

**TOWN OF RYE,
NEW HAMPSHIRE**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Select Board
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, 2017, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Town of Rye, as of December 31, 2017, and the respective changes in financial position and, the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information – Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Funding Progress for Other Postemployment Benefit Plan, Schedule of Town's Proportionate Share of Net Pension Liability, and Schedule of Town Contributions 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,

Town of Rye
Independent Auditor's Report

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 financial 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.

August 10, 2018

Plodzik & Sanderson
Professional Association

Town of Rye, NH
Management Discussion and Analysis
2017

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, 2017.

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 12-15 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 10 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 19-38.

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 43-48 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 \$36,233,753 at the close of the most recent fiscal year.

By far the largest portion of the Town of Rye's net position \$36,233,753 reflects its net investment in capital assets (e.g., land, buildings, vehicles, etc.) in the amount of \$33,317,297. 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>2016</u>	<u>2017</u>	<u>Change</u>
Assets and deferred outflow of resources:			
Current & other assets	15,885,916	18,374,191	2,488,275
Capital assets	35,116,121	34,829,392	(286,729)
Total Assets	<u>51,002,037</u>	<u>53,203,583</u>	<u>2,201,546</u>
Deferred Outflows of Resources	1,666,057	981,881	(684,176)
Total assets and deferred outflows of resources	<u>52,668,094</u>	<u>54,185,464</u>	<u>1,517,370</u>
Liabilities and deferred inflows of resources:			
Current liabilities	6,038,622	7,061,103	1,022,481
Noncurrent liabilities	9,840,851	8,925,619	(915,232)
Total Liabilities	<u>15,879,473</u>	<u>15,986,722</u>	<u>107,249</u>
Deferred inflows of resources	368,047	1,964,989	1,596,942
Total liabilities and deferred inflows of resources	<u>16,247,520</u>	<u>17,951,711</u>	<u>1,704,191</u>
Net Position:			
Net investment in capital assets	33,131,241	33,317,297	186,056
Restricted	4,203,559	4,478,354	274,795
Unrestricted	(914,226)	(1,539,049)	(624,823)
Total net position	<u>36,420,574</u>	<u>36,233,753</u>	<u>(186,821)</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>2016</u>	<u>2017</u>	<u>DIFFERENCE</u>
Revenues:			
Program revenues:			
Charges for services	1,053,937	921,534	(132,403)
Operating grants and contributions	429,102	239,380	(189,722)
General revenues:			
Taxes	5,502,734	5,966,562	463,828
Licenses and permits	1,772,444	1,799,673	27,229
Unrestricted grants	301,885	301,315	(570)
Unrestricted Investment Income	174,638	179,513	4,875
Miscellaneous	447,343	451,791	4,448
Total revenues	9,682,083	9,859,768	177,685
Expenses:			
General Government	1,834,491	1,859,418	24,927
Public Safety	3,185,191	3,799,613	614,422
Highways and Streets	2,063,777	2,098,140	34,363
Sanitation	635,540	664,869	29,329
Health	80,129	94,842	14,713
Welfare	27,539	26,188	(1,351)
Culture & Recreation	1,315,447	1,264,025	(51,422)
Conservation	35,353	(225,693)	(261,046)
Interest on long-term debt	61,333	45,187	(16,146)
Capital Outlay	197,644		(197,644)
Total expenses	9,436,444	9,626,589	190,145
Change in net position	245,639	233,179	(12,460)
Beginning net position	36,174,935	*36,000,574	(174,361)
Ending net position	*36,420,574	36,233,753	(186,821)

*Prior Period Adjustment: NH DES modifications in landfill liability post closure care regulations

General fund budgetary highlights

General Fund revenues received during 2017 increased by \$452,332 from 2016. The actual budgetary revenues were more than the budget for estimated revenues by \$477,743. This is largely due to Motor Vehicle registration fees, which were \$242,334 more than budgeted. Building Permits were \$14,848 over the amount projected. General income from department services was \$46,214 over projected.

There were no catastrophic events during 2017 that had a significant impact on total expenditures. However Fire, Police, Public Works and Transfer Station operations were affected by the following services and conditions:

- Public Works department responded to an average number of weather events during the 2017 season. The department recorded a total of 20 weather events: 17 were snow events and 3 were ice only. The snow events averaged approximately 4 inches of accumulation per event. The total snowfall accumulation was above average at 86 inches for the year, 40% over the average 60 inches normally experienced. During this time, 1,700 tons of salt at a cost of \$96,000, was deployed on the roadways to maintain safe road conditions.
- The Transfer/Recycling Station processed 1,116 tons of household rubbish, 36.0 tons of kitchen waste, 219 tons of wood, 413 tons of Demo/Debris, 206 tons of mixed paper, 48 tons of cardboard, 60 tons of newsprint, 113 tons of scrap metal, 194 tons of glass, 12 tons of aluminum cans, 25 tons of plastic containers, 9 tons of miscellaneous electronics, 275 gallons of waste oil, and 165 tires. This recycling process represents a cost avoidance of approximately \$37,800 in tipping fees and a recycling rate of approximately 35%. In addition, the facility realized \$88,818 in revenue from transfer station receipts and sales of recyclables, an increase of thirty percent (30%) over last year.
- Police department experienced another busy year, contributing to an extremely labor intensive season.

The 2017 Police Department activities include:

- 9,034 Calls for Service
- 1,630 Motor Vehicle Stops
- 463 Animal Control Events
- 329 Arrests
- 300 Alarm Activations
- 372 Medical Aid Calls
- 50 Thefts
- 29 Juvenile Dealings
- 135 Accidents investigations

The department realized revenue as follows:

*	Parking Fines	\$ 50,570
*	Court Fines	14,618
*	Outside Details	105,872

- The six month selection process culminated on September 11, 2017 when Mark Cotreau was sworn in as Rye's Fire Chief. Chief Cotreau is the retiring Chief of Concord, MA Fire Department where he was employed for the past 34 years. He brings a wealth of experience to the town in the disciplines of firefighting, fire prevention and emergency management.

