

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 24, 2012

REFUNDING ISSUE

Standard & Poors: "AA- (with a stable outlook)"

SERIAL BONDS

RATING: See "BOND RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of federal individual and corporate alternative minimum taxes; however, such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxes. Bond Counsel is also of the opinion that interest on the Bonds is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and The City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. See "TAX MATTERS" herein.

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$8,995,000*

BRUNSWICK CENTRAL SCHOOL DISTRICT (BRITTONKILL)

RENSSELAER COUNTY, NEW YORK, NEW YORK

GENERAL OBLIGATIONS

\$8,995,000* School District Refunding (Serial) Bonds, 2012

(the "Bonds")

Dated: Date of Delivery

Due: June 15, 2012-2022

MATURITIES

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2012	\$ 765,000				2018	\$ 825,000			
2013	685,000				2019	865,000			
2014	710,000				2020	910,000			
2015	730,000				2021	955,000			
2016	760,000				2022	1,000,000			
2017	790,000								

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the Brunswick Central School District (Brittonkill), Rensselaer County, New York, New York, and will contain a pledge of its faith and credit with all the taxable real property within the District subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. (See "New Tax Levy Limitation Law" herein).

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2012 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Principal and interest will be paid by the School District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the unqualified legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its Counsel, Trespasz & Marquardt, LLP, Syracuse, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York or as may be agreed upon on or about February 21, 2012.

Jefferies

January __, 2012

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

BRUNSWICK CENTRAL SCHOOL DISTRICT

SCHOOL DISTRICT OFFICIALS

BOARD OF EDUCATION

MATTHEW WADE

President

CHRISTINE FOX

Vice President

KYLE CHRISTIANSEN
PAUL DALEY
CRAIG GILBERT
ANTHONY GRAB
JACKLYN LINDEMANN
RYAN MATTHEWS
KAREN ZAGURSKY

* * * * *

LOU MCINTOSH

Superintendent of Schools

LYN DERWAY

Assistant Superintendent of Business

CATRINA SCHUMAKER

Senior Account Clerk

ANN BEDARD

Accounts Payable Clerk / Central Treasurer

DEANA BIZZARRO-KARAM

District Treasurer

FISCAL ADVISORS & MARKETING, INC.

School District Financial Advisors

ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by Brunswick Central School District (Brittonkill) to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Brunswick Central School District (Brittonkill).

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
DESCRIPTION OF THE BONDS	4	Capital Project Plans.....	20
Optional Redemption	5	Bonded Debt Service	21
Book-Entry-Only System.....	5	Cash Flow Borrowings	21
Certificated Bonds.....	6	Estimated Overlapping Indebtedness	21
		Debt Ratios	22
AUTHORIZATION AND PLAN OF REFUNDING	7		
Authorization and Purpose	7	SPECIAL PROVISIONS AFFECTING	
The Refunding Financial Plan.....	7	REMEDIES UPON DEFAULT	22
Verification of Mathematical Computations	8	CONTINUING DISCLOSURE UNDERTAKING	23
Sources and Uses of Bond Proceeds	8	MARKET AND RISK FACTORS	24
THE SCHOOL DISTRICT	9	TAX MATTERS	25
General Information	9	LEGAL MATTERS	25
Population	9	LITIGATION	26
Selected Wealth and Income Indicators	9	UNDERWRITING	26
Larger Employers.....	9	BOND RATING	26
Form of School Government.....	10	MISCELLANEOUS	26
Financial Organization	10		
Budgetary Procedures	10	APPENDIX - A	
Investment Policy	10	GENERAL FUND - Balance Sheets	
State Aid.....	11	APPENDIX - A1	
State Aid Revenues	12	GENERAL FUND – Revenues, Expenditures and	
School Facilities	12	Changes in Fund Balance	
Enrollment Trends.....	12	APPENDIX - A2	
Employees.....	12	GENERAL FUND – Revenues, Expenditures and	
Status and Financing of Employee Pension Benefits	13	Changes in Fund Balance - Budget and Actual	
Other Post Employee Benefits.....	14	APPENDIX - B	
Unemployment Rate Statistics	15	BONDED DEBT SERVICE	
Other Information.....	15	APPENDIX - C	
Financial Statements	15	GENERAL PURPOSE FINANCIAL STATEMENTS -	
TAX INFORMATION	16	JUNE 30, 2011	
Valuations, Rates and Tax Levy.....	16	APPENDIX – D	
N.Y. State Equalization Rates	16	FORM OF OPINION OF BOND COUNSEL	
Tax Rates Per \$1,000 (Assessed)	16		
Tax Collection Record	16		
Tax Collection Procedure.....	16		
Real Property Tax Revenues	17		
Larger Taxpayers for 2011 Tax Roll for 2011 -2012	17		
Additional Tax Information.....	17		
New Tax levy Limitation Law	18		
STATUS OF INDEBTEDNESS	18		
Constitutional Requirements	18		
Statutory Procedure	19		
Debt Outstanding End of Fiscal Year.....	19		
Details of Outstanding Indebtedness	20		
Debt Statement Summary.....	20		

