

BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT

Westchester County, New York

(the “School District”)

**2010 FINANCIAL INFORMATION
FOR
CONTINUING DISCLOSURE REQUIREMENT**

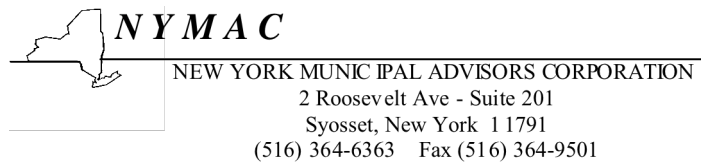
**As of June 30, 2010
(Unless otherwise noted)**

New York Municipal Advisors Corporation (“NYMAC”) has assisted the School District in preparing and submitting this financial update. The information contained herein has been obtained and extracted from various public reports and documents. While NYMAC and the School District believe this information to be materially accurate and not misleading, no guarantee can be made as to the accuracy or sufficiency thereof.

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PREPARED WITH THE ASSISTANCE OF



THE DISTRICT

General Information

The District, with a population of 5,732 people according to the 2000 US Census, is located wholly within the Village of Rye Brook in south-eastern Westchester County, approximately 25 miles from Mid-Town Manhattan. An upper middle-class community, nearly all residents of the District are executives or professionals. The District is comprised mainly of single-family homes, with some condominium development and light industry, consisting mainly of office complexes. The Westchester County Airport is partially located within the boundaries of the District.

Municipal services such as water, sewer, police and fire protection are provided to the residents of the District by the Village of Rye Brook (the “Village”). Gas service is provided by Con Edison of New York and electric service is provided by PASNY, while telephone access is provided by Verizon and Cablevision.

The residents of the District have an excellent transportation network at their disposal. The Hutchinson River Parkway bisects the District, which affords its residents high speed highway access to numerous nearby highways, including the Merritt Parkway in Connecticut and the Cross-Westchester Expressway (I-287) which ultimately connects with the New York State Thruway (I-87) to the west and the New England Thruway (I-95) to the east. Electrified Rail Service is available from the Metropolitan Transportation Authority (Metro-North Division) which operates stations in nearby Port Chester and Rye.

Comparative Income and Housing Data

	<u>The Village</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
Per Capita Income	\$ 48,617	\$ 36,726	\$ 23,389	\$ 21,587
Median Family Income	111,287	79,881	51,691	50,046
Median Housing Value	433,300	325,800	148,700	119,600

Source: U.S. Department of Commerce, Bureau of the Census. Data based on 2000 Census.

Larger Taxpayers (June 30, 2010)

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
KSB Arrowwood	Hotel and Conference Center	\$93,204,800
Reckson Operating Partners	Commercial Offices	88,827,800
Westchester County Airport	Airport	50,145,200
Stone Gate at Belle Fair LLC	Assisted Living Facility	27,000,000
Rye King Associates, LLC	Commercial Offices	22,020,000
Con Edison	Public Utility	15,767,193
Blind Brook Club, Inc.	County Club	14,000,000
Iroquois Gas Trans System	Gas Company	13,026,990
United Water	Water company	8,713,246
King Street Home, Inc.	Nursing Home	6,210,000

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The information set forth below with respect to the County of Westchester is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the School District, or vice versa.

	<u>Year Average</u>					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
Westchester County	4.0%	3.9%	3.8%	4.8%	7.1%	
New York State	5.0%	4.6%	4.5%	5.4%	8.4%	

	<u>2010 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Westchester County	7.7%	7.8%	7.2%	6.6%	6.6%	6.7%
New York State	9.4%	9.2%	8.8%	8.1%	8.0%	8.2%

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. Under current law, an election is held within the District boundaries on the third Tuesday of May each year (May 18, 2010) to elect members of the Board of Education. They are generally elected for staggered terms of three years.

