

**TOWN OF RYE,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2005**

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## PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

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### *INDEPENDENT AUDITOR'S REPORT*

To the Members of the Board of Selectmen  
Town of Rye  
Rye, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Rye as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Rye as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rye basic financial statements. The combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 27, 2006

*Plodzik & Sanderson  
Professional Association*

*Town of Rye, NH*  
***Management Discussion and Analysis***  
2005

1. Brief discussion of the Basic Financial Statements
2. Condensed Government – Wide Financial Information
3. Financial Results
4. Fund Balances
5. Budgets
6. Capital Assets and Long Term Debt
7. Currently know facts management is aware of at the date of the auditor's report

As management of the Town of Rye, NH, we offer readers of the Town of Rye, NH financial statements this narrative overview and analysis of the financial activities of the Town of Rye, NH for the fiscal year ended December 31, 2005

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

This discussion and analysis are intended to serve as an introduction to the Town of Rye, NH's basic financial statements. The Town of Rye, NH's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Rye, NH's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Rye, NH's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Rye, NH is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the Town of Rye, NH include general government, public safety, roadways, cemetery, library, trust and capital reserve funds, grants, conservation, sanitation, culture and recreation.

**Fund financial statements-** A *fund* is a set of reports that is used to segregate specific activities. For example, Sewer department activity, which is paid from sewer user fees, is reported separately from Cemetery activity, which is paid from perpetual care trust funds. The Town of Rye, NH, 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 Town of Rye, NH can be divided into two categories: governmental or fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to report on the general operations of the town. They 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, fund financial statements focus only on current expenses and revenue (*inflows and outflows of spendable resources this year*), as well as on balances (of *spendable resources*) available at the end of the fiscal year. Such information may be useful in evaluating a government's current 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 government'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 Town of Rye, NH adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Rye town government, such as developer's performance bonds, capital reserve and expendable trust funds belonging to other governments, and trust funds for which the income is used for purposes that are not normally funded by the Town. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Rye, NH's own programs. The accounting used for the fiduciary funds is much like that used for businesses.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* consisting of a comparison of budget to actual expenditures for the general fund.

## ***Government-wide Financial Analysis***

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Rye, NH, assets exceeded liabilities by \$33,012,372 at the close of the most recent fiscal year.

By far the largest portion of the Town of Rye, NH's net assets (\$26.5m) reflects its investment in capital assets (e.g., land, buildings, vehicles, etc.); less any related debt used to acquire those assets that is still outstanding. The Town of Rye, NH uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Rye, NH'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 these liabilities.

### ***Town of Rye, NH's Net Assets***

	<b>Governmental Activities</b>	
	<b>2004</b>	<b>2005</b>
Current & other assets	16,342,481	13,335,399
Capital assets	30,767,263	32,676,848
Total assets	47,109,744	46,012,247
Long-term liabilities outstanding	9,024,822	4,910,786
Other liabilities	6,059,069	8,069,089
Total liabilities	15,083,891	12,999,875
Net assets:		
Investment in capital assets net of related debt	27,635,797	26,476,618
Restricted assets	2,101,118	2,100,818
Unrestricted assets	2,288,938	4,434,936
Total net assets	32,025,853	33,012,372

At the end of the current fiscal year, the Town of Rye, NH is able to report positive balances in net assets, for the government as a whole. The same situation held true for the prior fiscal year.

## **Town of Rye, NH Changes in Fund Balances**

### Governmental Activities

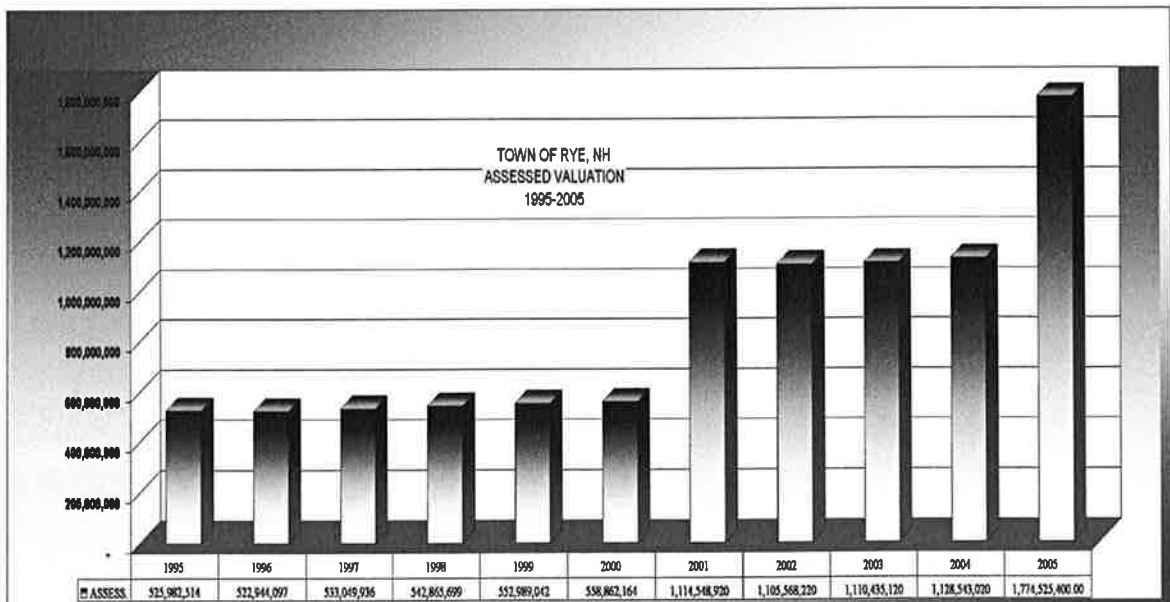
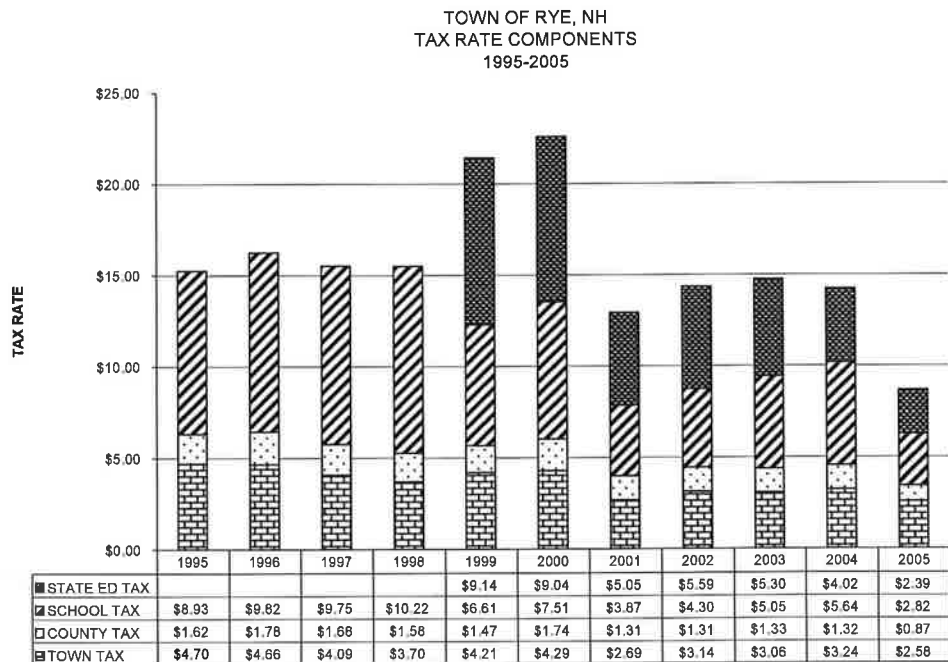
	2004 AMOUNT	2005 AMOUNT	DIFFERENCE
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 792,194	\$ 859,715	\$ 67,521
Operating grants	340,618	23,564	(317,054)
Capital grants	1,484,216	116,311	(1,367,905)
General revenues:			
Property taxes	3,507,208	4,413,475	906,267
Licenses and permits	1,399,987	1,397,396	(2,591)
Unrestricted grants	222,468	461,336	238,868
Interest	246,649	167,042	(79,607)
Miscellaneous	159,055	297,338	138,283
Total revenues	8,152,395	7,736,177	(416,218)
<b>Expenses:</b>			
General Government	1,466,733	1,087,374	(379,359)
Public Safety	1,635,824	1,833,636	197,812
Highways and Streets	1,116,222	1,377,407	261,185
Sanitation	529,150	602,086	72,936
Health	108,026	78,424	(29,602)
Welfare	38,969	21,873	(17,096)
Culture & Recreation	812,137	825,838	13,701
Conservation	82,721	71,908	(10,813)
Interest on long-term debt	284,592	347,313	62,721
Capital Outlay	532,740	153,084	(379,656)
Total governmental activities	6,607,114	6,398,943	(208,171)
Change in net assets	1,545,281	1,337,234	(208,047)
Beginning net assets	30,480,572	31,675,138	1,194,566
Ending net assets	\$ 32,025,853	\$ 33,012,372	\$ 986,519

