007	1,758,660	121,192	430	121,622	1,637,038	440,225	-	440,225	(1,196,813)
585405	Bowman Ave Sluice Gate	2008	2,095,822	1,560,562	8,681	1,569,243	526,579	1,583,928	-	1,583,928	1,057,349
585406	Upper Blind Brook Study	2013	271,794	238,426	-	238,426	33,368	239,294	-	239,294	205,926
585407	Dearborn Seawall Construction	2012	68,576	40,164	34,118	74,282	(5,706)	-	40,000	40,000	45,706
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	800,355	864,105	335,895	63,750	800,355	864,105	528,210
			<u>\$ 24,786,882</u>	<u>\$ 13,758,268</u>	<u>\$ 4,755,915</u>	<u>\$ 18,514,183</u>	<u>\$ 6,272,699</u>	<u>\$ 15,805,757</u>	<u>\$ 4,554,884</u>	<u>\$ 20,360,641</u>	<u>\$ 14,087,942</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, 2017			
	Cable TV Fund	K.T. Woods Permanent Fund	Debt Service Fund	Total
ASSETS				
Cash and equivalents	\$ 1,002,790	\$ 20,289	\$ 33,854	\$ 1,056,933
Accounts receivable	188,003	-	-	188,003
Prepaid expenditures	4,652	-	-	4,652
Total assets	\$ 1,195,445	\$ 20,289	\$ 33,854	\$ 1,249,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,669	\$ -	\$ -	\$ 6,669
Accrued liabilities	527	-	-	527
Due to other funds	56,337	-	-	56,337
Total liabilities	63,533	-	-	63,533
Deferred inflows of resources				
Other unavailable resources	85,276	-	-	85,276
Fund balances				
Nonspendable	4,652	20,000	-	24,652
Restricted	29,067	289	33,854	63,210
Assigned	1,012,917	-	-	1,012,917
Total fund balances	1,046,636	20,289	33,854	1,100,779
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,195,445	\$ 20,289	\$ 33,854	\$ 1,249,588

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, 2017			
	Cable TV Fund	K.T. Woods Permanent Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Real property taxes and related items	\$ -	\$ -	\$ 127,832	\$ 127,832
Non-property taxes	404,563	-	-	404,563
Use of money and property	1,928	40	290	2,258
Miscellaneous	50,050	-	-	50,050
Total revenues	<u>456,541</u>	<u>40</u>	<u>128,122</u>	<u>584,703</u>
EXPENDITURES				
Culture and recreation				
Salaries and wages	189,096	-	-	189,096
Equipment	41,836	-	-	41,836
Materials and supplies	10,464	-	-	10,464
Contractual costs	57,798	-	-	57,798
Employee benefits	80,997	-	-	80,997
	<u>380,191</u>	<u>-</u>	<u>-</u>	<u>380,191</u>
Debt service				
Principal	-	-	282,901	282,901
Interest	-	-	124,438	124,438
Total expenditures	<u>380,191</u>	<u>-</u>	<u>407,339</u>	<u>787,530</u>
Excess (deficiency) of revenues over expenditures	<u>76,350</u>	<u>40</u>	<u>(279,217)</u>	<u>(202,827)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	274,695	274,695
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>274,695</u>	<u>249,695</u>
Net change in fund balances	<u>51,350</u>	<u>40</u>	<u>(4,522)</u>	<u>46,868</u>
FUND BALANCES, beginning of year	<u>995,286</u>	<u>20,249</u>	<u>38,376</u>	<u>1,053,911</u>
FUND BALANCES, end of year	<u><u>\$ 1,046,636</u></u>	<u><u>\$ 20,289</u></u>	<u><u>\$ 33,854</u></u>	<u><u>\$ 1,100,779</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, 2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Non-property tax	\$ 375,000	\$ 375,000	\$ 404,563	\$ 29,563
Charges for services	1,000	1,000	-	(1,000)
Use of money and property	750	750	1,928	1,178
Miscellaneous	50,000	50,000	50,050	50
Total revenues	426,750	426,750	456,541	29,791
EXPENDITURES				
Current				
Culture and recreation				
Salaries and wages	198,313	204,119	189,096	15,023
Equipment	55,000	70,225	41,836	28,389
Materials and supplies	19,100	18,880	10,464	8,416
Contractual costs	30,971	122,441	57,798	64,643
Employee benefits	95,800	96,264	80,997	15,267
Total expenditures	399,184	511,929	380,191	131,738
Excess (deficiency) of revenues over expenditures	27,566	(85,179)	76,350	161,529
OTHER FINANCING SOURCES				
Transfers out	(25,000)	(25,000)	(25,000)	-
Net change in fund balance	2,566	(110,179)	51,350	161,529
FUND BALANCE, beginning of year	995,286	995,286	995,286	-
FUND BALANCE, end of year	\$ 997,852	\$ 885,107	\$ 1,046,636	\$ 161,529

