

**TOWN OF RYE,  
NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2009**

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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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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.

As discussed in Note 16 to the financial statements, management has not recorded the long-term costs of retirement health care and obligations for other postemployment benefits in governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities and expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Rye as of December 31, 2009, or the changes in financial position thereof for the year then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the each major fund, and the aggregate remaining fund information of the Town of Rye, as of December 31, 2009, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Town of Rye*  
*Independent Auditor's Report*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Rye's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

October 14, 2010

*Plodzik & Sanderson*  
*Professional Association*

*Town of Rye, NH*  
***Management Discussion and Analysis***  
**2009**

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

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, 2009

### ***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 \$34,879,949 at the close of the most recent fiscal year.

By far the largest portion of the Town of Rye's net assets \$28,648,239 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>2008</b>	<b>2009</b>
Current & other assets	11,922,960	12,080,098
Capital assets	33,813,209	34,086,017
Total assets	44,736,169	46,166,115
Long-term liabilities outstanding	5,749,799	5,340,039
Other liabilities	5,780,021	5,946,127
Total liabilities	11,629,820	11,286,166
Net assets:		
Investment in capital assets net of related debt	28,379,555	28,648,239
Restricted assets	2,173,409	2,066,936
Unrestricted assets	3,553,385	4,164,774
Total net assets	34,106,349	34,879,949

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>2008 AMOUNT</b>	<b>2009 AMOUNT</b>	<b>DIFFERENCE</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	922,106	848,311	(73,795)
Operating grants	328,956	413,405	(84,449)
Restricted Investment Income	90,583	227,368	136,785
Capital Contributions			
General revenues:			
Taxes	4,781,569	5,085,791	304,222
Licenses and permits	1,325,475	1,182,928	(142,547)
Unrestricted grants	281,854	251,681	(30,173)
Unrestricted Investment Income	147,731	47,593	(100,138)
Miscellaneous	(459,097)	174,484	633,581
Total revenues	7,419,177	8,231,561	812,384
<b>Expenses:</b>			
General Government	1,657,806	1,393,503	(264,303)
Public Safety	2,413,110	2,375,863	(37,247)
Highways and Streets	1,754,639	1,552,363	(202,276)
Sanitation	605,915	508,647	(97,268)
Health	107,228	103,006	(4,222)
Welfare	46,867	33,878	(12,989)
Culture & Recreation	900,349	977,934	77,585
Conservation	40,753	182,041	141,288
Interest on long-term debt	251,928	217,995	(33,933)
Capital Outlay		112,731	112,731
Total governmental activities	7,778,595	7,457,961	(320,634)
Change in net assets	(359,418)	773,600	1,133,018
Beginning net assets	34,465,767	34,106,349	(359,418)
Ending net assets	34,106,349	34,879,949	773,600

#### **General fund budgetary highlights**

As shown in the above chart, revenues received during 2009 increased by \$812,384 from 2008. The actual budgetary revenues were more than the budget for estimated revenues by \$427,292. Motor Vehicle Registrations were \$121,537 over the amount projected. Building Permits were \$18,909 over the amount projected. General income from department services was \$99,312 over projected. Interest income on deposits and investments decreased by \$64,754 over the prior year however it was \$5,421 over the 2009 projection.



The overall, total governmental expenditures decreased by \$320,634 (4.1%) under the prior year. The Town experienced no catastrophic events during 2009.

The Town realized a savings of \$271,996 in actual expenditures over the 2009 budgeted appropriation.

The total Town's property valuation increased by \$11,182,400 the total property tax commitment increasing by \$465,119 over the prior year. At the 2009 Tax Rate setting the Board of Selectmen chose to use \$562,571 of the Town's beginning general fund balance to bring the tax rate to \$9.82.

## 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:
  - 2009 Police cruiser
  - 2 Conservation Land Easements
- Deletions:
  - 1999 Police Cruiser
  - 2002 Police Cruiser

### Town of Rye, NH Capital Assets

Governmental Activities  
(at original cost)

	2008	additions	deletions	2009
Land	8,474,986	895,580		9,370,566
Land Imp-PWD & Recreation Dept.	509,602			509,602
Construction in Progress		25,000		25,000
Buildings	6,353,937			6,353,937
Rolling Stock	2,013,814	25,914	45,933	1,993,795
Equipment	73,297	11,206		84,503
Sewer Mains - Infrastructure	4,400,000			4,400,000
Roadways - Infrastructure	29,400,579	195,103		29,595,682
Total	51,226,215	1,152,803	45,933	52,333,085

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 \$5,273,055 which is a 1.5% increase from the \$5,195,000 owed at the end of 2008. These bonds are a general obligation of the taxpayers of Rye, N.H., of which \$660,000 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% (\$54,805,689) of the town valuation (\$1,826,836,300). 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 \$48,532,634.

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.

#### **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, 2009**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,361,825
Investments	4,555,033
Intergovernmental receivable	40,921
Other receivables, net of allowances for uncollectible	1,101,516
Inventory	7,375
Prepaid items	13,428
Capital assets, not being depreciated:	
Land	9,370,566
Construction in progress	25,000
Capital assets, net of accumulated depreciation:	
Land improvements	387,080
Buildings and building improvements	5,937,654
Vehicles	1,186,419
Equipment	60,312
Infrastructure	17,118,986
Total assets	<u>46,166,115</u>
<b>LIABILITIES</b>	
Accounts payable	142,895
Intergovernmental payable	4,997,925
Accrued interest payable	108,627
Unearned revenue	90,592
Noncurrent obligations:	
Due within one year:	
Bonds	993,055
Unamortized bond premium	40,034
Compensated absences	34,813
Accrued landfill postclosure care costs	6,000
Due in more than one year:	
Bonds	4,280,000
Unamortized bond premium	188,224
Compensated absences	368,001
Accrued landfill postclosure care costs	36,000
Total liabilities	<u>11,286,166</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	28,648,239
Restricted for:	
Perpetual care	1,679,734
Library purposes	387,202
Unrestricted	4,164,774
Total net assets	<u>\$ 34,879,949</u>