### **General fund budgetary highlights**

The actual budgetary revenues were more than the budget for estimated revenues by \$439,950. Interest income on deposits and investments increased by \$65k over the prior year. The Town received more in motor vehicle registrations and ambulance income than was projected.

- The Town realized a savings of \$221,742 in actual expenditures over budgeted appropriations, of which \$141,029 (64%) came from the general government departments. This saving is partly due to a vacancy of a budgeted department head position. A savings of \$54,221 (25%) came from public safety departments. Over all, total governmental expenditures decreased by \$208k (4%) from the prior year. For the most part, increases in individual department expenses closely paralleled inflation and growth, in the demand for services.

- As shown in the above statement the Town experienced an improvement in financial position of \$1,337,234 on the full accrual basis of accounting. The 2005 permanent funds and capital reserve funds have been included in the Revenue and Expense summary.
- Property taxes increased by \$906k (26% percent) with the over all tax rate decreasing by \$5.56 (3.9%) per thousand during the year. This change is due to the 2005 Town-wide recertification of property valuations and an increase in new construction during the year. The last Town-wide revaluation was done in 2001.





## Capital Asset and Debt Administration

**Capital Assets** - The Town of Rye, NH's investment in capital assets includes land and improvements, buildings, rolling stock, sewer mains, equipment, and roadways with a value in excess of \$10,000 and a useful life of over 5 years.

Assets are depreciated on a straight-line basis, with the original cost divided evenly by the useful life of the asset.

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

- Architectural work for a new fire/police safety building
- Acquisitions:
  - police cruiser
  - Ford F250 pick up truck for Public Works
  - 1 tax deeded parcel of land
  - 1 parcels of land for Conservation
  - 3 Conservation Land Easements
- Deletions:
  - Police cruiser – 1995

### Town of Rye, NH Capital Assets

Governmental Activities  
(at original cost)

	2004	additions	deletions	2005
Land	6,007,603	435,000		6,442,603
Land Imp-PWD drainage	328,709			328,709
Land Imp-Rec. Ball-field	180,893			180,893
Buildings	2,652,278			2,652,278
Rolling Stock	1,683,355	132,015	42,488	1,772,882
Equipment		40,000		40,000
Construction Work in Progress - (Safety Bldg)	215,620	2,469,886		2,685,506
Sewer Mains - Infrastructure	4,400,000			4,400,000
Roadways - Infrastructure	29,340,599			29,340,599
Total	44,809,057			47,843,470

Additional information on the Town of Rye, NH's net capital assets, depreciation, and debt may be found in the notes to the financial statements.

**Long-term Debt.** At the end of the current fiscal year, the Town of Rye, NH had total bonded debt outstanding of \$7.1m, which is a 16% decrease from the \$8.4m owed at the end of 2004. These bonds are a general obligation of the taxpayers of Rye, N.H., of which \$1m is repaid from sewer user fees (60% of the sewer bond) and Water Supply & Pollution Control grants.

NH RSA 33:4-A establishes a debt limit. Towns may not incur outstanding indebtedness exceeding 3% (\$53m) of the town valuation (\$1.8B). Rye's debt is less than 1% of the valuation, so it is well within the debt limit. Rye has an allowed debt margin of \$43.1m. The Town of Rye issues bonds through the NH Municipal Bond Bank, and uses the bond bank credit rating of Aa2 with Moody's Investment Service.

There is an additional \$3m in authorized but unissued long term debt in 2005, which the citizens have authorized for conservation land purchases.

**Area Economy** (per 2000 Census). The Town of Rye, NH has a very strong economy, with the average income (\$36.8k) well above the state average of \$34.7k, which is the sixth highest in the nation. At the same time, the poverty rate is the lowest in the country. The population which is 52% female and 48% male grew by 12.4 percent between 1990 and 2000. Children under the age of 18 make up 22.2% of it, while 19% are over the age of 65. There are 417 persons per square mile of land area. Largely due to its eight miles of coastline, the selling price of houses is also well above the state and national averages. According to the NH Multiple Listing Service, the average residential home sales price in Rye was \$535k, while the state average was \$229k.

There are many reasons for the popularity of this area, such as the fact that there is no sales or income tax. Even the cost of automobile insurance (\$730/yr avg.) is low, compared to the state averages of \$596 - \$1183 per person.

### **Requests for information**

This financial report is designed to provide a general overview of the Town of Rye, NH's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Administrator, 10 Central Road, Town of Rye, NH, 03870.

**EXHIBIT B**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Functions:					
General government	\$ 1,087,374	\$ 373,685	\$ 23,564	\$ 54,684	\$ (635,441)
Public safety	1,833,636	178,936			(1,654,700)
Highway and streets	1,377,407	3,101			(1,374,306)
Sanitation	602,086	77,034			(525,052)
Health	78,424				(78,424)
Welfare	21,873				(21,873)
Culture and recreation	825,838	226,959			(598,879)
Conservation	71,908			61,627	(10,281)
Interest on long-term debt	347,313				(347,313)
Capital outlay	153,084				(153,084)
Total governmental activities	<u>\$ 6,398,943</u>	<u>\$ 859,715</u>	<u>\$ 23,564</u>	<u>\$ 116,311</u>	<u>(5,399,353)</u>
General revenues:					
Taxes:					
Property					4,341,507
Other					71,968
Motor vehicle permit fees					1,172,743
Licenses and other fees					224,653
Grants and contributions not restricted to specific programs					461,336
Unrestricted investment earnings					167,042
Miscellaneous					297,338
Total general revenues					<u>6,736,587</u>
Change in net assets					1,337,234
Net assets, beginning, as restated see Note 2					<u>31,675,138</u>
Net assets, ending					<u>\$33,012,372</u>

