

**TOWN OF RYE,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2006**

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# PLODZIK & SANDERSON

*Professional Association/Accountants & Auditors*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

## *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, 2006, 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, 2006, 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's basic financial statements. The combining and individual fund schedules 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.

*Plodzik & Sanderson  
Professional Association*

February 2, 2007

*Town of Rye, NH*  
***Management Discussion and Analysis***  
2006

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, 2006

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

This discussion and analysis are intended to serve as an introduction to the Town of Rye's basic financial statements. The Town of Rye'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'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'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 expenditures 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 these funds are not available to support the Town of Rye'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 revenues and expenditures for the general fund.

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

As noted earlier, net assets may, over time serve as a useful indicator of a government's financial position. In the case of the Town of Rye, NH, assets exceeded liabilities by \$34,155,089 at the close of the most recent fiscal year.

By far the largest portion of the Town of Rye's net assets, \$27,855,001 reflects its investment in capital assets (e.g., land, buildings, vehicles, etc.). 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'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>2005</b>	<b>2006</b>
Current & other assets	13,335,399	13,617,631
Capital assets	32,676,848	33,431,196
Total assets	46,012,247	47,048,827
Long-term liabilities outstanding	4,910,786	5,139,594
Other liabilities	8,069,089	7,754,144
Total liabilities	12,999,875	12,893,738
Net assets:		
Investment in capital assets net of related debt	26,476,618	27,855,001
Restricted assets	2,100,818	2,725,243
Unrestricted assets	4,434,936	3,574,815
Total net assets	33,012,372	34,155,089

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

	<b>2005 AMOUNT</b>	<b>2006 AMOUNT</b>	<b>DIFFERENCE</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	859,715	775,528	( 84,187)
Operating grants	23,564	455,930	432,366
Restricted Investment Income		423,724	423,724
Capital Contributions	116,311	55,900	( 60,411)
General revenues:			
Taxes	4,413,475	3,936,275	(477,200)
Licenses and permits	1,397,396	1,299,378	( 98,018)
Unrestricted grants	461,336	267,819	(193,517)
Unrestricted Investment Income	167,042	363,068	196,026
Miscellaneous	297,338	143,629	(153,709)
Total revenues	7,736,177	7,721,251	( 14,926)
<b>Expenses:</b>			
General Government	1,087,374	1,378,529	291,155
Public Safety	1,833,636	2,026,645	193,009
Highways and Streets	1,377,407	1,474,130	96,723
Sanitation	602,086	311,963	(290,123)
Health	78,424	97,892	19,468
Welfare	21,873	38,054	16,181
Culture & Recreation	825,838	841,845	16,007
Conservation	71,908	33,101	( 38,807)
Interest on long-term debt	347,313	304,853	( 42,460)
Capital Outlay	153,084	51,098	(101,986)
Total governmental activities	6,398,943	6,558,110	159,167
Change in net assets	1,337,234	1,163,141	(174,093)
Beginning net assets	31,675,138	32,991,948	1,316,810
Ending net assets	33,012,372	34,155,089	1,142,717

### **General fund budgetary highlights**

As shown in the above chart, revenues received during 2006 decreased by \$14,926 from 2005. However, the actual budgetary revenues were more than the budget for estimated revenues by \$309,604. Motor Vehicle Registrations were \$41,159 over projected and general income from department services was \$63,327 over projected. Interest income on deposits and investments increased by \$101,260 over the prior year and was \$78,935 over the 2006 projection.

The overall, total governmental expenditures increased by \$159,167 (2.4%) over the prior year. For the most part, these increases in individual department expenses closely paralleled inflation and growth, in the demand for services. However, the Town experienced two catastrophic events during 2006 which impacted total expenditures.

- During the May 2006 Flooding, the Town experienced damages of approximately \$110,000.
- During the Micro-burst of August 8, 2006, the Town experienced damages of approximately \$60,000.

The Town realized a savings of \$209,331 in actual expenditures over the 2006 budgeted appropriations, of which \$64,416 (42%) came from the Public Works department. A savings of \$33,214 (21%) came from Public Safety departments.

The total Town's property valuation increased by \$16,248,900, with the total property tax commitment increasing by \$261,047 over the prior year. At the 2006 Tax Rate setting the Board of Selectmen chose to use \$700,000 of the Town's beginning general fund balance to maintain the 2005 tax rate of \$8.66.

## **Capital Asset and Debt Administration**

**Capital Assets** - The Town of Rye'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 asset events during the current fiscal year included the following:

- Acquisitions:
  - Police cruiser
  - Fire Utility truck with CET pump
  - 6 parcels of land for Conservation
  - 2 Conservation Land Easements
- Deletions:
  - 1996 Police Cruiser
  - 1997 Fire Chief's Car
  - 1990 Fire Utility Truck
  - 1989 Public Works Pick Up Truck



## Town of Rye, NH Capital Assets

Governmental Activities  
(at original cost)

	2005	additions	deletions	2006
Land	6,442,603	570,150		7,012,753
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	1,750,682	67,004	33,819	1,783,867
Equipment	40,000	10,797		50,797
Construction Work in Progress - (Safety Bldg)	2,685,506	950,521		3,636,027
Sewer Mains - Infrastructure	4,400,000			4,400,000
Roadways - Infrastructure	29,340,599			29,340,599
Total	47,821,270	1,598,472	33,819	49,385,923

Additional information on the Town of Rye'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 \$7,053,600, which is a 9% decrease from the \$7,105,800 owed at the end of 2005. These bonds are a general obligation of the taxpayers of Rye, N.H., of which \$1,000,000 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% (\$53,723,229) of the town valuation (\$1,790,774,300). 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 \$44,669,629.