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

**EXHIBIT B**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Statement of Activities**  
**For the Fiscal Year Ended December 31, 2009**

		Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Restricted Invested Income	Revenue and Change in Net Assets
	Expenses				
Governmental activities:					
General government	\$ 1,393,503	\$ 29,848	\$ 5,132	\$ 227,368	\$ (1,131,155)
Public safety	2,375,863	262,526	94,412	-	(2,018,925)
Highways and streets	1,552,363	760	117,027	-	(1,434,576)
Sanitation	508,647	374,320	73,900	-	(60,427)
Health	103,006	-	-	-	(103,006)
Welfare	33,878	-	-	-	(33,878)
Culture and recreation	977,934	180,312	-	-	(797,622)
Conservation	182,041	545	122,934	-	(58,562)
Interest on long-term debt	217,995	-	-	-	(217,995)
Capital outlay	112,731	-	-	-	(112,731)
Total governmental activities	<u>\$ 7,457,961</u>	<u>\$ 848,311</u>	<u>\$ 413,405</u>	<u>\$ 227,368</u>	<u>(5,968,877)</u>
General revenues:					
Taxes:					
Property					4,997,224
Other					88,567
Motor vehicle permit fees					1,039,237
Licenses and other fees					143,691
Grants and contributions not restricted to specific programs					251,681
Unrestricted investment earnings					47,593
Miscellaneous					174,484
Total general revenues					<u>6,742,477</u>
Change in net assets					773,600
Net assets, beginning					<u>34,106,349</u>
Net assets, ending					<u>\$ 34,879,949</u>

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

**EXHIBIT C-1**  
**TOWN OF RYE, NEW HAMPSHIRE**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2009**

	General	Sewer	Conservation Land Acquisition	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,908,480	\$ 422,198	\$ 8,208	\$ 327,906	\$ 695,033	\$ 6,361,825
Investments	1,571,931	-	527,438	1,770,959	684,704	4,555,032
Receivables, net of allowance for uncollectible:						
Taxes	963,566	-	-	-	-	963,566
Accounts	57,020	61,964	-	-	18,966	137,950
Intergovernmental	40,921	-	-	-	-	40,921
Interfund receivable	29,504	-	-	-	41,197	70,701
Voluntary tax liens	70,656	-	-	-	-	70,656
Voluntary tax liens reserved until collected	(70,656)	-	-	-	-	(70,656)
Inventory	7,375	-	-	-	-	7,375
Prepaid items	7,413	-	-	-	6,015	13,428
Total assets	\$ 7,586,210	\$ 484,162	\$ 535,646	\$ 2,098,865	\$ 1,445,915	\$ 12,150,798
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 131,811	\$ 3,469	\$ -	\$ -	\$ 7,615	\$ 142,895
Intergovernmental payable	4,981,074	16,851	-	-	-	4,997,925
Interfund payable	30,036	8,736	-	31,929	-	70,701
Deferred revenue	6,140	65,829	-	-	18,623	90,592
Total liabilities	5,149,061	94,885	-	31,929	26,238	5,302,113
Fund balances:						
Reserved for encumbrances	84,635	19,500	-	-	-	104,135
Reserved for endowments	-	-	-	1,538,505	-	1,538,505
Reserved for inventory	7,375	-	-	-	-	7,375
Reserved for special purposes	69,406	-	535,646	528,431	711,465	1,844,948
Unreserved, designated for contingency	200,000	-	-	-	-	200,000
Unreserved, undesignated, reported in:						
General fund	2,075,734	-	-	-	-	2,075,734
Special revenue funds	-	369,777	-	-	708,212	1,077,988
Total fund balances	2,437,149	389,277	535,646	2,066,936	1,419,677	6,848,685
Total liabilities and fund balances	\$ 7,586,210	\$ 484,162	\$ 535,646	\$ 2,098,865	\$ 1,445,915	\$ 12,150,798

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, 2009**

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,848,685
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 52,333,085	
Less accumulated depreciation	<u>(18,247,068)</u>	
		34,086,017
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.		
Receivables	\$ (70,701)	
Payables	<u>70,701</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(108,627)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 5,273,055	
Unamortized bond premium	228,258	
Compensated absences payable	402,813	
Accrued landfill postclosure care costs	<u>42,000</u>	
		(5,946,126)
Total net assets of governmental activities (Exhibit A)		<u>\$ 34,879,949</u>

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

**EXHIBIT C-3**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Governmental Funds*  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2009**

	General	Sewer	Conservation Land Acquisition	Permanent	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 5,085,791	\$ -	\$ -	\$ -	\$ -	\$ 5,085,791
Licenses and permits	1,182,927	-	-	-	-	1,182,927
Intergovernmental	606,449	45,147	-	-	13,490	665,086
Charges for services	244,504	331,581	-	-	272,226	848,311
Miscellaneous	100,714	1,371	8,364	264,042	74,944	449,435
Total revenues	7,220,385	378,099	8,364	264,042	360,660	8,231,550
<b>Expenditures:</b>						
<b>Current:</b>						
General government	1,240,220	-	-	85,746	40,403	1,366,369
Public safety	2,206,863	-	-	-	77,009	2,283,872
Highways and streets	995,255	-	-	-	-	995,255
Sanitation	375,049	133,600	-	-	1,977	510,626
Health	103,006	-	-	-	-	103,006
Welfare	33,878	-	-	-	-	33,878
Culture and recreation	210,562	-	-	-	758,278	968,840
Conservation	182,041	-	-	-	-	182,041
Debt service:						
Principal	763,000	132,000	-	-	-	895,000
Interest	229,586	31,185	-	-	-	260,771
Capital outlay	94,837	14,129	936,465	-	25,000	1,070,431
Total expenditures	6,434,297	310,914	936,465	85,746	902,667	8,670,089
Excess (deficiency) of revenues over (under) expenditures	786,088	67,185	(928,101)	178,296	(542,007)	(438,539)
<b>Other financing sources (uses):</b>						
Transfers in	291,656	-	-	-	652,020	943,676
Transfers out	(638,333)	-	-	(13,536)	(291,807)	(943,676)
Debt proceeds	-	-	973,055	-	-	973,055
Unamortized bond premium	-	-	26,945	-	-	26,945
Total other financing sources and uses	(346,677)	-	1,000,000	(13,536)	360,213	1,000,000
Net change in fund balances	439,411	67,185	71,899	164,760	(181,794)	561,461
Fund balances, beginning	1,997,738	322,092	463,747	1,902,176	1,601,471	6,287,224
Fund balances, ending	\$ 2,437,149	\$ 389,277	\$ 535,646	\$ 2,066,936	\$ 1,419,677	\$ 6,848,685