In early July of each year, the Board of Education meets for the purpose of reorganization. At that time the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent, Finance & Facilities.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Capacity</u>
Ridge Street School	K-5	1946	800
Blind Brook Middle School	6-8	2002	400
Blind Brook High School	9-12	1973	500

Enrollment History and Projections

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2005-2006	1,475	2010-2011	1,568
2006-2007	1,490	2011-2012	1,575
2007-2008	1,535		
2008-2009	1,573		
2009-2010	1,548		

DISTRICT INDEBTEDNESS

Computation of Debt Limit and Debt Contracting Margin

As of June 30, 2010

Full valuation of taxable real property	\$2,287,381,509
Debt limit (10% of full valuation)	228,738,151
 Outstanding Indebtedness ^a (Principal only):	
Bonds	\$25,190,000
Bond Anticipation Note ^b	<u>300,000</u>
Total Indebtedness	\$25,490,000
 Total Net Indebtedness ^c	
	<u>\$25,490,000</u>
 Debt Contracting Margin	
	<u>\$203,248,151</u>
 Percentage of Debt Contracting Power Exhausted	
	11.15%

^aTax Anticipation and Revenue Anticipation Notes are not included in the computation of the statutory debt limit of the District.

^bThis Note was paid in full on July 23, 2010.

^cPursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing debt. Because the District has not applied for an Exclusion Certificate, no exclusions are listed in the Debt Statement Summary. Under current law, State Building aid, is however, estimated by the District to be 30% of eligible building purpose bonded debt service.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness.

**Debt Ratios
As of June 30, 2010**

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value^b</u>
Gross Indebtedness (see Computation of Debt Limit)	\$25,490,000	\$4,446.96	1.12%

^a According to the 2000 Census the District has a population of the 5,732.

^b The District's full value of taxable real estate for 2009-2010 is \$2,287,381,509.

Long-Term Debt Service Schedule

The following table sets forth all principal and interest payments presently required on all outstanding long-term bond indebtedness of the District.

Schedule of Principal and Interest on Long-Term Bond Indebtedness

Fiscal Year Ending June 30th	Principal	Interest	Total Principal & Interest
2011	\$1,565,000	\$1,120,918	\$2,685,918
2012	1,595,000	1,051,581	2,646,581
2013	1,625,000	980,969	2,605,969
2014	1,655,000	909,081	2,564,081
2015	1,690,000	834,719	2,524,719
2016	1,725,000	757,775	2,482,775
2017	1,790,000	678,800	2,468,800
2018	1,825,000	595,231	2,420,231
2019	1,865,000	510,069	2,375,069
2020	1,910,000	423,100	2,333,100
2021	1,955,000	334,219	2,289,219
2022	1,100,000	243,425	1,343,425
2023	1,145,000	194,287	1,339,287
2024	1,195,000	141,638	1,336,638
2025	1,250,000	86,625	1,336,625
2026	1,300,000	29,250	1,329,250
Totals	\$25,190,000	\$8,891,687	\$34,081,687

Outstanding Long-Term Bond Indebtedness

The following table sets forth the total long-term bond indebtedness outstanding at the end of the fiscal years 2005-2006 through 2009-2010.

Outstanding Long-Term Bond Indebtedness

As of June 30:

<u>Year</u>	<u>Total Bonded Debt</u>
2006.....	\$30,935,000
2007.....	29,885,000
2008.....	28,230,000
2009.....	26,725,000
2010.....	25,190,000

Installment Purchase Debt

The District has entered into installment debt purchase agreements to acquire buses and technology equipment. The following table shows the debt service requirements on all installment purchase debt of the District.

Fiscal Year Ending June 30th	Principal	Interest	Total Principal & Interest
2011	\$111,353	\$9,243	\$120,596
2012	65,113	4,383	69,496
2013	32,636	1,439	34,075
Totals	\$209,102	\$15,065	\$224,167

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District as of June 30, 2010.

	<u>Maturity</u>	<u>Amount</u>
Bonds	2010-2025	\$25,190,000
Installment Purchase Debt	2013	209,102
Bond Anticipation Notes	July 23, 2010	<u>300,000</u> ¹
Total Debt Outstanding		\$27,234,102

¹ This Note was paid in full on July 23, 2010.

Capital Project Plans

At June 30, 2010, the District had no authorized but unissued obligations.

Revenue and Tax Anticipation Notes

The District has not found it necessary to borrow in anticipation of revenues or taxes since the 2003-2004 fiscal year.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions applicable to the District is as follows:

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>District's Share¹</u>	<u>Applicable Indebtedness</u>
County of Westchester	\$842,863,067	1.25%	\$10,535,788
Town of Rye	444,223	30.09	133,666
Village of Rye Brook	6,044,500	72.8	<u>4,400,396</u>
Total			<u>\$15,069,850</u>

¹Pursuant to applicable constitutional and statutory provisions this indebtedness is deductible from gross indebtedness for debt limit purposes.