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, 2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Use of money and property	\$ 25	\$ 25	\$ 40	\$ 15
FUND BALANCE, <i>beginning of year</i>	20,249	20,249	20,249	-
FUND BALANCE, <i>end of year</i>	\$ 20,274	\$ 20,274	\$ 20,289	\$ 15

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, 2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes and related items	\$ 127,832	\$ 127,832	\$ 127,832	\$ -
Use of money and property	150	150	290	140
Total revenues	127,982	127,982	128,122	140
EXPENDITURES				
Debt service				
Principal	282,901	282,901	282,901	-
Interest	124,438	124,438	124,438	-
Total expenditures	407,339	407,339	407,339	-
Deficiency of revenues over expenditures	(279,357)	(279,357)	(279,217)	140
OTHER FINANCING SOURCES				
Transfers in	274,695	274,695	274,695	-
Net change in fund balance	(4,662)	(4,662)	(4,522)	140
FUND BALANCE, beginning of year	38,376	38,376	38,376	-
FUND BALANCE, end of year	\$ 33,714	\$ 33,714	\$ 33,854	\$ 140

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, 2017		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 469,356	\$ 6,346,894	\$ 6,816,250
Accounts receivable	1,245,070	11,196	1,256,266
Due from other funds	-	295	295
Due from other governments	-	37,105	37,105
Prepaid expenses	136,703	17,095	153,798
Total current assets	1,851,129	6,412,585	8,263,714
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	-	12,202,477	12,202,477
Construction in progress	-	68,902	68,902
Less accumulated depreciation	-	(17,903,913)	(17,903,913)
Total capital assets	-	20,524,775	20,524,775
Total assets	1,851,129	26,937,360	28,788,489
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	-	218,572	218,572
Deferred amounts on refunding bonds	-	117,764	117,764
Total deferred outflows of resources	-	336,336	336,336

City of Rye, New York

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

	December 31, 2017		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 8,775	\$ 166,327	\$ 175,102
Accrued liabilities	431,355	45,140	476,495
Accrued interest payable	-	42,082	42,082
Due to other funds	1,253,269	83,898	1,337,167
Capital lease obligation	-	44,130	44,130
Compensated absences	-	5,128	5,128
Bonds payable	-	1,144,336	1,144,336
Total current liabilities	1,693,399	1,531,041	3,224,440
NONCURRENT LIABILITIES			
Bonds payable, less current portion	-	5,783,499	5,783,499
Capital lease obligation, less current portion	-	22,808	22,808
Compensated absences, less current portion	-	46,149	46,149
Net pension liability	-	232,470	232,470
Other postemployment benefit obligations	-	2,361,335	2,361,335
Total noncurrent liabilities	-	8,446,261	8,446,261
Total liabilities	1,693,399	9,977,302	11,670,701
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	-	42,988	42,988
NET POSITION			
Net investment in capital assets	-	13,530,002	13,530,002
Unrestricted	157,730	3,723,404	3,881,134
Total net position	\$ 157,730	\$ 17,253,406	\$ 17,411,136

City of Rye, New York

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

	Year Ended December 31, 2017		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
OPERATING REVENUES			
Charges for services	\$ 697,141	\$ 3,752,000	\$ 4,449,141
Miscellaneous	-	38,923	38,923
Total operating revenues	697,141	3,790,923	4,488,064
OPERATING EXPENSES			
Salaries and wages	-	609,957	609,957
Employee benefits	-	783,137	783,137
Materials and supplies	-	905,971	905,971
Contractual costs	673,766	193,805	867,571
Depreciation and amortization	-	982,483	982,483
Total operating expenses	673,766	3,475,353	4,149,119
Income from operations	23,375	315,570	338,945
NON-OPERATING REVENUES (EXPENSES)			
State and federal aid	-	33,993	33,993
Interest income	512	36,556	37,068
Interest expense	-	(318,086)	(318,086)
Total non-operating revenues (expenses)	512	(247,537)	(247,025)
Income before transfers	23,887	68,033	91,920
Transfers in	-	54,175	54,175
Transfers out	-	(9,175)	(9,175)
Change in net position	23,887	113,033	136,920
NET POSITION, beginning of year	133,843	17,140,373	17,274,216
NET POSITION, end of year	\$ 157,730	\$ 17,253,406	\$ 17,411,136