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.

**Area Economy (per 2000 Census).** The Town of Rye, NH has a very strong economy, with the average income (\$36,800) well above the state average of \$34,700, 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 \$535,000, while the state average was \$229,000.

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.

## ***BASIC FINANCIAL STATEMENTS***

**EXHIBIT A**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Statement of Net Assets*  
*December 31, 2006*

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,650,583
Investments	7,224,961
Intergovernmental receivable	10,205
Other receivables, net of allowances for uncollectible	712,266
Inventory	6,664
Prepaid items	12,952
Capital assets, not being depreciated:	
Land	7,012,753
Construction in progress	3,636,027
Capital assets, net of accumulated depreciation:	
Land improvements	448,342
Buildings	2,389,381
Rolling stock	1,145,722
Equipment	46,331
Infrastructure	18,752,640
Total assets	<u>47,048,827</u>
<b>LIABILITIES</b>	
Accounts payable	161,898
Intergovernmental payable	4,716,790
Accrued interest payable	129,311
Retainage payable	59,682
Unearned revenue	71,913
Noncurrent obligations:	
Due within one year:	
Bonds	920,940
Compensated absences	49,982
Accrued landfill postclosure care costs	5,400
Due in more than one year:	
Bonds	6,445,993
Compensated absences	283,229
Accrued landfill postclosure care costs	48,600
Total liabilities	<u>12,893,738</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	27,855,001
Restricted for:	
Perpetual care	1,904,332
Library endowments	522,923
Capital projects	298,018
Unrestricted	3,574,815
Total net assets	<u>\$ 34,155,089</u>

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

**EXHIBIT B**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Statements of Activities**  
**For The Fiscal Year Ended December 31, 2006**

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Grants and Contributions	Operating Restricted Investment Income	Capital Contributions	
Governmental activities:						
Functions:						
General government	\$ 1,378,529	\$ 14,001	\$ -	\$ 337,967	\$ -	\$ (1,026,561)
Public safety	2,026,645	196,315	243,624	-	-	(1,586,706)
Highway and streets	1,474,130	3,135	111,973	-	-	(1,359,022)
Sanitation	311,963	377,048	85,930	-	-	151,015
Health	97,892	-	9,961	-	-	(87,931)
Welfare	38,054	960	-	-	-	(37,094)
Culture and recreation	841,845	184,069	-	85,757	-	(572,019)
Conservation	33,101	-	4,442	-	55,900	27,241
Interest on long-term debt	304,853	-	-	-	-	(304,853)
Capital outlay	51,098	-	-	-	-	(51,098)
Total governmental activities	<u>\$ 6,558,110</u>	<u>\$ 775,528</u>	<u>\$ 455,930</u>	<u>\$ 423,724</u>	<u>\$ 55,900</u>	<u>(4,847,028)</u>
General revenues:						
Taxes:						
Property						3,848,319
Other						87,956
Motor vehicle permit fees						1,158,159
Licenses and other fees						141,219
Grants and contributions not restricted to specific programs						267,819
Unrestricted investment earnings						363,068
Miscellaneous						143,629
Total general revenues						<u>6,010,169</u>
Change in net assets						1,163,141
Net assets, beginning, as restated (see Note 2)						32,991,948
Net assets, ending						<u>\$ 34,155,089</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, 2006**

	General	Conservation Land Acquisition	Permanent	Safety Building	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,687,195	\$ 13,202	\$ 97,658	\$ -	\$ 852,528	\$ 5,650,583
Investments	2,436,402	1,501,614	2,355,941	369,044	561,960	7,224,961
Receivables, net of allowances for uncollectible:						
Taxes	610,098	-	-	-	-	610,098
Accounts	43,763	-	-	-	58,405	102,168
Intergovernmental	9,961	-	-	-	244	10,205
Interfund receivable	64,354	178	-	-	30,441	94,973
Voluntary tax liens	36,813	-	-	-	-	36,813
Voluntary tax liens reserved until collected	(36,813)	-	-	-	-	(36,813)
Inventory	6,664	-	-	-	-	6,664
Prepaid items	6,874	-	-	-	6,078	12,952
Total assets	<u>\$ 7,865,311</u>	<u>\$ 1,514,994</u>	<u>\$ 2,453,599</u>	<u>\$ 369,044</u>	<u>\$ 1,509,656</u>	<u>\$ 13,712,604</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 152,097	\$ 1,541	\$ -	\$ -	\$ 8,260	\$ 161,898
Intergovernmental payable	4,701,281	-	-	-	15,509	4,716,790
Interfund payable	27,037	20,206	26,344	11,871	9,515	94,973
Retainage payable	-	-	-	59,682	-	59,682
Deferred revenue	46	-	-	-	71,867	71,913
Total liabilities	<u>4,880,461</u>	<u>21,747</u>	<u>26,344</u>	<u>71,553</u>	<u>105,151</u>	<u>5,105,256</u>
Fund balances:						
Reserved for encumbrances	184,776	-	-	78,962	-	263,738
Reserved for endowments	-	-	2,082,697	-	-	2,082,697
Reserved for inventory	6,664	-	-	-	-	6,664
Reserved for special purposes	10,050	-	344,558	218,529	527	573,664
Unreserved:						
Designated for contingency	600,000	-	-	-	-	600,000
Undesignated, reported in:						
General fund	2,183,360	-	-	-	-	2,183,360
Special revenue funds	-	1,493,247	-	-	1,403,978	2,897,225
Total fund balances	<u>2,984,850</u>	<u>1,493,247</u>	<u>2,427,255</u>	<u>297,491</u>	<u>1,404,505</u>	<u>8,607,348</u>
Total liabilities and fund balances	<u>\$ 7,865,311</u>	<u>\$ 1,514,994</u>	<u>\$ 2,453,599</u>	<u>\$ 369,044</u>	<u>\$ 1,509,656</u>	<u>\$ 13,712,604</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, 2006**

