

**TOWN OF RYE,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Selectboard
Town of Rye
Rye, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Rye as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Rye, as of December 31, 2016, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1-E to the basic financial statements, effective January 1, 2016 the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement, and Application*. As a result of the implementation of GASB Statement No. 72, the Town disclosed its investments in accordance with the fair value hierarchy. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information - Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3 - 9), the Schedule of Funding Progress for Other Postemployment Benefit Plan (page 40), the Schedule of the Town's Proportionate Share of Net Pension Liability (page 41), and the Schedule of Town

Town of Rye
Independent Auditor's Report

Contributions (page 42) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - 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.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

June 30, 2017

Plodzik & Sanderson
Professional Association

Town of Rye, NH
Management Discussion and Analysis
2016

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, 2016.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Rye's basic financial statements. The Town of Rye's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements, and (4) required supplementary information. 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 position* presents information on all of the Town of Rye's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Rye, NH is improving or deteriorating.

The *statement of activities* presents information showing how the Town of Rye, NH's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements 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 grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 *near-term 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 governmental funds can be found on pages 12-16 of this report.

The Town of Rye, NH adopts an annual appropriated budget for its general fund as well as several non-major funds. A budgetary comparison statement has been provided for the major general fund to demonstrate compliance with this budget, which can be found on page 16 of this report.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the 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.

The fiduciary funds can be found on pages 17-18 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-39.

Required Supplementary Information – In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes Funding Progress for Other Postemployment Benefit Plans and information about the New Hampshire Retirement System as required under GASB 68.

Other information. In addition to the basic financial statements and accompanying notes, and required supplementary information this report also presents certain supplementary information concerning the combining and individual schedules, which can be found on pages 44-49 of this report.

Government-wide Financial Analysis

As noted earlier, net position may, over time serve as a useful indicator of a government's financial position. In the case of the Town of Rye, NH, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$36,420,574 at the close of the most recent fiscal year.

By far the largest portion of the Town of Rye's net position \$36,420,574 reflects its net investment in capital assets (e.g., land, buildings, vehicles, etc.) in the amount of \$33,131,241. 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 net 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, New Hampshire

Governmental Activities Statement of Net Position

	<u>2015</u>	<u>2016</u>	<u>Change</u>
Assets and deferred outflow of resources:			
Current & other assets	16,698,717	15,885,916	(812,801)
Capital assets	34,648,158	35,116,121	467,963
Total Assets	<u>51,346,875</u>	<u>51,002,037</u>	<u>(344,838)</u>
Deferred Outflows of Resources	289,399	1,666,057	1,376,658
Total assets and deferred outflows of resources	<u>51,636,274</u>	<u>52,668,094</u>	<u>1,031,820</u>
Liabilities and deferred inflows of resources:			
Current liabilities	6,496,392	6,038,622	(457,770)
Noncurrent liabilities	8,508,076	9,840,851	1,332,775
Total Liabilities	<u>15,004,468</u>	<u>15,879,473</u>	<u>875,005</u>
Deferred inflows of resources	456,871	368,047	(88,824)
Total liabilities and deferred inflows of resources	<u>15,461,339</u>	<u>16,247,520</u>	<u>786,181</u>
Net Position:			
Net investment in capital assets	32,284,470	33,131,241	846,771
Restricted	3,807,564	4,203,559	395,995
Unrestricted	82,901	(914,226)	(997,127)
Total net position	<u>36,174,935</u>	<u>36,420,574</u>	<u>245,639</u>

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

Town of Rye, NH Changes in Fund Balances

Governmental Activities

	<u>2015</u>	<u>2016</u>	<u>DIFFERENCE</u>
Revenues:			
Program revenues:			
Charges for services	1,023,435	1,053,937	30,502
Operating grants and contributions	298,053	429,102	131,049
General revenues:			
Taxes	5,430,091	5,502,734	72,643
Licenses and permits	1,740,268	1,772,444	32,176
Unrestricted grants	266,803	301,885	35,082
Unrestricted Investment Income	142,938	174,638	31,700
Miscellaneous	131,455	447,343	315,888
Total revenues	9,033,043	9,682,083	649,040
Expenses:			
General Government	1,985,113	1,834,491	(150,622)
Public Safety	2,812,582	3,185,191	372,609
Highways and Streets	1,749,093	2,063,777	314,684
Sanitation	601,661	635,540	33,879
Health	80,705	80,129	(576)
Welfare	37,098	27,539	(9,559)
Culture & Recreation	1,191,661	1,315,447	123,786
Conservation	50,372	35,353	(15,019)
Interest on long-term debt	72,682	61,333	(11,349)
Capital Outlay	83,916	197,644	113,728
Total expenses	8,664,883	9,436,444	771,561
Change in net position	368,160	245,639	(122,521)
Beginning net position	35,806,775	36,174,935	368,160
Ending net position	36,174,935	36,420,574	245,639

General fund budgetary highlights

General Fund revenues received during 2016 increased by \$487,489 from 2015. The actual budgetary revenues were more than the budget for estimated revenues by \$257,341. This is largely due to Motor Vehicle registration fees, which were \$161,485 more than budgeted. Building Permits were \$21,582 over the amount projected. General income from department services was \$13,268 over projected.

There were no catastrophic events during 2016 that had a significant impact on total expenditures. However Fire, Police and Public Works operations were affected by the following conditions:

- Public Works department responded to an average number of weather events during the 2016 season. The snow accumulation below average. However the amount of black ice and frozen road calls was above average. The department recorded a total of

22 weather events: 14 were snow events and 8 were ice only. The snow events averaged approximately 4 inches of accumulation per event and 1,179 tons of salt at a cost of \$74,406, was deployed on the roadways to maintain safe road conditions.

- Police department experienced a busier than usual season with frequent thefts from motor vehicles and burglary of residential properties, these contributed to an extremely labor intensive season.

The 2016 Police Department activities include:

- 7,568 Calls for Service
 - 1,134 Motor Vehicle Stops
 - 368 Animal Control Events
 - 347 Arrests
 - 388 Alarm Activations
 - 365 Medical Aid Calls
 - 49 Thefts
 - 27 Domestic Violence Incidences
 - 19 Juvenile Dealings
 - 10 Burglary Reports
 - 88 Accidents investigations
- 2016 was the first full year that the Rye Fire Department has been at full staff in over a decade. The entire staff is dedicated to the reduction and prevention of fire and worked cooperatively with Fire Prevention and Public Education Division to conduct 240 inspections throughout the community. These inspections included heating systems and fuel storage installations, chimney construction, smoke and carbon monoxide detector placements, place of assembly permits and general hazard inspections. These inspections resulted in the issuing of 172 permits. In addition, members completed 31 child safety seat inspections/installations. Rye Fire department is one of only a few in the area certified to complete this task.

The Fire Department activities of 859 calls for emergency assistance included:

- 529 Medical Aid Calls
- 388 Transports to local hospitals
- 179 advanced care level

All three of these departments should be commended for their diligence and effort in the surprise event on June 27th. That was the day a 45 foot long female humpback whale, named Snowplow wash ashore at Foss Beach. Word of this rare occurrence spread quickly and soon large crowds of curious onlookers gathered to witness the necropsy and the orderly disposal of the 40 ton decaying mammal.