City of Rye, New York

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

	Year Ended December 31, 2017		
	Risk Retention Fund	Building and Vehicle Maintenance Fund	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES			
Cash received from customers	\$ 698,141	\$ 3,811,294	\$ 4,509,435
Cash payments to employees	-	(1,069,848)	(1,069,848)
Cash payments to vendors	(590,741)	(1,212,052)	(1,802,793)
	107,400	1,529,394	1,636,794
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES			
State and federal aid	-	33,993	33,993
Transfers in	-	54,175	54,175
Transfers out	-	(9,175)	(9,175)
	-	78,993	78,993
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(532,560)	(532,560)
Principal paid on capital debt	-	(1,102,099)	(1,102,099)
Payments on capital lease obligation	-	(42,223)	(42,223)
Interest paid on capital debt	-	(230,406)	(230,406)
Interest paid on capital lease obligation	-	(7,554)	(7,554)
	-	(1,914,842)	(1,914,842)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES			
Interest income	512	36,556	37,068
Net increase (decrease) in cash and equivalents	107,912	(269,899)	(161,987)
CASH AND EQUIVALENTS, beginning of year	361,444	6,616,793	6,978,237
CASH AND EQUIVALENTS, end of year	\$ 469,356	\$ 6,346,894	\$ 6,816,250
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES			
Income from operations	\$ 23,375	\$ 315,570	\$ 338,945
Adjustments to reconcile income from operations to net cash from operating activities			
Depreciation expense	-	982,483	982,483
(Increase) decrease in			
Accounts receivable	1,000	(8,738)	(7,738)
Due from other funds	-	34,889	34,889
Due from other governments	-	(5,780)	(5,780)
Deposits	43,500	-	43,500
Prepaid expenses	(5,848)	61,117	55,269
Deferred outflows of resources	-	235,605	235,605
Increase (decrease) in			
Accounts payable	(8,898)	(191,261)	(200,159)
Accrued liabilities	54,271	18,380	72,651
Due to other funds	-	(512)	(512)
Other post employment benefit obligations	-	292,470	292,470
Deferred inflows of resources	-	(10,690)	(10,690)
Net pension liability	-	(191,121)	(191,121)
Compensated absences	-	(3,018)	(3,018)
Total adjustments	84,025	1,213,824	1,297,849
Net cash from operating activities	\$ 107,400	\$ 1,529,394	\$ 1,636,794

See Independent Auditor's Report.

City of Rye, New York

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

	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017
ASSETS				
Cash and equivalents	\$ 159,462	\$ 17,588,013	\$ 17,584,824	\$ 162,651
Accounts receivable	2,317	17,015,304	17,015,735	1,886
	\$ 161,779	\$ 34,603,317	\$ 34,600,559	\$ 164,537
LIABILITIES				
Accounts payable	\$ 98,101	\$ 278,794	\$ 278,304	\$ 98,591
Employee payroll deductions	63,678	5,915,913	5,913,645	65,946
	\$ 161,779	\$ 6,194,707	\$ 6,191,949	\$ 164,537

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

City of Rye, New York

Supplementary Information - Schedule by Source

	<u>2017</u>
Governmental Funds' Capital Assets	
Machinery and Equipment	\$ 86,074
Infrastructure	72,700,863
Construction in Progress	<u>3,949,222</u>
Investment in Governmental Funds' Capital Assets by Source - Capital Projects Fund	76,736,159
Less - Accumulated depreciation	<u>(28,080,066)</u>
 Net Book Value	 <u>\$ 48,656,093</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	\$ 56,400	\$ 1,505,048	\$ (470,434)	\$ 1,034,614
COMMUNITY ENVIRONMENT						
Rights of way	-	21,301,087	-	21,301,087	-	21,301,087
Streets	-	15,987,904	243,902	16,231,806	(10,011,668)	6,220,138
Streetlights	-	765,308	-	765,308	(331,895)	433,413
Sidewalks	-	976,585	-	976,585	(813,070)	163,515
Bridges	-	2,452,814	-	2,452,814	(528,141)	1,924,673
Sanitary sewers	-	12,155,337	-	12,155,337	(7,704,490)	4,450,847
Pump stations	-	1,392,648	923,927	2,316,575	(496,512)	1,820,063
Storm sewers	-	13,029,472	1,822,185	14,851,657	(7,637,782)	7,213,875
Miscellaneous	-	-	902,808	902,808	-	902,808
Total community environment	-	68,061,155	3,892,822	71,953,977	(27,523,558)	44,430,419
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	\$ 72,700,863	\$ 3,949,222	\$ 76,736,159	\$ (28,080,066)	\$ 48,656,093