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, 2009*

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 561,461
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	\$ 1,152,803	
Depreciation expense	<u>(868,379)</u>	
		284,424
Loss on disposal of capital asset		(11,615)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (943,676)	
Transfers out	<u>943,676</u>	
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Proceeds of bond	\$ (973,055)	
Proceeds of bond premium	(26,945)	
Repayment of bond principal	895,000	
Amortization of bond premium	<u>37,340</u>	
		(67,660)
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 5,436	
Increase in compensated absences payable	(4,446)	
Decrease in accrued landfill postclosure care costs	<u>6,000</u>	
		6,990
Changes in net assets of governmental activities (Exhibit B)		<u>\$ 773,600</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, 2009**

	Private Purpose Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 275,391
Investments	1,804	510,238
Total assets	<u>1,804</u>	<u>785,629</u>
<b>LIABILITIES</b>		
Due to other governmental units	-	510,238
Due to others	-	275,391
Total liabilities	<u>-</u>	<u>785,629</u>
<b>NET ASSETS</b>		
Held in trust for special purposes	<u>\$ 1,804</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, 2009*

	Private Purpose Trust
<b>ADDITIONS</b>	
Investment earnings:	
Interest and dividends	\$ 6
Net assets, beginning	1,798
Net assets, ending	<u>\$ 1,804</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**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Rye are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

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

**1-A Reporting Entity**

The Town of Rye, New Hampshire (the Town), is a municipal corporation governed by an elected three member Board of Selectmen. The reporting entity is comprised of the primary government and any other organizations (*component units*) 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 organizations; or (2) the Town is legally entitled to or can otherwise access the organization's resources; (3) the Town is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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**

**Government-Wide Financial Statements** – The government-wide financial statements display information about the Town as a whole. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. The effect of interfund activity has been eliminated from these statements.

The statement of net assets presents information on all of the entities assets and liabilities, with the difference between the two presented as net assets. Net assets are reported as one of three categories; invested in capital assets, net of related debt; restricted; or unrestricted.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements** – The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Financial statements of the Town are organized into funds, each of which is considered to be a separate accounting entity. Each fund has a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures. Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- (a) Total assets, liabilities, revenues or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type;
- (b) Total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 5% of the corresponding total for all governmental funds combined; and
- (c) In addition, any other governmental fund that the Town believes is particularly important to the financial statement users may be reported as a major fund.

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**Governmental Activities** – Governmental funds are identified as general, special revenue, capital projects, and permanent funds, based upon the following guidelines:

**General Fund** – is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** – is used to account for the acquisition and construction of major capital facilities.

**Permanent Funds** – are used to account for resources legally held in trust. All resources of the fund, including earnings on invested resources, may be used to support the Town.

**Fiduciary Fund Types** – These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. Fiduciary Fund types are not part of the reporting entity in the government-wide financial statements, but are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are as follows:

**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.

**Major Funds** – The Town reports the following major governmental funds:

**General Fund** – All general revenues and other receipts that are not allocated by law or contracted 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.

**Sewer Fund** – accounts for the operation of the sewer treatment plant, pumping station and sewer lines in the Town.

**Conservation Land Acquisition** – is used to account for funds held for future land and easement purchases for conservation purposes.

**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.

The Town also reports ten nonmajor governmental funds.

***1-C Measurement Focus***

**Government-Wide and Fiduciary Fund Financial Statements** – The government-wide, and fiduciary fund financial statements, except for agency funds which have no measurement focus, are reported using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Governmental Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty days of the end of the current period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except

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for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**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 in the fiscal year in which the resources are measurable and become available.

**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 sixty 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.

**1-D Cash and Cash Equivalents**

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, certificates of deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

New Hampshire statutes require that the Town treasurer have custody of all money 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.

**1-E Investments**

State statutes place certain limitations on the nature of deposits and investments available as follows:

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.

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***1-F Receivables***

Receivables in the government-wide financial statements represent amounts due to the Town at December 31, recorded as revenue, which will be collected in the future and consist primarily of taxes, accounts, and intergovernmental 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 two 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.

***1-G Interfund Balances***

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds are eliminated in the statement of net assets.

***1-H Inventory***

The inventories of the Town are valued at cost (first-in, first out), which approximates market. The inventories of the Town's general fund consist of gas and diesel held for subsequent use. The cost of these inventories is expended when consumed rather than when purchased.

***1-I Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

***1-J Capital Assets***

General capital assets are those assets of a capital nature which the Town owns. All capital assets are capitalized at cost (or estimated at 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 useful 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.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. 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 and building improvements	100
Vehicles	10-25
Equipment	5-15
Infrastructure	30-50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.



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***1-K Allowances for Uncollectible Accounts***

An allowance for uncollectible accounts has been recorded for the following purposes:

*Taxes* – an allowance has been established by management where collectability is in doubt.

*Ambulance* – an allowance has been established for all receivables that are older than 120 days, and where collectability is in doubt.

*Parking Fines* – an allowance has been established by management where collectability is in doubt.

***1-L Deferred/Unearned Revenue***

In the government-wide financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not been earned or do not meet the “available” criterion for revenue recognition under the modified accrual basis of accounting. On the government-wide statements of net assets, deferred revenue is classified as unearned revenue.

***1-M Compensated Absences***

The Town’s policy allows certain employees to earn varying amounts of vacation and sick pay based on the employee’s length of employment. Upon retirement or termination of employment, employees are paid in full for any accrued leave earned as set forth by personnel policy.

Vested amounts of both vacation and sick pay are reported as long-term liabilities in the statement of net assets.

