Town of Rye, New York

Financial Statements And
Supplementary Information

Year Ended December 31, 2014

Town of Rye, New York

Table of Contents

	Page No.
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statement	
Balance Sheet - Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	9
Notes to Financial Statements	10
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	29
Combining and Individual Fund Financial Statements and Schedules	
General Fund	
Comparative Balance Sheet	30
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	31
Schedule of Revenues and Other Financing Sources Compared to Budget	33
Schedule of Expenditures and Other Financing Uses Compared to Budget	35
Capital Projects Fund	
Comparative Balance Sheet	37
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	38

(This page intentionally left blank)

O'CONNOR DAVIES

PKF

Independent Auditors' Report

The Honorable Supervisor and Town Board
of the Town of Rye, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Rye, New York ("Town") as of and for the year ended December 31, 2014, 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.

Auditors' 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 auditors' 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.

O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.odpkf.com

O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town, as of December 31, 2014, and the respective changes in financial position, thereof, 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 Schedule of Funding Progress – Other Post Employment Benefits be presented to supplement the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by the missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. Individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
April 15, 2015

Town of Rye, New York

Statement of Net Position
December 31, 2014

	Governmental Activities
ASSETS	
Cash and equivalents	$ 10,091,816
Receivables	
Taxes, net	49,931,659
Accounts	41,187
Due from other governments	396,144
Prepaid expenses	57,518
Capital assets	
Not being depreciated	844,850
Being depreciated, net	3,222,741
Total Assets	64,585,915
LIABILITIES	
Accounts payable	231,588
Revenue anticipation notes payable	1,000,000
Due to other governments	55,359,756
Bond anticipation notes payable	1,907,000
Accrued interest payable	16,130
Non-current liabilities	
Due within one year	78,000
Due in more than one year	1,149,672
Total Liabilities	59,742,146
NET POSITION	
Net investment in capital assets	2,265,744
Unrestricted	2,578,025
Total Net Position	$ 4,843,769

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

Town of Rye, New York

Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities			
General government support	$ 2,729,285	$ 331,791	$ (2,397,494)
Transportation	3,101	-	(3,101)
Culture and recreation	390,404	55,143	(335,261)
Home and community services	27,155	-	(27,155)
Interest	55,391	-	(55,391)
Total Governmental Activities	$ 3,205,336	$ 386,934	(2,818,402)

General Revenues	
Real property taxes	370,037
Other tax items	
Interest and penalties on real property taxes	788,152
Payment in lieu of taxes	81,664
Unrestricted use of money and property	15,212
Sale of property and compensation for loss	1,767,195
Unrestricted State aid	954,312
Miscellaneous	158,391
Total General Revenues	4,134,963
Change in Net Position	1,316,561
Net Position - Beginning of Year	3,527,208
Net Position - Ending	$ 4,843,769

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

Town of Rye, New York

Balance Sheet
Governmental Funds
December 31, 2014

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and equivalents	$ 10,091,816	$ -	$ 10,091,816
Taxes receivable, net of allowance for uncollectible amounts	49,931,659	-	49,931,659
Other receivables			
Accounts	41,187	-	41,187
Due from other funds	-	535,153	535,153
Due from other governments	396,144	-	396,144
	437,331	535,153	972,484
Prepaid expenditures	57,518	-	57,518
Total Assets	$ 60,518,324	$ 535,153	$ 61,053,477
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	$ 231,588	$ -	$ 231,588
Revenue anticipation notes payable	1,000,000	-	1,000,000
Due to other funds	535,153	-	535,153
Due to other governments	55,359,756	-	55,359,756
Bond anticipation notes payable	-	1,907,000	1,907,000
Total Liabilities	57,126,497	1,907,000	59,033,497
Fund balances (deficits)			
Nonspendable	1,179,833	-	1,179,833
Assigned	170,000	-	170,000
Unassigned	2,041,994	(1,371,847)	670,147
Total Fund Balances (Deficits)	3,391,827	(1,371,847)	2,019,980
Total Liabilities and Fund Balances (Deficits)	$ 60,518,324	$ 535,153	$ 61,053,477