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

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Statement of Net Assets**  
**December 31, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,265,272
Investments	7,167,666
Intergovernmental receivable	9,844
Other receivables, net of allowances for uncollectible	877,054
Inventory	5,779
Prepaid items	9,784
Capital assets, not being depreciated:	
Land	6,442,603
Construction in progress	2,685,506
Capital assets, net of accumulated depreciation:	
Land improvements	468,762
Buildings	2,415,906
Rolling stock	1,194,248
Equipment	40,000
Infrastructure	<u>19,429,823</u>
Total assets	<u>46,012,247</u>
<b>LIABILITIES</b>	
Accounts payable	92,393
Contract payable	197,705
Intergovernmental payable	4,274,927
Accrued interest payable	149,393
Retainage payable	114,579
Unearned revenue	81,789
Noncurrent obligations:	
Due within one year:	
Bonds	1,031,667
Compensated absences	57,733
Accrued landfill postclosure care costs	13,500
Due in more than one year:	
Bonds	6,366,333
Compensated absences	327,156
Accrued landfill postclosure care costs	<u>292,700</u>
Total liabilities	<u>12,999,875</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	26,476,618
Restricted for:	
Perpetual care	1,657,186
Library purposes	443,632
Unrestricted	<u>4,434,936</u>
Total net assets	<u>\$ 33,012,372</u>

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

**EXHIBIT C-1**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2005**

	<u>General</u>	<u>Permanent</u>	<u>Safety Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,514,232	\$ 302,559	\$	\$ 448,481	\$ 5,265,272
Investments	2,327,581	1,814,356	1,514,029	1,511,700	7,167,666
Receivables, net of allowances for uncollectible:					
Taxes	729,884				729,884
Accounts	23,644			123,526	147,170
Intergovernmental	3,559			6,285	9,844
Interfund receivable	47,733			260,794	308,527
Voluntary tax liens	35,444				35,444
Voluntary tax liens reserved until collected	(35,444)				(35,444)
Inventory	5,779				5,779
Prepaid items	9,140			644	9,784
Total assets	<u>\$ 7,661,552</u>	<u>\$ 2,116,915</u>	<u>\$ 1,514,029</u>	<u>\$ 2,351,430</u>	<u>\$ 13,643,926</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 80,438	\$	\$ 3,555	\$ 8,400	\$ 92,393
Contracts payable			197,705		197,705
Intergovernmental payable	4,261,827			13,100	4,274,927
Interfund payable	255,583	26,350	1,230	25,364	308,527
Retainage payable			113,769	810	114,579
Deferred revenue	653			81,136	81,789
Total liabilities	<u>4,598,501</u>	<u>26,350</u>	<u>316,259</u>	<u>128,810</u>	<u>5,069,920</u>
<b>Fund balances:</b>					
Reserved for encumbrances	81,907		762,462		844,369
Reserved for endowments		2,072,144			2,072,144
Reserved for inventory	5,779				5,779
Reserved for special purposes		18,421	435,308	532,604	986,333
Unreserved:					
Designated for contingency	550,000				550,000
Undesignated, reported in:					
General fund	2,425,365				2,425,365
Special revenue funds				1,690,016	1,690,016
Total fund balances	<u>3,063,051</u>	<u>2,090,565</u>	<u>1,197,770</u>	<u>2,222,620</u>	<u>8,574,006</u>
Total liabilities and fund balances	<u>\$ 7,661,552</u>	<u>\$ 2,116,915</u>	<u>\$ 1,514,029</u>	<u>\$ 2,351,430</u>	<u>\$ 13,643,926</u>

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

**EXHIBIT C-2**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets**  
**December 31, 2005**

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Total fund balances of governmental funds (Exhibit C-1)			\$ 8,574,006
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Cost	\$ 47,843,470	
	Less accumulated depreciation	<u>(15,166,622)</u>	
			32,676,848
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.			
	Receivables	\$ (308,527)	
	Payables	<u>308,527</u>	
			-0-
Interest on long-term debt is not accrued in governmental funds.			
	Accrued interest payable		(149,393)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:			
	Bonds	\$ 7,398,000	
	Compensated absences payable	384,889	
	Accrued landfill postclosure care costs	<u>306,200</u>	
			<u>(8,089,089)</u>
Total net assets of governmental activities (Exhibit A)			<u>\$ 33,012,372</u>

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

**EXHIBIT C-3**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Governmental Funds**  
**For the Fiscal Year Ended December 31, 2005**

	<u>General</u>	<u>Permanent</u>	<u>Safety Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 4,413,475	\$	\$	\$	\$ 4,413,475
Licenses and permits	1,397,396				1,397,396
Intergovernmental	461,336			139,875	601,211
Charges for services	195,625	35,675		628,415	859,715
Miscellaneous	<u>182,851</u>	<u>55,263</u>	<u>77,770</u>	<u>157,232</u>	<u>473,116</u>
Total revenues	<u>6,650,683</u>	<u>90,938</u>	<u>77,770</u>	<u>925,522</u>	<u>7,744,913</u>
Expenditures:					
Current:					
General government	1,008,203	82,462		6,844	1,097,509
Public safety	1,645,127			96,507	1,741,634
Highway and streets	844,948				844,948
Sanitation	324,963			180,582	505,545
Health	78,424				78,424
Welfare	21,873				21,873
Culture and recreation	208,071			596,835	804,906
Conservation	2,424			69,484	71,908
Debt service	1,213,362			198,396	1,411,758
Capital outlay	<u>126,813</u>		<u>2,457,129</u>	<u>474,028</u>	<u>3,057,970</u>
Total expenditures	<u>5,474,208</u>	<u>82,462</u>	<u>2,457,129</u>	<u>1,622,676</u>	<u>9,636,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,176,475</u>	<u>8,476</u>	<u>(2,379,359)</u>	<u>(697,154)</u>	<u>(1,891,562)</u>
Other financing sources (uses):					
Transfers in	21,904			498,654	520,558
Transfers out	<u>(478,340)</u>	<u>(19,029)</u>		<u>(23,189)</u>	<u>(520,558)</u>
Total other financing sources and uses	<u>(456,436)</u>	<u>(19,029)</u>		<u>475,465</u>	
Net change in fund balances	720,039	(10,553)	(2,379,359)	(221,689)	(1,891,562)
Fund balances, beginning	<u>2,343,012</u>	<u>2,101,118</u>	<u>3,577,129</u>	<u>2,444,309</u>	<u>10,465,568</u>
Fund balances, ending	<u>\$ 3,063,051</u>	<u>\$ 2,090,565</u>	<u>\$ 1,197,770</u>	<u>\$ 2,222,620</u>	<u>\$ 8,574,006</u>

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



**EXHIBIT C-4**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended December 31, 2005**

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Net change in fund balances of governmental funds (Exhibit C-3)			\$ (1,891,562)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.			
	Capitalized capital outlay	\$ 3,034,413	
	Depreciation expense	<u>(774,128)</u>	
			2,260,285
Transfers in and out between governmental funds are eliminated on the operating statement.			
	Transfers in	\$ (520,558)	
	Transfers out	<u>520,558</u>	
			-0-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.			
	Repayment of bond principal	\$ 999,200	
	Amortization of bond premium	<u>32,467</u>	
			1,031,667
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.			
	Decrease in accrued interest expense	\$ 32,778	
	Increase in compensated absences payable	(89,734)	
	Increase in accrued landfill postclosure care costs	<u>(6,200)</u>	
			(63,156)
Changes in net assets of governmental activities (Exhibit B)			<u>\$ 1,337,234</u>

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

**EXHIBIT D-1**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**December 31, 2005**

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	Private Purpose <u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,753	\$ 113,538
Investments		<u>469,278</u>
Total assets	<u>1,753</u>	<u>528,816</u>
<b>LIABILITIES</b>		
Due to other governmental units		469,278
Due to developers		<u>113,538</u>
Total liabilities		<u>582,816</u>
<b>NET ASSETS</b>		
Held in trust for special purposes	<u>\$ 1,753</u>	<u>\$ -0-</u>

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

**EXHIBIT D-2**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Fiscal Year Ended December 31, 2005**

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	Private Purpose Trust
ADDITIONS:	
Investment earnings:	
Interest	\$ 5
Net assets, beginning	1,748
Net assets, ending	<u>\$ 1,753</u>

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

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

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**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Rye (Town) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities at the government-wide financial reporting level to the extent that those standards do not conflict with or contradict guidance of the GASB.