The department took delivery of the new 2017 ambulance in June.

Portsmouth Regional Hospital recognized Rye Fire Rescue as the 2017 Emergency Medicine EMS Agency of the year.

The Fire Department activities of 905 calls for emergency assistance included:

- 530 Medical Aid Calls
- 17 Structure Fires
- 2 Vehicle Fires
- 3 Brush Fires
- 11 Other Fires
- 61 Mutual Aid Calls

In addition the department conducted 101 Fire Prevention Inspections.

The Town realized a savings of \$639,563 in actual expenditures over the 2017 budgeted appropriation.

The total Town's property assessed valuation increased by \$249,921,300. This increase in valuation is due to the town wide assessment update done in 2017. The total property tax commitment increased by \$1,392,737 from the prior year. At the 2017 Tax Rate setting the Board of Selectmen chose to use \$955,000 of the Town's beginning general fund balance to bring the tax rate to \$10.11.

The Town's share of the Net Pension Liability as of 12/31/17 is \$6,716,823. This figure was obtained from the New Hampshire Retirement System audited schedules of 6/30/16. The Town paid NHRS \$273,116 from 07/01/2016 through 12/31/2016 in Deferred Outflow. 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 \$431,802.

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:
 - 2017 Ford Explorer
 - 2017 Ford F550 Life Line Ambulance
 - 2018 International 7400 C&C
 - Red Mill Lane Box Culvert One
- Disposals:
 - 2006 Ford Crown Victoria
 - 2009 Ford Crown Victoria
 - 2003 International 7400 Truck
 - 2006 Ford F250 Pick up

Town of Rye, NH Capital Assets

Governmental Activities
(at original cost)

	2016	additions	disposals	2017
Not being depreciated:				
Land	11,291,281			11,291,281
Intangible assets	2,676,480			2,676,480
Construction in progress	580,878	249,900		830,778
Total capital assets not being depreciated	14,548,639	249,900		14,798,539
Being depreciated:				
Land improvements	529,152			529,152
Buildings and building improvements	6,819,287			6,819,287
Vehicles	2,440,206	462,939	(138,310)	2,764,835
Equipment	513,538	2,044		515,582
Sewer Mains - Infrastructure	4,400,000			4,400,000
Roadways – Infrastructure	30,338,010			30,338,010
Total capital assets being depreciated	45,040,193	464,983	(138,310)	45,366,866
Total all capital assets	59,588,832	714,883	(138,310)	60,165,405
Less: Accumulated Depreciation	(24,472,711)	(974,353)	111,051	(25,336,031)
Net Book Value	35,116,121	(259,470)	(27,259)	34,829,392

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 \$1,512,095 which is a .22% decrease of \$429,499 from the \$1,941,594 owed at the end of 2016. 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% (\$64,021,851) of the town valuation (\$2,134,061,700). 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 \$62,509,756.

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, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,784,490
Investments	5,358,815
Account receivables (net)	161,640
Taxes receivables (net)	1,027,931
Intergovernmental receivable	24,095
Inventory	3,058
Prepaid items	14,162
Capital assets:	
Land and construction in progress	14,798,539
Other capital assets, net of depreciation	20,030,853
Total assets	<u>53,203,583</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	<u>981,881</u>
LIABILITIES	
Accounts payable	311,844
Accrued salaries and benefits	72,815
Accrued interest payable	21,591
Intergovernmental payable	6,193,834
Unearned revenue	62,310
Long-term liabilities:	
Due within one year	398,709
Due in more than one year	8,925,619
Total liabilities	<u>15,986,722</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-tax prepayments	1,533,187
Amounts related to pensions	431,802
Total deferred inflows of resources	<u>1,964,989</u>
NET POSITION	
Net investment in capital assets	33,317,297
Restricted	4,455,505
Unrestricted	(1,539,049)
Total net position	<u><u>\$ 36,233,753</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, 2017

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change In
	Expenses	Services	Contributions	Net Position
General government	\$ 1,859,418	\$ 20,254	\$ (3,854)	\$ (1,843,018)
Public safety	3,799,613	318,340	91,341	(3,389,932)
Highways and streets	2,098,140	7,925	136,070	(1,954,145)
Sanitation	664,869	371,631	-	(293,238)
Health	94,842	-	-	(94,842)
Welfare	26,188	-	-	(26,188)
Culture and recreation	1,264,025	203,384	9,426	(1,051,215)
Conservation	(225,693)	-	6,397	232,090
Interest on long-term debt	45,187	-	-	(45,187)
Total governmental activities	<u>\$ 9,626,589</u>	<u>\$ 921,534</u>	<u>\$ 239,380</u>	<u>(8,465,675)</u>
General revenues:				
Taxes:				
Property				5,907,301
Other				59,261
Motor vehicle permit fees				1,542,334
Licenses and other fees				257,339
Grants and contributions not restricted to specific programs				301,315
Unrestricted investment earnings				179,513
Miscellaneous				451,791
Total general revenues				<u>8,698,854</u>
Change in net position				233,179
Net position, beginning, as restated (see Note 18)				36,000,574
Net position, ending				<u>\$ 36,233,753</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, 2017