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

Town of Rye, New York

Reconciliation of the Governmental Funds
Balance Sheet to the Government-Wide Statement of Net Position
December 31, 2014

Fund Balances - Total Governmental Funds	$ 2,019,980
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,067,591
Long-term liabilities and other liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(16,130)
Bonds payable	(430,000)
Compensated absences	(134,675)
Other post employment benefit obligations payable	(662,997)
	(1,243,802)
Net Position of Governmental Activities	$ 4,843,769

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

Town of Rye, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

	General	Capital Projects	Total Governmental Funds
REVENUES			
Real property taxes	$ 370,037	$ -	$ 370,037
Other tax items	869,816	-	869,816
Departmental income	262,107	-	262,107
Use of money and property	55,732	-	55,732
Fines and forfeitures	84,307	-	84,307
State aid	954,312	-	954,312
Miscellaneous	158,391	-	158,391
Total Revenues	2,754,702	-	2,754,702
EXPENDITURES			
Current			
General government support	1,940,743	-	1,940,743
Transportation	3,101	-	3,101
Culture and recreation	252,958	-	252,958
Home and community services	27,155	-	27,155
Employee benefits	553,210	-	553,210
Debt service			
Principal	130,000	-	130,000
Interest	52,372	-	52,372
Capital outlay	-	691,816	691,816
Total Expenditures	2,959,539	691,816	3,651,355
Excess (Deficiency) of Revenues Over Expenditures	(204,837)	(691,816)	(896,653)
Other Financing Sources (Uses)			
Sale of property	1,813,694	-	1,813,694
Transfers in	-	773,428	773,428
Transfers out	(773,428)	-	(773,428)
Total Other Financing Sources (Uses)	1,040,266	773,428	1,813,694
Net Change in Fund Balances	835,429	81,612	917,041
FUND BALANCES (DEFICITS)			
Beginning of Year	2,556,398	(1,453,459)	1,102,939
End of Year	$ 3,391,827	$ (1,371,847)	$ 2,019,980

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

Town of Rye, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2014

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	$ 917,041
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	
Capital outlay	526,711
Depreciation expense	(138,855)
	387,856
The net effect of various miscellaneous transactions involving capital assets is to increase net position	
Sale of real property	(46,499)
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position	
Principal paid on bonds	130,000
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.	
Accrued interest	(3,019)
Pension obligations	5,328
Compensated absences	(22,324)
Other post employment benefit obligations	(51,822)
	(71,837)
Change in Net Position of Governmental Activities	$ 1,316,561

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

Town of Rye, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 300,659	$ 300,659	$ 370,037	$ 69,378
Other tax items	875,000	875,000	869,816	(5,184)
Departmental income	280,000	280,000	262,107	(17,893)
Use of money and property	68,000	68,000	55,732	(12,268)
Fines and forfeitures	125,000	125,000	84,307	(40,693)
State aid	1,037,000	1,037,000	954,312	(82,688)
Miscellaneous	50,000	50,000	158,391	108,391
Total Revenues	2,735,659	2,735,659	2,754,702	19,043
EXPENDITURES				
Current				
General government support	1,819,099	1,819,099	1,940,743	(121,644)
Transportation	7,500	7,500	3,101	4,399
Culture and recreation	268,200	268,200	252,958	15,242
Home and community services	8,000	8,000	27,155	(19,155)
Employee benefits	650,300	650,300	553,210	97,090
Debt service				
Principal	130,000	130,000	130,000	-
Interest	52,560	52,560	52,372	188
Total Expenditures	2,935,659	2,935,659	2,959,539	(23,880)
Excess of Revenues Over Expenditures	(200,000)	(200,000)	(204,837)	(4,837)
OTHER FINANCING SOURCES (USES)				
Sale of property	1,500,000	1,500,000	1,813,694	313,694
Transfers out	(525,000)	(525,000)	(773,428)	(248,428)
Total Other Financing Sources (Uses)	975,000	975,000	1,040,266	65,266
Net Change in Fund Balance	775,000	775,000	835,429	60,429
FUND BALANCE				
Beginning of Year	(775,000)	(775,000)	2,556,398	3,331,398
End of Year	$ -	$ -	$ 3,391,827	$ 3,391,827