The Town realized a savings of \$567,978 in actual expenditures over the 2016 budgeted appropriation.

The total Town's property assessed valuation increased by \$16,057,700. The total property tax commitment decreased by \$208,666 from the prior year. At the 2015 Tax Rate setting the

Board of Selectmen chose to use \$1,000,000 of the Town's beginning general fund balance to bring the tax rate to \$10.68.

The Town's share of the Net Pension Liability as of 12/31/16 is \$7,370,906. This figure was obtained from the New Hampshire Retirement System audited schedules of 6/30/15. The Town paid NHRS \$250,242 from 07/01/2015 through 12/31/2015 in Deferred Outflow. The net difference between the projected and actual investment earnings on the pension plan investments was \$561,162. The Town's change in percentage of overall NHRS liability is calculated each year by NHRS actuaries. The Town's percentage of overall liability can change each year based on the number of eligible employees relative to all members of NHRS. This represents a Deferred Inflow in the amount of \$368,047.

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 \$15,000 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:
 - 2016 Chevrolet Caprice
 - 2016 F350 Ford Pickup w/plow and sand assembly
 - Public Safety Building -Security System
 - Wallis Road Conservation Land
- Disposals:
 - 2010 Kubota Tractor

Town of Rye, NH Capital Assets

Governmental Activities
(at original cost)

	2015	additions	disposals	2016
Not being depreciated:				
Land	10,024,986	1,266,295		11,291,281
Intangible assets	2,676,480			2,676,480
Construction in progress	580,878			580,878
Total capital assets not being depreciated	13,282,344	1,266,295		14,548,639
Being depreciated:				
Land improvements	529,152			529,152
Buildings and building improvements	6,819,287			6,819,287
Vehicles	2,356,588	183,618		2,440,206
Equipment	525,824	7,824	(20,110)	513,538

Sewer Mains - Infrastructure	4,400,000			4,400,000
Roadways – Infrastructure	30,338,010			30,338,010
Total capital assets being depreciated	44,868,861	191,442	(20,110)	45,040,193
Total all capital assets	58,151,205	1,457,737	(20,110)	59,588,832
Less: Accumulated Depreciation	(23,503,047)			(24,472,711)
Net Book Value	34,648,158			35,116,121

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 \$1,941,594 which is a .15% decrease from the \$2,278,093 owed at the end of 2015. These bonds are a general obligation of the taxpayers of Rye, N.H.

NH RSA 33:4-A establishes a debt limit. Towns may not incur outstanding indebtedness exceeding 3% (\$56,524,212) of the town valuation (\$1,884,140,400). 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 \$54,582,618.

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 Director, 10 Central Road, Town of Rye, NH, 03870.

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TOWN OF RYE, NEW HAMPSHIRE
Statement of Net Position
December 31, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,685,920
Investments	5,063,370
Account receivables (net)	256,283
Taxes receivables (net)	826,244
Intergovernmental receivable	24,272
Inventory	5,446
Prepaid items	24,381
Capital assets:	
Land and construction in progress	14,548,639
Other capital assets, net of depreciation	20,567,482
Total assets	<u>51,002,037</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	<u>1,666,057</u>
LIABILITIES	
Accounts payable	144,311
Accrued salaries and benefits	70,217
Accrued interest payable	26,906
Intergovernmental payable	5,794,871
Other	2,317
Long-term liabilities:	
Due within one year	506,581
Due in more than one year	9,334,270
Total liabilities	<u>15,879,473</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts related to pensions	<u>368,047</u>
NET POSITION	
Net investment in capital assets	33,131,241
Restricted	4,203,559
Unrestricted	(914,226)
Total net position	<u><u>\$ 36,420,574</u></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, 2016

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 1,834,491	\$ 54,137	\$ 103,264	\$ (1,677,090)
Public safety	3,185,191	326,720	47,854	(2,810,617)
Highways and streets	2,063,777	5,554	135,566	(1,922,657)
Sanitation	635,540	441,484	4,475	(189,581)
Health	80,129	-	-	(80,129)
Welfare	27,539	-	-	(27,539)
Culture and recreation	1,315,447	226,042	10,863	(1,078,542)
Conservation	35,353	-	127,080	91,727
Interest on long-term debt	61,333	-	-	(61,333)
Capital outlay	197,644	-	-	(197,644)
Total governmental activities	<u>\$ 9,436,444</u>	<u>\$ 1,053,937</u>	<u>\$ 429,102</u>	<u>(7,953,405)</u>
General revenues:				
Taxes:				
Property				5,421,853
Other				80,881
Motor vehicle permit fees				1,461,485
Licenses and other fees				310,959
Grants and contributions not restricted to specific programs				301,885
Unrestricted investment earnings				174,638
Miscellaneous				431,968
Contributions to permanent fund principal				15,375
Total general revenues				<u>8,199,044</u>
Change in net position				245,639
Net position, beginning				36,174,935
Net position, ending				<u>\$ 36,420,574</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, 2016

	General	Permanent	Conservation Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,593,453	\$ 172,458	\$ 187,027	\$ 1,732,982	\$ 9,685,920
Investments	1,319,152	3,694,567	-	49,651	5,063,370
Accounts receivable (net)	98,847	-	-	157,436	256,283
Taxes receivable	846,244	-	-	-	846,244
Intergovernmental receivable	24,272	-	-	-	24,272
Interfund receivable	58,390	-	-	13,429	71,819
Voluntary tax liens	213,880	-	-	-	213,880
Voluntary tax liens reserved until collected	(213,880)	-	-	-	(213,880)
Inventory	5,446	-	-	-	5,446
Prepaid items	18,109	-	-	6,272	24,381
Total assets	<u>\$ 9,963,913</u>	<u>\$ 3,867,025</u>	<u>\$ 187,027</u>	<u>\$ 1,959,770</u>	<u>\$ 15,977,735</u>
LIABILITIES					
Accounts payable	\$ 134,194	\$ -	\$ -	\$ 10,117	\$ 144,311
Accrued salaries and benefits	68,842	-	-	1,375	70,217
Intergovernmental payable	5,774,591	-	-	20,280	5,794,871
Interfund payable	13,429	48,882	-	9,508	71,819
Other	-	-	-	2,317	2,317
Total liabilities	<u>5,991,056</u>	<u>48,882</u>	<u>-</u>	<u>43,597</u>	<u>6,083,535</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - Property taxes	<u>124,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,272</u>
FUND BALANCES					
Nonspendable	23,555	3,782,950	-	6,272	3,812,777
Restricted	486,306	35,193	-	15,634	537,133
Committed	981,758	-	187,027	1,894,267	3,063,052
Assigned	243,196	-	-	-	243,196
Unassigned	2,113,770	-	-	-	2,113,770
Total fund balances	<u>3,848,585</u>	<u>3,818,143</u>	<u>187,027</u>	<u>1,916,173</u>	<u>9,769,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,963,913</u>	<u>\$ 3,867,025</u>	<u>\$ 187,027</u>	<u>\$ 1,959,770</u>	<u>\$ 15,977,735</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 the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2016