	General	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,744,386	\$ 93,141	\$ 1,946,963	\$ 11,784,490
Investments	1,274,052	4,034,651	50,112	5,358,815
Accounts receivable (net)	68,828	-	92,812	161,640
Taxes receivable	1,049,166	-	-	1,049,166
Intergovernmental receivable	24,095	-	-	24,095
Interfund receivable	96,769	-	25,225	121,994
Voluntary tax liens	225,398	-	-	225,398
Voluntary tax liens reserved until collected	(225,398)	-	-	(225,398)
Inventory	3,058	-	-	3,058
Prepaid items	11,407	-	2,755	14,162
Total assets	<u>\$ 12,271,761</u>	<u>\$ 4,127,792</u>	<u>\$ 2,117,867</u>	<u>\$ 18,517,420</u>
LIABILITIES				
Accounts payable	\$ 299,420	\$ -	\$ 12,424	\$ 311,844
Accrued salaries and benefits	71,565	-	1,250	72,815
Intergovernmental payable	6,193,834	-	-	6,193,834
Interfund payable	25,225	73,705	23,064	121,994
Unearned revenue	-	-	62,310	62,310
Total liabilities	<u>6,590,044</u>	<u>73,705</u>	<u>99,048</u>	<u>6,762,797</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Property taxes	138,559	-	-	138,559
Unavailable revenue - Prepayment of property taxes	1,533,187	-	-	1,533,187
Total deferred inflows of resources	<u>1,671,746</u>	<u>-</u>	<u>-</u>	<u>1,671,746</u>
FUND BALANCES				
Nonspendable	14,465	4,046,846	2,755	4,064,066
Restricted	495,612	7,241	12,922	515,775
Committed	1,003,889	-	2,020,622	3,024,511
Assigned	333,310	-	-	333,310
Unassigned	2,162,695	-	(17,480)	2,145,215
Total fund balances	<u>4,009,971</u>	<u>4,054,087</u>	<u>2,018,819</u>	<u>10,082,877</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,271,761</u>	<u>\$ 4,127,792</u>	<u>\$ 2,117,867</u>	<u>\$ 18,517,420</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, 2017

Total fund balances of governmental funds (Exhibit C-1)		\$ 10,082,877
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	\$ 60,165,405	
Less accumulated depreciation	<u>(25,336,013)</u>	
		34,829,392
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	\$ 981,881	
Deferred inflows of resources related to pensions	<u>(431,802)</u>	
		550,079
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (121,994)	
Payables	<u>121,994</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.		138,559
Recognize the allowance for doubtful property tax receivables under the accrual basis of accounting.		(21,235)
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(21,591)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the funds.		
Bonds	\$ 1,360,000	
Unamortized bond premium	152,095	
Compensated absences	536,363	
Other postemployment benefits	109,047	
Accrued landfill postclosure care costs	450,000	
Net pension liability	<u>6,716,823</u>	
		(9,324,328)
Net position of governmental activities (Exhibit A)		<u>\$ 36,233,753</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, 2017

	General	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,953,510	\$ -	\$ -	\$ 5,953,510
Licenses and permits	1,799,673	-	-	1,799,673
Intergovernmental	440,610	-	64,961	505,571
Charges for services	290,459	-	631,075	921,534
Miscellaneous	209,750	381,227	75,451	666,428
Total revenues	8,694,002	381,227	771,487	9,846,716
EXPENDITURES				
Current:				
General government	1,548,575	166,283	-	1,714,858
Public safety	2,992,967	-	109,832	3,102,799
Highways and streets	1,259,726	-	-	1,259,726
Sanitation	423,844	-	199,076	622,920
Health	94,842	-	-	94,842
Welfare	26,188	-	-	26,188
Culture and recreation	1,014,287	-	192,180	1,206,467
Conservation	20,832	-	-	20,832
Debt service:				
Principal	443,290	-	-	443,290
Interest	80,001	-	-	80,001
Capital outlay	577,064	-	384,780	961,844
Total expenditures	8,481,616	166,283	885,868	9,533,767
Excess (deficiency) of revenues over (under) expenditures	212,386	214,944	(114,381)	312,949
OTHER FINANCING SOURCES (USES)				
Transfers in	-	21,000	30,000	51,000
Transfers out	(51,000)	-	-	(51,000)
Total other financing sources (uses)	(51,000)	21,000	30,000	-
Net change in fund balances	161,386	235,944	(84,381)	312,949
Fund balances, beginning	3,848,585	3,818,143	2,103,200	9,769,928
Fund balances, ending	\$ 4,009,971	\$ 4,054,087	\$ 2,018,819	\$ 10,082,877

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, 2017

Net change in fund balances of governmental funds (Exhibit C-3)		\$ 312,949
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 714,883	
Depreciation expense	(974,353)	
Loss on asset disposals	(27,259)	
		(286,729)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (51,000)	
Transfers out	51,000	
		-
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	\$ (1,235)	
Change in deferred tax revenue	14,287	
		13,052
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	\$ 400,000	
Repayment of capital leases	43,286	
Amortization of bond premium	29,499	
		472,785
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	\$ 5,315	
Change in compensated absences payable	(51,298)	
Change in postemployment benefits payable	(109,047)	
Change in accrued landfill postclosure care costs	(30,000)	
Changes in net pension liability and related deferred inflows and deferred outflows of resources	(93,848)	
		(278,878)
Changes in net position of governmental activities (Exhibit B)		<u>\$ 233,179</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, 2017

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 5,910,949	\$ 5,966,562	\$ 55,613
Licenses and permits	1,541,000	1,799,673	258,673
Intergovernmental	420,688	440,610	19,922
Charges for services	244,245	290,459	46,214
Miscellaneous	52,650	149,971	97,321
Total revenues	8,169,532	8,647,275	477,743
EXPENDITURES			
Current:			
General government	1,549,934	1,510,167	39,767
Public safety	3,198,546	3,007,503	191,043
Highways and streets	1,384,726	1,231,393	153,333
Sanitation	428,864	437,902	(9,038)
Health	106,099	94,842	11,257
Welfare	46,000	26,188	19,812
Culture and recreation	1,046,883	833,401	213,482
Conservation	90,600	49,332	41,268
Debt service:			
Principal	443,290	443,290	-
Interest	81,005	80,001	1,004
Capital outlay	582,500	508,930	73,570
Total expenditures	8,958,447	8,222,949	735,498
Excess (deficiency) of revenues over (under) expenditures	(788,915)	424,326	1,213,241
OTHER FINANCING SOURCES (USES)			
Transfers in	195,000	178,885	(16,115)
Transfers out	(361,085)	(457,020)	(95,935)
Total other financing sources (uses)	(166,085)	(278,135)	(112,050)
Net change in fund balances	\$ (955,000)	146,191	\$ 1,101,191
Decrease in nonspendable fund balance		9,090	
Decrease in restricted fund balance		6,696	
Increase in assigned fund balance		(100,000)	
Unassigned fund balance, beginning		2,218,042	
Unassigned fund balance, ending		\$ 2,280,019	