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

Function and Activity	Governmental Funds Capital Assets January 1	Additions	Deletions	Governmental Funds Capital Assets December 31
PUBLIC SAFETY				
Traffic signals	\$ 1,448,648	\$ 56,400	\$ -	\$ 1,505,048
COMMUNITY ENVIRONMENT				
Rights of way	21,301,087	-	-	21,301,087
Streets	15,204,281	1,027,525	-	16,231,806
Streetlights	451,582	313,726	-	765,308
Sidewalks	976,585	-	-	976,585
Bridges	2,452,814	-	-	2,452,814
Sanitary sewers	12,155,337	-	-	12,155,337
Pump stations	1,549,774	766,801	-	2,316,575
Storm sewers	14,047,936	803,721	-	14,851,657
Miscellaneous	63,751	839,057	-	902,808
Total community environment	<u>68,203,147</u>	<u>3,750,830</u>	<u>-</u>	<u>71,953,977</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>\$ 72,928,929</u>	<u>\$ 3,807,230</u>	<u>\$ -</u>	<u>\$ 76,736,159</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>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>	<u>2017</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 58,254,651
Restricted	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	2,044,330
Unrestricted	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)	(19,388,822)
Total governmental activities net position	<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>	<u>40,910,159</u>
Business-type activities										
Net investment in capital assets	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	9,607,185
Unrestricted	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	4,074,133
Total business-type activities net position	<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>	<u>13,681,318</u>
Primary government										
Net investment in capital assets	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	67,861,836
Restricted	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	2,044,330
Unrestricted	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)	(15,314,689)
Total primary government net position	<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>	<u>\$ 54,591,477</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
General government	\$ 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	\$ 4,399,755
Public safety	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	19,904,784
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	4,081,780
Culture and recreation	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	5,154,387
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	6,477,718
Interest	657,980	609,287	426,731	618,037	589,183	506,947	545,124	510,774	478,339	443,456
Total governmental activities	<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>	<u>40,461,880</u>
Business-type activities										
Marina	589,804	574,268	627,778	904,632	1,018,739	895,996	974,711	920,267	940,029	912,251
Golf	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	4,501,227
Total business-type activities	<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>	<u>5,413,478</u>
Total expenses	<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>	<u>45,875,358</u>
Program revenues										
Governmental activities										
Charges for services										
General government	743,220	792,068	789,441	917,026	899,551	707,740	562,980	530,253	532,439	532,231
Public safety	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	3,016,375
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	1,438,378
Culture and recreation	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	970,719
Home and community services	149,862	101,890	168,194	128,059	212,248	179,686	213,790	108,820	94,771	131,048
Operating grants and contributions	359,038	399,495	572,225	234,853	1,429,372	1,098,398	114,805	202,322	70,689	68,433
Capital grants and contributions	398,386	2,072,892	1,615,788	278,881	267,288	2,208,204	368,125	369,661	416,237	2,217,759
Total governmental activities	<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>	<u>8,374,943</u>
Business-type activities										
Charges for services										
Marina	565,473	591,891	633,269	646,459	640,518	663,455	686,471	668,033	668,258	706,006
Golf	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	4,855,241
Operating grants and contributions	-	-	-	-	28,718	559,942	17,989	4,385	8,500	-
Capital grants and contributions	317,500	-	-	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>5,561,247</u>
Total program revenues	<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>	<u>13,936,190</u>