The more significant of the Town's accounting policies are described below.

***1-A Reporting Entity***

The Town of Rye, New Hampshire is a municipal corporation governed by a 3-member board of selectmen. The reporting entity is comprised of the primary government and any other organizations that are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the Town is financially accountable. The Town is financially accountable for an organization if the Town appoints a voting majority of the organization's governing board and (1) the Town is able to significantly influence the programs or services performed or provided by the organization; or (2) the Town is legally entitled to or can otherwise access the organization's resources; the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Town is obligated for the debt of the organization. Based on the foregoing criteria, no other organizations are included in the Town's financial reporting entity.

***1-B Basis of Presentation***

The Town's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities; and fund financial statements, which provide a more detailed level of financial information.

***Government-wide Financial Statements*** – The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole. Fiduciary activities are not included at the government-wide reporting level. Individual funds are not displayed at this reporting level as all individual governmental funds are consolidated as governmental activities.

The statement of net assets presents the financial position of the governmental activities of the Town at year-end. This statement includes all of the Town's assets, liabilities and net assets.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with the function and therefore, clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the distinct functional activity. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town. Program revenues include: (1) charges for services, which include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to the program uses.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted.

**Fund Financial Statements** – During the year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental and fiduciary funds.

The Town reports major funds in separate columns on the governmental fund financial statements. Nonmajor funds are aggregated in one column on the fund financial statements.

**Fund Accounting** – The Town uses funds to maintain its financial records during the year. The Town uses two categories of funds: governmental and fiduciary.

**Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between governmental fund assets and liabilities as fund balance. The following are the Town's major governmental funds:

**General Fund** – The general fund is the primary operating fund of the Town. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounting for in this fund. This fund accounts for general operating expenditures, fixed charges, and the capital improvement costs that are not reported in other funds.

**Permanent Fund** – The permanent fund is used to report resources that are legally restricted to the extent that only earnings, and not principal can be used to support town activities.

**Safety Building Fund** – The safety building fund is used to account for the activities related to the construction of the new safety building.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net assets. The Town's fiduciary funds consist of private purpose trust and agency funds. The agency funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

***1-C Measurement Focus***

**Government-wide Financial Statements** – The government-wide financial statements are reported using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Town are included on the statement of net assets. The statement of activities reports revenues, expenses and changes in net assets.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The fiduciary funds use an economic resources measurement focus. These funds report all assets and liabilities on the statement of fiduciary net assets. The statement of changes in fiduciary net assets reports additions and deductions to net assets of the private purpose trust funds.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

***1-D Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting, and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of some deferred revenue, and in the presentation of expenses versus expenditures.

***Revenues – Exchange Transactions*** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year, generally within sixty days of year-end.

***Revenues – Non-exchange Transactions*** – Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all grantor imposed eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions also must be available (i.e., collected within 60 days) before it can be recognized, with the exception of property taxes which are recognized if expected to be collected in time to be used to pay the liability to the school district which is due over the next six months.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: taxes, charges for services, interest, and federal and state grants.

***Deferred Revenue*** – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) are recorded as deferred revenue in the governmental funds, and as unearned revenue on the government-wide financial statements.

***Expenses/Expenditures*** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

***1-E Assets, Liabilities and Net Assets or Equity***

***1-E-1 Cash, Cash Equivalents and Investments***

***Cash and Cash Equivalents*** - Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

New Hampshire statutes require that the Town treasurer have custody of all moneys belonging to the Town and pay out the same only upon orders of the board of selectmen. The treasurer shall deposit all such moneys in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank collateral security for such deposits, United States government or government agency obligations or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**Investments** - Wherever the treasurer has in custody an excess of funds which are not immediately needed for the purpose of expenditure, the treasurer shall, with the approval of the board of selectmen, invest the excess funds.

New Hampshire law authorizes the Town to invest in the following type of obligations:

- Obligations of the United States government,
- The public deposit investment pool established pursuant to RSA 383:22,
- Savings bank deposits, or
- Certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or moneys for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the Town. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

Investments are stated at fair value based on quoted market prices.

***1-E-2 Receivables***

Tax revenue is recorded when a warrant for collection is committed to the tax collector. As prescribed by law, the tax collector executes a lien on properties for all uncollected property taxes in the following year after taxes are due. The lien on these properties has priority over other liens and accrues interest at 18% per annum. If property is not redeemed within the 2-year redemption period, the property is tax-deeded to the Town.

Accounts receivable include various service charges which are recorded as revenue for the period when service was provided.

All receivables are reported net of any allowances for uncollectible amounts.

***1-E-3 Interfund Balances***

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

***1-E-4 Inventory and Prepaid Items***

Inventory is valued at cost using the first-in, first-out method. The consumption method is used to account for inventory. Under the consumption method, inventory is recorded when expenditures are consumed rather than when purchased. Reported inventory in the governmental funds is equally offset by a fund balance reserve which indicates that the assets are not available for appropriation even though they are a component of reported assets.

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items using the consumption method, by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***1-E-5 Capital Assets***

Capital assets are those assets of a capital nature which the Town owns. These assets are reported in the governmental activities column of the government-wide financial statements.



**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$10,000 and more than one year of estimated life. Improvements to capital assets are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are expensed.

All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Land improvements	25
Buildings	100
Rolling stock	10-25
Infrastructure	30-50

***1-E-6 Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Town's experience of making termination payments.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

***1-E-7 Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

***1-E-8 Fund Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

**Fund Balance** – Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources, and therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific purposes.

**Net Assets** – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**1-E-9 Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement of repayment are reported as interfund transfers. At the fund reporting level, interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

At the government-wide financial reporting level, transfers between funds that would be reported in the individual funds are eliminated.