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, 2017

	Private Purpose Trust	Agency
ASSETS		
Investments	\$ 4,980	\$ 686,597
LIABILITIES		
Intergovernmental payable	-	686,597
NET POSITION		
Held in trust for specific purposes	\$ 4,980	\$ -

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, 2017

	Private Purpose Trust
ADDITIONS	
New funds	\$ 100
Interest	71
Total revenue	<u>171</u>
DEDUCTIONS	
Scholarships	<u>342</u>
Change in net position	(171)
Net position, beginning	<u>5,151</u>
Net position, ending	<u><u>\$ 4,980</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, 2017

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

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 Basis of Accounting, and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the long-term costs of retirement healthcare and obligations for other postemployment benefits have been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded other postemployment benefit expense in this statement. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Governmental Fund Financial Statements – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

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, with the exception of reimbursement based grants, which use a period of one year. 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

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 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.

Additionally, the Town reports the following fund types:

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

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

Fiduciary Fund Financial Statements – Include a Statement of Net Position and a Statement of Changes in Net Position. The Town’s fiduciary funds are Private Purpose Trust and Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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-C 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.”

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-D 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.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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.

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. 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 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.

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.

Investments in Certain External Investment Pools – In accordance with GASB Statement No. 79, the 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.

1-E 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-F 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-G Capital Assets

Capital assets include property, plant, and equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), and intangible assets (i.e. easements) which are reported in the applicable governmental column in the government-wide financial statements. The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the Town as a whole. When purchased, such 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.

Capital assets are defined by the Town as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of five years. Such assets are carried at historical cost or estimated historical cost. When the cost of the capital assets cannot be determined from available records, estimated historical cost is used. Donated capital assets received on or prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value.

The costs of normal maintenance and repairs are charged to operations as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

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

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

1-H 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” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net 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-I 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 19 and November 17, and due on July 1 and December 21. 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 Beach Precinct, Rye Water District, and Rockingham County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2017 utilized in the setting of the tax rate was as follows:

For the New Hampshire education tax	\$ 2,126,551,400
For all other taxes	\$ 2,134,061,700

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

The tax rates and amounts assessed for the year ended December 31, 2017 were as follows:

	Per \$1,000 of Assessed Valuation	Property Taxes Assessed
Municipal portion	\$2.85	\$ 6,102,367
School portion:		
State of New Hampshire	\$2.21	4,695,014
Local	\$4.04	8,613,820
County portion	\$1.01	2,147,565
Precinct portions:		
Jenness Beach	\$0.26	121,275
Rye Beach Village	\$0.25	65,677
Rye Water District	\$0.45	606,387
Total		<u>\$ 22,352,105</u>

1-J 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, 2017.

1-K 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-L Long-term Obligations

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

1-M 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-N 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 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.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

I-O 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, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital 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 are 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 government’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 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
DECEMBER 31, 2017

1-P 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 of capital 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 2017, \$955,000 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)	\$ 8,826.160
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
To record revenue of the blended funds	59.779
Net effect of transfers between blended funds	(178.885)
Change in deferred tax revenue relating to 60-day revenue recognition	(14.287)
Allowance for uncollectible taxes not recognized on the budgetary basis	
recognized as revenue on the GAAP basis, but not on the budgetary basis	1.235
Per Exhibit C-3 (GAAP basis)	<u>\$ 8.694.002</u>
	(continued)

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Budgetary reconciliation to GAAP basis:

Expenditures and other financing uses:	
Per Exhibit D (budgetary basis)	\$ 8,679,969
Adjustments:	
Basis differences:	
Encumbrances, beginning	193,196
Encumbrances, ending	(183,310)
GASB Statement No. 54:	
To record expenditures of the blended funds	248,781
Net effect of transfers between blended funds	(406,020)
Per Exhibit C-3 (GAAP basis)	<u>\$ 8,532,616</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 \$11,784,490 and the bank balances totaled \$10,009,437.

NOTE 4 – INVESTMENTS

Note I-D 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 and maturities as of December 31, 2017:

	Valuation	
	Measurement	
	Method	Fair Value
Investments type:		
New Hampshire Public Deposit Investment Pool	Level 2	\$ 2,065,763
Common stock	Level 1	3,503,194
Mutual funds	Level 1	4,384
Other	Level 1	477,051
		<u>\$ 6,050,392</u>

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 that limits 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.

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Investment reconciliation:

Investments per Statement of Net Position (Exhibit A)	\$ 5,358,815
Investments per Statement of Net Position-Fiduciary Funds (Exhibit E-1)	691,577
Total investments	<u>\$ 6,050,392</u>

NOTE 5 – TAXES RECEIVABLE

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2017. The amount has been reduced by an allowance for an estimated uncollectible amount of \$21,235. Taxes receivable by year are as follows:

	Exhibit A (Full Accrual)	Exhibit C-1 (Modified Accrual)
Property:		
Levy of 2017	\$ 947,894	\$ 947,894
Unredeemed (under tax lien):		
Levy of 2016	65,947	65,947
Levy of 2015	31,392	31,392
Levies of 2014 and prior	3,933	3,933
Less: allowance for estimated uncollectible taxes*	(21,235)	-
Net taxes receivable	<u>\$ 1,027,931</u>	<u>\$ 1,049,166</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 as of December 31, 2017 for the Town's individual major fund and nonmajor funds in the aggregate including applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	General Fund	Nonmajor Funds
Receivables:			
Accounts	\$ 210,933	\$ 116,982	\$ 93,951
Intergovernmental	24,095	24,095	-
Liens	225,398	225,398	-
Gross receivables	460,426	366,475	93,951
Less: allowance for uncollectibles	(274,691)	(273,552)	(1,139)
Net total receivables	<u>\$ 185,735</u>	<u>\$ 92,923</u>	<u>\$ 92,812</u>