Total fund balances of governmental funds (Exhibit C-1)		\$ 9,769,928
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.		
Cost	\$ 59,588,832	
Less accumulated depreciation	<u>(24,472,711)</u>	
		35,116,121
Certain items are not current financial resources in the governmental funds, but instead are reported in the Statement of Net Position.		
Deferred outflows of resources related to pensions	\$ 1,666,057	
Deferred inflows of resources related to pensions	<u>(368,047)</u>	
		1,298,010
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (71,819)	
Payables	<u>71,819</u>	
		-
Property tax revenues that are reported on the accrual basis of accounting and are not deferred until collection on the Statement of Net Position.		124,272
Recognize the allowance for doubtful property tax receivables under the accrual basis of accounting.		(20,000)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(26,906)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 1,760,000	
Unamortized bond premium	181,594	
Capital lease	43,286	
Compensated absences	485,065	
Net pension liability	<u>7,370,906</u>	
		<u>(9,840,851)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 36,420,574</u></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, 2016

	General	Permanent	Conservation Commission	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,499,848	\$ -	\$ -	\$ -	\$ 5,499,848
Licenses and permits	1,772,444	-	-	-	1,772,444
Intergovernmental	454,590	-	121,000	-	575,590
Charges for services	309,048	-	-	744,889	1,053,937
Miscellaneous	201,903	492,521	12,239	70,715	777,378
Total revenues	<u>8,237,833</u>	<u>492,521</u>	<u>133,239</u>	<u>815,604</u>	<u>9,679,197</u>
EXPENDITURES					
Current:					
General government	1,712,694	79,624	-	539	1,792,857
Public safety	2,766,011	-	-	107,445	2,873,456
Highways and streets	1,244,465	-	-	-	1,244,465
Sanitation	410,194	-	-	222,525	632,719
Health	80,129	-	-	-	80,129
Welfare	27,539	-	-	-	27,539
Culture and recreation	1,060,391	-	-	198,058	1,258,449
Conservation	31,978	-	1,266,295	-	1,298,273
Debt service:					
Principal	444,309	-	-	-	444,309
Interest	97,605	-	-	-	97,605
Capital outlay	373,386	-	-	15,700	389,086
Total expenditures	<u>8,248,701</u>	<u>79,624</u>	<u>1,266,295</u>	<u>544,267</u>	<u>10,138,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,868)</u>	<u>412,897</u>	<u>(1,133,056)</u>	<u>271,337</u>	<u>(459,690)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	43,434	-	-	-	43,434
Transfers out	-	(43,434)	-	-	(43,434)
Total other financing sources (uses)	<u>43,434</u>	<u>(43,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	32,566	369,463	(1,133,056)	271,337	(459,690)
Fund balances, beginning	3,816,019	3,448,680	1,320,083	1,644,836	10,229,618
Fund balances, ending	<u>\$ 3,848,585</u>	<u>\$ 3,818,143</u>	<u>\$ 187,027</u>	<u>\$ 1,916,173</u>	<u>\$ 9,769,928</u>

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

EXHIBIT C-4
TOWN OF RYE, NEW HAMPSHIRE
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2016

Net change in fund balances of governmental funds (Exhibit C-3)		\$ (459,690)
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	\$ 1,437,627	
Depreciation expense	<u>(969,664)</u>	
		467,963
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (43,434)	
Transfers out	<u>43,434</u>	
		-
Prepaid debt consumes current financial resources of governmental funds, but reduces net position on the government-wide statements.		
Increase in prepaid debt		99,750
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds.		
Change in allowance for uncollectible property taxes	\$ 10,000	
Change in deferred tax revenue	<u>(7,114)</u>	
		2,886
The repayment of principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Repayment of bond principal	\$ 307,000	
Repayment of capital leases	42,309	
Amortization of bond premium	<u>29,499</u>	
		378,808
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.		
Change in accrued interest expense	\$ 2,023	
Change in compensated absences payable	(10,820)	
Change in accrued landfill postclosure care costs	8,000	
Changes in net pension liability and related deferred inflows and deferred outflows of resources	<u>(243,281)</u>	
		<u>(244,078)</u>
Changes in net position of governmental activities (Exhibit B)		<u><u>\$ 245,639</u></u>

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

EXHIBIT D
TOWN OF RYE, NEW HAMPSHIRE
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 5,525,377	\$ 5,502,734	\$ (22,643)
Licenses and permits	1,589,130	1,772,444	183,314
Intergovernmental	458,584	454,590	(3,994)
Charges for services	295,780	309,048	13,268
Miscellaneous	63,800	156,127	92,327
Total revenues	<u>7,932,671</u>	<u>8,194,943</u>	<u>262,272</u>
EXPENDITURES			
Current:			
General government	1,763,809	1,656,815	106,994
Public safety	3,023,931	2,763,409	260,522
Highways and streets	1,248,510	1,262,421	(13,911)
Sanitation	416,890	390,289	26,601
Health	107,343	80,129	27,214
Welfare	50,000	27,539	22,461
Culture and recreation	1,032,773	1,006,776	25,997
Conservation	90,000	31,978	58,022
Debt service:			
Principal	444,309	444,309	-
Interest	98,606	97,605	1,001
Capital outlay	486,500	463,423	23,077
Total expenditures	<u>8,762,671</u>	<u>8,224,693</u>	<u>537,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(830,000)</u>	<u>(29,750)</u>	<u>800,250</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	175,000	170,069	(4,931)
Transfers out	<u>(345,000)</u>	<u>(315,000)</u>	<u>30,000</u>
Total other financing sources (uses)	<u>(170,000)</u>	<u>(144,931)</u>	<u>25,069</u>
Net change in fund balances	<u>\$ (1,000,000)</u>	<u>(174,681)</u>	<u>\$ 825,319</u>
Decrease in nonspendable fund balance		95,332	
Increase in restricted fund balance		(11,005)	
Unassigned fund balance, beginning		2,308,396	
Unassigned fund balance, ending		<u>\$ 2,218,042</u>	

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

EXHIBIT E-1
TOWN OF RYE, NEW HAMPSHIRE
Fiduciary Funds
Statement of Net Position
December 31, 2016

	Private Purpose Trust	Agency
ASSETS		
Cash and cash equivalents	\$ -	\$ 118,644
Investments	5,151	622,818
Total assets	<u>5,151</u>	<u>741,462</u>
LIABILITIES		
Intergovernmental payable	-	622,818
Due to others	-	118,644
Total liabilities	<u>-</u>	<u>741,462</u>
NET POSITION		
Held in trust for specific purposes	<u>\$ 5,151</u>	<u>\$ -</u>

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

EXHIBIT E-2
TOWN OF RYE, NEW HAMPSHIRE
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended December 31, 2016

	Private Purpose Trust
ADDITIONS	
Interest	\$ 226
Net position, beginning	<u>4,925</u>
Net position, ending	<u><u>\$ 5,151</u></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, 2016

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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, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Rye, New Hampshire (the Town), have been prepared 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.

In 2016 the Town implemented GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a government should apply.

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

1-A Reporting Entity

The Town of Rye is a municipal corporation governed by an elected 3-member Board of Selectmen. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements.