**1-E-10 Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – RESTATEMENT OF BEGINNING NET ASSETS**

The capital asset, infrastructure (roadways) at January 1, 2005 was restated due to an engineering estimation error as follows:

Adjustment	\$ (350,715)
Net assets, as previously reported	<u>32,025,853</u>
Net assets, as restated	<u><u>\$31,675,138</u></u>

**NOTE 3 – DETAILED NOTES ON ALL FUNDS AND GOVERNMENT-WIDE STATEMENTS**

**3-A Custodial Credit Risk - Deposits and Investment Risks**

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government's investment policies do not address custodial credit risk. As of December 31, 2005, \$62,890 of the government's bank balance of \$5,785,334 was exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2005, the Town had the following investments:

	<u>Fair Value</u>
Investment:	
Certificates of deposit	\$ 2,292,989
Franklin U.S. Government Securities Fund	28,638
Corporate bonds	77,125
Real estate	148,809
Common stocks	1,510,775
New Hampshire Public Deposit Investment Pool	<u>3,578,608</u>
Total	<u><u>\$ 7,636,944</u></u>

**Interest Rate Risk** - The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits investments to those described in Note 1-D-1. The Town's investment policy does not further limit its investment choices.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**3-B Taxes Receivable**

The property tax year is from April 1 to March 31 and all property taxes are assessed on the inventory taken in April of that year. The net assessed valuation as of April 1, 2005, upon which the 2005 property tax levy was based is:

For the New Hampshire education tax	\$ 1,767,178,500
For all other taxes	\$ 1,774,525,400

The Town subscribes to the semi-annual method of tax collection as provided for by RSA 76:15-a. Under this method, tax bills are due on or around July 1 and December 1 of each year, with interest accruing at a rate of 12% on bills outstanding after the due date. The first billing is considered an estimate only and is one half of the previous year's tax billing. The remaining balance of taxes due is billed in the fall after the New Hampshire Department of Revenue Administration has calculated and approved the Town's tax rate for the fiscal year.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for abatements and refunds of property taxes, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any tax allowances at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Rye School District, Rockingham County, Jenness Beach Precinct, Rye Beach Precinct and Rye Water District, which are remitted as required by law. The ultimate responsibility for the collection of taxes rests with the Town.

The tax rates and amounts assessed for the year ended December 31, 2005, were as follows:

	<u>Per \$1,000 of Assessed Valuation</u>	<u>Property Taxes Assessed</u>
Municipal portion	\$ 2.58	\$ 4,581,889
School portion:		
State of New Hampshire	\$ 2.39	4,219,447
Local	\$ 2.82	5,012,761
County portion	\$ .87	1,535,735
Precinct portions:		
Jenness Beach	\$ .15	56,992
Rye Beach	\$ .30	65,211
Rye Water District	\$ .42	457,176
Total property taxes assessed		<u>\$ 15,929,211</u>

During the current fiscal year, the tax collector executed a lien on April 18 for all uncollected 2004 property taxes.

Taxes receivable at December 31, 2005, are as follows:

Property:	
Levy of 2005	\$ 623,943
Unredeemed (under tax lien):	
Levy of 2004	86,449
Levy of 2003	55,932
Levy of 2002	411
Levy of 2001	3,149
Less: allowance for estimated uncollectible taxes	(40,000)
Net taxes receivable	<u>\$ 729,884</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**3-C Other Receivables**

Other receivables at December 31, 2005, consisted of accounts (billings for sewer, police outside detail and other user charges), and intergovernmental receivables arising from grants, and a refund for an overpayment.

Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectibility.

Amounts receivable at December 31, 2005 are as follows:

Accounts	\$ 161,680
Intergovernmental	9,844
Liens	35,444
Less: allowances for uncollectible on unavailable amounts	<u>(49,954)</u>
Net receivables	<u>\$ 157,014</u>

**3-D Capital Assets**

Capital asset activity for the year ended December 31, 2005 was as follows:

	Balance, beginning, (as restated- see Note 2)	Changes	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Land	\$ 6,007,603	\$ 435,000	\$ 6,442,603
Construction in progress	<u>215,620</u>	<u>2,469,886</u>	<u>2,685,506</u>
Total capital assets not being depreciated	<u>6,223,223</u>	<u>2,904,886</u>	<u>9,128,109</u>
Being depreciated:			
Land improvements	509,602		509,602
Buildings	2,652,278		2,652,278
Rolling stock	1,683,355	89,527	1,772,882
Equipment		40,000	40,000
Infrastructure	<u>33,740,599</u>		<u>33,740,599</u>
Total capital assets being depreciated	<u>38,585,834</u>	<u>129,527</u>	<u>38,715,361</u>
Total all capital assets	<u>44,809,057</u>	<u>3,034,413</u>	<u>47,843,470</u>
Less accumulated depreciation:			
Land improvements	(20,420)	(20,420)	(40,840)
Buildings	(209,847)	(26,525)	(236,372)
Rolling stock	(528,634)	(50,000)	(578,634)
Infrastructure	<u>(13,633,593)</u>	<u>(677,183)</u>	<u>(14,310,776)</u>
Total accumulated depreciation	<u>(14,392,494)</u>	<u>(774,128)</u>	<u>(15,166,622)</u>
Net book value, all capital assets being depreciated	<u>24,193,340</u>	<u>(644,601)</u>	<u>23,548,739</u>
Net book value, all capital assets	<u>\$ 30,416,563</u>	<u>\$ 2,260,285</u>	<u>\$ 32,676,848</u>

Depreciation expense was charged to functions of the government as follows:

Governmental activities:	
General government	\$ 10,001
Public safety	8,978
Highways and streets	640,705
Sanitation	90,341
Culture and recreation	<u>24,103</u>
Total depreciation expense	<u>\$ 774,128</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**3-E Interfund Balances and Transfers**

Interfund receivable and payable balances at December 31, 2005 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 47,733	\$ 255,583
Permanent fund		26,350
Safety building fund		1,230
Nonmajor funds:		
Sewer department	23,523	
Library operating	5,210	
Conservation commission:		
Salt marsh	132,436	
Land acquisition		9,478
Recreation revolving	98,625	
Grants		4,735
Expendable trust	1,000	11,151
Totals	<u>\$ 308,527</u>	<u>\$ 308,527</u>

Interfund transfers during the year ended December 31, 2005 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 21,904	\$ 478,340
Permanent fund		19,029
Nonmajor funds:		
Library operating	438,654	
Expendable trust	60,000	23,189
Totals	<u>\$ 520,558</u>	<u>\$ 520,558</u>

**3-F Intergovernmental Payable**

Amounts due to other governments at December 31, 2005 consist of:

General fund:	
Balance of 2005-2006 district assessment due to the Rye School District	\$ 4,212,208
Balance of the 2005 assessment due to Jenness Beach	1,777
Balance of 2005 assessment due to Rye Water District	10,339
Fees due to the State of New Hampshire	145
Fees due to the Rockingham County registry of deeds	23
Fees due to the NH Retirement System	36,828
Charges for services due to the Rye Water District	507
	<u>4,261,827</u>
Nonmajor fund:	
Sewer department:	
Fees due to the Town of Hampton	13,100
Total	<u>\$ 4,274,927</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**3-G Unearned/Deferred Revenue**

Unearned/deferred revenue at December 31, 2005 consists of the following:

General fund:	
Advance receipt of 2006 housing partnership lease funds	\$ 653
Nonmajor funds:	
Conservation commission:	
Grant monies received in advance of eligible expenditures being made	4,442
Sewer department:	
State reimbursement of bond payments not paid until the subsequent year	76,694
Total unearned/deferred revenue	<u>\$ 81,789</u>

**3-H Long-Term Liabilities**

Changes in the Town's long-term liabilities consisted of the following for the fiscal year ended December 31, 2005:

	General Obligation Bonds Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 8,429,667	\$ 295,155	\$ 300,000	\$ 9,024,822
Additions		89,734	6,200	95,934
Reductions	(1,031,667)			(1,031,667)
Balance, ending	<u>\$ 7,398,000</u>	<u>\$ 384,889</u>	<u>\$ 306,200</u>	<u>\$ 8,089,089</u>