NOTE 7 – PREPAID ITEMS

Prepaid items at December 31, 2017 consisted of the following:

Major general fund:	
Software licenses	\$ 8.100
Other	3,307
Total general fund	<u>11.407</u>
Nonmajor governmental funds:	
Software licenses	693
Other	2,062
Total nonmajor funds	<u>2,755</u>
Total	<u>\$ 14.162</u>

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NOTE 8 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

	Balance, beginning	Additions	Disposals	Balance, ending
At cost:				
Not being depreciated:				
Land	\$ 11,291,281	\$ -	\$ -	\$ 11,291,281
Intangible assets	2,676,480	-	-	2,676,480
Construction in progress	580,878	249,900	-	830,778
Total capital assets not being depreciated	14,548,639	249,900	-	14,798,539
Being depreciated:				
Land improvements	529,152	-	-	529,152
Buildings and building improvements	6,819,287	-	-	6,819,287
Vehicles	2,440,206	462,939	(138,310)	2,764,835
Equipment	513,538	2,044	-	515,582
Infrastructure	34,738,010	-	-	34,738,010
Total capital assets being depreciated	45,040,193	464,983	(138,310)	45,366,866
Total all capital assets	59,588,832	714,883	(138,310)	60,165,405
Less accumulated depreciation:				
Land improvements	(271,330)	(22,376)	-	(293,706)
Buildings and building improvements	(884,462)	(69,880)	-	(954,342)
Vehicles	(1,315,409)	(130,036)	111,051	(1,334,394)
Equipment	(257,668)	(45,769)	-	(303,437)
Infrastructure	(21,743,842)	(706,292)	-	(22,450,134)
Total accumulated depreciation	(24,472,711)	(974,353)	111,051	(25,336,013)
Net book value, capital assets being depreciated	20,567,482	(509,370)	(27,259)	20,030,853
Net book value, all capital assets	\$ 35,116,121	\$ (259,470)	\$ (27,259)	\$ 34,829,392

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	\$ 15,057
Public safety	109,585
Highways and streets	805,672
Sanitation	5,708
Culture and recreation	34,958
Conservation	3,373
Total depreciation expense	\$ 974,353

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances - The composition of interfund balances as of December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General	Permanent fund	\$ 73,705
General	Nonmajor	23,064
Nonmajor	General	25,225
		\$ 121,994

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.

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Interfund Transfers - The composition of interfund transfers for the year ended December 31, 2017 is as follows:

	Transfers In:		
	Permanent Fund	Nonmajor Fund	Total
Transfers out:			
General fund	\$ 21,000	\$ 30,000	\$ 51,000

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.

NOTE 10 – INTERGOVERNMENTAL PAYABLES

General fund:	
Balance due to the 2017-2018 district assessment due to the Rye School District	\$ 6,193,834
Agency fund:	
Balance of the expendable trust funds due to the Rye Water District	4,048
Balance of the expendable trust funds due to the Rye Beach Precinct	389,256
Balance of the expendable trust funds due to the Rye School District	293,293
Total agency fund	686,597
Total intergovernmental payables due	\$ 6,880,431

NOTE 11 – 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	\$ 981,881	\$ -

Deferred inflows of resources are as follows:

	Exhibit A (Full Accrual)	Exhibit C-1 (Modified Accrual)
Amounts related to pensions	\$ 431,802	\$ -
Unavailable revenue - Property taxes	-	138,559
Unavailable revenue - Prepayment of Taxes	1,533,187	1,533,187
Total deferred inflows of resources	\$ 1,964,989	\$ 1,671,746

NOTE 12 – LONG-TERM LIABILITIES

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2017:

	Balance January 1, 2017 (Restated)	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 1,760,000	\$ -	\$ (400,000)	\$ 1,360,000	\$ 305,000
Premium	181,594	-	(29,499)	152,095	24,627
Total bonds payable	1,941,594	-	(429,499)	1,512,095	329,627
Capital lease	43,286	-	(43,286)	-	-
Compensated absences	485,065	51,298	-	536,363	54,082
Accrued landfill postclosure care costs	420,000	30,000	-	450,000	15,000
Net other postemployment benefits	-	109,047	-	109,047	-
Net pension liability	7,370,906	-	(654,083)	6,716,823	-
Total long-term liabilities	\$ 10,260,851	\$ 190,345	\$ (1,126,868)	\$ 9,324,328	\$ 398,709

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Long-term bonds are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at December 31, 2017
General obligation bonds payable:					
Land acquisition	\$ 973,055	2009	2019	2.990	\$ 190,000
Land acquisition	\$ 942,500	2010	2020	2.788	280,000
Land acquisition	\$ 1,122,000	2014	2025	2.035	890,000
					<u>1,360,000</u>
Bond premium					<u>152,095</u>
Total bonds payable					<u>\$ 1,512,095</u>

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2017, including interest payments, are as follows:

Fiscal Year Ending December 31,	Principal	Interest	Total
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	110,000	19,635	129,635
2023-2025	330,000	25,245	355,245
Totals	<u>\$ 1,360,000</u>	<u>\$ 217,338</u>	<u>\$ 1,577,338</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 with in 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.

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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 $\frac{1}{4}$ of 1% or age 60.