The *Statement of Net Position* presents the financial position of the Town at year-end. This statement includes all of the Town's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

In the governmental fund financial statements, expenditures are reported by character: current, debt service or capital outlay. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment, real property, or infrastructure.

Other Financing Sources (Uses) – these additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as “transfers in” by the receiving fund and as “transfers out” by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting - The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when 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.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation - A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The Town reports the following major governmental funds:

General Fund – is the Town’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants, and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54 guidance the library and expendable trust funds are consolidated in the general fund.

Permanent Funds – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town.

Conservation Commission Fund – the conservation commission fund is used to account for the purchase and maintenance of conservation land within the Town.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

Additionally, the Town reports the following fund type:

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary Funds – The Town also reports the following fiduciary funds:

Private Purpose Trust Fund – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

Agency Fund – are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets held on behalf of outside parties, including other governments.

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 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.”

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of 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 to 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 reported at fair value. The Town discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy is as follow:

Level 1 – Inputs that reflect quoted prices (unadjusted) in active markets for identical assets and liabilities that the Town has the ability to access at the measurement date. The Town's directly held marketable equity securities are classified as Level 1 investments.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2. The Town's deposits held by the New Hampshire Public Deposit Investment Pool are classified as Level 2 investments.

Level 3 – Unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative financial instruments. The Town does not report and Level 3 investments.

In determining fair value, the Town utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

1-F Receivables

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

1-G Inventory

The inventories of the Town are valued at cost using the first-in/first-out (FIFO) method. The inventories of the Town's general fund consist of materials and supplies held for subsequent use. The cost is recorded as an expenditures/expenses when consumed rather than when purchased.

1-H Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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1-I Capital Assets

Capital assets are defined by the Town as assets with an initial individual cost of \$15,000 or more and an estimated minimum useful life of five or more years. Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, drainage, and similar items) and are reported in governmental activities.

Purchased or constructed assets are recorded at actual cost or estimated historical cost. Donated capital assets received after June 15, 2015 are recorded at acquisition value and, donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation.

General capital assets are assets of the Town as a whole. When purchased, assets are recorded as expenditures in a governmental fund and capitalized as assets in the governmental activities column of the government-wide statement of net position. When the cost of general capital assets cannot be determined from available records, estimated historical cost is used.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend lives are not capitalized.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the Town are depreciated or amortized using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Capital Asset Classes:	
Land improvements	10-25
Buildings and building improvements	50-100
Vehicles	5-25
Equipment	5-20
Infrastructure	30-50

1-J 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 “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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-K Property Taxes

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year. Warrants for the year were issued on May 18 and November 14, and were due on July 1 and December 19, respectively. Interest accrues at a rate of 12% on bills outstanding after the due date and 18% on tax liens outstanding.

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 tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable 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 Water District, Rye Beach Precinct, and Rockingham County, which are remitted to these entities as required by law.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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The Town net assessed valuation as of April 1, 2016 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 1,877,997,800
For all other taxes	\$ 1,884,140,400

The tax rates and amounts assessed for the year ended December 31, 2016 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$3.00	\$ 5,630,254
School portion:		
State of New Hampshire	\$2.49	4,681,153
Local	\$4.08	7,696,629
County portion	\$1.11	2,099,289
Precinct portions:		
Jenness Beach	\$0.29	118,671
Rye Beach Village	\$0.27	66,697
Rye Water District	\$0.57	671,675
Total		<u>\$ 20,964,368</u>

1-L Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2016.

1-M Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until then.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1-N Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method.

1-O Compensated Absences

The Town's policy allows certain employees to earn varying amounts of vacation based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by personnel policy. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

1-P Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No. 73* requires participating

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules are prepared by New Hampshire Retirement System, and are audited by the plan's independent auditors.

1-Q Net Position/Fund Balances

Government-wide Statements – Equity is classified as net position and displayed in three components:

- a) *Net investment in capital assets* – Consists of 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.
- b) *Restricted net position* – Consists of net position 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 position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen through the budgetary process.

Unassigned – This classification includes the amounts that are available for any purpose. Positive amounts are reported only in the general fund.

When multiple net position/fund balance classifications are available for use, it is the Town's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Board of Selectmen will maintain an appropriate level of unassigned fund balance following the guidelines established by the New Hampshire Government Finance Officers Association (NHGFOA), which are as follows:

- 5% to 15 % of regular general fund operating revenues, or
- 5% to 17% of regular general fund operating expenditures.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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1-R Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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 seven nonmajor funds (ambulance, beach cleaning, beach parking permits, parsonage, recreation, police outside detail, and sewer). Except as reconciled below, the budget was adopted on a basis consistent with US 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 assigned 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 unassigned fund balance to achieve that end. For the fiscal year 2016, \$1,000,000 of the beginning general fund unassigned fund balance was applied for this purpose.

2-B Budgetary Reconciliation to GAAP Basis

The Town employs certain accounting principles for budgetary reporting purposes that differ from a GAAP basis. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis presents the actual results to provide a comparison with the budget. The major difference between the budgetary basis and GAAP basis is as follows:

Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities, but represent budgetary accounting controls. Governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and commitments (encumbrances) for goods or services not received at year-end. Encumbrances are recorded to reserve a portion of fund balance in the governmental fund types for commitments for which no liability exists.

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

Revenues and other financing sources:	
Per Exhibit D (budgetary basis)	\$ 8,365,012
Adjustment:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	45,776
Net effect of transfers between blended funds	(126,635)
Change in deferred tax revenue relating to 60-day revenue recognition	7,114
Allowance for uncollectible taxes not recognized on the budgetary basis	
recognized as revenue on the GAAP basis, but not on the budgetary basis	(10,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,281,267</u>

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Budgetary reconciliation to GAAP basis continued:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 8,539,693
Adjustment:	
Basis differences:	
Encumbrances, beginning	109,616
Encumbrances, ending	(193,196)
GASB Statement No. 54:	
To record expenditures of the blended funds	238,317
Net effect of transfers between blended funds	(445,729)
Per Exhibit C-3 (GAAP basis)	<u><u>\$ 8,248,701</u></u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The Town's deposits are covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first \$250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was \$9,804,564 and the bank balances totaled \$9,943,641. Petty cash totaled \$950. Of the bank balance \$9,864,482 was covered by federal depository insurance or by collateral held by the Town's agent in the Town's name, and \$79,159 was uninsured and uncollateralized.

Cash and cash equivalents reconciliation:

Cash per Statement of Net Position (Exhibit A)	\$ 9,685,920
Cash per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	<u>118,644</u>
Total cash and cash equivalents	<u><u>\$ 9,804,564</u></u>

NOTE 4 – INVESTMENTS

Note 1-E describes statutory requirements covering the investment of the Town funds. The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Town has the following recurring fair value measurements as of December 31, 2016:

	Valuation Measurement Method	Fair Value
Investments type:		
New Hampshire Public Deposit Investment Pool	Level 2	\$ 2,046,790
Common stock	Level 1	3,421,166
Mutual funds	Level 1	27,233
Other	Level 1	196,150
		<u><u>\$ 5,691,339</u></u>

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Fair Value Measurements of Investments – In accordance with GASB Statement No. 72 *Fair Value Measurement and Application*, except for investments measured using net asset value (NAV) as a practical expedient to estimate fair value, the Town categorizes the fair value measurements of its investments within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 inputs reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date. Most of the Town's directly held marketable equity securities would be examples of Level 1 investments.