Long-term liabilities consisted of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2005	Current Portion
General obligation bonds payable:						
Sewer construction	\$ 4,400,000	1991	2012	5.60-6.75	\$ 1,540,000	\$ 220,000
Old parsonage and building acquisition	\$ 500,000	1996	2006	5.625	50,000	50,000
Library addition	\$ 859,139	1999	2014	4.0-4.5	535,000	60,000
Land purchase	\$ 418,000	2003	2008	2.800	250,800	83,600
Fire truck	\$ 195,000	2003	2006	3.000	65,000	65,000
Public safety complex and conservation easements	\$ 5,185,600	2004	2015	5.625	4,665,000	520,000
					7,105,800	998,600
Bond premium					292,200	32,467
					<u>7,398,000</u>	<u>1,031,067</u>
Compensated absences payable:						
Vested sick leave					190,019	28,667
Accrued vacation leave					194,870	28,666
					384,889	57,333
Accrued landfill postclosure care costs					306,200	13,500
Total					<u>\$ 8,089,089</u>	<u>\$ 1,101,900</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

The annual requirements to amortize the general obligation bonds outstanding as of December 31, 2005, including interest payments, are as follows:

<u>Fiscal Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 998,600	\$ 357,460	\$ 1,356,060
2007	883,600	312,497	1,196,097
2008	883,600	266,894	1,150,494
2009	800,000	221,227	1,021,227
2010	800,000	177,903	977,903
2011-2015	<u>2,740,000</u>	<u>307,924</u>	<u>3,047,924</u>
Totals	<u>\$ 7,105,800</u>	<u>\$ 1,643,905</u>	<u>\$ 8,749,705</u>

The debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues of the general fund, except for the 1991 sewer construction bond which is being paid by the sewer fund.

Bonds and notes authorized and unissued as of December 31, 2005 were as follows:

<u>Per</u> <u>Town Meeting</u> <u>vote of</u>	<u>Purpose</u>	<u>Unissued</u> <u>Amount</u>
March 11, 2003	Land purchase	\$ 3,002,000

*Accrued Landfill Postclosure Care Costs*

The Breakfast Hill Road/Route 1 Landfill was closed in 1986 and requires postclosure care monitoring. Based on the time of operation of the Grove Road Landfill, and water quality test results to date, the New Hampshire Department of Environmental Services has indicated that the Town is not required to perform closure construction of the landfill at this time. If groundwater quality at the site were to become further impacted by the landfill, the Town would be required to re-evaluate the closure or implement other measures. No liability is being recognized for closure construction as there is no indication at this time that it will be required. State laws and regulations require that the Town continue to perform monitoring functions at this site.

The estimated liability for landfill postclosure care costs for both landfills is \$306,200 as of December 31, 2005, and is based on the amount that would be paid if all equipment, facilities and services required to monitor and maintain the landfills were acquired as of December 31, 2005. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. The Town expects to finance the postclosure care costs by State grants and general tax revenue, as well as a capital reserve fund established for this purpose.

**NOTE 4 – OTHER MATTERS**

**4-A Pensions**

*Plan Description and Provisions*

The Town of Rye participates in the New Hampshire Retirement System (The System) which consists of a cost-sharing, multiple-employer contributory pension plan and trust established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Provisions for benefits and contributions are established and can be amended by the New Hampshire State Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 4 Chenell Drive, Concord, NH 03301.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

*Description of Funding Policy*

The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees except police officers and firefighters are required to contribute 5% of earnable compensation. Police officers and firefighters are required to contribute 9.3% of gross earnings. For the six months ended June 30, 2005, the Town contributed 7.87% for police officers, 13.44% for firefighters and 5.90% for other employees. For the six-month period ended December 31, 2005, the Town contributed 9.68% for police officers, 14.36% for firefighters and 6.88% for other employees. The contribution requirements for the Town of Rye for the years 2003, 2004, and 2005 were \$119,422, \$157,205 and \$178,861, respectively, which were paid in full in each year.

The State of New Hampshire funds 35% of employer costs for police officers and firefighters employed by the Town. This amount, \$57,761, is reported as an "on-behalf payment," as an expenditure and revenue on the combined statement of revenues, expenditures and changes in fund balances of all governmental funds, and as an expense and revenue on the government-wide statement of activities.

**4-B Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During 2005, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs, which are pooled risk management programs under RSAs 5-B and 281-A. The workers' compensation and employer's liability policy provides statutory coverage for workers' compensation and up to \$2,000,000 of employer's liability coverage. Primex retained \$500,000 of each workers' compensation and liability loss, and \$200,000 of each property loss. The combined liability package includes coverage for property, auto, liability, errors and omissions, crime, and boiler and machinery. The membership and coverage run from January 1 through December 31. The estimated net contribution from the Town of Rye billed and paid for the year ended December 31, 2005 was \$33,580 for workers' compensation, and \$43,062 for property/liability. The member participation agreements permit Primex to make additional assessments to members, should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. At this time, Primex foresees no likelihood of any additional assessment for this or any prior year.

**4-C Contingent Liabilities**

There are various claims and suits pending against the Town which arose in the normal course of the Town's activities. The Town has designated \$550,000 of general fund fund balance to cover the potential liabilities from these matters. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.



***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT E**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget and Actual (Non GAAP Budgetary Basis)*  
**General Fund**  
**For the Fiscal Year Ended December 31, 2005**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes	\$ 4,114,955	\$ 4,413,475	\$ 298,520
Licenses and permits	1,393,100	1,397,396	4,296
Intergovernmental	367,264	403,575	36,311
Charges for services	177,160	195,625	18,465
Miscellaneous	<u>100,493</u>	<u>182,851</u>	<u>82,358</u>
Total revenues	<u>6,152,972</u>	<u>6,592,922</u>	<u>439,950</u>
Expenditures:			
Current:			
General government	1,148,846	1,007,817	141,029
Public safety	1,646,436	1,592,215	54,221
Highways and streets	802,985	832,244	(29,259)
Sanitation	324,121	324,963	(842)
Health	82,782	78,424	4,358
Welfare	53,949	21,873	32,076
Culture and recreation	227,283	212,337	14,946
Conservation	17,301	2,424	14,877
Debt service:			
Principal	843,289	867,201	(23,912)
Interest	344,913	346,161	(1,248)
Capital outlay	<u>142,309</u>	<u>126,813</u>	<u>15,496</u>
Total expenditures	<u>5,634,214</u>	<u>5,412,472</u>	<u>221,742</u>
Excess of revenues over expenditures	<u>518,758</u>	<u>1,180,450</u>	<u>661,692</u>
Other financing sources (uses):			
Transfers in	21,904	21,904	
Transfers out	<u>(540,662)</u>	<u>(478,340)</u>	<u>62,322</u>
Total other financing sources and uses	<u>(518,758)</u>	<u>(456,436)</u>	<u>62,322</u>
Net change in fund balances	<u>\$ -0-</u>	724,014	<u>\$ 724,014</u>
Increase in fund balance reserved for inventory		(3,596)	
Decrease in fund balance, reserved for special purposes		4,200	
Unreserved fund balance, beginning		<u>2,250,747</u>	
Unreserved fund balance, ending		<u>\$ 2,975,365</u>	

The notes to the required supplementary information are an integral part of this statement.