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. All employees are required to contribute 7% of earnable compensation. For fiscal year 2017, the Town contributed the following amounts:

Period	Police	Fire	All Other Employees
January 1, 2017 thru June 30, 2017	26.38%	29.16%	11.17%
July 1, 2017 thru December 31, 2017	29.43%	31.89%	11.38%

The contribution requirements for the fiscal years 2015, 2016, and 2017 were \$547,785, \$549,500, and \$616,671, respectively, which were paid in full in each year.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions: At December 31, 2017 the Town reported a liability of \$6,716,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Town's proportion was 0.13657652% which was a decrease of 0.002037% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Town recognized pension expense of \$367,020. At December 31, 2017 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	\$ 15,230	\$ 85,486
Net difference between projected and actual investment earnings on pension plan investments	-	85,542
Changes in assumptions	674,458	-
Changes in proportion	19,077	260,774
Contributions subsequent to the measurement date	273,116	-
Total	<u>\$ 981,881</u>	<u>\$ 431,802</u>

The \$273,116 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31.	
2018	\$ 28,205
2019	211,909
2020	167,149
2021	(130,300)
2022	-
Totals	<u>\$ 276,963</u>

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Actuarial Assumptions: The collective total pension liability was determined by a roll forward of the actuarial valuation as of June 30, 2016, using the following actuarial assumptions which, accordingly apply to 2017 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

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, 2016 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 2017:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return <u>2017</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%	4.50%
Emerging Int'l Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.75%
Short Duration	2.00%	(0.25%)
Global Multi-Sector Fixed Income	11.00%	2.11%
Absolute Return Fixed Income	7.00%	1.26%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	2.84%
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.

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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, 2017	\$ 8,849,078	\$ 6,716,823	\$ 4,969,525
June 30, 2016	\$ 9,471,112	\$ 7,370,906	\$ 5,629,118

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)

Other Post-Employment Benefits – In addition to pension benefits described in the preceding note, the Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with the Town's agreements, or collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985.

1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, and whether the employee has vested in the respective retirement plan. The Town funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the Town subsidizing the remaining costs. Expenses for the postretirement health care benefits are recognized as eligible employee claims are paid.

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as amended by GASB No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employee Plans* in December 2009. GASB Statement No. 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported on the financial statements.

Annual OPEB Cost – The Town's December 31, 2017 annual OPEB expense is calculated based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The Town's annual OPEB cost for the fiscal year ending December 31, 2017 including the amount actually contributed to the plan, and the change in the Town's net OPEB obligation on an actuarial valuation as of January 1, 2017 is as follows:

Annual required contribution/OPEB cost	\$ 161,906
Contributions made (pay-as-you-go)	(52,859)
Increase in net OPEB obligation	109,047
Net OPEB obligation, beginning	-
Net OPEB obligation, ending	<u>\$ 109,047</u>

The Town's annual OPEB cost, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligation for the year ending December 31, 2017 was as follows:

Fiscal Year Ended	Annual OPEB Contribution Cost	Actual Contributions (pay-as-you-go)	Percentage Contributed	Net OPEB Obligation
December 31, 2017	\$ 161,906	\$ 52,859	32.65%	\$ 109,047

The Town's net OPEB obligation as of December 31, 2017 is recognized as a liability in these financial statements.

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Funding Policy – The district provides benefits with an implicit subsidy. Some of the underlying OPEB obligation for the district 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.

Funded Status and Funding Progress – As of January 1, 2017, the most recent valuation date, the plan was 0% funded. The accrued liability for benefits was \$1,551,169 and the value of assets was \$0, resulting in an unfunded accrued liability (UAL) of \$1,551,169. The covered payroll (annual payroll of active employees covered by the plan) was \$2,220,996, and the ratio of the UAL to the covered payroll was 69.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included 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, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – In January 1, 2017, the valuation, the Projected Unit Credit cost method was used. The assumptions included a 4.00% investment rate of return (net 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. The projected annual health care cost trend is (12.10%) in the first year, increased to 9.50% for the second year and then reduced by annual decrements of ½% to an ultimate rate of 5.00%. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at December 31, 2017 was 29 years.

The annual healthcare cost trend rates below were applied:

Year	Pre 65 Medical
2017	(12.10%)
2018	9.50%
2019	9.00%
2020	8.50%
2021	8.00%
2022	7.50%
2023	7.00%
2024	6.50%
2025	6.00%
2026	5.50%
2027	5.00%

NOTE 15 – ENCUMBRANCES

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2017 and are as follows:

General fund:	
General government	\$ 8.770
Public safety	16.740
Highways and streets	15.305
Sanitation	26.280
Culture and recreation	7.603
Conservation	28.500
Capital outlay	80.112
Total encumbrances	<u>\$ 183.310</u>

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

NOTE 16 – GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government-wide Statement of Net Position at December 31, 2017 include the following:

Net investment in capital assets:	
Net property, buildings, and equipment	\$ 34,829,392
Less:	
General obligation bonds payable	(1,360,000)
Unamortized bond premiums	(152,095)
Total net investment in capital assets	<u>33,317,297</u>
Restricted for:	
Library	401,418
Permanent funds - principal portion	4,046,846
Permanent funds - income portion	7,241
Total restricted	<u>4,455,505</u>
Unrestricted	(1,539,049)
Total net position	<u>\$ 36,233,753</u>

NOTE 17 – GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable:

Major funds:

General:

Inventory	\$ 3,058
Prepaid items	11,407
	<u>14,465</u>
Permanent - principal portion	<u>4,046,846</u>

Nonmajor funds:

Sewer	693
Beach parking permits	1,067
Recreation revolving	995
	<u>2,755</u>

 Total nonspendable fund balance \$ 4,064,066

Restricted:

Major funds:

General:

Library purposes	\$ 401,418
Asset forfeiture	10,811
Recreation youth activities	83,383
	<u>495,612</u>
Permanent - income portion	<u>7,241</u>

Nonmajor fund:

Heritage commission	<u>12,922</u>
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 Total restricted fund balance 515,775

(continued)

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

Governmental fund balances continued:

Committed:

Major fund:

General:

Expendable trust \$ 1,003,889

Nonmajor funds:

Sewer 1,115,470

Police outside detail 49,041

Beach parking permits 51,288

Recreation revolving 393,487

Ambulance 167,921

Parsonage 24,257

Conservation commission 219,158

2,020,622

Total committed fund balance

3,024,511

Assigned:

Major fund:

General:

Encumbrances \$ 183,310

Contingency 150,000

Total assigned fund balance

333,310

Unassigned:

Major fund:

General

2,162,695

Nonmajor fund:

Beach cleaning

(17,480)

Total unassigned fund balance

2,145,215

Total governmental fund balances

\$ 10,082,877

NOTE 18 – PRIOR PERIOD ADJUSTMENT

Net position at January 1, 2017 was restated to give retroactive effect to the following prior period adjustment:

	Government-wide Statements
NH DES modifications in landfill liability postclosure care regulations	\$ (420,000)
Net position, as previously reported	36,420,574
Net position, as restated	<u>\$ 36,000,574</u>

NOTE 19 – 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 2017, 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 programs for member Towns and cities.