Source: New York State Comptroller's Special Report on Municipal Affairs for local fiscal year ending in 2009.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five year period ending June 30, 2010 is contained in the Appendix A). The District also has the following funds: Trust and Agency, Special Aid, Special Revenue, School Lunch, Capital Projects and Fiduciary. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Tax

The following table sets forth the assessed and full valuation of taxable real property, the District's real property tax levy, rates of tax per \$1,000 assessed valuation and uncollected taxes for recent years.

TAX INFORMATION

Valuations, Tax Levy, Rates and Uncollected Taxes

Year Ending June 30:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Valuation	\$2,069,435,218	\$2,076,515,480	\$2,210,037,099	\$2,339,176,717	\$2,287,381,509
New York State Equalization Rate	100%	100%	100%	100%	100%
Full Valuation	\$2,069,435,218	\$2,076,515,480	\$2,210,037,099	\$2,339,176,717	\$2,287,381,509
Total Tax Levy	\$26,440,229	\$28,561,860	\$27,099,375	\$29,228,777	\$30,488,617
Tax Rate Per \$1,000 A.V.					
Homestead	\$11.93	\$12.85	\$12.71	\$12.75	\$13.57
Non-Homestead	18.03	19.41	19.01	19.46	19.96
Uncollected Taxes End of Fiscal Year ²	None	None	None	None	None

¹See "Tax Collection Procedure."

Tax Collection Procedure

District taxes are collected by the Receiver of Taxes of the Town of Rye. School taxes are paid in two installments. The first installment is due and payable without penalty during the month of September, subject to a 2% penalty if paid during October, 5% penalty if paid in November, 7% penalty if paid during December or January, 10% penalty if paid during February or March, and 12% penalty thereafter to the date of sale of tax liens for unpaid taxes. The second half installment is due in January without penalty. Penalties for the January payment are 10% if paid in February and March, and 12% thereafter to date of sale of tax liens. All tax monies due to the District, whether collected or not, are required to be paid in full by the Town to the District by March 31st of each year, thereby assuring the District 100% collection of its tax levy annually.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Approximately 8.7% of the District's estimated 2009-2010 school tax levy was exempted by the STAR program. The District received full reimbursement of such exempt taxes from the State during the District's 2009-2010 fiscal year.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its 2009-2010 General Fund the District received approximately 5.5% of its operating revenues in the form of State aid.

In addition to the amount of State Aid budgeted by the District in its 2010-2011 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program in the 2010-2011 fiscal year.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies and not by a cut in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid (see "Recent Events Affecting State Aid to New York School Districts and Market Factors Affecting Financings of the State and School Districts of the State").

Recent Events Affecting State Aid to New York School Districts

On January 19, 2010, the New York State Governor David Paterson submitted his proposed Executive Budget for the State's fiscal year ending March 31, 2011. The Executive's Budget recommends a total reduction in State aid of approximately \$2.1 billion; however, the Governor's Executive Budget included Federal Stimulus funding of approximately \$726,000,000 to offset some of the reductions in State aid. As a result, the net State aid reduction totaled approximately \$1.4 billion. On August 2, 2010, the New York State Legislature adopted a budget for the State's fiscal year ending March 31, 2011, which does not restore the \$1.4 billion in State aid reductions included in the Governor's Executive Budget.

In addition, during the District's fiscal year ended June 30, 2010, the District's receipt of State aid was delayed as a result of several initiatives adopted by Governor Paterson in response to the State's ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010. Nevertheless, the District cannot predict at this time whether there will be any delays and/or further reductions in State aid in the current year or in future fiscal years or whether there will be additional funding, as part of the American Reinvestment and Recovery Act of 2009 or other Federal initiatives, made available to pay State aid in future years. The District expects to be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "Market Factors Affecting Financing of the State and School Districts of the State" herein).

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix A.

BUDGETARY PROCEDURES

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year.

FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

INVESTMENT POLICY

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District; (5) certificates of participation issued in connection with installment purchase contracts entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments or investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in the custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board of Education of the District has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

GENERAL FUND OPERATIONS

Appendix A sets forth the General Fund operations for the last five fiscal years which are derived from Audited Financial Statements on file in the Superintendent's office.

EMPLOYEES

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are as follows:

<u>No. of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
135	Blind Brook - Rye Federation of Teachers	June 30, 2011
68	Blind Brook - Rye Employees Local 4060	June 30, 2009 ¹
11	Association of Blind Brook - Rye Administrators	June 30, 2012
2	Blind Brook Managers Association	New Contract ¹

¹Contract in negotiation.

EMPLOYEE PENSION BENEFITS

Professional employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Payments to the TRS are generally deducted from State aid payments. All non-professional employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. All members of the respective systems hired on or after July 1, 1976 with less than 10 year’s full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, Governor Paterson signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

With regard to the ERS, a pension reform bill has been signed by the Governor into Law as Chapter 49 of the Laws of 2003. Chapter 49 changes the cycle of billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the new system the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. Chapter 49 requires the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

On July 20, 2004 the New York State Legislature passed a bill amending the General Municipal Law, Local Finance Law and the Retirement and Social Security Law. On July 30, 2004, the Governor signed the new retirement system legislation into Law as Chapter 260 of the Laws of 2004. The bill moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004. During its 2004 Session the New York State Legislature enacted further pension relief in the form of Chapter 260 of the Laws of 2004 (“Chapter 260”). Among other things, Chapter 260 changed the pension payment date for all local governments from December 15 to February 1 and permitted the legislative body of a municipality or school district to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future.

Due to significant capital market declines in the recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State’s Retirement System in 2011 year and subsequent years will be higher than the minimum contribution rate established by Chapter 49. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that would permit local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The new legislation also authorizes local governments and school districts to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance.

OTHER POST EMPLOYMENT BENEFITS

It should also be noted that the District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires, governmental entities, such as the District, to account for post-retirement healthcare benefits with respect to vested pension benefits.

Since the implementation of Chapter 729 of the Laws of 1994, School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State legislature until recently when legislation was enacted to make permanent health care benefit protection for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 will require municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It will require them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The District hired an actuarial firm for the actuarial valuation which calculated an ARC of \$2,934,811 and an unfunded actuarial accrued liability of \$33,188,132 as of July 1 2009. The District is in compliance with the requirements of GASB 45.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the district to arrange for additional borrowing and the market for and market value of the outstanding debt obligations, including the Notes, could be adversely affected.

The District is dependent in part on financial assistance from the State in the form of State Aid. In some recent years, the District's receipt of State aid was delayed as a result of the State's delay in adopting its budget and appropriating State aid to

municipalities and school districts. No delay in payment of State aid for the District's current fiscal year is presently anticipated although no assurance can be given that there will not be a delay in payment thereof.

Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the Attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from New York Municipal Advisors Corporation 516-364-6363 or from the District's Assistant Superintendent for Finance and Facilities 914-937-3600 x3025.