Level 2 inputs are other than quoted prices that are observable for the assets or liabilities, either directly or indirectly, including inputs in markets that are not considered to be active. Because they most often are priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held fixed income securities are categorized in Level 2.

Level 3 inputs are significant unobservable inputs. The Town held no Level 3 investments as of December 31, 2016.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances, where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, is the level in the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Investments are reported at fair value. If an investment is held directly by the Town and an active market with quoted prices exists, such as for domestic equity securities, the market price of an identical security is used to report fair value and is classified in Level 1. Corporate fixed income securities and certain governmental securities utilize pricing that may involve estimation using similar securities or trade dates and are classified in Level 2. Fair values for shares in registered mutual funds and exchange-traded funds are based on published share prices and classified in Level 1.

Investments in Certain External Investment Pools – In accordance with GASBS Statement No. 79, Town held investments with the New Hampshire Public Deposit Investment Pool (NHPDIP) are categorized as Level 2. The NHPDIP measures all of its investments at amortized cost. There are no redemption restrictions and shares may be redeemed by the Town in accordance with the NHPDIP's Information Statement.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does have a formal investment policy, but it does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty (e.g. broker/dealer) to honor a transaction, 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. The Town does not have custodial credit risk policies for investments.

Concentration of Credit Risk – The Town places no limit on the amount it may invest in any one issuer. No more than 5% of the Town's investments are invested in any one issuer.

Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 5,063,370
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	627,969
Total investments	<u>\$ 5,691,339</u>

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NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2016. The amount has been reduced by an allowance for an estimated uncollectible amount of \$20,000 in the governmental activities. Taxes receivable by year are as follows:

	Exhibit A (Full Accrual)	Exhibit C-1 (Modified Accrual)
Property:		
Levy of 2016	\$ 720,608	\$ 720,608
Unredeemed (under tax lien):		
Levy of 2015	79,004	79,004
Levy of 2014	42,976	42,976
Levies of 2013 and prior	3,656	3,656
Less: allowance for estimated uncollectible taxes*	(20,000)	-
Net taxes receivable	<u>\$ 826,244</u>	<u>\$ 846,244</u>

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-C. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

NOTE 6 – OTHER RECEIVABLES

Receivables at December 31, 2016, consisted of accounts (billings for police details, sewer, ambulance, 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.

Receivables as of December 31, 2016 for the Town, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Funds	Governmental Activities
Receivables:			
Accounts	\$ 208,515	\$ 158,978	\$ 367,493
Intergovernmental	24,272	-	24,272
Liens	213,880	-	213,880
Gross receivables	446,667	158,978	605,645
Less: allowance for uncollectibles	(323,548)	(1,542)	(325,090)
Net total receivables	<u>\$ 123,119</u>	<u>\$ 157,436</u>	<u>\$ 280,555</u>

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 is as follows:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 10,024,986	\$ 1,266,295	\$ -	\$ 11,291,281
Intangible assets	2,676,480	-	-	2,676,480
Construction in progress	580,878	-	-	580,878
Total capital assets not being depreciated	<u>13,282,344</u>	<u>1,266,295</u>	<u>-</u>	<u>14,548,639</u>

(Continued)

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Capital assets continued:

	Balance, beginning	Additions	Disposals	Balance, ending
Being depreciated:				
Land improvements	529,152	-	-	529,152
Buildings and building improvements	6,819,287	-	-	6,819,287
Vehicles	2,256,588	183,618	-	2,440,206
Equipment	525,824	7,824	(20,110)	513,538
Infrastructure	34,738,010	-	-	34,738,010
Total capital assets being depreciated	44,868,861	191,442	(20,110)	45,040,193
Total all capital assets	58,151,205	1,457,737	(20,110)	59,588,832
Less accumulated depreciation:				
Land improvements	(248,955)	(22,375)	-	(271,330)
Buildings and building improvements	(816,022)	(68,440)	-	(884,462)
Vehicles	(1,179,087)	(136,322)	-	(1,315,409)
Equipment	(221,452)	(48,617)	12,401	(257,668)
Infrastructure	(21,037,531)	(706,311)	-	(21,743,842)
Total accumulated depreciation	(23,503,047)	(982,065)	12,401	(24,472,711)
Net book value, capital assets being depreciated	21,365,814	(790,623)	(7,709)	20,567,482
Net book value, all capital assets	\$ 34,648,158	\$ 475,672	\$ (7,709)	\$ 35,116,121

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:

General government	\$ 16,471
Public safety	111,910
Highways and streets	809,646
Sanitation	5,709
Culture and recreation	34,954
Conservation	3,375
Total depreciation expense	\$ 982,065

NOTE 8 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General	Permanent fund	\$ 48,882
	Nonmajor	9,508
Nonmajor	General	13,429
		\$ 71,819

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

Interfund Transfers - Interfund transfers for the year ended December 31, 2016 consist of \$43,434 from the permanent funds to the general fund.

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

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NOTE 9 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of \$6,417,689 at December 31, 2016 consist of the following:

General fund:	
Balance due to the 2016-2017 district assessment due to the Rye School District	\$ 5,682,782
Due to the New Hampshire Retirement System	91,453
Miscellaneous fees due to the City of Portsmouth	200
Miscellaneous fees due to the State of New Hampshire	124
Miscellaneous fees due to Rockingham County	26
Miscellaneous fees due to Rye Water District	6
Total general fund	<u>5,774,591</u>
Nonmajor funds:	
Quarterly fees due to the Town of Hampton	16,256
Miscellaneous fees due to the City of Portsmouth	4,024
Total nonmajor funds	<u>20,280</u>
Agency fund:	
Balance of the expendable trust funds due to the Rye Water District	296,464
Balance of the expendable trust funds due to the Rye Beach Precinct	4,011
Balance of the expendable trust funds due to the Rye School District	322,343
Total agency fund	<u>622,818</u>
Total intergovernmental payables due	<u><u>\$ 6,417,689</u></u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources are as follows:

	Exhibit A (Full Accrual)	Exhibit C-1 (Modified Accrual)
Amounts related to pensions	<u>\$ 1,666,057</u>	<u>\$ -</u>

Deferred inflows of resources are as follows:

	Exhibit A (Full Accrual)	Exhibit C-1 (Modified Accrual)
Amounts related to pensions	\$ 368,047	\$ -
Unavailable revenue - Property taxes	-	124,272
Total deferred inflows of resources	<u>\$ 368,047</u>	<u>\$ 124,272</u>

NOTE 11 – CAPITAL LEASE OBLIGATION

The Town has entered into a capital lease agreement under which the related equipment will become the property of the Town when all the terms of the lease agreement are met.