Total fund balances of governmental funds (Exhibit C-1)		\$ 8,607,348
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	\$ 49,385,923	
Less accumulated depreciation	<u>(15,954,727)</u>	
		33,431,196
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (94,973)	
Payables	<u>94,973</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(129,311)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds:		
Bonds	\$ 7,053,600	
Premium on bonds	313,333	
Compensated absences payable	333,211	
Accrued landfill postclosure care costs	<u>54,000</u>	
		(7,754,144)
Total net assets of governmental activities (Exhibit A)		<u>\$ 34,155,089</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**  
**Governmental Funds**  
**For The Fiscal Year Ended December 31, 2006**

	General	Conservation Land Acquisition	Permanent	Safety Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 3,936,097	\$ 178	\$ -	\$ -	\$ -	\$ 3,936,275
Licenses and permits	1,299,378	-	-	-	-	1,299,378
Intergovernmental	479,001	-	-	16,500	228,248	723,749
Charges for services	207,377	-	-	-	568,151	775,528
Miscellaneous	319,759	39,250	446,198	33,742	96,209	935,158
Total revenues	6,241,612	39,428	446,198	50,242	892,608	7,670,088
<b>Expenditures:</b>						
Current:						
General government	1,245,987	-	92,992	-	6,980	1,345,959
Public safety	1,840,983	-	-	-	229,945	2,070,928
Highways and streets	831,489	-	-	-	-	831,489
Sanitation	339,614	-	-	-	125,207	464,821
Health	97,892	-	-	-	-	97,892
Welfare	38,054	-	-	-	-	38,054
Culture and recreation	217,093	-	-	-	598,534	815,627
Conservation	11,972	12,249	-	-	8,880	33,101
Debt service:						
Principal	866,550	-	-	-	132,000	998,550
Interest	299,702	-	-	-	57,750	357,452
Capital outlay	92,793	514,250	-	950,521	25,309	1,582,873
Total expenditures	5,882,129	526,499	92,992	950,521	1,184,605	8,636,746
Excess (deficiency) of revenues over (under) expenditures	359,483	(487,071)	353,206	(900,279)	(291,997)	(966,658)
Other financing sources (uses):						
Transfers in	50,687	-	-	-	507,025	557,712
Transfers out	(488,371)	-	(16,516)	-	(52,825)	(557,712)
Debt issued	-	946,400	-	-	-	946,400
Premium on debt issued	-	53,600	-	-	-	53,600
Total other financing sources and uses	(437,684)	1,000,000	(16,516)	-	454,200	1,000,000
Net change in fund balances	(78,201)	512,929	336,690	(900,279)	162,203	33,342
Fund balances, beginning	3,063,051	980,318	2,090,565	1,197,770	1,242,302	8,574,006
Fund balances, ending	\$ 2,984,850	\$ 1,493,247	\$ 2,427,255	\$ 297,491	\$ 1,404,505	\$ 8,607,348

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, 2006**

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 33,342
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	\$ 1,598,472	
Depreciation expense	<u>(818,963)</u>	
		779,509
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations) is to decrease net assets.		(4,737)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (557,712)	
Transfers out	<u>557,712</u>	
		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets		
Proceeds of general obligation bonds	\$ (946,400)	
Premium on bonds issued	(53,600)	
Repayment of bond principal	998,600	
Amortization of bond premium	<u>32,467</u>	
		31,067
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	\$ 20,082	
Decrease in compensated absences payable	51,678	
Decrease in accrued landfill postclosure care costs	<u>252,200</u>	
		323,960
Change in net assets of governmental activities (Exhibit B)		<u>\$ 1,163,141</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, 2006**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,757	\$ 72,648
Investments	-	672,489
Total assets	<u>1,757</u>	<u>745,137</u>
<b>LIABILITIES</b>		
Due to other governmental units	-	672,489
Due to developers	-	72,648
Total liabilities	<u>-</u>	<u>745,137</u>
<b>NET ASSETS</b>		
Held in trust for specific purposes	<u>\$ 1,757</u>	<u>\$ -</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, 2006**

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	Private Purpose Trust
<b>ADDITIONS</b>	
Investment earnings	\$ 4
Net assets, beginning	1,753
Net assets, ending	<u>\$ 1,757</u>

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

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2006**

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**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2006**

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

The financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 an elected 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 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 functional activity. 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; and (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital contributions which finance the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to the program uses.