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, 2017 to December 31, 2017 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, 2017 was \$68,601 for workers' compensation and \$102,234 for property/liability.

TOWN OF RYE, NEW HAMPSHIRE
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2017

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 August 10, 2018, the date the December 31, 2017 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, 2017

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, 2017	\$ -	\$ 1,551,169	\$ 1,551,169	0.00%	\$ 2,220,996	69.84%
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, 2017

Fiscal Year	Valuation Date	Town's Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Town Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2017	July 1, 2017	0.13657652%	\$ 6,716,823	\$ 2,839,392	236.56%	62.66%
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, 2017

Fiscal Year	Valuation Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2017	July 1, 2017	\$ 500,339	\$ 500,339	\$ -	\$ 2,839,392	17.62%
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, 2017

Schedule of Funding Progress for Other Postemployment Benefits (OPEB)

This schedule is presented to show information for 10 years. However, information is only presented for years which information is available.

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, 2017, and preceding six years.

Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2017:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	22 Years beginning July 1, 2017 (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	3.56% 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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These schedules are presented to show information for 10 years. However, information is only presented for years which information is available.

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, 2017

	Estimated	Actual	Variance Positive (Negative)
Taxes:			
Property	\$ 5,826,776	\$ 5,899,815	\$ 73,039
Yield	1,600	1,596	(4)
Payment in lieu of taxes	18,573	-	(18,573)
Interest and penalties on taxes	64,000	65,151	1,151
Total from taxes	<u>5,910,949</u>	<u>5,966,562</u>	<u>55,613</u>
Licenses, permits, and fees:			
Business licenses, permits, and fees	1,000	840	(160)
Motor vehicle permit fees	1,300,000	1,542,334	242,334
Building permits	200,000	214,848	14,848
Other	40,000	41,651	1,651
Total from licenses, permits, and fees	<u>1,541,000</u>	<u>1,799,673</u>	<u>258,673</u>
Intergovernmental:			
State:			
Meals and rooms distribution	280,366	280,366	-
Highway block grant	136,072	136,070	(2)
Other	-	19,674	19,674
Federal:			
Other	4,250	4,500	250
Total from intergovernmental	<u>420,688</u>	<u>440,610</u>	<u>19,922</u>
Charges for services:			
Income from departments	<u>244,245</u>	<u>290,459</u>	<u>46,214</u>
Miscellaneous:			
Sale of municipal property	1,000	3,501	2,501
Interest on investments	9,000	11,038	2,038
Fines and forfeits	15,100	16,512	1,412
Insurance dividends and reimbursements	20,500	26,106	5,606
Other	7,050	92,814	85,764
Total from miscellaneous	<u>52,650</u>	<u>149,971</u>	<u>97,321</u>
Other financing sources:			
Transfers in	<u>195,000</u>	<u>178,885</u>	<u>(16,115)</u>
Total revenues and other financing sources	8,364,532	<u>\$ 8,826,160</u>	<u>\$ 461,628</u>
Unassigned fund balance used to reduce tax rate	955,000		
Total revenues, other financing sources, and use of fund balance	<u>\$ 9,319,532</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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
General government:					
Executive	\$ -	\$ 230,642	\$ 233,917	\$ -	\$ (3,275)
Election and registration	-	19,225	16,686	-	2,539
Financial administration	-	584,829	566,912	-	17,917
Legal	9,600	100,000	123,180	-	(13,580)
Planning and zoning	-	159,336	157,891	-	1,445
General government buildings	4,324	135,368	124,187	8,770	6,735
Insurance, not otherwise allocated	-	194,663	166,608	-	28,055
Advertising and regional associations	-	54,871	54,871	-	-
Other	-	71,000	71,069	-	(69)
Total general government	13,924	1,549,934	1,515,321	8,770	39,767
Public safety:					
Police	-	1,427,276	1,343,782	-	83,494
Ambulance	-	129,095	107,693	-	21,402
Fire	2,204	1,403,651	1,342,158	16,740	46,957
Building inspection	-	231,024	188,674	-	42,350
Emergency management	-	7,500	10,660	-	(3,160)
Total public safety	2,204	3,198,546	2,992,967	16,740	191,043
Highways and streets:					
Highways and streets	24,162	1,379,226	1,235,515	15,305	152,568
Street lighting	-	5,500	4,735	-	765
Total highways and streets	24,162	1,384,726	1,240,250	15,305	153,333
Sanitation:					
Solid waste collection	4,660	235,914	246,600	26,280	(32,306)
Solid waste disposal	-	192,950	169,682	-	23,268
Total sanitation	4,660	428,864	416,282	26,280	(9,038)
Health:					
Administration	-	5,485	5,418	-	67
Pest control	-	100,614	89,424	-	11,190
Total health	-	106,099	94,842	-	11,257
Welfare:					
Administration	-	2,000	1,050	-	950
Direct assistance	-	500	-	-	500
Vendor payments	-	43,000	24,388	-	18,612
Other	-	500	750	-	(250)
Total welfare	-	46,000	26,188	-	19,812
Culture and recreation:					
Parks and recreation	-	357,810	327,606	7,603	22,601
Library	-	673,573	484,374	-	189,199
Patriotic purposes	-	10,700	10,268	-	432
Other	-	4,800	3,550	-	1,250
Total culture and recreation	-	1,046,883	825,798	7,603	213,482
Conservation	-	90,600	20,832	28,500	41,268