**Blind Brook - Rye Union Free School District
Revenues, Expenditures and Fund Balance
General Fund**

APPENDIX A

Year Ended June 30:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Real Property Taxes	\$23,623,281	\$25,645,188	\$27,099,376	\$29,228,777	\$30,488,617
Other Tax Items	3,508,404	3,681,275	3,679,620	3,552,434	3,427,276
Non Property Taxes	250,000	308,182	288,303	264,793	263,910
Charges for Services	398,912	423,185	359,406	352,212	379,846
Use of Money and Property	296,182	417,854	374,530	250,381	233,245
Sale of Property and Compensation for Loss	1,526	3,972	3,292	3,302	1,293
Miscellaneous	140,755	111,308	144,447	204,946	158,828
Federal Sources	0	0	0	0	314,998
State Sources	1,954,787	2,210,812	2,409,422	2,650,844	2,283,044
Total Revenues	<u>30,173,847</u>	<u>32,801,776</u>	<u>34,358,396</u>	<u>36,507,689</u>	<u>37,551,057</u>
EXPENDITURES					
General Support	3,163,878	3,653,973	3,745,668	4,027,563	3,924,966
Instruction	17,705,869	18,888,100	20,354,239	21,886,399	22,032,145
Pupil Transportation	748,623	829,227	868,737	1,095,122	1,066,941
Community Services	0	5,175	3,144	1,600	0
Employee Benefits	5,472,188	6,067,585	6,288,717	6,412,505	6,387,793
Debt Service	0	0	3,180,797	2,977,456	2,878,776
Total Expenditures	<u>27,090,558</u>	<u>29,444,060</u>	<u>34,441,302</u>	<u>36,400,645</u>	<u>36,290,621</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,083,289</u>	<u>3,357,716</u>	<u>(82,906)</u>	<u>107,044</u>	<u>1,260,436</u>
Other Financing Sources (Uses):					
Operating Transfers In	0	0	300,000	0	0
Operating Transfers Out	<u>(2,719,241)</u>	<u>(3,103,131)</u>	<u>(300,323)</u>	<u>(18,104)</u>	<u>(244,724)</u>
Total Other Financing Sources	<u>(2,719,241)</u>	<u>(3,103,131)</u>	<u>(323)</u>	<u>(18,104)</u>	<u>(244,724)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	364,048	254,585	(83,229)	88,940	1,015,712
Fund Balances (Deficits) - Beginning of Year	3,114,664	3,478,712	3,733,297	3,650,068	3,739,008
Accounting Change Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances - End of Year	<u>\$3,478,712</u>	<u>\$3,733,297</u>	<u>\$3,650,068</u>	<u>\$3,739,008</u>	<u>\$4,754,720</u>

Source: Annual audited financial statements of the Blind Brook - Rye Union Free School District.
Summary itself not audited.

**Blind Brook - Rye Union Free School District
Budget
General Fund**

APPENDIX A-1

	2010-2011 Adopted Budget (1)
<u>REVENUES</u>	
Real Property Taxes	\$33,461,744
Other Property Tax Items	810,363
State Aid	2,415,600
Other Sources	997,987
Appropriated Fund Balance	<u>1,625,000</u>
Total Revenues	<u><u>\$39,310,694</u></u>
<u>EXPENDITURES</u>	
General Support	\$4,192,915
Instruction	23,274,429
Pupil Transportation	1,194,442
Community Services	2,000
Employee Benefits	7,507,577
Transfers	34,081
Contingency	300,000
Debt Service	<u>2,805,250</u>
Total Expenditures	<u><u>\$39,310,694</u></u>

(1) The budget for the 2010-2011 fiscal year was approved by voters of the District on May 18, 2010.
Source: Annual budget of the Blind Brook - Rye Union Free School District.

**Blind Brook - Rye Union Free School District
Balance Sheets
General Fund**

APPENDIX A-2

As of June 30:	<u>2009</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 1,231,711	\$ 5,827,435
Investments	3,675,203	155,180
Receivables:		
Accounts	52,869	10,734
State and Federal Aid	169,847	307,217
Due from Other Governments	61,567	74,322
Due from Other Funds	356,433	237,600
Prepaid Expenditures	<u>253,556</u>	<u>256,673</u>
TOTAL ASSETS	<u><u>5,801,186</u></u>	<u><u>6,869,161</u></u>
<u>LIABILITIES</u>		
Accounts Payable	409,203	237,847
Accrued Liabilities	18,375	125,126
Due to Other Funds	28,675	212,331
Due to other governments	0	109,246
Due to Retirement Systems	<u>1,605,925</u>	<u>1,429,891</u>
TOTAL LIABILITIES	<u><u>2,062,178</u></u>	<u><u>2,114,441</u></u>
<u>FUND EQUITY</u>		
Fund Balance:		
Reserved for Encumbrances	170,742	258,941
Reserved for Prepaid Expenditures	253,556	256,673
Reserved for Tax Certiorari	174,463	510,683
Reserved for Employee Benefit Accrued Liability	241,055	242,260
Reserved for Retirement Contributions	200,000	312,722
Unreserved:		
Designated for Subsequent Year's Expenditures	1,150,000	3,173,441
Undesignated	<u>1,549,192</u>	<u>0</u>
TOTAL FUND EQUITY	<u><u>3,739,008</u></u>	<u><u>4,754,720</u></u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$5,801,186</u></u>	<u><u>\$6,869,161</u></u>

Source: Annual audited financial statements of the Blind Brook - Rye Union Free School District.
Summary itself not audited.