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

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**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.

**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 accounted 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.

**Conservation Land Acquisition Fund** - The conservation land acquisition fund is used to account for funds held for future land purchases for conservation purposes.

**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.

The Town also reports twelve nonmajor governmental funds.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets. The Town's fiduciary funds consist of two types of funds, 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 prepared 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. 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.

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 THE BASIC FINANCIAL STATEMENTS**  
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**DECEMBER 31, 2006**

***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 - Nonexchange 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 Fund 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.

***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.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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,
- 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. Taxes receivable are reported net of an allowance established for potential abatements and amounts deemed uncollectible by management. 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. These 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 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 applicable columns of the government-wide financial statements.

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.



**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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All reported capital assets are depreciated over their estimated useful lives. Depreciation is computed using the straight-line method over the following useful lives:

	Years
Land improvements	25
Buildings	100
Rolling stock	10-25
Equipment	5-15
Infrastructure	30-50

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

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.

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.

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 Equity***

Fund equity at the governmental fund financial reporting level is classified as "fund balance." 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 THE BASIC FINANCIAL STATEMENTS**  
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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 - DETAILED NOTES ON ALL FUNDS AND GOVERNMENT-WIDE STATEMENTS**

**2-A Custodial Credit Risk for Deposits and Investment Risks**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's investment policies do not address custodial credit risk. As of December 31, 2006, \$22,853 of the Town's bank balances of \$5,788,511 was exposed to custodial credit risk as uninsured and uncollateralized.

As of December 31, 2006, the Town had the following investments:

Certificates of deposit	\$ 2,400,169
U.S. government obligations	301,861
Real estate	161,071
Common stocks	1,841,787
New Hampshire Public Deposit Investment Pool	3,192,562
	<u>\$ 7,897,450</u>

**Investment reconciliation**

Governmental funds - balance sheet (Exhibit C-1)	\$ 7,224,961
Fiduciary funds - statement of fiduciary net assets (Exhibit D-1)	672,489
Total	<u>\$ 7,897,450</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-E-1. The Town's investment policy does not further limit its investment choices.

**Custodial Credit Risk** - The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Of the Town's \$7,897,450 in investments, \$2,002,860 is subject to custodial credit risk because the securities are held by the counterparty's trust department or agent, not in the Town's name. The Town does not have policies for custodial credit risk.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**DECEMBER 31, 2006**

**2-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, 2006, upon which the 2006 property tax levy was based is:

For the New Hampshire education tax	\$ 1,783,427,400
For all other taxes	\$ 1,790,774,300

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, Jenness Beach Precinct, Rye Beach Precinct, Rye Water District and Rockingham County, 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, 2006, were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$2.31	\$ 4,148,443
School portion:		
State of New Hampshire	\$2.36	4,203,411
Local	\$3.14	5,620,685
County portion	\$0.85	1,518,228
Precinct portion:		
Jenness Beach	\$0.17	65,199
Rye Beach	\$0.59	128,707
Rye Water	\$0.45	500,585
Total		<u>\$ 16,185,258</u>

During the current fiscal year, the tax collector executed a lien on April 19 for all uncollected 2005 property taxes.

Taxes receivable at December 31, 2006, are as follows:

Property:	
Levy of 2006	\$ 569,424
Unredeemed (under tax lien):	
Levy of 2005	40,149
Levy of 2004	26,527
Levy of 2003	425
Levies of 2002 and prior	3,573
Less: allowance for estimated uncollectible taxes	(30,000)
Net taxes receivable	<u>\$ 610,098</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
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**2-C Other Receivables**

Other receivables at December 31, 2006, consisted of accounts (billings for sewer, police details, and other user charges), and intergovernmental amounts arising from grants.

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, 2006 are as follows:

Accounts	\$ 119,368
Intergovernmental	10,205
Voluntary liens	36,813
Less: allowance for uncollectible amounts	(54,013)
Net receivables	<u>\$ 112,373</u>

**2-D Capital Assets**

Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance, beginning (as restated)	Changes	Balance, ending
<b>Governmental activities:</b>			
Not being depreciated:			
Land	\$ 6,442,603	\$ 570,150	\$ 7,012,753
Construction in progress	2,685,506	950,521	3,636,027
Total capital assets not being depreciated	<u>9,128,109</u>	<u>1,520,671</u>	<u>10,648,780</u>
Being depreciated:			
Land improvements	509,602	-	509,602
Buildings	2,652,278	-	2,652,278
Rolling stock	1,750,682	33,185	1,783,867
Equipment	40,000	10,797	50,797
Infrastructure	33,740,599	-	33,740,599
Total capital assets being depreciated	<u>38,693,161</u>	<u>43,982</u>	<u>38,737,143</u>
Total all capital assets	<u>47,821,270</u>	<u>1,564,653</u>	<u>49,385,923</u>
Less accumulated depreciation:			
Land improvements	(40,840)	(20,420)	(61,260)
Buildings	(236,372)	(26,525)	(262,897)
Rolling stock	(576,858)	(61,287)	(638,145)
Equipment	-	(4,466)	(4,466)
Infrastructure	(14,310,776)	(677,183)	(14,987,959)
Total accumulated depreciation	<u>(15,164,846)</u>	<u>(789,881)</u>	<u>(15,954,727)</u>
Net book value, all capital assets being depreciated	<u>23,528,315</u>	<u>(745,899)</u>	<u>22,782,416</u>
Net book value, all capital assets	<u>\$ 32,656,424</u>	<u>\$ 774,772</u>	<u>\$ 33,431,196</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Depreciation expense was charged to functions of the Town as follows:

General government	\$ 10,001
Public safety	51,877
Highways and streets	642,641
Sanitation	90,341
Culture and recreation	24,103
Total	<u>\$ 818,963</u>

**2-E Interfund Balances and Transfers**

The composition of interfund balances as of December 31, 2006 is as follows:

Receivable Fund	Payable Fund	Amount
General	Conservation land acquisition	\$ 20,206
	Permanent	24,900
	Safety building	11,871
	Nonmajor	7,377
Conservation land acquisition	General	178
Nonmajor	General	26,859
	Permanent	1,444
	Nonmajor	2,138
		<u>\$ 94,973</u>

Interfund transfers during the year were comprised of the following:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 488,371	\$ 488,371
Permanent fund		16,516	16,516
Nonmajor funds	50,687	2,138	52,825
Totals	<u>\$ 50,687</u>	<u>\$ 507,025</u>	<u>\$ 557,712</u>

**2-F Intergovernmental Payable**

Amounts due to other governments at December 31, 2006 consist of:

Charges for services due to the Rye Water District	\$ 1,947
Welfare service due to the City of Portsmouth	238
Balance of 2006-2007 district assessment due to the Rye School District	4,699,096
Fees due to the Town of Hampton from the sewer department	15,509
Total	<u>\$ 4,716,790</u>

**2-G Deferred/Unearned Revenue**

Deferred/unearned revenue of \$71,913 at December 31, 2006 consists of \$46 of prepaid property taxes, and \$71,867 for State reimbursement of bond payments not made until the subsequent year.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2006**

**2-H Long-Term Liabilities**

Changes in the Town's long-term obligations during the year ended December 31, 2006, consisted of the following:

	General Obligation Bonds Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 7,398,000	\$ 384,889	\$ 306,200	\$ 8,089,089
Additions	1,000,000	85,363	-	1,085,363
Reductions	(1,031,067)	(137,041)	(252,200)	(1,420,308)
Balance, ending	<u>\$ 7,366,933</u>	<u>\$ 333,211</u>	<u>\$ 54,000</u>	<u>\$ 7,754,144</u>

Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2006	Current Portion
General obligation bonds payable:						
Sewer construction	\$ 4,400,000	1991	2012	5.6-6.75	\$ 1,320,000	\$ 220,000
Library addition	\$ 859,139	1999	2014	4.0-4.50	475,000	60,000
Land purchase	\$ 418,000	2003	2008	2.800	167,200	83,600
Public safety complex and conservation easements	\$ 5,185,600	2004	2015	5.625	4,145,000	520,000
Land acquisition	\$ 946,400	2006	2017	3.770	946,400	-
					<u>7,053,600</u>	<u>883,600</u>
Bond premiums					<u>313,333</u>	<u>37,340</u>
					<u>7,366,933</u>	<u>920,940</u>
Compensated absences payable:						
Vested sick leave					193,075	28,961
Accrued vacation leave					140,136	21,021
					<u>333,211</u>	<u>49,982</u>
Accrued landfill postclosure care costs					54,000	5,400
Total					<u>\$ 7,754,144</u>	<u>\$ 976,322</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2006, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2007	\$ 883,600	\$ 338,639	\$ 1,222,239
2008	975,000	310,741	1,285,741
2009	895,000	260,771	1,155,771
2010	895,000	213,053	1,108,053
2011	895,000	165,178	1,060,178
2012-2016	2,415,000	256,509	2,671,509
2017	95,000	2,375	97,375
Totals	<u>\$ 7,053,600</u>	<u>\$ 1,547,266</u>	<u>\$ 8,600,866</u>

All 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.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2006**

Bonds and notes authorized and unissued as of December 31, 2006 were as follows:

Per Town Meeting vote of <hr/> March 11, 2003	Purpose <hr/> Land purchase	Unissued Amount <hr/> \$ 2,002,000
--	--------------------------------	--

*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 for 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 \$54,000 as of December 31, 2006, 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, 2006. 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.

**2-I Restatement of Beginning Net Assets**

Net assets at January 1, 2006 were restated to remove duplicate recording of capital assets as follows:

Adjustment	\$ (20,424)
Net assets, as previously reported	33,012,372
Net assets, as restated	<u><u>\$ 32,991,948</u></u>

**NOTE 3 - OTHER MATTERS**

**3-A Pensions**

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 Legislature. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

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 2006, the Town contributed 9.68% for police, 14.36% for fire and 6.81% for other employees. The contribution requirements for the Town of Rye for the fiscal years 2004, 2005 and 2006 were \$157,205, \$178,861 and \$198,126, 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, \$70,205, is reported as an "on-behalf" payment," as an expenditure and revenue on the governmental fund operating statement, and as an expense and revenue on the government-wide statement of activities.