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

(This page intentionally left blank)

Note 1 - Summary of Significant Accounting Policies

The Town of Rye, New York ("Town") was established in 1813 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Town, b) organizations for which the Town is financially accountable and c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

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 Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements

The Town participates in a joint venture for the operation of the Rye Town Park ("Park"). The Park was established in 1907 by the New York State Legislature pursuant to Chapter 711 of the Laws of 1907. The Park provides recreational activities to the public, and is governed by a Commission, which has full charge and supervision over the capital improvements, operations, and maintenance of the Park. The Commission consists of six members: the Supervisor of the Town of Rye, the Mayor of the City of Rye, the Mayor of the Village of Port Chester, the Mayor of the Village of Rye Brook, one Commissioner appointed by the City Council of the City of Rye, and one Commissioner appointed by the Town Board of the Town of Rye. The Town has an ongoing financial responsibility in that the annual income or loss resulting from the Park's activities is shared proportionally by the Town of Rye and the City of Rye, using a calculation based on their equalized assessed valuation. Complete separate financial statements for the Park may be obtained from the Town of Rye, 222 Grace Church Street, 3rd Floor, Port Chester, New York 10573.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities are supported by taxes, departmental income and intergovernmental revenues.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in one broad fund category, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned for capital outlay, including the acquisition or construction of major capital facilities and other capital assets.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. 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, certain pension costs and other post employment benefit obligations payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Note 1 - Summary of Significant Accounting Policies (Continued)

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2014.

Taxes Receivable - Real property taxes attach as an enforceable lien and are levied on January 1st. The Town collects county, town and special district taxes, which are due April 1st and payable without penalty to April 30th. School taxes for the period July 1st to June 30th levied on July 1st and are due on September 1st, with the first half payable without penalty until September 30th and the second half due the following January 1st and payable without penalty until January 31st. The Town guarantees the full payment of the County and school district warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting tax lien sales and in rem foreclosure proceedings.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to school districts taxes, the Charter provides that the Town satisfy the warrant of each school district by April 5th. Thus, the Town's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town must satisfy its obligation to the municipalities regardless of the amounts collected. The County tax warrant is due in October and uncollected County taxes have been accounted for in a manner similar to Town taxes. The collection of school districts taxes is deemed a financing transaction until the warrants are satisfied.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized by using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings and improvements	35-60
Machinery and equipment	5-25
Infrastructure	7-50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate

Note 1 - Summary of Significant Accounting Policies (Continued)

financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of December 31, 2014, no amounts were required to be reported as deferred outflows/inflows of resources.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town Board removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Supervisor for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration. The Town has not yet implemented an encumbrance system.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 15, 2015.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

a) Between the 5th and 10th of October, the Town Board shall prepare and approve a preliminary budget. The preliminary budget includes the estimated revenues and expenditures for the ensuing fiscal year.

b) Immediately after the preliminary budget has been prepared and approved, the Town Board shall file the original copy with the Town Clerk where it shall be available for inspection by the public. In addition, the Town Board shall adopt a resolution specifying the time and place of a public hearing, which shall be held on or before October 30th.

c) At the public hearing, taxpayers may comment on the preliminary budget.

d) Within five days after the hearing, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.

e) Formal budgetary integration is employed during the year as a management control device for the General Fund.

f) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis.

Note 2 - Stewardship, Compliance and Accountability (Continued)

g) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

h) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board.