***1-N Long-Term Obligations***

Long-term debt and other long-term obligations are reported as liabilities in the government-wide statements. Bond premiums are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums.

In the governmental fund financial statements, bond premiums are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources.

***1-O Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

***1-P Equity Classifications***

***Government-Wide Statements*** – Equity is classified as net assets and displayed in three components:

- a) *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested capital assets, net of related debt.

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- b) *Restricted net assets* – Consists of net assets with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Fund Statements** – Governmental fund equity is classified as fund balance. Fund balance is classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balances represent amounts not available for appropriation, or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans that are subject to change. Undesignated fund balance amounts represent amounts available for use in future periods.

**1-Q Interfund Activities**

Interfund activities are reported as follows:

**Interfund Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans. All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the statement of net assets.

**Interfund Transfers** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

**1-R Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates and the differences could be material.

**NOTE 2 – CUSTODIAL CREDIT RISK FOR DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, a government’s deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2009, all of the Town’s bank balances of \$7,692,407 were insured and collateralized.

Cash and cash equivalents reconciliation:

Cash and cash equivalents per the statement of net assets (Exhibit A)	\$ 6,361,825
Cash and cash equivalents per statement of fiduciary net assets (Exhibit D-1)	275,391
Total cash and cash equivalents	<u>\$ 6,637,216</u>

**TOWN OF RYE, NEW HAMPSHIRE**  
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**NOTE 3 – INVESTMENTS**

The Town maintains a portfolio of short-term maturity investments, including money market investments and repurchase agreements, which are reported at amortized cost. The Town also maintains a portfolio of intermediate maturity investments that are reported at fair value, based on quoted market prices. The Town's fiscal agent or custodian provides the fair value of all intermediate maturity investments. As of December 31, 2009, the Town had the following investments:

	Governmental Activities
Certificate of deposit	\$ 1,511,281
Repurchase agreements	
Common stocks	1,519,127
U.S. Government obligations	124,616
NH Public Deposit Investment Pool	1,834,357
Other	77,694
	<u>\$ 5,067,075</u>

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that change could materially affect the amounts reported in the statement of net assets.

*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. The Town's investment policy does not further limit its investment choices.

*Custodial Credit Risk* – The custodial credit risk is the risk that the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. Of the Town's \$5,067,074 in investments at December 31, 2009, \$1,596,821 of the underlying securities are held by the investment counterparties trust department, not in the name of the Town.

Investment reconciliation:

Investments per statement of net assets (Exhibit A)	\$ 4,555,033
Investments per statement of fiduciary net assets (Exhibit D-1)	512,042
Total investments	<u>\$ 5,067,075</u>

**NOTE 4 – 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, 2009, upon which the 2009 property tax levy was based is:

For the New Hampshire education tax	\$ 1,819,489,400
For all other taxes	\$ 1,826,836,300

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.

**TOWN OF RYE, NEW HAMPSHIRE**  
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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 allowance 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, 2009 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$2.87	\$ 5,229,771
School portion:		
State of New Hampshire	\$2.34	4,263,304
Local	\$3.65	6,671,376
County portion	\$0.96	1,757,889
Precinct portions:		
Jenness Beach	\$0.18	68,670
Rye Water District	\$0.48	546,017
Rye Beach Village	\$0.22	51,196
Total		<u>\$ 18,588,223</u>

During the current fiscal year, the tax collector executed a lien on April 23 for all uncollected 2008 property taxes.

Taxes receivable at December 31, 2009, are as follows:

Property:	
Levy of 2009	\$ 824,092
Unredeemed (under tax lien):	
Levy of 2008	141,064
Levy of 2007	28,410
Less: allowance for estimated uncollectible taxes	(30,000)
Net taxes receivable	<u>\$ 963,566</u>

**NOTE 5 – OTHER RECEIVABLES**

Receivables at December 31, 2009, consisted of accounts (billings for sewer, police details, ambulance fees 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 collectability.

**TOWN OF RYE, NEW HAMPSHIRE**  
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Receivables as of December 31, 2009 for the Town's individual major funds and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	General Fund	Sewer Fund	Nonmajor Funds	Total
Receivables:				
Accounts	\$ 84,020	\$ 61,964	\$ 20,466	\$ 166,450
Intergovernmental	40,921	-	-	40,921
Liens	70,656	-	-	70,656
Gross receivables	195,597	61,964	20,466	278,027
Less: allowance for uncollectible	(97,656)	-	(1,500)	(99,156)
Net total receivables	<u>\$ 97,941</u>	<u>\$ 61,964</u>	<u>\$ 18,966</u>	<u>\$ 178,871</u>

**NOTE 6 – PREPAID ITEMS**

Prepaid items at December 31, 2009 consisted of the following:

General Fund:	
BMSI annual support	\$ 6,936
Other miscellaneous fees	477
Total general fund	<u>7,413</u>
Recreation revolving fund:	
McIntyre Ski School	6,015
	<u>\$ 13,428</u>

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2009 consisted of the following:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 8,474,986	\$ 895,580	\$ -	\$ 9,370,566
Construction in progress	-	25,000	-	25,000
Total capital assets not being depreciated	<u>8,474,986</u>	<u>920,580</u>	<u>-</u>	<u>9,395,566</u>
Being depreciated:				
Land improvements	509,602	-	-	509,602
Buildings and building improvements	6,353,937	-	-	6,353,937
Vehicles	2,013,814	25,914	(45,933)	1,993,795
Equipment	73,297	11,206	-	84,503
Infrastructure	33,800,579	195,103	-	33,995,682
Total capital assets being depreciated	<u>42,751,229</u>	<u>232,223</u>	<u>(45,933)</u>	<u>42,937,519</u>
Total all capital assets	<u>51,226,215</u>	<u>1,152,803</u>	<u>(45,933)</u>	<u>52,333,085</u>
Less accumulated depreciation:				
Land Improvements	(102,101)	-	(20,421)	(122,522)
Buildings and building improvements	(352,744)	-	(63,539)	(416,283)
Vehicles	(744,228)	34,317	(97,465)	(807,376)
Equipment	(17,118)	-	(7,073)	(24,191)
Infrastructure	(16,196,815)	-	(679,881)	(16,876,696)
Total accumulated depreciation	<u>(17,413,006)</u>	<u>34,317</u>	<u>(868,379)</u>	<u>(18,247,068)</u>
Net book value, capital assets being depreciated	<u>25,338,223</u>	<u>266,540</u>	<u>(914,312)</u>	<u>24,690,451</u>
Net book value, all capital assets	<u>\$ 33,813,209</u>	<u>\$ 1,187,120</u>	<u>\$ (914,312)</u>	<u>\$ 34,086,017</u>