***TOWN OF RYE, NEW HAMPSHIRE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2005***

<b>Budgetary Information</b>	
General Budget Policies .....	1
Budgetary Reconciliation .....	2

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2005**

**1. General Budget Policies**

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the general fund. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures and are therefore reported as part of the fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets, but provide for the use of beginning unreserved fund balance to achieve that end. In the fiscal year 2005, none of the beginning fund balance was applied for this purpose.

**2. Budgetary Reconciliation**

The following reconciles the general fund budgetary basis to the GAAP basis.

Revenues and other financing sources:	
Per Exhibit E (budgetary basis)	\$ 6,614,826
Adjustment:	
Basis difference:	
On-behalf retirement contribution payments made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	<u>57,761</u>
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,672,587</u>
Expenditures and other financing uses:	
Per Exhibit E (budgetary basis)	\$ 5,890,812
Adjustments:	
Basis differences:	
Encumbrances, beginning	85,882
Encumbrances, ending	(81,907)
On-behalf retirement contribution payments made by the State of New Hampshire recognized as expenditures on the GAAP basis, but not on the budgetary basis	<u>57,761</u>
Per Exhibit C-3 (GAAP Basis)	<u>\$ 5,952,548</u>

***COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Major General Fund**  
**Statement of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2005**

	<u>Estimated</u>	<u>Actual</u>	Variance Positive (Negative)
Taxes:			
Property	\$ 4,041,707	\$ 4,341,507	\$ 299,800
Land use change	2,500	2,916	416
Timber		3,200	3,200
Excavation	6,173	5,277	(896)
Payment in lieu of taxes	50	39	(11)
Interest and penalties on taxes	<u>64,525</u>	<u>60,536</u>	<u>(3,989)</u>
Total taxes	<u>4,114,955</u>	<u>4,413,475</u>	<u>298,520</u>
Licenses, permits and fees:			
Business licenses, permits and fees	1,000	1,100	100
Motor vehicle permit fees	1,157,900	1,172,743	14,843
Building permits	201,800	187,702	(14,098)
Beach permits	26,200	25,840	(360)
Other	<u>6,200</u>	<u>10,011</u>	<u>3,811</u>
Total licenses, permits and fees	<u>1,393,100</u>	<u>1,397,396</u>	<u>4,296</u>
Intergovernmental:			
State:			
Shared revenue	47,506	47,506	
Meals and rooms distribution	190,481	190,481	
Highway block grant	115,905	115,905	
Water pollution grants		35,161	35,161
Railroad tax	79	79	
Other		150	150
Federal:			
FEMA	<u>13,293</u>	<u>14,293</u>	<u>1,000</u>
Total intergovernmental	<u>367,264</u>	<u>403,575</u>	<u>36,311</u>
Charges for services:			
Income from departments	<u>177,160</u>	<u>195,625</u>	<u>18,465</u>
Miscellaneous:			
Sale of municipal property	600	563	(37)
Interest on investments	85,000	157,675	72,675
Rent of property	50	50	
Fines and forfeits	1,000	3,400	2,400
Insurance dividends and reimbursements	4,806	9,367	4,561
Other	<u>9,037</u>	<u>11,796</u>	<u>2,759</u>
Total miscellaneous	<u>100,493</u>	<u>182,851</u>	<u>82,358</u>
Other financing sources:			
Transfers in:			
Nonmajor fund:			
Expendable trust	<u>21,904</u>	<u>21,904</u>	
Total revenues and other financing sources	<u>\$ 6,174,876</u>	<u>\$ 6,614,826</u>	<u>\$ 439,950</u>

**SCHEDULE 2**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**General Fund**

**Statement of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2005**

	Encumbered From 2004	Appropriations 2005	Expenditures Net of Refunds	Encumbered To 2006	Variance Positive (Negative)
Current:					
General government:					
Executive	\$	\$ 273,448	\$ 206,240	\$ 7,500	\$ 59,708
Election and registration		22,985	9,103		13,882
Financial administration	5,250	295,632	267,665		33,217
Revaluation of property		121,144	111,805		9,339
Legal		80,000	73,420		6,580
Planning and zoning	8,000	106,049	93,580	5,364	15,105
General government buildings		56,708	54,934		1,774
Insurance, not otherwise allocated		151,500	150,076		1,424
Advertising and regional associations		41,380	41,380		
Total general government	<u>13,250</u>	<u>1,148,846</u>	<u>1,008,203</u>	<u>12,864</u>	<u>141,029</u>
Public safety:					
Police department	1,585	763,829	761,880		3,534
Ambulance		78,313	62,604		15,709
Fire department		692,112	656,855	6,434	28,823
Building inspection		99,564	99,083		481
Emergency management		12,618	6,944		5,674
Total public safety	<u>1,585</u>	<u>1,646,436</u>	<u>1,587,366</u>	<u>6,434</u>	<u>54,221</u>
Highways and streets:					
Highways and streets	71,047	800,385	841,789	58,343	(28,700)
Street lighting		2,600	3,159		(559)
Total highways and streets	<u>71,047</u>	<u>802,985</u>	<u>844,948</u>	<u>58,343</u>	<u>(29,259)</u>
Sanitation:					
Solid waste collection		324,121	324,963		(842)
Health:					
Administration		4,664	4,454		210
Animal control		5,418	1,270		4,148
Mosquito control		71,500	71,500		
Other		1,200	1,200		
Total health		<u>82,782</u>	<u>78,424</u>		<u>4,358</u>
Welfare:					
Direct assistance		53,949	21,873		32,076
Culture and recreation:					
Parks and recreation		161,170	147,377	4,266	9,527
Beach commission		55,546	52,979		2,567
Patriotic purposes		5,600	4,318		1,282
Other		4,967	3,397		1,570
Total culture and recreation		<u>227,283</u>	<u>208,071</u>	<u>4,266</u>	<u>14,946</u>
Conservation		17,301	2,424		14,877

**SCHEDULE 2 (Continued)**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**General Fund**

**Statement of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2005**

	Encumbered From 2004	Appropriations 2005	Expenditures Net of Refunds	Encumbered To 2006	Variance Positive (Negative)
Debt service:					
Principal of long-term debt		843,289	867,201		(23,912)
Interest on long-term debt		334,913	346,161		(11,248)
Other		<u>10,000</u>	<u>10,000</u>		<u>10,000</u>
Total debt service		<u>1,188,202</u>	<u>1,213,362</u>		<u>(25,160)</u>
Capital outlay:					
Highway pick-up truck		36,000	31,721		4,279
Town hall		19,935	17,825		2,110
Police department		29,500	29,540		(40)
Fire department		51,874	46,993		4,881
Recreation department		<u>5,000</u>	<u>734</u>		<u>4,266</u>
Total capital outlay		<u>142,309</u>	<u>126,813</u>		<u>15,496</u>
Other financing uses:					
Transfers out:					
Nonmajor funds:					
Special revenue:					
Library operating		480,662	418,340		62,322
Expendable trust		<u>60,000</u>	<u>60,000</u>		
Total other financing uses		<u>540,662</u>	<u>478,340</u>		<u>62,322</u>
Total appropriations, expenditures, other financing uses and encumbrances	<u>\$ 85,882</u>	<u>\$ 6,174,876</u>	<u>\$ 5,894,787</u>	<u>\$ 81,907</u>	<u>\$ 284,064</u>