B. Property Tax Limitation

The Town is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Town in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Excess of Actual Expenditures Over Budget

The following departments in the General Fund exceeded their budgetary authorization by the amounts indicated:

General Government Support	
Auditor	$ 20,000
Executive	12,412
Elections	2,032
Law	10,723
Legislative Board	15,350
Operation of building	2,601
Unallocated insurance	31,095
Guarantee of School and Village taxes	261,583
Culture and Recreation	
Celebrations	1,500
Rye Town Park	14,596
Home and Community Services	
Model American Community	22,603
Employee Benefits	
Social security	4,020
Workers' compensation	8,833
Transfers Out	
Capital Projects Fund	248,428

D. Fund Deficits

The deficit in the Capital Projects Fund arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced or eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at December 31, 2014 were as follows:

Fund	Due From	Due To
General	$ -	$ 535,153
Capital Projects	535,153	-
	$ 535,153	$ 535,153

Note 3 - Detailed Notes on All Funds (Continued)

The outstanding balances between 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.

B. Taxes Receivable

Taxes receivable at December 31, 2014 consisted of the following:

Town, County and Village taxes - Current	$ 449,705
School districts taxes - Current	46,619,344
Tax liens	2,862,610
Property acquired for taxes	370,305
	50,301,964
Allowance for uncollectable taxes	(370,305)
	$ 49,931,659

School district and village taxes are offset by liabilities to the school districts and villages which will be paid no later than April 2015. Taxes receivable, at the fund level, represent an estimate of the receivable which will not be collected within the first sixty days of the subsequent year. School district and village taxes receivable in the amount of $1,122,315 are also classified as nonspendable fund balance in the fund financial statements, which represents an estimate of taxes receivable that will not be collected within the subsequent year.

C. Capital Assets

Changes in the Town's capital assets are as follows:

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital Assets, not being depreciated				
Land	$ 844,850	$ -	$ -	$ 844,850
Construction-in-progress	1,560,519	-	1,560,519	-
Total Capital Assets, not being depreciated	$ 2,405,369	$ -	$ 1,560,519	$ 844,850
Capital Assets, being depreciated				
Buildings	$ 298,000	$ -	298,000	$ -
Building and land improvements	1,233,648	2,084,205	-	3,317,853
Machinery and equipment	387,845	3,025	-	390,870
Infrastructure	835,039	-	-	835,039
Total Capital Assets, being depreciated	2,754,532	2,087,230	298,000	4,543,762

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Less Accumulated Depreciation for				
Buildings	$ 251,501	$ -	$ 251,501	$ -
Building and land improvements	674,866	96,694	-	771,560
Machinery and equipment	340,290	25,460	-	365,750
Infrastructure	167,010	16,701	-	183,711
Total Accumulated Depreciation	1,433,667	138,855	251,501	1,321,021
Total Capital Assets, being depreciated, net	$ 1,320,865	$ 1,948,375	$ 46,499	$ 3,222,741
Capital Assets, net	$ 3,726,234	$ 1,948,375	$ 1,607,018	$ 4,067,591

Depreciation expense was charged to the Town's functions and programs as follows:

General government support	$ 115,325
Culture and recreation	23,530
Total Depreciation Expense	$ 138,855

D. Pension Plans

The primary government participates in the New York State and Local Employees' Retirement System ("ERS") ("System"). The System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The System is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary and employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and a regular pension contribution. Contribution rates for the plan year ended March 31, 2015 are as follows:

	Tier/Plan		Rate
ERS	1	75I	27.4 %
	4	A15	20.1
	5	A15	16.4

Note 3 - Detailed Notes on All Funds (Continued)

Contributions made to the Systems for the current and two preceding years were as follows:

2014	$	107,823
2013		255,542
2012		213,586

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current ERS contribution for the Town was charged to the General Fund.

E. Short-Term Capital Borrowings

	Date of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2014	Redemptions	Balance December 31, 2014
Capital Projects Fund						
Various purposes	10/18/2012	10/16/2015	1.500 %	$ 2,000,000	$ 93,000	$ 1,907,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of $31,911 were recorded in the fund financial statements in the General Fund. Interest expense of $32,458 was recorded in the government-wide financial statements.