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Depreciation expense was charged to functions of the Town based on their usage of the related assets. The amounts allocated to each function are as follows:

Governmental activities:	
General government	\$ 19,143
Public safety	81,506
Highways and streets	755,766
Sanitation	4,021
Culture and recreation	7,943
Total depreciation expense for governmental activities	<u>\$ 868,379</u>

**NOTE 8 – INTERFUND BALANCES AND TRANSFERS**

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at December 31, 2009, are as follows:

Receivable Fund	Payable Fund	Amount
General	Sewer	\$ 8,736
General	Permanent	20,768
Nonmajor	General	30,036
Nonmajor	Permanent	11,161
		<u>\$ 70,701</u>

Interfund transfers during the year ended December 31, 2009 are as follows:

	Transfers In:		
	General Fund	Permanent Fund	Nonmajor Funds
Transfers out:			
General fund	\$ -	\$ -	\$ 638,333
Permanent fund	-	13,536	-
Nonmajor funds	291,656	-	151
Total	<u>\$ 291,656</u>	<u>\$ 13,536</u>	<u>\$ 638,484</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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**NOTE 9 – INTERGOVERNMENTAL PAYABLES**

Amounts due to other governments at December 31, 2009 consist of the following:

Governmental funds:	
General:	
Balance of 2009-2010 district assessment due to the Rye School District	\$ 4,924,680
Fees due to the State of New Hampshire - Retirement System	54,683
Miscellaneous fees due to the State of New Hampshire	1,711
Total intergovernmental payables due from the general fund	<u>4,981,074</u>
Sewer:	
Sewer fees due to the Town of Hampton, New Hampshire	<u>16,851</u>
Total governmental funds	<u>\$ 4,997,925</u>
Agency fund:	
Balance of trust funds belonging to the Rye School District	\$ 308,987
Balance of trust funds belonging to the Rye Beach Precinct	3,971
Balance of trust funds belonging to the Rye Water District	197,280
Total intergovernmental payables due from the agency fund	<u>\$ 510,238</u>

**NOTE 10 – DEFERRED/UNEARNED REVENUE**

Deferred/unearned revenue at December 31, 2009 consists of the following:

General fund:	
Insurance proceeds collected in advance of eligible expenditures being made	\$ 6,140
Sewer fund:	
State reimbursement of bonds payments not made until the subsequent years	65,829
Grants fund:	
Federal grant revenue collected in advance of eligible expenditure being made	<u>18,623</u>
Total deferred revenue	<u>\$ 90,592</u>

**NOTE 11 – LONG-TERM LIABILITIES**

Changes in the Town's long-term obligations consisted of the following for the year ended December 31, 2009:

	General Obligation Bonds Payable	Unamortized Bond Premium Payable	Compensated Absences Payable	Accrued Landfill Postclosure Care Costs	Total
Balance, beginning	\$ 5,195,000	\$ 238,653	\$ 398,368	\$ 48,000	\$ 5,880,021
Additions	973,055	26,945	30,171	-	1,030,171
Deductions	(895,000)	(37,340)	(25,725)	(6,000)	(964,065)
Balance, ending	<u>\$ 5,273,055</u>	<u>\$ 228,258</u>	<u>\$ 402,814</u>	<u>\$ 42,000</u>	<u>\$ 5,946,127</u>

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Long-term liabilities payable are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2009	Current Portion
General obligation bonds payable:						
Sewer construction	\$ 4,400,000	1991	2012	5.6-6.75	\$ 660,000	\$ 220,000
Library addition	\$ 859,139	1999	2014	4.0-4.5	295,000	60,000
Conservation easements	\$ 5,185,600	2004	2015	5.625	2,585,000	520,000
Land acquisition	\$ 946,400	2006	2017	3.770	760,000	95,000
Land acquisition	\$ 973,055	2009	2019	2.990	973,055	98,055
					<u>5,273,055</u>	<u>993,055</u>
Unamortized bond premium					<u>228,258</u>	<u>40,034</u>
					<u>5,501,313</u>	<u>1,033,089</u>
Compensated absences payable:						
Vested sick leave					242,843	17,535
Accrued vacation leave					159,971	17,278
					<u>402,814</u>	<u>34,813</u>
Accrued landfill postclosure care costs					<u>42,000</u>	<u>6,000</u>
Total					<u>\$ 5,946,127</u>	<u>\$ 1,073,902</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2009, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2010	\$ 993,055	\$ 248,399	\$ 1,241,454
2011	995,000	194,928	1,189,928
2012	990,000	143,957	1,133,957
2013	770,000	100,380	870,380
2014	765,000	64,302	829,302
2015-2019	760,000	76,523	836,523
Totals	<u>\$ 5,273,055</u>	<u>\$ 828,489</u>	<u>\$ 6,101,544</u>

The premium is being amortized on a straight-line basis over the life of the bonds.

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.

Bonds and notes authorized and unissued as of December 31, 2009 were as follows:

Per Town Meeting Vote of	Purpose	Unissued Amount
March 11, 2003	Land purchase	\$ 1,002,000

**Accrued Landfill Post closure Care Costs**

The Breakfast Hill Road/Route 1 Landfill was closed in 1986 and requires post closure 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.



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The estimated liability for landfill post closure costs for both landfills is \$42,000 as of December 31, 2009, 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, 2009. However, the actual cost of post closure care may be higher or lower due to inflation, changes in technology, or changes in the landfill laws and regulations. The Town expects to finance the post closure care by State grants and general tax revenue, as well as a capital reserve fund established for this purpose.