City of Rye, New York

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

	<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>	<u>2017</u>
Net (expense)/revenue										
Governmental activities	(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)	(32,086,937)
Business-type activities	584,392	(727,908)	(1,448,960)	(781,452)	(441,041)	687,724	344,379	176,017	(1,507,517)	147,769
Total net expense	<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>	<u>(31,939,168)</u>
General revenues										
Governmental activities										
Real property taxes	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	24,016,544
Non-property taxes	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	2,950,816
Unrestricted use of money and property	490,398	140,030	95,000	51,907	43,420	48,667	63,946	58,438	91,202	200,361
Gain on sale of equipment	30,672	31,503	15,324	23,438	-	470,967	-	-	-	-
State aid	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	3,140,204
Other revenues	56,665	314,634	506,135	515,873	538,610	562,540	1,043,185	901,314	1,647,735	797,200
Total governmental activities	<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>	<u>31,105,125</u>
Business-type activities										
Unrestricted use of money and property	121,845	11,209	7,103	1,378	1,963	2,311	4,343	7,807	24,394	46,657
Gain on sale of equipment	-	-	-	-	-	-	-	92,370	-	-
Compensation for losses	-	-	-	-	-	-	-	2,519,000	1,034,574	86,548
Total business-type activities	<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>	<u>133,205</u>
Total general revenues	<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>	<u>31,238,330</u>
Change in net position										
Governmental activities	(4,582,700)	(1,136,292)	(446,926)	(3,204,618)	(849,873)	264,606	(4,002,403)	(3,350,406)	(1,853,293)	(981,812)
Business-type activities	706,237	(716,699)	(1,441,857)	(780,074)	(439,078)	690,035	348,722	2,795,194	(448,549)	280,974
Total change in net position	<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>	<u>\$ (700,838)</u>

City of Rye, New York

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

	<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>	<u>2017</u>
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 1,647,837	\$ 1,501,991	\$ 1,533,556	\$ 2,079,435	\$ 1,959,971	\$ 2,233,796	\$ 1,251,143
Restricted	-	-	-	2,141,634	1,938,058	1,383,442	1,874,294	1,862,012	1,849,816	2,044,853
Assigned	-	-	-	1,688,353	2,659,084	3,504,007	3,859,588	4,082,738	3,222,329	4,715,784
Unassigned	-	-	-	3,779,938	4,982,632	5,942,286	5,245,938	4,521,623	4,930,825	4,978,546
Reserved	3,264,302	3,130,697	4,661,371	-	-	-	-	-	-	-
Unreserved	7,736,075	6,701,760	5,833,786	-	-	-	-	-	-	-
Total general fund	<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>	<u>12,990,326</u>
All other governmental funds										
Nonspendable	-	-	-	24,227	24,900	27,261	25,300	26,909	24,350	24,652
Restricted	-	-	-	1,723,849	789,628	768,200	1,324,541	1,663,319	2,207,681	1,192,240
Assigned	-	-	-	777,191	1,501,397	1,023,955	729,947	799,983	969,922	1,012,917
Reserved	2,036,376	464,673	315,472	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	191,558	281,777	367,862	-	-	-	-	-	-	-
Permanent fund	25	80	118	-	-	-	-	-	-	-
Debt service fund	139,356	99,750	21,176	-	-	-	-	-	-	-
Capital projects fund	(3,301,577)	(2,049,789)	2,450,581	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>2,229,809</u>
Total governmental funds	<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>	<u>\$ 15,220,135</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>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>	<u>2017</u>
Revenues										
Real property taxes	\$ 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	\$ 24,032,280
Non-property taxes	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	3,355,379
Charges for services	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	1,616,449
Intergovernmental charges	77,799	85,866	82,008	95,651	81,095	85,998	86,150	89,274	91,428	104,337
Use of money and property	473,566	138,398	96,288	342,169	338,569	156,417	60,344	58,438	91,202	200,361
Licenses and permits	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	3,157,511
Fines and forfeitures	583,026	569,770	609,918	617,282	609,247	510,819	560,476	654,842	784,894	765,195
Sale of property and compensation for loss	108,962	49,377	113,486	95,641	119,983	238,215	366,397	283,147	922,373	226,009
Interfund revenues	432,050	445,759	442,984	441,634	441,634	445,759	444,409	448,159	447,184	447,259
State aid	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	3,673,890
Federal aid	47,002	1,100,153	1,043,013	-	595,533	1,983,148	67,843	15,769	14,102	2,878
Miscellaneous	210,007	332,834	349,608	398,189	950,545	692,467	313,189	242,656	291,629	1,950,802
Total revenues	<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>	<u>39,532,350</u>
Expenditures										
Current										
General government	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	4,065,932
Public safety	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	16,659,094
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	3,641,184
Culture and recreation	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	4,611,582
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	5,564,888
Debt service										
Refunding bond issuance costs	-	-	9,782	-	-	6,655	-	-	-	-
Principal	71,144	74,242	165,261	221,721	246,918	254,579	262,291	266,786	271,981	282,901
Interest	137,993	117,539	58,871	187,171	156,428	148,601	141,092	135,388	130,177	124,438
Capital outlay										
General government	13,496	-	-	-	-	-	-	-	-	-
Public safety	30,401	92,090	779,451	230,062	-	2,170	11,188	27,651	644,529	1,314,887
Transportation	2,337,444	874,498	733,012	552,823	293,946	1,927,269	714,599	1,331,578	602,939	1,720,841
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	1,720,187
Total expenditures	<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>	<u>39,705,934</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(173,584)</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	2,274,360	1,204,410	1,664,155	939,801	491,839	830,051	1,248,781	2,031,201	2,669,849	2,558,020
Transfers out	(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)	(2,603,020)
Total other financing sources (uses)	<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>	<u>(45,000)</u>
Net change in fund balances	<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>	<u>\$ (218,584)</u>
Debt service as a percentage of non-capital expenditures	0.72%	0.67%	0.79%	1.31%	1.33%	1.24%	1.26%	1.20%	1.22%	1.18%