F. Short-Term Non-Capital Borrowings

	Date of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2014	Issued	Balance December 31, 2014
Revenue Anticipation Note	10/30/2014	4/30/2015	2.010 %	$ -	$ 1,000,000	$ 1,000,000

The Town, on October 30, 2014, issued a revenue anticipation note payable. The note, in the amount of $1 million, is due on April 30, 2015 with interest at 2.010%. The $1 million proceeds are in anticipation of the receipt of proceeds from the sale of Town owned property that is no longer required for public use. Interest expense of $3,350 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

G. Long-Term Indebtedness

The following table summarizes changes in the primary governments and component unit's long-term indebtedness for the year ended December 31, 2014:

	Balance January 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2014	Due Within One Year
Bonds Payable	$ 560,000	$ -	$ 130,000	$ 430,000	$ 65,000
Pension Obligations	5,328	-	5,328	-	-
Compensated Absences	112,351	33,324	11,000	134,675	13,000
Other Post Employment Benefit Obligations Payable	611,175	198,161	146,339	662,997	-
	$ 1,288,854	$ 231,485	$ 292,667	$ 1,227,672	$ 78,000

Each governmental fund's liability for compensated absences, pension obligations and other post employment benefit obligations payable is liquidated primarily by the General Fund. The Town's indebtedness for bonds is satisfied by the General Fund.

Bonds Payable

Bonds payable at December 31, 2014 are comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2014
Rye Town Park Roof Renovations	2010	$ 658,000	February, 2020	4.25 %	$ 430,000

Interest expenditures of $20,461 was recorded in the General Fund fund financial statements. Interest expense of $19,583 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and pension obligation debt outstanding as of December 31, 2014, including interest payments of $53,525 are as follows:

Year Ended December 31,	Bonds	
	Principal	Interest
2015	$ 65,000	$ 15,669
2016	70,000	13,300
2017	70,000	10,587
2018	75,000	7,688
2019	75,000	4,687
2020	75,000	1,594
	$ 430,000	$ 53,525

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Pension Obligations

Chapter 620 of the Law of 2004 authorized local governments to amortize the portion of their respective contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2005. The amortization payment would include interest at 5% per annum. The balance was satisfied as of December 31, 2014.

Compensated Absences

The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. Vacation time earned by CSEA employees is paid out at separation. CSEA employees, who have completed at least five (5) years of service, can also receive payment for any unused sick leave credits up to 65 days. The value of this accumulated time is payable upon separation of service. The value of all compensated absences has been reflected in the government-wide financial statements.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. The cost of retiree health care

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. 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 any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

Note 3 - Detailed Notes on All Funds (Continued)

The Town is required to accrue on the government-wide and proprietary fund financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the Town's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

	Healthcare Inflation Assumption	
Fiscal Year	Pre-65 Medical	Post-65 Medical
2015	9.0 %	9.0 %
2016	8.5	8.5
2017	8.0	8.0
2018	7.5	7.5
2019	7.0	7.0
2020	6.5	6.5
2021	6.0	6.0
2022	5.5	5.5
2023+	5.0	5.0

The amortization basis is the level dollar method with an open amortization approach with 23 years remaining in the amortization period. The actuarial assumptions include a 4.5% investment rate of return. The Town currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method. A separate postemployment benefit plan report is not available.

The number of participants as of December 31, 2014 was as follows:

Active Employees	11
Retired Employees	18
Total	29

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2014	$ 3,563,059
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	$ 3,563,059
Funded Ratio	0.00%
Covered Payroll (Active plan members)	$ 1,004,902
UAAL as a Percentage of Covered Payroll	355%
Annual Required Contribution/Annual OPEB Cost	$ 272,531
Interest on Net OPEB Obligation	27,503
Adjustments to Annual Required Contribution	(101,873)
Annual OPEB Cost	198,161
Contributions Made	(146,339)
Increase in Net OPEB Obligation	51,822
Net OPEB Obligation - Beginning of Year	611,175
Net OPEB Obligation - End of Year	$ 662,997

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and the preceding year is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 198,161	73.8 %	$ 662,997
2013	200,781	65.6	611,175
2012	193,818	68.0	542,106

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

H. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers.