	Standard Interest Rate	Present Value of Remaining Payments as of December 31, 2016
Capital lease obligation:		
Wheel loader	2.31%	<u>\$ 43,286</u>

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Leased equipment under capital lease, included in capital assets, is as follows:

	Governmental Activities
Equipment:	
Wheel loader	\$ 171,234
Less: accumulated depreciation	(19,264)
Total capital lease equipment	<u>\$ 151,970</u>

The annual requirement to amortize the capital lease payable as of December 31, 2016, including interest payments, is as follows:

Fiscal Year Ending December 31,	Governmental Activities
2017	
	\$ 44,286
Less: interest	(1,000)
Present value of remaining payments	<u>\$ 43,286</u>

Amortization of lease equipment under capital assets is included with depreciation expense.

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 2,067,000	\$ -	\$ (307,000)	\$ 1,760,000	\$ 400,000
Premium	211,093	-	(29,499)	181,594	29,499
Total bonds payable	2,278,093	-	(336,499)	1,941,594	\$ 429,499
Capital lease	85,595	-	(42,309)	43,286	43,286
Compensated absences	474,245	26,880	(16,060)	485,065	33,796
Accrued landfill postclosure care costs	8,000	-	(8,000)	-	-
Net pension liability	5,662,143	1,708,763	-	7,370,906	-
Total long-term liabilities	<u>\$ 8,508,076</u>	<u>\$ 1,735,643</u>	<u>\$ (402,868)</u>	<u>\$ 9,840,851</u>	<u>\$ 506,581</u>

Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2016
General obligation bonds payable:					
Land acquisition	\$ 946,400	2006	2017	3.770	\$ 95,000
Land acquisition	\$ 973,055	2009	2019	2.990	285,000
Land acquisition	\$ 942,500	2010	2020	2.788	375,000
Land acquisition	\$ 1,122,000	2014	2025	2.035	1,005,000
					<u>1,760,000</u>
Bond premium					181,594
Total bonds payable					<u>\$ 1,941,594</u>

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The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2016, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
2017	\$ 400,000	\$ 79,005	\$ 479,005
2018	305,000	62,196	367,196
2019	305,000	49,662	354,662
2020	200,000	35,355	235,355
2021	110,000	25,245	135,245
2022-2025	440,000	44,880	484,880
Totals	<u>\$ 1,760,000</u>	<u>\$ 296,343</u>	<u>\$ 2,056,343</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.

Bonds/Notes Authorized and Unissued – Bonds and notes authorized and unissued as of December 31, 2016 were as follows:

Per District Meeting Vote of	Purpose	Unissued Amount
March 11, 2014	Acquisition of conservation easements	<u>\$ 1,700,000</u>

NOTE 13 – DEFINED BENEFIT PENSION PLAN

Plan Description: The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25. The Pension Plan was 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 Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. 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.

Benefits Provided: The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II. All assets are held in a single trust and available to pay retirement benefits to all members.

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is 1/60 or 1.667% of average final compensation (AFC) multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at 1/66 or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the member attains 52.5 years of age by ¼ of 1% or age 60.

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Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions: 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. For fiscal year 2016, all employees except police officers and firefighters were required to contribute 7% of earnable compensation. The contribution rates were 11.55% for police officers and 11.80% for firefighters. The Town contributed 26.38% for police, 29.16% for firefighters, and 11.17% for all other employees. The contribution requirements for the fiscal years 2014, 2015, and 2016 were \$542,690, \$547,785, and \$549,500, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2016 the Town reported a liability of \$7,370,906 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2016, the Town's proportion was 0.13861352% which was a decrease of 0.00431478% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Town recognized pension expense of \$243,281. At December 31, 2016 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,484	\$ 93,076
Net difference between projected and actual investment earnings on pension plan investments	461,162	-
Changes in assumptions	907,124	-
Changes in proportion	27,045	274,971
Contributions subsequent to the measurement date	250,242	-
Total	<u>\$ 1,666,057</u>	<u>\$ 368,047</u>

The \$250,242 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31.	
2017	\$ 176,714
2018	176,714
2019	362,863
2020	317,053
2021	14,424
Totals	<u>\$ 1,047,768</u>

Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions which, accordingly apply to 2016 measurements:

Inflation:	2.5%
Salary increases:	5.6% average, including inflation
Investment rate of return:	7.25% net of pension plan investment expense, including inflation

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Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on last experience study.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

Long-term Rates of Return: The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2016:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2016</u>
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
Int'l Equities (unhedged)	13.00%	4.75%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	(0.64%)
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	(1.71%)
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total	100.00%	

Discount Rate: The discount rate used to measure the collective total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

Actuarial Valuation Date	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
June 30, 2016	\$ 9,471,112	\$ 7,370,906	\$ 5,629,118

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Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Annual OPEB Cost - The Town provides postemployment health insurance to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements.

The Town implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, in the year ended December 31, 2011. This required the Town to calculate and record a net other postemployment benefit obligation at year end. The Town used the alternative measurement method to prepare this valuation permitted by GASB Statement No. 45. The net other postemployment benefit obligation represents the cumulative difference between the required contribution and the actual contributions made.

The Town has prepared a valuation report as of December 31, 2016 which indicates that the total liability for other postemployment benefits is \$0.

The Town's annual other postemployment benefit (OPEB) cost (expense) for its plan is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years.

Funding Policy - The Town offers benefits that require the retiree to pay 100% of the cost of premiums. The underlying OPEB obligation for the Town arises from an implied subsidy based on the fact that the benefits provided to the active and retired employees are identical. As a result, the active employees are subsidizing the cost of the benefits provided to the retired employees. The funding policy used by the Town is based on the pay-as-you-go methodology with the exception that the funding for the cost of retiree benefits is recognized annually through the payment of the premiums for the active employees. This funding practice results in no net OPEB obligation being carried to the balance sheet for the retirees.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2016:

Annual required contribution/OPEB cost	\$ -
Contributions made (pay-as-you-go)	-
Increase in net OPEB obligation	-
Net OPEB obligation, beginning	-
Net OPEB obligation, ending	\$ -

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the four preceding years was as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2016	\$ -	\$ -	0.00%	\$ -
December 31, 2015	\$ -	\$ -	0.00%	\$ -
December 31, 2014	\$ -	\$ -	0.00%	\$ -
December 31, 2013	\$ -	\$ -	0.00%	\$ -
December 31, 2012	\$ -	\$ -	0.00%	\$ -

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

As of December 31, 2016, the most recent valuation date, there was zero actuarial accrued liability (AAL) for benefits, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of zero. The covered payroll (annual payroll of active employees covered by the plan) was \$2,849,868, and the ratio of the UAAL to the covered payroll was 0.00%. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for Other Postemployment Benefit Plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The cost methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2016 actuarial valuation, the projected unit credit cost method was used. The assumptions included a 2.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date.