(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, 2017

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Debt service:					
Principal of long-term debt	-	443,290	443,290	-	-
Interest on long-term debt	-	80,005	80,001	-	4
Interest on tax anticipation notes	-	1,000	-	-	1,000
Total debt service	-	524,295	523,291	-	1,004
Capital outlay	148,246	582,500	577,064	80,112	73,570
Other financing uses:					
Transfers out	-	361,085	457,020	-	(95,935)
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 193,196	\$ 9,319,532	\$ 8,689,855	\$ 183,310	\$ 639,563

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, 2017

Unassigned fund balance, beginning			\$ 2,218,042
Changes:			
Unassigned fund balance used to reduce 2017 tax rate			(955,000)
2017 Budget summary:			
Revenue surplus (Schedule 1)	\$ 461,628		
Unexpended balance of appropriations (Schedule 2)	639,563		
2017 Budget surplus			1,101,191
Decrease in nonspendable fund balance			9,090
Decrease in restricted fund balance			6,696
Increase in assigned fund balance			(100,000)
Unassigned fund balance, ending			2,280,019
<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, 2017			(138,559)
Elimination of the allowance for doubtful accounts as part of the 60-day calculation			21,235
Unassigned fund balance, ending GAAP basis (Exhibit C-1)			\$ 2,162,695

SCHEDULE 4
TOWN OF RYE, NEW HAMPSHIRE
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue Funds										Total
	Sewer	Grants	Police Outside Detail	Beach Parking Permits	Heritage Commission	Recreation Revolving	Bleach Cleaning	Ambulance	Parsonage	Conservation Commission	
ASSETS											
Cash and cash equivalents	\$ 995,475	\$ 62,310	\$ 47,929	\$ 51,288	\$ 12,922	\$ 389,960	\$ -	\$ 167,921	\$ -	\$ 219,158	\$ 1,946,963
Investments	50,112	-	-	-	-	-	-	-	-	-	50,112
Accounts receivable (net)	87,196	-	1,112	-	-	4,504	-	-	-	-	92,812
Interfund receivable	-	-	-	-	-	-	-	-	25,225	-	25,225
Prepaid items	693	-	-	1,067	-	995	-	-	-	-	2,755
Total assets	\$ 1,133,476	\$ 62,310	\$ 49,041	\$ 52,355	\$ 12,922	\$ 395,459	\$ -	\$ 167,921	\$ 25,225	\$ 219,158	\$ 2,117,867
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 11,273	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ -	\$ -	\$ 968	\$ -	\$ 12,424
Accrued salaries and benefits	456	-	-	-	-	794	-	-	-	-	1,250
Interfund payable	5,584	-	-	-	-	-	17,480	-	-	-	23,064
Deferred revenue	-	62,310	-	-	-	-	-	-	-	-	62,310
Total liabilities	17,313	62,310	-	-	-	977	17,480	-	968	-	99,048
Fund balances (deficit):											
Nonspendable	693	-	-	1,067	-	995	-	-	-	-	2,755
Restricted	-	-	-	-	12,922	-	-	-	-	-	12,922
Committed (deficit)	1,115,470	-	49,041	51,288	-	393,487	-	167,921	24,257	219,158	2,020,622
Unassigned	-	-	-	-	-	-	(17,480)	-	-	-	(17,480)
Total fund balances (deficit)	1,116,163	-	49,041	52,355	12,922	394,482	(17,480)	167,921	24,257	219,158	2,018,819
Total liabilities and fund balances	\$ 1,133,476	\$ 62,310	\$ 49,041	\$ 52,355	\$ 12,922	\$ 395,459	\$ -	\$ 167,921	\$ 25,225	\$ 219,158	\$ 2,117,867

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, 2017

	Special Revenue Funds										Total
	Sewer	Grants	Police Outside Detail	Beach Parking Permits	Heritage Commission	Recreation Revolving	Bleach Cleaning	Ambulance	Parsonage	Conservation Commission	
Revenues:											
Intergovernmental	\$ -	\$ 64,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,961
Charges for services	290,712	-	106,276	30,703	750	174,913	27,721	-	-	-	631,075
Miscellaneous	1,522	-	-	-	6,043	1,471	-	52,512	11,772	2,131	75,451
Total revenues	292,234	64,961	106,276	30,703	6,793	176,384	27,721	52,512	11,772	2,131	771,487
Expenditures:											
Current:											
Public safety	-	8,000	76,121	25,711	-	-	-	-	-	-	109,832
Sanitation	199,076	-	-	-	-	-	-	-	-	-	199,076
Culture and recreation	-	-	-	-	9,505	157,136	25,539	-	-	-	192,180
Capital outlay	-	56,961	44,784	-	-	-	16,425	266,610	-	-	384,780
Total expenditures	199,076	64,961	120,905	25,711	9,505	157,136	41,964	266,610	-	-	885,868
Excess (deficiency) of revenues over (under) expenditures	93,158	-	(14,629)	4,992	(2,712)	19,248	(14,243)	(214,098)	11,772	2,131	(114,381)
Other financing sources:											
Transfers in	-	-	-	-	-	-	-	-	-	30,000	30,000
Net change in fund balances	93,158	-	(14,629)	4,992	(2,712)	19,248	(14,243)	(214,098)	11,772	32,131	(84,381)
Fund balances (deficit), beginning	1,023,005	-	63,670	47,363	15,634	375,234	(3,237)	382,019	12,485	187,027	2,103,200
Fund balances (deficit), ending	\$ 1,116,163	\$ -	\$ 49,041	\$ 52,355	\$ 12,922	\$ 394,482	\$ (17,480)	\$ 167,921	\$ 24,257	\$ 219,158	\$ 2,018,819