Note 3 - Detailed Notes on All Funds (Continued)

Transfers Out	Transfers In: Capital Projects Fund
General Fund	$ 773,428

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures

I. Net Position

The components of net position are detailed below

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

J. Fund Balances

	2014			2013		
	General Fund	Capital Projects Fund	Total	General Fund	Capital Projects Fund	Total
Nonspendable						
Long term receivables	$ 1,122,315	$ -	$ 1,122,315	$ 681,853	$ -	$ 681,853
Prepaid expenditures	57,518	-	57,518	62,251	-	62,251
Total Nonspendable	1,179,833	-	1,179,833	744,104	-	744,104
Assigned						
Subsequent year's expenditures	170,000	-	170,000	-	-	-
Unassigned	2,041,994	(1,371,847)	670,147	1,812,294	(1,453,459)	358,835
Total Fund Balances	$ 3,391,827	$ (1,371,847)	$ 2,019,980	$ 2,556,398	$ (1,453,459)	$ 1,102,939

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Long-term receivables represents funds set aside to indicate the long-term nature of taxes receivable collected for other governments. These funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Note 3 - Detailed Notes on All Funds (Continued)

Prepaid expenditures has been established to account for payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Subsequent year's expenditures represent that at December 31, 2014, the Town Board has assigned the above amounts to be appropriated from the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balance in the Capital Projects Fund represent the deficit balance in the projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All of the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. However, the amount of possible refunds cannot be determined at the present time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases various insurance coverages to reduce its exposure to loss. The Town maintains general liability and public entity management liability insurance coverage, with policy limits of $2 million. The Town also maintains an umbrella policy which provides coverage up to $10 million. Workers' compensation is secured with statutory coverages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town also purchases conventional health insurance from various providers.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, to be immaterial.

*****

Town of Rye, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
January 1, 2014	$ -	$ 3,563,059	$ 3,563,059	- %	$ 1,004,902	354.57 %
January 1, 2013	-	3,625,607	3,625,607	-	1,051,275	344.88
January 1, 2012	-	3,509,717	3,509,717	-	1,471,615	238.49

Town of Rye, New York

General Fund
Comparative Balance Sheet
December 31,

	2014	2013
ASSETS		
Cash and equivalents	$ 10,091,816	$ 14,563,039
Investments	-	10,827
Taxes receivable		
Town, County and Village taxes	449,705	418,979
School districts taxes	46,619,344	40,364,659
Tax liens	2,862,610	2,062,874
Property acquired for taxes	370,305	108,722
	50,301,964	42,955,234
Allowance for uncollectible taxes	(370,305)	(108,722)
	49,931,659	42,846,512
Other receivables		
Accounts	41,187	41,187
Due from other governments	396,144	468,403
	437,331	509,590
Prepaid expenditures	57,518	62,251
Total Assets	$ 60,518,324	$ 57,992,219
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 231,588	$ 1,090,668
Revenue anticipation notes payable	1,000,000	-
Due to other funds	535,153	546,541
Due to other governments	55,359,756	53,798,612
Total Liabilities	57,126,497	55,435,821
Fund balance		
Nonspendable	1,179,833	744,104
Assigned	170,000	-
Unassigned	2,041,994	1,812,294
Total Fund Balance	3,391,827	2,556,398
Total Liabilities and Fund Balance	$ 60,518,324	$ 57,992,219

Town of Rye, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended December 31,