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>
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
2017	24,032,281	2,407,074	166,673	377,069	1,932,180	28,915,277

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

Year	One-Three Family Residential	Condos Co-ops & Apt. Bldgs.	Business (1)	Other (2)	Total Gross Assessed Valuation	Exemptions	Total Taxable Assessed Valuation	Direct Tax Rate (3)	Estimated Actual Full Value	Taxable Value as a Percentage of Full Value
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%
2017	118,232,080	6,833,353	19,187,131	23,841,750	168,094,314	(27,206,240)	140,888,074	167.74	8,590,736,220	1.64%

(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	Rye Neck	Westchester County					Total with	Total with
	Operations	Debt Service	Total	School District	Union Free School District	Westchester County	Refuse Disposal District	Blind Brook Sewer District	Mamaroneck Sewer District	Total County	Rye City School District	Rye Neck Union Free School District
2008	117.97	13.52	131.49	490.55	-	141.43	13.61	20.90	-	175.94	784.46	-
	117.97	13.52	131.49	-	626.45	141.43	13.61	-	23.92	178.96	-	923.38
2009	124.40	12.98	137.38	500.20	-	146.28	13.89	21.15	-	181.32	805.92	-
	124.40	12.98	137.38	-	647.88	146.28	13.89	-	25.15	185.32	-	957.60
2010	126.56	12.96	139.52	507.31	-	158.12	15.12	21.87	-	195.11	828.98	-
	126.56	12.96	139.52	-	672.72	158.12	15.12	-	25.15	198.39	-	997.67
2011	128.97	11.90	140.87	520.54	-	156.86	15.34	21.62	-	193.82	843.33	-
	128.97	11.90	140.87	-	696.64	156.86	15.34	-	28.80	201.00	-	1,026.61
2012	133.15	11.84	144.99	529.68	-	162.12	15.84	22.32	-	200.28	863.11	-
	133.15	11.84	144.99	-	737.53	162.12	15.84	-	28.92	206.88	-	1,077.56
2013	137.08	11.83	148.91	554.65	-	173.82	16.98	23.23	-	214.03	905.76	-
	137.08	11.83	148.91	-	796.18	173.82	16.98	-	29.38	220.18	-	1,153.44
2014	138.70	11.68	150.38	561.34	-	187.92	17.61	29.69	-	235.22	935.26	-
	138.70	11.68	150.38	-	847.99	187.92	17.61	-	29.81	235.34	-	1,222.03
2015	143.45	11.66	155.11	595.58	-	184.87	17.32	35.82	-	238.01	977.04	-
	143.45	11.66	155.11	-	879.29	184.87	17.32	-	29.04	231.23	-	1,253.97
2016	145.68	11.48	157.16	595.20	-	196.32	17.94	37.72	-	251.98	992.86	-
	145.68	11.48	157.16	-	883.88	196.32	17.94	-	32.07	246.33	-	1,275.89
2017	156.24	11.50	167.74	607.44	-	200.24	18.04	37.92	-	256.20	1,019.88	-
	156.24	11.50	167.74	-	928.70	200.24	18.04	-	35.21	253.49	-	1,338.43