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**AS OF AND FOR THE FISCAL YEAR ENDED**  
**DECEMBER 31, 2006**

***3-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 fiscal year 2006, 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, 2006 was \$57,590 for workers' compensation and \$58,073 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.

***3-C Contingent Liabilities***

There are various claims and suits pending against the Town which arose in the normal course of the Town's activities. 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, 2006**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 3,700,988	\$ 3,700,988	\$ 3,936,097	\$ 235,109
Licenses and permits	1,255,020	1,255,020	1,299,378	44,358
Intergovernmental	541,166	547,286	408,796	(138,490)
Charges for services	144,050	144,050	207,377	63,327
Miscellaneous	214,459	214,459	319,759	105,300
Total revenues	<u>5,855,683</u>	<u>5,861,803</u>	<u>6,171,407</u>	<u>309,604</u>
Expenditures:				
Current:				
General government	1,242,521	1,252,424	1,265,130	(12,706)
Public safety	1,797,558	1,797,558	1,764,344	33,214
Highways and streets	890,331	890,331	825,915	64,416
Sanitation	340,860	340,860	339,614	1,246
Health	104,372	104,372	97,892	6,480
Welfare	52,949	52,949	38,054	14,895
Culture and recreation	229,645	235,628	212,827	22,801
Conservation	123,800	123,800	111,972	11,828
Debt service:				
Principal	866,600	866,600	866,550	50
Interest	309,711	309,711	299,702	10,009
Capital outlay	95,526	95,526	92,793	2,733
Total expenditures	<u>6,053,873</u>	<u>6,069,759</u>	<u>5,914,793</u>	<u>154,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(198,190)</u>	<u>(207,956)</u>	<u>256,614</u>	<u>464,570</u>
Other financing sources (uses):				
Transfers in	40,926	50,692	50,687	(5)
Transfers out	<u>(542,736)</u>	<u>(542,736)</u>	<u>(488,371)</u>	<u>54,365</u>
Total other financing sources and uses	<u>(501,810)</u>	<u>(492,044)</u>	<u>(437,684)</u>	<u>54,360</u>
Net change in fund balance	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	<u>(181,070)</u>	<u>\$ 518,930</u>
Increase in fund balance reserved for inventory			(884)	
Increase in fund balance, reserved for special purposes			(10,051)	
Unreserved fund balance, beginning			2,975,365	
Unreserved fund balance, ending			<u>\$ 2,783,360</u>	

The notes to 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, 2006**

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, 2006**

**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 current year for the general fund, as well as some of the nonmajor funds. 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 2006, \$700,000 of the beginning general fund 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)	\$ 6,222,094
Adjustment:	
Basis difference:	
On-behalf retirement contributions made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	70,205
Per Exhibit C-3 (GAAP Basis)	<u>\$ 6,292,299</u>
Expenditures and other financing uses:	
Per Exhibit E (budgetary basis)	\$ 6,403,164
Adjustments:	
Basis difference:	
Encumbrances, beginning	81,907
Encumbrances, ending	(184,776)
On-behalf retirement contributions made by the State of New Hampshire recognized as expenditures on the GAAP basis, but not on the budgetary basis	70,205
Per Exhibit C-3 (GAAP Basis)	<u>\$ 6,370,500</u>

***COMBINING AND INDIVIDUAL FUND SCHEDULES***

**SCHEDULE 1**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)*  
**For The Fiscal Year Ended December 31, 2006**

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 3,619,178	\$ 3,848,319	\$ 229,141
Land use change	-	178	178
Yield	2,300	2,018	(282)
Excavation	730	567	(163)
Payment in lieu of taxes	5,280	10,272	4,992
Interest and penalties on taxes	73,500	74,743	1,243
Total taxes	<u>3,700,988</u>	<u>3,936,097</u>	<u>235,109</u>
<b>Licenses, permits and fees:</b>			
Business licenses, permits and fees	800	1,055	255
Motor vehicle permit fees	1,117,000	1,158,159	41,159
Building permits	100,000	102,475	2,475
Other	37,220	37,689	469
Total licenses, permits and fees	<u>1,255,020</u>	<u>1,299,378</u>	<u>44,358</u>
<b>Intergovernmental:</b>			
State:			
Shared revenue block grant	47,506	47,506	-
Meals and rooms distribution	190,481	203,734	13,253
Highway block grant	111,973	111,973	-
Water pollution grants	-	33,583	33,583
Other	2,039	12,000	9,961
Federal	195,287	-	(195,287)
Total intergovernmental	<u>547,286</u>	<u>408,796</u>	<u>(138,490)</u>
<b>Charges for services:</b>			
Income from departments	<u>144,050</u>	<u>207,377</u>	<u>63,327</u>
<b>Miscellaneous:</b>			
Sale of municipal property	3,200	3,104	(96)
Interest on investments	180,000	258,935	78,935
Rent of property	50	-	(50)
Fines and forfeits	2,500	3,908	1,408
Insurance dividends and reimbursements	17,861	17,860	(1)
Contributions and donations	-	10,011	10,011
Other	10,848	25,941	15,093
Total miscellaneous	<u>214,459</u>	<u>319,759</u>	<u>105,300</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor fund:			
Expendable trust	<u>50,692</u>	<u>50,687</u>	<u>(5)</u>
Total revenues and other financing sources	<u>5,912,495</u>	<u>\$ 6,222,094</u>	<u>\$ 309,599</u>
Unreserved fund balance used to reduce tax rate	<u>700,000</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 6,612,495</u>		