**NOTE 12 – STATE AID TO WATER POLLUTION PROJECTS**

Under N.H. RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At December 31, 2009, the Town is due to receive the following annual amounts to offset debt payments of the 1991 sewer construction bond:

Fiscal Year Ending December 31,	Amount
2010	\$ 67,846
2011	63,812
Total	<u>\$ 131,658</u>

**NOTE 13 – GOVERNMENTAL ACTIVITIES NET ASSETS**

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 include the following:

	Governmental Activities
Invested in capital assets, net of related debt:	
Capital assets, net of accumulated depreciation	\$ 34,086,017
Less:	
General obligation bonds payable, net	(5,273,055)
Unamortized bond premium	(228,258)
Unspent bond proceeds	63,535
Total invested in capital assets, net of related debt	<u>28,648,239</u>
Restricted for special purposes:	
Perpetual care	1,679,734
Library purposes	387,202
Unrestricted	4,164,774
Total net assets	<u>\$ 34,879,949</u>

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**NOTE 14 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at December 31, 2009 include the following:

<b>Reserved:</b>	
Major funds:	
General:	
Encumbrances	\$ 84,635
Inventory	7,375
Special purposes	69,406
Sewer:	
Encumbrances	19,500
Conservation land acquisition:	
Special purposes	535,646
Permanent:	
Endowments	1,538,505
Special purposes - interest	528,431
Nonmajor funds:	
Library- restricted	51,523
Expendable trust	659,942
Total reserved fund balance	<u>3,494,963</u>
<b>Unreserved-designated:</b>	
Major funds:	
General:	
Designated for contingency	200,000
Sewer	369,777
Total unreserved-designated fund balance	<u>569,777</u>
<b>Unreserved-undesignated:</b>	
Major funds:	
General	2,075,734
Nonmajor funds:	
Library	103,312
Recreation revolving	201,957
Conservation general	190,111
Police outside detail	93,023
Beach parking permits	34,224
Beach cleaning	26,104
Ambulance	59,481
Total unreserved-designated fund balance	<u>2,783,946</u>
Total unreserved fund balance	<u>3,353,723</u>
Total governmental fund balances	<u><u>\$ 6,848,686</u></u>

**TOWN OF RYE, NEW HAMPSHIRE**  
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**NOTE 15 – EMPLOYEE RETIREMENT PLAN**

The Town participates in the New Hampshire Retirement System (the System) which is the administrator 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. Provision 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 the first six months of 2009, the Town contributed 11.84% for police, 15.92% for fire and 8.74% for other employees. As of July 1, those rates increased to 13.66% for police, 17.28% for fire and 9.16% for others. The contribution requirements for the Town of Rye for the fiscal years 2007, 2008 and 2009 were \$243,247, \$271,584 and \$288,301, respectively, which were paid in full in each year.

For the first six months of 2009, the State of New Hampshire funded 35% of the total employer normal contribution rate for police officers and firefighters employed by the Town. As of July 1, the funding rate decreased to 30% of the total employer normal contribution rate. This amount, \$86,054, 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 statements of activities.

**NOTE 16 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to pension benefits described in Note 15, the Town provides postemployment benefit options for health care, dental insurance to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid. The Governmental Accounting Standards Board issued two new standards relating to OPEB which the Town has not implemented.

**NOTE 17 – 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 2009, 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 overage 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, 2009 was \$61,832 for worker's compensation and \$58,266 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.

**TOWN OF RYE, NEW HAMPSHIRE**  
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**NOTE 18 – 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 minimal.

**NOTE 19 – SUBSEQUENT EVENTS**

The Town did not have any recognized or unrecognized subsequent events after December 31, 2009, the date of the financial statements. Subsequent events have been evaluated through October 14, 2010, the date the financial statements were issued.

**NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statements No. 55 and 56 as follows:

*No. 55 – The Hierarchy of Generally Accepted Principles for State and Local Governments*

*No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements*

The statements, which became effective at the time of issuance, were implemented by the Town this year with no significant impact.

Statements 53 and 54, which were also issued in 2009, are not effective until fiscal year ended December 31, 2010 and 2011, respectively. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will not affect the Town. However, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be mandatory for all governmental entities.

***REQUIRED SUPPLEMENTARY INFORMATION***

**EXHIBIT E-1**  
**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, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 5,014,956	\$ 5,085,791	\$ 70,835
Licenses and permits	1,045,902	1,182,927	137,025
Intergovernmental	459,733	520,395	60,662
Charges for services	145,192	244,504	99,312
Miscellaneous	51,091	100,714	49,624
Total revenues	<u>6,716,874</u>	<u>7,134,331</u>	<u>417,458</u>
Expenditures:			
Current:			
General government	1,354,487	1,238,992	115,495
Public safety	2,243,460	2,119,021	124,439
Highways and streets	1,020,781	995,255	25,526
Sanitation	405,241	375,049	30,192
Health	115,012	103,006	12,006
Welfare	60,750	33,878	26,872
Culture and recreation	239,522	210,562	28,960
Conservation	42,300	151,365	(109,065)
Debt service:			
Principal	763,000	763,000	-
Interest	234,587	229,586	5,001
Capital outlay	90,800	78,260	12,540
Total expenditures	<u>6,569,940</u>	<u>6,297,974</u>	<u>271,966</u>
Excess of revenues over expenditures	<u>146,934</u>	<u>836,357</u>	<u>689,423</u>
Other financing sources (uses):			
Transfers in	281,822	291,657	9,835
Transfers out	(991,327)	(638,333)	352,994
Total other financing sources and uses	<u>(709,505)</u>	<u>(346,676)</u>	<u>362,829</u>
Net change in fund balances	<u>\$ (562,571)</u>	489,681	<u>\$ 1,052,252</u>
Increase in fund balance reserved for inventory		(1,942)	
Increase in fund balance, reserved for special purposes		(9,848)	
Unreserved fund balance, beginning		1,797,843	
Unreserved fund balance, ending		<u>\$ 2,275,734</u>	

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

**EXHIBIT E-2**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget and Actual (Non-GAAP Budgetary Basis)*  
**Sewer Fund**  
**For the Fiscal Year Ended December 31, 2009**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Integovernmental	\$ -	\$ 45,147	\$ 45,147
Charges for services	363,097	331,581	(31,516)
Miscellaneous	-	1,371	1,371
Total revenues	363,097	378,099	15,002
Expenditures:			
Current:			
Sanitation	184,524	147,100	37,424
Debt service:			
Principal	132,000	132,000	-
Interest	31,185	31,185	-
Capital outlay	15,388	20,129	(4,741)
Total expenditures	363,097	330,414	32,683
Excess of revenues over expenditures	\$ -	47,685	\$ 47,685
Unreserved fund balance, beginning		322,092	
Unreserved fund balance, ending		\$ 369,777	

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

**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
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General Budget Policies .....	1
Budgetary Reconciliation .....	2



**TOWN OF RYE, NEW HAMPSHIRE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED**  
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**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, sewer and several 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 2009, \$562,571 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.