Source: City of Rye Comptroller's Office

City of Rye, New York

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

2017

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Consolidated Edison	Public Utility	\$ 3,066,206	2.18%
2	Miriam Osborn Memorial Home	Retirement Community	2,133,120	1.51%
3	United Water	Public Utility	836,770	0.59%
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	0.47%
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	485,900	0.34%
Total			\$ 10,217,208	7.25%

2008

Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percent of Total Taxable Assessed Valuation
1	Miriam Osborn Memorial Home	Retirement Community	\$ 3,257,100	2.34%
2	Consolidated Edison	Public Utility	2,852,812	2.05%
3	The Gateside - Rye Co.	Office Building	879,300	0.63%
4	Parsonage Investment Co.	Residential	808,900	0.58%
5	Milton Harbor House Inc.	Cooperative	770,550	0.55%
6	Rye Colony Apartments	Cooperative	738,250	0.53%
7	BU 055 Westchester	Public Utility	616,374	0.44%
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	537,692	0.38%
Total			\$ 11,553,078	8.29%

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		
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%	100,272	21,091,563	99.95%	11,482	0.05%	1,119,128	5.30%
2015	21,851,559	21,760,662	99.58%	90,897	0.42%	78,446	21,839,108	99.94%	12,451	0.06%	1,147,060	5.25%
2016	22,354,590	22,293,894	99.73%	60,696	0.27%	46,512	22,340,406	99.94%	14,184	0.06%	804,945	3.60%
2017	23,959,256	23,903,406	99.77%	55,850	0.23%	11,798	23,915,204	99.82%	44,052	0.18%	777,084	3.24%

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, 2017

Full valuation, last five fiscal years	
2017	\$ 8,590,736,220
2016	8,200,459,298
2016	7,267,949,058
2015	7,061,283,776
2014	6,703,650,097
Total full valuation, last five years	37,824,078,449
Five-year average full valuation	7,564,815,690
Constitutional tax limit: 2% of five-year average full valuation	\$ 151,296,314
Tax levy - general city purposes	\$ 23,632,420
Total exclusions ¹	3,714,283
Tax levy subject to tax limit	\$ 19,918,137
Percent of constitutional tax limit exhausted	13.16%
Constitutional tax margin	\$ 131,378,177

Constitutional Tax Limit - Last Ten Fiscal Years

Year	Constitutional Tax Limit	Tax Levy Subject to Tax Limit	Constitutional Tax Margin	Percent Exhausted
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%
2017	151,296,314	19,918,137	131,378,177	13.16%

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										
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%
2017	10,858,303	66,938	10,925,241	8,590,736,220	0.13%	16,009	682	89,301	1,429,619,709	0.76%
Business-Type Activities										
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%
2017	392,616	11,393	404,009	8,590,736,220	0.00%	16,009	25	89,301	1,429,619,709	0.03%
Total Government-Wide										
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%
2017	11,250,919	78,331	11,329,250	8,590,736,220	0.13%	16,009	708	89,301	1,429,619,709	0.79%

(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, 2017		
<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	\$ 29,472,454	100.00%	\$ 29,472,454
Rye Neck Union Free School District	12,904,119	33.11%	4,272,554
Westchester County	1,122,593,660	5.20%	58,351,341
Subtotal, Overlapping Debt			92,096,349
City Direct Debt (2)			10,925,241
 Total Direct and Overlapping Debt			\$ 103,021,590
 Population			16,009
 Overlapping Debt Per Capita			\$ 5,753
 Direct and Overlapping Debt Per Capita			\$ 6,435
 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
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
2017	92,096,349	10,925,241	103,021,590	16,009	5,753	6,435

(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
2017	\$ 140,888,074	1.64%	\$ 8,590,736,220
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
Total Five Year Full Valuation			37,824,078,449
Five Year Average Full Valuation of Taxable Real Property			7,564,815,690
Constitutional Debt Limit (7% of Average Full Valuation)			529,537,098
Outstanding Indebtedness at December 31st			11,329,250
Less: 2018 Appropriations for Debt Principal			1,835,000
Net Indebtedness Subject to Debt Limit			9,494,250
Net Debt Contracting Margin			\$ 520,042,848
Percentage of Net Debt Contracting Margin Available			98.21%
Percentage of Net Debt Contracting Power Exhausted			1.79%