	2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	$ 300,659	$ 300,659	$ 370,037	$ 69,378
Other tax items	875,000	875,000	869,816	(5,184)
Departmental income	280,000	280,000	262,107	(17,893)
Use of money and property	68,000	68,000	55,732	(12,268)
Fines and forfeitures	125,000	125,000	84,307	(40,693)
State aid	1,037,000	1,037,000	954,312	(82,688)
Miscellaneous	50,000	50,000	158,391	108,391
Total Revenues	2,735,659	2,735,659	2,754,702	19,043
EXPENDITURES				
Current				
General government support	1,819,099	1,819,099	1,940,743	(121,644)
Transportation	7,500	7,500	3,101	4,399
Culture and recreation	268,200	268,200	252,958	15,242
Home and community services	8,000	8,000	27,155	(19,155)
Employee benefits	650,300	650,300	553,210	97,090
Debt service				
Principal	130,000	130,000	130,000	-
Interest	52,560	52,560	52,372	188
Total Expenditures	2,935,659	2,935,659	2,959,539	(23,880)
Excess (Deficiency) of Revenues Over Expenditures	(200,000)	(200,000)	(204,837)	(4,837)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	-	-
Sale of property	1,500,000	1,500,000	1,813,694	313,694
Transfers out	(525,000)	(525,000)	(773,428)	(248,428)
Total Other Financing Sources (Uses)	975,000	975,000	1,040,266	65,266
Net Change in Fund Balance	775,000	775,000	835,429	60,429
FUND BALANCE				
Beginning of Year	(775,000)	(775,000)	2,556,398	3,331,398
End of Year	$ -	$ -	$ 3,391,827	$ 3,391,827

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
$ 315,110	$ 315,110	$ 461,663	$ 146,553
865,000	865,000	941,792	76,792
290,000	290,000	258,292	(31,708)
65,000	65,000	30,065	(34,935)
125,000	125,000	65,097	(59,903)
900,000	900,000	1,000,415	100,415
30,000	30,000	34,164	4,164
2,590,110	2,590,110	2,791,488	201,378
1,801,430	1,801,430	1,717,263	84,167
20,500	20,500	3,101	17,399
319,000	319,000	281,455	37,545
-	-	28,733	(28,733)
735,600	735,600	687,503	48,097
130,000	130,000	130,000	-
48,580	48,580	52,520	(3,940)
3,055,110	3,055,110	2,900,575	154,535
(465,000)	(465,000)	(109,087)	355,913
-	-	86,598	86,598
150,000	150,000	668,747	518,747
(50,000)	(50,000)	-	50,000
100,000	100,000	755,345	655,345
(365,000)	(365,000)	646,258	1,011,258
365,000	365,000	1,910,140	1,545,140
$ -	$ -	$ 2,556,398	$ 2,556,398

Town of Rye, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended December 31, 2014
(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REAL PROPERTY TAXES	$ 300,659	$ 300,659	$ 370,037	$ 69,378	461,663
OTHER TAX ITEMS					
Interest and penalties on real property taxes	825,000	825,000	788,152	(36,848)	801,302
Payment in lieu of taxes	50,000	50,000	81,664	31,664	22,038
Gain on sale of tax acquired property	-	-	-	-	118,452
	875,000	875,000	869,816	(5,184)	941,792
DEPARTMENTAL INCOME					
Crawford Park fees	75,000	75,000	55,143	(19,857)	56,412
Tax Collections fees	185,000	185,000	182,079	(2,921)	181,080
Town Clerk fees	20,000	20,000	24,885	4,885	20,800
	280,000	280,000	262,107	(17,893)	258,292
USE OF MONEY AND PROPERTY					
Earnings on investments	50,000	50,000	15,212	(34,788)	12,790
Rental of real property	18,000	18,000	40,520	22,520	17,275
	68,000	68,000	55,732	(12,268)	30,065
FINES AND FORFEITURES					
Fines and forfeited bail	125,000	125,000	84,307	(40,693)	65,097
STATE AID					
Per capita	387,000	387,000	345,499	(41,501)	323,498
Mortgage tax	650,000	650,000	608,813	(41,187)	676,917
	1,037,000	1,037,000	954,312	(82,688)	1,000,415

MISCELLANEOUS					
Other	50,000	50,000	158,391	108,391	34,164
TOTAL REVENUES	2,735,659	2,735,659	2,754,702	19,043	2,791,488
OTHER FINANCING SOURCES					
Insurance recoveries	-	-	-	-	86,598
Sale of property	1,500,000	1,500,000	1,813,694	313,694	668,747
	1,500,000	1,500,000	1,813,694	313,694	755,345
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 4,235,659	$ 4,235,659	$ 4,568,396	$ 332,737	$ 3,546,833