	General Fund	Sewer Fund
Revenues:		
Per Exhibit E-1 and E-2 (budgetary basis)	\$ 7,134,331	\$ 378,099
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	86,054	-
Per Exhibit C-3 (GAAP basis)	<u>\$ 7,220,385</u>	<u>\$ 378,099</u>
Expenditures and other financing uses:		
Per Exhibit E-1 and E-2 (budgetary basis)	\$ 6,297,974	\$ 330,414
Adjustment:		
Basis differences:		
Encumbrances, beginning	134,904	-
Encumbrances, ending	(84,635)	(19,500)
On-behalf retirement contributions made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	86,054	-
Per Exhibit C-3 (GAAP basis)	<u>\$ 6,434,297</u>	<u>\$ 310,914</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, 2009*

	Estimated	Actual	Variance Positive (Negative)
<b>Taxes:</b>			
Property	\$ 4,924,323	\$ 4,997,224	\$ 72,901
Payment in lieu of taxes	7,633	6,315	(1,318)
Interest and penalties on taxes	83,000	82,252	(748)
Total from taxes	<u>5,014,956</u>	<u>5,085,791</u>	<u>70,835</u>
<b>Licenses, permits and fees:</b>			
Business licenses, permits and fees	1,000	1,035	35
Motor vehicle permit fees	917,700	1,039,237	121,537
Building permits	80,800	99,709	18,909
Other	46,402	42,946	(3,456)
Total from licenses, permits and fees	<u>1,045,902</u>	<u>1,182,927</u>	<u>137,025</u>
<b>Intergovernmental:</b>			
State:			
Meals and rooms distribution	229,503	229,503	-
Highway block grant	117,027	117,027	-
Water pollution grants	28,453	28,753	300
Other	7,692	22,178	14,486
Federal:			
Other	77,058	122,934	45,876
Total from intergovernmental	<u>459,733</u>	<u>520,395</u>	<u>60,662</u>
<b>Charges for services:</b>			
Income from departments	<u>145,192</u>	<u>244,504</u>	<u>99,312</u>
<b>Miscellaneous:</b>			
Sale of municipal property	565	565	-
Interest on investments	35,000	40,421	5,421
Rent of property	9,165	9,165	-
Fines and forfeits	-	10,159	10,159
Insurance dividends and reimbursements	-	22,828	22,828
Other	6,361	17,576	11,215
Total from miscellaneous	<u>51,091</u>	<u>100,714</u>	<u>49,623</u>
<b>Other financing sources:</b>			
Transfers in:			
Nonmajor funds:			
Expendable trust	10,370	20,205	9,835
Capital project fund	271,452	271,452	-
Total other financing sources	<u>281,822</u>	<u>291,657</u>	<u>9,835</u>
Total revenues and other financing sources	<u>6,998,696</u>	<u>\$ 7,425,988</u>	<u>\$ 427,292</u>
Unreserved fund balance used to reduce tax rate	562,571		
Total revenues, other financing sources and use of fund balance	<u>\$ 7,561,267</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, 2009**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 286,894	\$ 234,934	\$ -	\$ 51,960
Election and registration	-	16,660	13,345	-	3,315
Financial administration	-	319,016	309,863	-	9,153
Revaluation of property	-	155,070	148,745	-	6,325
Legal	-	122,000	36,954	-	85,046
Planning and zoning	1,228	112,510	112,769	-	969
General government buildings	-	103,900	137,140	-	(33,240)
Cemeteries	-	186,098	194,131	-	(8,033)
Advertising and regional associations	-	52,339	52,339	-	-
Total general government	1,228	1,354,487	1,240,220	-	115,495
Public safety:					
Police	-	999,081	962,798	-	36,283
Ambulance	-	109,795	105,117	-	4,678
Fire	3,000	998,800	931,206	1,212	69,382
Building inspection	-	128,184	120,333	-	7,851
Emergency management	-	7,600	1,355	-	6,245
Total public safety	3,000	2,243,460	2,120,809	1,212	124,439
Highways and streets:					
Public works garage	-	581,821	573,498	-	8,323
Highways and streets	-	427,660	412,705	-	14,955
Street lighting	-	3,300	4,022	-	(722)
Care of trees	-	8,000	5,030	-	2,970
Total highways and streets	-	1,020,781	995,255	-	25,526
Sanitation:					
Solid waste collection	-	230,741	203,630	-	27,111
Solid waste disposal	-	174,500	171,419	-	3,081
Total sanitation	-	405,241	375,049	-	30,192
Health:					
Administration	-	5,310	5,100	-	210
Pest control	-	108,202	96,406	-	11,796
Health agencies	-	1,500	1,500	-	-
Total health	-	115,012	103,006	-	12,006
Welfare:					
Direct assistance	-	60,750	33,878	-	26,872
Culture and recreation:					
Parks and recreation	-	232,522	204,540	-	27,982
Library	-	-	-	-	-
Patriotic purposes	-	6,300	5,790	-	510
Other	-	700	232	-	468
Total culture and recreation	-	239,522	210,562	-	28,960
Conservation	80,676	42,300	182,041	50,000	(109,065)

(Continued)