**SCHEDULE 3**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**General Fund**  
**Statement of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended December 31, 2005**

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Unreserved, undesignated fund balance, beginning		\$ 2,100,747
Changes:		
2005 Budget summary:		
Revenue surplus (Schedule 1)	\$ 439,950	
Unexpended balance of appropriations (Schedule 2)	<u>284,064</u>	
2005 Budget surplus		724,014
Increase in fund balance reserved for inventory		(3,596)
Decrease in fund balance reserved for special purposes		4,200
Increase in fund balance designated for contingency		<u>(400,000)</u>
Unreserved, undesignated fund balance, ending		<u><u>\$ 2,425,365</u></u>

**SCHEDULE 4**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2005**

	Special Revenue Funds					
	Sewer Department	Library Operating	Conservation Commission		Town Forest	Recreation Revolving
			Salt Marsh	Land Acquisition		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 193,349	\$ 36,477	\$ 56,475	\$ 25,933	\$ 483	\$ 20,311
Investments		28,169		963,916		
Receivables, net of:						
allowance for uncollectible:						
Accounts	110,411					
Intergovernmental						
Interfund receivable	23,523	5,210	132,436			98,625
Prepaid items						
Total assets	<u>\$ 327,283</u>	<u>\$ 69,856</u>	<u>\$ 188,911</u>	<u>\$ 989,849</u>	<u>\$ 483</u>	<u>\$ 118,936</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 8,347	\$	\$	\$ 53	\$	\$
Interfund payable				9,478		
Intergovernmental payable	13,100					
Retainage payable			810			
Deferred revenue	<u>76,694</u>	<u>_____</u>	<u>4,442</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>
Total liabilities	<u>98,141</u>	<u>_____</u>	<u>5,252</u>	<u>9,531</u>	<u>_____</u>	<u>_____</u>
Fund balances:						
Reserved for special purposes						
Unreserved, undesignated, reported in						
special revenue funds	<u>229,142</u>	<u>69,856</u>	<u>183,659</u>	<u>980,318</u>	<u>483</u>	<u>118,936</u>
Total fund balances	<u>229,142</u>	<u>69,856</u>	<u>183,659</u>	<u>980,318</u>	<u>483</u>	<u>118,936</u>
Total liabilities and fund balances	<u>\$ 327,283</u>	<u>\$ 69,856</u>	<u>\$ 188,911</u>	<u>\$ 989,849</u>	<u>\$ 483</u>	<u>\$ 118,936</u>

Special Revenue Funds						Capital Project	
Police Outside Detail	Grants	Beach Parking Permits	Beach Cleaning	Ambulance	Expendable Trust	Fund Library Building	Total
\$ 49,461	\$	\$ 11,669	\$ 11,295	\$ 19,888	\$ 22,613 519,615	\$ 527	\$ 448,481 1,511,700
10,943	6,285			2,172			123,526 6,285 260,794 644
		644			1,000		
<u>\$ 60,404</u>	<u>\$ 6,285</u>	<u>\$ 12,313</u>	<u>\$ 11,295</u>	<u>\$ 22,060</u>	<u>\$ 543,228</u>	<u>\$ 527</u>	<u>\$2,351,430</u>
\$	\$ 4,735	\$	\$	\$	\$ 11,151	\$	\$ 8,400 25,364 13,100 810 81,136
	<u>4,735</u>				<u>11,151</u>		<u>128,810</u>
					532,077	527	532,604
<u>60,404</u>	<u>1,550</u>	<u>12,313</u>	<u>11,295</u>	<u>22,060</u>			<u>1,690,016</u>
<u>60,404</u>	<u>1,550</u>	<u>12,313</u>	<u>11,295</u>	<u>22,060</u>	<u>532,077</u>	<u>527</u>	<u>2,222,620</u>
<u>\$ 60,404</u>	<u>\$ 6,285</u>	<u>\$ 12,313</u>	<u>\$ 11,295</u>	<u>\$ 22,060</u>	<u>\$ 543,228</u>	<u>\$ 527</u>	<u>\$2,351,430</u>

**SCHEDULE 5**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2005**

	Special Revenue Funds					
	Sewer Department	Library Operating	Conservation Commission		Town Forest	Recreation Revolving
			Salt Marsh	Land Acquisition		
Revenues:						
Intergovernmental	\$ 54,684	\$	\$ 61,627	\$	\$	\$
Charges for services	335,224					191,259
Miscellaneous	<u>12,212</u>	<u>8,682</u>	<u>45,025</u>	<u>32,029</u>	<u>11</u>	<u>11,671</u>
Total revenues	<u>402,120</u>	<u>8,682</u>	<u>106,652</u>	<u>32,029</u>	<u>11</u>	<u>202,930</u>
Expenditures:						
Current:						
General government						
Public safety						
Sanitation	175,206					
Culture and recreation		439,788				157,047
Conservation			61,627	7,857		
Debt service	198,396					
Capital outlay	<u>36,806</u>			<u>437,222</u>		
Total expenditures	<u>410,408</u>	<u>439,788</u>	<u>61,627</u>	<u>445,079</u>		<u>157,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,288)</u>	<u>(431,106)</u>	<u>45,025</u>	<u>(413,050)</u>	<u>11</u>	<u>45,883</u>
Other financing sources (uses):						
Transfers in		438,654				
Transfers out						
Total other financing sources and uses		<u>438,654</u>				
Net change in fund balances	(8,288)	7,548	45,025	(413,050)	11	45,883
Fund balances, beginning	<u>237,430</u>	<u>62,308</u>	<u>138,634</u>	<u>1,393,368</u>	<u>472</u>	<u>73,053</u>
Fund balances, ending	<u>\$ 229,142</u>	<u>\$ 69,856</u>	<u>\$ 183,659</u>	<u>\$ 980,318</u>	<u>\$ 483</u>	<u>\$ 118,936</u>

Special Revenue Funds					Capital Project Fund		
Police Outside Detail	Grants	Beach Parking Permits	Beach Cleaning	Ambulance	Expendable Trust	Library Building	Total
\$ 78,045	\$23,564	\$ 15,267	\$ 8,620	\$ 22,060	\$ 25,542	\$	\$ 139,875
							628,415
							157,232
<u>78,045</u>	<u>23,564</u>	<u>15,267</u>	<u>8,620</u>	<u>22,060</u>	<u>25,542</u>		<u>925,522</u>
			610		6,234		6,844
63,834	24,064	8,609			5,376		96,507
							180,582
							596,835
							69,484
							198,396
							474,028
<u>63,834</u>	<u>24,064</u>	<u>8,609</u>	<u>610</u>		<u>11,610</u>		<u>1,622,676</u>
<u>14,211</u>	<u>(500)</u>	<u>6,658</u>	<u>8,010</u>	<u>22,060</u>	<u>13,932</u>		<u>(697,154)</u>
					60,000		498,654
					(23,189)		(23,189)
					36,811		475,465
14,211	(500)	6,658	8,010	22,060	50,743		(221,689)
<u>46,193</u>	<u>2,050</u>	<u>5,655</u>	<u>3,285</u>		<u>481,334</u>	<u>527</u>	<u>2,444,309</u>
<u>\$ 60,404</u>	<u>\$ 1,550</u>	<u>\$ 12,313</u>	<u>\$ 11,295</u>	<u>\$ 22,060</u>	<u>\$532,077</u>	<u>\$ 527</u>	<u>\$ 2,222,620</u>