Town of Rye, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended December 31, 2014
(With Comparative Actuals for 2013)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
GENERAL GOVERNMENT SUPPORT					
Auditor	$ 27,500	$ 27,500	$ 47,500	$ (20,000)	$ 5,250
Assessment	459,419	459,419	423,856	35,563	483,733
Clerk	149,488	149,488	146,167	3,321	151,525
Central communications	26,250	26,250	24,557	1,693	23,226
Executive	142,416	142,416	154,828	(12,412)	144,464
Elections	18,750	18,750	20,782	(2,032)	20,140
Finance	84,100	84,100	71,398	12,702	67,514
Judicial	212,978	212,978	187,581	25,397	191,068
Law	145,069	145,069	155,792	(10,723)	208,801
Legislative Board	17,675	17,675	33,025	(15,350)	16,446
Operation of building	85,472	85,472	88,073	(2,601)	86,076
Special items	58,500	58,500	7,137	51,363	27,796
Public information	15,000	15,000	12,931	2,069	17,579
Tax collection	223,982	223,982	211,938	12,044	212,588
Unallocated insurance	62,500	62,500	93,595	(31,095)	61,057
Guarantee of School and Village taxes	-	-	261,583	(261,583)	-
Contingency	90,000	90,000	-	90,000	-
	1,819,099	1,819,099	1,940,743	(121,644)	1,717,263
TRANSPORTATION					
Highway	7,500	7,500	3,101	4,399	3,101
CULTURE AND RECREATION					
Parks	223,700	223,700	192,362	31,338	263,175
Celebrations	4,500	4,500	6,000	(1,500)	3,000
Rye Town Park	40,000	40,000	54,596	(14,596)	15,280
	268,200	268,200	252,958	15,242	281,455
HOME AND COMMUNITY SERVICES					
Model American Community	-	-	22,603	(22,603)	18,001
Veterans services	8,000	8,000	4,552	3,448	10,732
	8,000	8,000	27,155	(19,155)	28,733

EMPLOYEE BENEFITS					
Employees' retirement	165,000	165,000	113,151	51,849	255,542
Social security	73,500	73,500	77,520	(4,020)	75,844
Hospitalization, medical and dental insurance	362,000	362,000	335,563	26,437	291,229
Life insurance	2,800	2,800	1,653	1,147	2,037
Disability insurance	1,000	1,000	-	1,000	-
Workers' compensation	16,000	16,000	24,833	(8,833)	16,454
Unemployment benefits	30,000	30,000	490	29,510	46,397
	650,300	650,300	553,210	97,090	687,503
DEBT SERVICE					
Principal					
Serial bonds	130,000	130,000	130,000	-	130,000
Interest					
Serial bonds	20,560	20,560	20,461	99	25,020
Bond anticipation note	32,000	32,000	31,911	89	27,500
	52,560	52,560	52,372	188	52,520
	182,560	182,560	182,372	188	182,520
TOTAL EXPENDITURES	2,935,659	2,935,659	2,959,539	(23,880)	2,900,575
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	525,000	525,000	773,428	(248,428)	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 3,460,659	$ 3,460,659	$ 3,732,967	$ (272,308)	$ 2,900,575

Town of Rye, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	2014	2013
ASSETS		
Due from other funds	$ 535,153	$ 546,541
LIABILITIES AND FUND DEFICIT		
Liabilities		
Bond anticipation notes payable	$ 1,907,000	$ 2,000,000
Fund deficit		
Unassigned	(1,371,847)	(1,453,459)
Total Liabilities and Fund Deficit	$ 535,153	$ 546,541

Town of Rye, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
Years Ended December 31,

	2014	2013
REVENUES	$ -	$ -
EXPENDITURES		
Capital outlay	691,816	1,266,925
Deficiency of Revenues Over Expenditures	(691,816)	(1,266,925)
Other Financing Sources		
Transfers in	773,428	-
Net Change in Fund Balance	81,612	(1,266,925)
FUND DEFICIT		
Beginning of Year	(1,453,459)	(186,534)
End of Year	$ (1,371,847)	$ (1,453,459)