**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, 2009*

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	763,000	763,000	-	-
Interest on long-term debt	-	234,587	229,586	-	5,001
Total debt service	-	997,587	992,586	-	5,001
Capital outlay:					
Ambulance stretcher	-	12,000	15,410	-	(3,410)
Fire radio repeater	-	3,700	6,280	-	(2,580)
Recreation playground	50,000	-	1,005	25,000	23,995
Infrastructure	-	22,500	21,550	8,423	(7,473)
Police cruiser	-	39,700	37,740	-	1,960
Election booths	-	5,400	5,400	-	-
Town computers	-	7,500	7,452	-	48
Total capital outlay	50,000	90,800	94,837	33,423	12,540
Other financing sources and uses:					
Transfers out:					
Nonmajor funds:					
Special revenue funds	-	347,974	-	-	347,974
Library	-	592,353	587,333	-	5,020
Expendable trust	-	51,000	51,000	-	-
Total other financing sources and uses	-	991,327	638,333	-	352,994
Total appropriations, expenditures, other financing uses and encumbrances	\$ 134,904	\$ 7,561,267	\$ 6,986,576	\$ 84,635	\$ 624,960

**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, 2009**

Unreserved, undesignated fund balance, beginning		\$ 1,597,843
Changes:		
Unreserved fund balance used to reduce 2009 tax rate		(562,571)
2009 Budget summary:		
Revenue surplus (Schedule 1)	\$ 427,292	
Unexpended balance of appropriations (Schedule 2)	624,960	
2009 Budget surplus		1,052,252
Increase in fund balance reserved for inventory		(1,942)
Increase in fund balance reserved for special purposes		(9,848)
Unreserved, undesignated fund balance, ending		<u>\$ 2,075,734</u>

**SCHEDULE 4**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Balance Sheet**  
**December 31, 2009**

	Special Revenue Funds										Capital Project Fund		
	Library Operating	Recreation Revolving	Conservation Commission	Police		Beach		Beach Cleaning	Ambulance	Expendable Trust		Safety Building	
				Outside Detail	Grants	Parking Permits							
ASSETS													
Cash and cash equivalents	\$ 63,548	\$ 181,096	\$ 190,111	\$ 89,033	\$ 18,623	\$ 34,224	\$ 26,104	\$ 59,481	\$ 32,813	\$ -	\$ 695,033		
Investments	65,700	-	-	-	-	-	-	-	619,004	-	684,704		
Accounts receivable, net of allowance	-	14,976	-	3,990	-	-	-	-	-	-	18,966		
Interfund receivable	33,072	-	-	-	-	-	-	-	8,125	-	41,197		
Prepaid items	-	6,015	-	-	-	-	-	-	-	-	6,015		
Total assets	\$ 162,320	\$ 202,087	\$ 190,111	\$ 93,023	\$ 18,623	\$ 34,224	\$ 26,104	\$ 59,481	\$ 659,942	\$ -	\$ 1,445,915		
LIABILITIES AND FUND BALANCES													
Liabilities:													
Accounts payable	\$ 7,485	\$ 130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,615		
Deferred revenue	-	-	-	-	18,623	-	-	-	-	-	18,623		
Total liabilities	7,485	130	-	-	18,623	-	-	-	-	-	26,238		
Fund balances:													
Reserved for special purposes	51,523	-	-	-	-	-	-	-	659,942	-	711,465		
Unreserved, undesignated, reported in:													
Special revenue funds	103,312	201,957	190,111	93,023	-	34,224	26,104	59,481	-	-	708,212		
Total fund balances	154,835	201,957	190,111	93,023	-	34,224	26,104	59,481	659,942	-	1,419,677		
Total liabilities and fund balances	\$ 162,320	\$ 202,087	\$ 190,111	\$ 93,023	\$ 18,623	\$ 34,224	\$ 26,104	\$ 59,481	\$ 659,942	\$ -	\$ 1,445,915		

**SCHEDULE 5**  
**TOWN OF RYE, NEW HAMPSHIRE**  
*Nonmajor Governmental Funds*  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended December 31, 2009**

	Special Revenue Funds										Capital Project Fund
	Library Operating	Recreation Revolving	Conservation Commission	Police		Beach Parking Permits	Beach Cleaning	Ambulance	Expendable Trust	Safety Building	Total
				Outside Detail	Grants						
<b>Revenues:</b>											
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 13,490	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,490
Charges for services	-	180,312	-	56,252	-	26,112	9,550	-	-	-	272,226
Miscellaneous	24,684	-	933	-	2,154	-	-	36,790	10,164	219	74,944
Total revenues	24,684	180,312	933	56,252	15,644	26,112	9,550	36,790	10,164	219	360,660
<b>Expenditures:</b>											
<b>Current:</b>											
General government	-	-	-	-	7,286	-	7,419	-	25,698	-	40,403
Public safety	-	-	-	50,627	8,358	18,024	-	-	-	-	77,009
Sanitation	-	-	-	-	-	-	-	-	1,977	-	1,977
Culture and recreation	590,899	163,535	-	-	-	-	-	-	3,844	-	758,278
Capital outlay	-	25,000	-	-	-	-	-	-	-	-	25,000
Total expenditures	590,899	188,535	-	50,627	15,644	18,024	7,419	-	31,519	-	902,667
Excess (deficiency) of revenues over (under) expenditures	(566,215)	(8,223)	933	5,625	-	8,088	2,131	36,790	(21,355)	219	(542,007)
<b>Other financing sources (uses):</b>											
Transfers in	601,020	-	-	-	-	-	-	-	51,000	-	652,020
Transfers out	-	-	-	-	-	-	-	-	(20,355)	(271,452)	(291,807)
Total other financing sources and uses	601,020	-	-	-	-	-	-	-	30,645	(271,452)	360,213
Net change in fund balances	34,805	(8,223)	933	5,625	-	8,088	2,131	36,790	9,290	(271,233)	(181,794)
Fund balances, beginning	120,030	210,180	189,178	87,398	-	26,136	23,973	22,691	650,652	271,233	1,601,471
Fund balances, ending	\$ 154,835	\$ 201,957	\$ 190,111	\$ 93,023	\$ -	\$ 34,224	\$ 26,104	\$ 59,481	\$ 659,942	\$ -	\$ 1,419,677