**SCHEDULE 2**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Major General Fund**  
*Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)*  
**For The Fiscal Year Ended December 31, 2006**

	Encumbered From Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ 7,500	\$ 274,711	\$ 205,780	\$ 6,520	\$ 69,911
Election and registration	-	24,898	17,251	3,823	3,824
Financial administration	-	279,598	268,733	-	10,865
Revaluation of property	-	137,264	124,535	8,350	4,379
Legal	-	145,000	253,263	-	(108,263)
Planning and zoning	5,364	108,498	67,629	10,839	35,394
General government buildings	-	61,380	75,309	2,475	(16,404)
Insurance, not otherwise allocated	-	174,590	187,518	-	(12,928)
Advertising and regional associations	-	46,485	45,969	-	516
Total general government	12,864	1,252,424	1,245,987	32,007	(12,706)
Public safety:					
Police department	-	831,102	810,759	-	20,343
Ambulance	-	88,196	87,183	-	1,013
Fire department	6,434	762,556	756,859	-	12,131
Building inspection	-	107,104	107,834	-	(730)
Emergency management	-	8,600	8,143	-	457
Total public safety	6,434	1,797,558	1,770,778	-	33,214
Highways and streets:					
Highways and streets	58,343	879,631	763,323	52,769	121,882
Street lighting	-	2,700	2,936	-	(236)
Other	-	8,000	65,230	-	(57,230)
Total highways and streets	58,343	890,331	831,489	52,769	64,416
Sanitation:					
Solid waste collection	-	203,350	204,726	-	(1,376)
Solid waste disposal	-	137,510	134,888	-	2,622
Total sanitation	-	340,860	339,614	-	1,246
Health:					
Administration	-	4,664	4,454	-	210
Pest control	-	4,918	1,688	-	3,230
Other	-	94,790	91,750	-	3,040
Total health	-	104,372	97,892	-	6,480
Welfare:					
Direct assistance	-	52,949	38,054	-	14,895
Culture and recreation:					
Parks and recreation	4,266	171,285	157,602	-	17,949
Patriotic purposes	-	5,600	5,062	-	538
Other	-	58,743	54,429	-	4,314
Total culture and recreation	4,266	235,628	217,093	-	22,801
Conservation:					
Administration	-	123,800	11,972	100,000	11,828

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

**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For The Fiscal Year Ended December 31, 2006**

	Encumbered From Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	866,600	866,550	-	50
Interest on long-term debt	-	299,711	299,702	-	9
Interest on tax anticipation notes	-	10,000	-	-	10,000
Total debt service	-	1,176,311	1,166,252	-	10,059
Capital outlay:					
Fire utility truck	-	40,926	40,921	-	5
Town hall	-	11,700	11,389	-	311
Police department	-	28,500	26,083	-	2,417
Fire department	-	10,000	10,000	-	-
Ambulance	-	4,400	4,400	-	-
Total capital outlay	-	95,526	92,793	-	2,733
Other financing uses:					
Transfers out:					
Nonmajor funds:					
Library operating	-	482,736	428,071	-	54,665
Expendable trust	-	60,000	60,300	-	(300)
Total other financing uses	-	542,736	488,371	-	54,365
Total appropriations, expenditures, other financing uses and encumbrances	\$ 81,907	\$ 6,612,495	\$ 6,300,295	\$ 184,776	\$ 209,331



***SCHEDULE 3***  
***TOWN OF RYE, NEW HAMPSHIRE***  
***Major General Fund***  
***Schedule of Changes in Unreserved, Undesignated Fund Balance (Non-GAAP Budgetary Basis)***  
***For The Fiscal Year Ended December 31, 2006***

Unreserved, undesignated fund balance, beginning		\$ 2,425,365
Changes:		
Unreserved fund balance used to reduce 2006 tax rate		(700,000)
2006 Budget summary:		
Revenue surplus (Schedule 1)	\$ 309,599	
Unexpended balance of appropriations (Schedule 2)	<u>209,331</u>	
2006 Budget surplus		518,930
Increase in fund balance reserved for inventory		(884)
Increase in fund balance reserved for special purposes		(10,051)
Increase in fund balance designated for contingency		<u>(50,000)</u>
Unreserved, undesignated fund balance, ending		<u><u>\$ 2,183,360</u></u>