NOTE 15 – ENCUMBRANCES

Encumbrances outstanding at December 31, 2016 are as follows:

General fund:	
General government	\$ 13,924
Public safety	2,204
Highways and streets	24,162
Sanitation	4,660
Capital outlay	148,246
Total encumbrances	<u>\$ 193,196</u>

NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2016 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 35,116,121
Less:	
General obligation bonds payable	(1,760,000)
Unamortized bond premiums	(181,594)
Capital lease payable	(43,286)
Total net investment in capital assets	<u>33,131,241</u>
Restricted for:	
Library	385,416
Permanent funds - principal portion	3,782,950
Permanent funds - income portion	35,193
Total restricted	<u>4,203,559</u>
Unrestricted	(914,226)
Total net position	<u>\$ 36,420,574</u>

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

Nonspendable:

Major funds:

General:

Inventory	\$ 5,446
Prepaid items	18,109
	<u>23,555</u>
Permanent - principal portion	<u>3,782,950</u>

Nonmajor funds:

Special revenue:

Sewer	679
Beach parking permits	808
Recreation revolving	4,785
	<u>6,272</u>

Total nonspendable fund balance

\$ 3,812,777

Restricted:

Major funds:

General:

Library purposes	\$ 385,416
Asset forfeiture	10,786
Recreation youth activities	90,104
	<u>486,306</u>
Permanent - income portion	<u>35,193</u>

Nonmajor fund:

Special revenue:

Heritage commission	<u>15,634</u>
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Total restricted fund balance

537,133

Committed:

Major funds:

General:

Expendable trust	\$ 981,758
Conservation commission	187,027
	<u>1,168,785</u>

Nonmajor funds:

Special revenue:

Sewer	1,022,326
Police outside detail	63,670
Beach parking permits	46,555
Recreation revolving	370,449
Beach cleaning	(3,237)
Ambulance	382,019
Parsonage	12,485
	<u>1,894,267</u>

Total committed fund balance

3,063,052

(Continued)

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

Governmental fund balances continued:

Assigned:		
Major fund:		
General:		
Encumbrances	\$ 193,196	
Contingency	50,000	
Total assigned fund balance		243,196
Unassigned:		
Major fund:		
General		2,113,770
Total governmental fund balances	\$ 9,769,928	

NOTE 18 – 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 2016, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs. This entity is considered a public entity risk pool, currently operating as common risk management and insurance program for its members.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2016 to December 31, 2016 by Primex³, which retained \$1,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The estimated net contribution from the Town billed and paid for the year ended December 31, 2016 was \$65,849 for workers' compensation and \$102,426 for property/liability.

NOTE 19 – CONTINGENT LIABILITIES

There are various legal claims and suits pending against the Town which arose in the normal course of the governments 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 participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through June 30, 2017, the date the December 31, 2016 financial statements were available to be issued, and no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TOWN OF RYE, NEW HAMPSHIRE
Schedule of Funding Progress for Other Postemployment Benefit Plan
For the Fiscal Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
December 31, 2016	\$ -	\$ -	\$ -	0.00%	\$ 2,849,868	0.00%
December 31, 2015	\$ -	\$ -	\$ -	0.00%	\$ 2,746,043	0.00%
December 31, 2014	\$ -	\$ -	\$ -	0.00%	\$ 2,836,414	0.00%
December 31, 2013	\$ -	\$ -	\$ -	0.00%	\$ 2,691,175	0.00%
December 31, 2012	\$ -	\$ -	\$ -	0.00%	\$ 2,729,499	0.00%
December 31, 2011	\$ -	\$ 371,812	\$ 371,812	0.00%	\$ 2,679,091	13.90%

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

EXHIBIT G
TOWN OF RYE, NEW HAMPSHIRE
Schedule of the Town's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Town's Proportion of Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
December 31, 2016	July 1, 2016	0.13861352%	\$ 7,370,906	\$ 2,864,173	257.35%	58.30%
December 31, 2015	July 1, 2015	0.14292830%	\$ 5,662,143	\$ 2,867,729	197.44%	65.47%
December 31, 2014	July 1, 2014	0.14191313%	\$ 5,326,831	\$ 2,715,272	196.18%	66.32%
December 31, 2013	July 1, 2013	0.14846086%	\$ 6,389,435	\$ 2,776,740	230.11%	59.81%

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

EXHIBIT H
TOWN OF RYE, NEW HAMPSHIRE
Schedule of Town Contributions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended December 31, 2015

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2016	July 1, 2016	\$ 496,346	\$ 496,346	\$ -	\$ 2,864,173	17.33%
December 31, 2015	July 1, 2015	\$ 479,508	\$ 479,508	\$ -	\$ 2,867,729	16.72%
December 31, 2014	July 1, 2014	\$ 460,399	\$ 460,399	\$ -	\$ 2,715,272	16.96%
December 31, 2013	July 1, 2013	\$ 369,153	\$ 369,153	\$ -	\$ 2,776,740	13.29%

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

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

As required by GASB Statement No. 45, Exhibit F represents the actuarial determined costs associated with the Town's other postemployment benefits for the fiscal year ended December 31, 2016.

Schedule of the Town's Proportionate Share of Net Pension Liability & Schedule of Town Contributions

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2016.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2016:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	23 Years beginning July 1, 2016 (30 years beginning July 1, 2009)
Asset Valuation Method	5-Year smooth market for funding purposes
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.85% per year
Investment Rate of Return	7.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	RP-2014 Employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

Other Information:

Notes	Contribution rates for Fiscal Year 2014 were determined based on the benefit changes adopted under House Bill No. 2 as amended by 011-2513-CofC.
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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, 2016

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,452,724	\$ 5,421,385	\$ (31,339)
Yield	80	236	156
Payment in lieu of taxes	18,573	22,821	4,248
Interest and penalties on taxes	54,000	58,292	4,292
Total from taxes	<u>5,525,377</u>	<u>5,502,734</u>	<u>(22,643)</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	700	450	(250)
Motor vehicle permit fees	1,300,000	1,461,485	161,485
Building permits	250,000	271,582	21,582
Other	38,430	38,927	497
Total from licenses, permits, and fees	<u>1,589,130</u>	<u>1,772,444</u>	<u>183,314</u>
Intergovernmental:			
State:			
Meals and rooms distribution	279,231	279,231	-
Highway block grant	135,566	135,566	-
Water pollution grants	-	4,475	4,475
Other	76	21,873	21,797
Federal:			
Other	43,711	13,445	(30,266)
Total from intergovernmental	<u>458,584</u>	<u>454,590</u>	<u>(3,994)</u>
Charges for services:			
Income from departments	<u>295,780</u>	<u>309,048</u>	<u>13,268</u>
Miscellaneous:			
Interest on investments	8,000	9,436	1,436
Fines and forfeits	18,000	18,728	728
Insurance dividends and reimbursements	36,400	115,124	78,724
Contributions and donations	-	10,863	10,863
Other	1,400	1,976	576
Total from miscellaneous	<u>63,800</u>	<u>156,127</u>	<u>92,327</u>
Other financing sources:			
Transfers in	<u>175,000</u>	<u>170,069</u>	<u>(4,931)</u>
Total revenues and other financing sources	8,107,671	<u>\$ 8,365,012</u>	<u>\$ 257,341</u>
Unassigned fund balance used to reduce tax rate	1,000,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 9,107,671</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, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 216,246	\$ 217,779	\$ -	\$ (1,533)
Election and registration	-	32,550	21,267	-	11,283
Financial administration	-	619,768	569,872	-	49,896
Legal	2,500	123,000	202,623	9,600	(86,723)
Planning and zoning	-	154,342	152,122	-	2,220
General government buildings	2,395	119,841	115,073	4,324	2,839
Cemeteries	-	104,411	1,180	-	103,231
Insurance, not otherwise allocated	-	269,038	246,188	-	22,850
Advertising and regional associations	-	56,408	56,408	-	-
Other	2,500	68,205	67,774	-	2,931
Total general government	7,395	1,763,809	1,650,286	13,924	106,994
Public safety:					
Police	-	1,428,081	1,233,826	-	194,255
Ambulance	-	129,125	124,833	-	4,292
Fire	4,806	1,295,968	1,246,284	2,204	52,286
Building inspection	-	164,857	154,457	-	10,400
Emergency management	-	5,900	6,611	-	(711)
Total public safety	4,806	3,023,931	2,766,011	2,204	260,522
Highways and streets:					
Highways and streets	6,206	1,243,210	1,239,461	24,162	(14,207)
Street lighting	-	5,300	5,004	-	296
Total highways and streets	6,206	1,248,510	1,244,465	24,162	(13,911)
Sanitation:					
Solid waste collection	4,400	210,660	231,968	4,660	(21,568)
Solid waste disposal	19,000	206,230	177,061	-	48,169
Total sanitation	23,400	416,890	409,029	4,660	26,601
Health:					
Administration	-	5,220	5,237	-	(17)
Pest control	-	102,123	74,892	-	27,231
Total health	-	107,343	80,129	-	27,214
Welfare:					
Administration	-	2,500	900	-	1,600
Direct assistance	-	1,000	-	-	1,000
Vendor payments	-	46,000	26,639	-	19,361
Other	-	500	-	-	500
Total welfare	-	50,000	27,539	-	22,461
Culture and recreation:					
Parks and recreation	9,600	359,383	331,572	-	37,411
Library	-	657,340	673,404	-	(16,064)
Patriotic purposes	-	10,750	7,919	-	2,831
Other	-	5,300	3,481	-	1,819
Total culture and recreation	9,600	1,032,773	1,016,376	-	25,997
Conservation	-	90,000	31,978	-	58,022