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
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%
2017	529,537,098	11,329,250	1,835,000	9,494,250	520,042,848	98.21%

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)		
	2014	2015	2016
General Fund	\$ 33,589,349	\$ 35,427,514	\$ 36,045,972
Cable TV Fund	422,773	429,910	397,129
Boat Basin Fund	968,756	1,015,510	963,021
Golf Club Fund	6,197,291	4,456,555	4,454,558
Total gross annual budgets	\$ 41,178,169	\$ 41,329,489	\$ 41,860,680
Total of preceding three years' gross annual budgets			\$ 124,368,338
Average of preceding three years' gross annual budgets			\$ 41,456,113
	Subject to City Council Vote	Public Safety Exemption	Disaster Rebuilding Exemption
Maximum charter bonding limit	\$ 12,436,834	\$ 2,500,000	\$ 2,500,000
Less outstanding principal at December 31, 2017			
2000 Serial Bonds	(72,386)	-	-
2001 Serial Bonds	(145,346)	-	-
2002 Serial Bonds	-	-	-
2005 Serial Bonds	-	(243,149)	-
2010 Serial Bonds	(997,744)	(894,482)	-
Charter bonding limit December 31, 2017	\$ 11,221,358	\$ 1,362,369	\$ 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>
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%
2017	16,009	40.8	89,301	162,394	1,700,000	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>Transportation</u>	<u>Culture and Recreation</u>	<u>Home and Community Svs</u>	<u>Total</u>
2008	30	64	16	22	34	166
2009	18	59	20	22	44	163
2010	18	59	20	22	44	163
2011	14	57	19	19	39	148
2012	14	55	15	19	41	144
2013	13	57	15	19	42	146
2014	13	61	13	18	44	149
2015	12	62	13	20	43	150
2016	13	60	13	19	42	147
2017	13	60	12	21	40	146

(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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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
Public Safety										
Number of police personnel and officers	44	42	42	40	39	40	41	41	41	40
Number of police calls for service	14,004	12,841	16,252	14,845	13,829	10,957	13,501	15,260	30,120	30,656
Number of parking violations issued	12,739	11,752	11,829	11,930	10,539	8,498	9,061	10,762	10,071	10,825
Number of paid firefighters	17	17	17	17	17	17	17	17	17	21
Number of volunteer firefighters	225	120	120	112	170	150	150	150	150	87
Number of fire alarms answered	855	821	957	951	1,134	888	928	928	1,020	967
Number of fire inspections performed	442	471	478	485	115	119	119	119	N/A	87
Number of school crossing guards***	8	8	10	9	8	-	-	-	-	-
Home and Community Services										
Tons collected and disposed										
Solid waste	5,836	5,645	5,806	5,935	5,598	5,391	5,364	5,364	N/A	5,306
Green waste	3,199	3,554	2,863	4,326	5,685	6,697	1,736	1,736	N/A	2,348
Metal	155	134	111	97	76	86	44	44	N/A	58
Pulp	1,934	1,714	1,739	1,673	1,627	1,558	1,617	1,617	N/A	1,469
Co-mingled	770	800	794	787	734	722	772	772	N/A	779
Number of tires collected and disposed*	4	1	1	1	-	-	-	-	-	-
Number of shade trees										
Planted	115	-	5	7	8	27	30	30	30	28
Removed	239	268	95	219	134	162	91	91	96	107
Trimmed	468	404	253	329	265	147	223	223	257	185
Emergency calls	86	44	75	126	289	95	22	22	64	23
Stumps ground	154	135	66	135	125	99	93	93	55	100
Culture and Recreation										
Registrations for adult programs	1,402	1,307	1,130	1,092	1,428	1,300	1,201	1,201	1,326	1,268
Picnics**	4,103	2,516	3,922	N/A	75	77	62	62	71	59
Registrations for senior citizen programs	7,445	6,668	6,729	6,511	5,144	5,276	4,976	4,976	5,310	5,464
Registrations for special events	5,051	4,848	4,795	4,509	4,065	4,215	5,438	5,438	6,189	7,013
Registrations for youth programs	5,486	5,270	3,674	2,998	1,810	2,124	1,904	1,904	1,818	1,648
Registrations for youth sports	4,727	4,853	5,109	4,842	4,231	4,239	4,150	4,150	3,012	3,982

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>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>	<u>2017</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