**SCHEDULE 4**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**December 31, 2006**

	Special Revenue Funds				
	Library Operating	Recreation Revolving	Sewer Department	Conservation Commission	
				Salt Marsh	Town Forest
<b>ASSETS</b>					
Cash and cash equivalents	\$ 34,463	\$ 162,654	\$ 310,501	\$ 181,863	\$ 506
Investments	29,506	-	-	-	-
Receivables, net of allowance for uncollectible:					
Accounts	-	5,271	44,222	-	-
Intergovernmental	-	-	-	-	-
Interfund receivable	30,441	-	-	-	-
Prepaid items	-	5,400	-	-	-
Total assets	<u>\$ 94,410</u>	<u>\$ 173,325</u>	<u>\$ 354,723</u>	<u>\$ 181,863</u>	<u>\$ 506</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 7,231	\$ 405	\$ 624	\$ -	\$ -
Intergovernmental payable	-	-	15,509	-	-
Interfund payable	-	-	7,377	-	-
Deferred revenue	-	-	71,867	-	-
Total liabilities	<u>7,231</u>	<u>405</u>	<u>95,377</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for special purposes	-	-	-	-	-
Unreserved, undesignated	87,179	172,920	259,346	181,863	506
Total fund balances	<u>87,179</u>	<u>172,920</u>	<u>259,346</u>	<u>181,863</u>	<u>506</u>
Total liabilities and fund balances	<u>\$ 94,410</u>	<u>\$ 173,325</u>	<u>\$ 354,723</u>	<u>\$ 181,863</u>	<u>\$ 506</u>

Special Revenue Funds						Capital Project Fund	
Police Outside Detail	Grants	Beach Parking Permits	Beach Cleaning	Ambulance	Expendable Trust	Library Building	Total
\$ 60,725	\$ 963	\$ 14,433	\$ 18,924	\$ 46,125	\$ 20,844	\$ 527	\$ 852,528
-	-	-	-	-	532,454	-	561,960
3,912	3,000	2,000	-	-	-	-	58,405
-	244	-	-	-	-	-	244
-	-	-	-	-	-	-	30,441
-	-	678	-	-	-	-	6,078
<u>\$ 64,637</u>	<u>\$ 4,207</u>	<u>\$ 17,111</u>	<u>\$ 18,924</u>	<u>\$ 46,125</u>	<u>\$ 553,298</u>	<u>\$ 527</u>	<u>\$ 1,509,656</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,260
-	-	-	-	-	-	-	15,509
-	-	-	-	-	2,138	-	9,515
-	-	-	-	-	-	-	71,867
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,138</u>	<u>-</u>	<u>105,151</u>
-	-	-	-	-	-	527	527
64,637	4,207	17,111	18,924	46,125	551,160	-	1,403,978
64,637	4,207	17,111	18,924	46,125	551,160	527	1,404,505
<u>\$ 64,637</u>	<u>\$ 4,207</u>	<u>\$ 17,111</u>	<u>\$ 18,924</u>	<u>\$ 46,125</u>	<u>\$ 553,298</u>	<u>\$ 527</u>	<u>\$ 1,509,656</u>

**SCHEDULE 5**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For The Fiscal Year Ended December 31, 2006**

	Special Revenue Funds				
	Library Operating	Recreation Revolving	Sewer Department	Conservation Commission Salt Marsh	Town Forest
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 52,347	\$ 4,442	\$ -
Charges for services	-	184,069	308,283	-	-
Miscellaneous	24,560	10,431	5,342	2,642	23
Total revenues	24,560	194,500	365,972	7,084	23
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	120,709	-	-
Culture and recreation	453,962	140,516	-	-	-
Conservation	-	-	-	8,880	-
Debt service:					
Principal	-	-	132,000	-	-
Interest	-	-	57,750	-	-
Capital outlay	-	-	25,309	-	-
Total expenditures	453,962	140,516	335,768	8,880	-
Excess (deficiency) of revenues over (under) expenditures	(429,402)	53,984	30,204	(1,796)	23
Other financing sources (uses):					
Transfers in	446,725	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	446,725	-	-	-	-
Net change in fund balances	17,323	53,984	30,204	(1,796)	23
Fund balances, beginning	69,856	118,936	229,142	183,659	483
Fund balances, ending	\$ 87,179	\$ 172,920	\$ 259,346	\$ 181,863	\$ 506

Special Revenue Funds						Capital Project Fund	Total
Police Outside Detail	Grants	Beach Parking Permits	Beach Cleaning	Ambulance	Expendable Trust	Library Building	
\$ -	\$ 171,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,248
52,247	-	14,927	8,625	-	-	-	568,151
-	3,000	-	-	24,065	26,146	-	96,209
52,247	174,459	14,927	8,625	24,065	26,146	-	892,608
-	-	-	996	-	5,984	-	6,980
48,014	171,802	10,129	-	-	-	-	229,945
-	-	-	-	-	4,498	-	125,207
-	-	-	-	-	4,056	-	598,534
-	-	-	-	-	-	-	8,880
-	-	-	-	-	-	-	132,000
-	-	-	-	-	-	-	57,750
-	-	-	-	-	-	-	25,309
48,014	171,802	10,129	996	-	14,538	-	1,184,605
4,233	2,657	4,798	7,629	24,065	11,608	-	(291,997)
-	-	-	-	-	60,300	-	507,025
-	-	-	-	-	(52,825)	-	(52,825)
-	-	-	-	-	7,475	-	454,200
4,233	2,657	4,798	7,629	24,065	19,083	-	162,203
60,404	1,550	12,313	11,295	22,060	532,077	527	1,242,302
\$ 64,637	\$ 4,207	\$ 17,111	\$ 18,924	\$ 46,125	\$ 551,160	\$ 527	\$ 1,404,505