(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, 2016

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	444,309	444,309	-	-
Interest on long-term debt	-	97,606	97,605	-	1
Interest on tax anticipation notes	-	1,000	-	-	1,000
Total debt service	-	542,915	541,914	-	1,001
Capital outlay	58,209	486,500	373,386	148,246	23,077
Other financing uses:					
Transfers out	-	345,000	315,000	-	30,000
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 109,616</u>	<u>\$ 9,107,671</u>	<u>\$ 8,456,113</u>	<u>\$ 193,196</u>	<u>\$ 567,978</u>

SCHEDULE 3
TOWN OF RYE, NEW HAMPSHIRE
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2016

Unassigned fund balance, beginning		\$ 2,308,396
Changes:		
Unassigned fund balance used to reduce 2016 tax rate		(1,000,000)
2016 Budget summary:		
Revenue surplus (Schedule 1)	\$ 257,341	
Unexpended balance of appropriations (Schedule 2)	567,978	
2016 Budget surplus		825,319
Decrease in nonspendable fund balance		95,332
Increase in restricted fund balance		(11,005)
Unassigned fund balance, ending		2,218,042
<i>Reconciliation of Non-GAAP Basis to GAAP Basis</i>		
To comply with generally accepted accounting principles by deferring property taxes not collected with 60 days of December 31, 2016		(124,272)
Elimination of the allowance for doubtful accounts as part of the 60-day calculation		20,000
Unassigned fund balance, ending GAAP basis (Exhibit C-1)		<u>\$ 2,113,770</u>

SCHEDULE 4
TOWN OF RYE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2016

	Special Revenue Funds									
	Sewer	Grants	Police Outside Detail	Beach Parking Permits	Heritage Commission	Recreation Revolving	Bleach Cleaning	Ambulance	Parsonage	Total
ASSETS										
Cash and cash equivalents	\$ 878,801	\$ 2,317	\$ 51,443	\$ 46,608	\$ 15,634	\$ 356,160	\$ -	\$ 382,019	\$ -	\$ 1,732,982
Investments	49,651	-	-	-	-	-	-	-	-	49,651
Accounts receivable (net)	129,552	-	12,403	-	-	15,481	-	-	-	157,436
Interfund receivable	-	-	-	-	-	-	-	-	13,429	13,429
Prepaid items	679	-	-	808	-	4,785	-	-	-	6,272
Total assets	\$ 1,058,683	\$ 2,317	\$ 63,846	\$ 47,416	\$ 15,634	\$ 376,426	\$ -	\$ 382,019	\$ 13,429	\$ 1,959,770
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 8,735	\$ -	\$ -	\$ -	\$ -	\$ 438	\$ -	\$ -	\$ 944	\$ 10,117
Accrued salaries and benefits	392	-	176	53	-	754	-	-	-	1,375
Interfund payable	6,271	-	-	-	-	-	3,237	-	-	9,508
Other	-	2,317	-	-	-	-	-	-	-	2,317
Total liabilities	35,678	2,317	176	53	-	1,192	3,237	-	944	43,597
Fund balances (deficit):										
Nonspendable	679	-	-	808	-	4,785	-	-	-	6,272
Restricted	-	-	-	-	15,634	-	-	-	-	15,634
Committed (deficit)	1,022,326	-	63,670	46,555	-	370,449	(3,237)	382,019	12,485	1,894,267
Total fund balances (deficit)	1,023,005	-	63,670	47,363	15,634	375,234	(3,237)	382,019	12,485	1,916,173
Total liabilities and fund balances	\$ 1,058,683	\$ 2,317	\$ 63,846	\$ 47,416	\$ 15,634	\$ 376,426	\$ -	\$ 382,019	\$ 13,429	\$ 1,959,770

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, 2016

Special Revenue Funds										
	Police		Beach		Heritage		Recreation		Bleach	
	Sewer	Grants	Outside Detail	Parking Permits	Commission	Revolving	Cleaning	Ambulance	Parsonage	Total
Revenues:										
Charges for services	\$ 373,554	\$ -	\$ 112,358	\$ 32,935	\$ -	\$ 198,952	\$ 27,090	\$ -	\$ -	\$ 744,889
Miscellaneous	1,825	539	-	-	5,219	1,381	-	50,186	11,565	70,715
Total revenues	375,379	539	112,358	32,935	5,219	200,333	27,090	50,186	11,565	815,604
Expenditures:										
Current:										
General government	-	539	-	-	-	-	-	-	-	539
Public safety	-	-	73,794	33,651	-	-	-	-	-	107,445
Sanitation	222,525	-	-	-	-	-	-	-	-	222,525
Culture and recreation	-	-	-	-	-	174,498	23,560	-	-	198,058
Capital outlay	-	-	-	-	-	-	15,700	-	-	15,700
Total expenditures	222,525	539	73,794	33,651	-	174,498	39,260	-	-	544,267
Net change in fund balances	152,854	-	38,564	(716)	5,219	25,835	(12,170)	50,186	11,565	271,337
Fund balances, beginning	870,151	-	25,106	48,079	10,415	349,399	8,933	331,833	920	1,644,836
Fund balances (deficit), ending	\$ 1,023,005	\$ -	\$ 63,670	\$ 47,363	\$ 15,634	\$ 375,234	\$ (3,237)	\$ 382,019	\$ 12,485	\$ 1,916,173