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OFFICIAL STATEMENT
of the
BRUNSWICK CENTRAL SCHOOL DISTRICT (BRITTONKILL)
RENSSELAER COUNTY, NEW YORK, NEW YORK

Relating To

\$8,995,000* School District Refunding (Serial) Bonds, 2012

This Official Statement, which includes the cover page and appendices, has been prepared by the Brunswick Central School District (Brittonkill), Rensselaer County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of \$8,995,000* principal amount of School District Refunding (Serial) Bonds, 2012 (herein referred to as the "Bonds").

The factors affecting the School District's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the School District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the School District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the School District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

DESCRIPTION OF THE BONDS

The Bonds are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. See "New Tax Levy Limitation Law" herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The Bonds are not subject to redemption prior to maturity. The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on June 15, 2012 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Principal and interest will be paid by the School District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

* Preliminary, subject to change.

Optional Redemption

The Bonds shall not be subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’

accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered, as applicable.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that School District believes to be reliable, but School District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE SCHOOL DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE SCHOOL DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE SCHOOL DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the School District and discharging its responsibilities with respect thereto under applicable law, or the School District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the School District upon termination of the book-entry-only system. Interest on the Bonds will continue to be payable on June 15, 2012 and semi-annually thereafter on December 15 and June 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly Section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on October 6, 2011 (the “Refunding Bond Resolution”) and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the \$9,750,000 outstanding principal balance of the School District (Serial) Bonds, 2003, dated June 15, 2003, originally issued by the School District in the aggregate principal amount of \$14,846,636 (the “Refunded Bonds”) and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a refunding bond resolution adopted to provide funds for the following purposes and amounts:

\$14,846,636 School District (Serial) Bonds, 2003, dated June 15, 2003

<u>Purpose</u>	<u>Authorized Amount</u>
Construction and reconstruction of school building facilities	\$ 14,846,636

No proceeds of the 2003 bonds remain unexpended.

Except as provided below, the proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the “Government Obligations”) and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of, interest on, and redemption premiums of the Refunded Bonds.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District’s refunding financial plan (the “Refunding Financial Plan”). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the “Escrow Deposit Fund”) with The Bank of New York Mellon (the “Escrow Holder”), pursuant to the terms of an escrow contract (the “Escrow Contract”) by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the “Payment Dates”). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such District sources of payment will be used.

The maturities and amount of Refunded Bonds set forth below may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular maturity or amount of bonds listed will be refunded.

\$14,846,636 School District (Serial) Bonds, 2003, dated June 15, 2003
CUSIP BASE: 897591

<u>Due June 15th</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>CUSIP No.</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2012	\$ 735,000	3.500%	DR1	--	--
2013	760,000	3.500	DS9	6/15/2012	101.0%
2014	790,000	3.500	DT7	6/15/2012	101.0%
2015	815,000	3.500	DU4	6/15/2012	101.0%
2016	845,000	3.750	DV2	6/15/2012	101.0%
2017	875,000	3.750	DW0	6/15/2012	101.0%
2018	910,000	4.000	DX8	6/15/2012	101.0%
2019	945,000	4.000	DY6	6/15/2012	101.0%
2020	985,000	4.000	DZ3	6/15/2012	101.0%
2021	1,025,000	4.000	EA7	6/15/2012	101.0%
2022	<u>1,065,000</u>	4.000	EB5	6/15/2012	101.0%
	\$ 9,750,000				

Verification of Mathematical Computations

Causey Demgen & Moore Inc. a firm of independent public accountants, will deliver to the District, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore Inc. will be solely based upon data, information and documents provided to Causey Demgen & Moore Inc. by the District and its representatives. Causey Demgen & Moore Inc.'s report of its verification will state Causey Demgen & Moore Inc. has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	\$
	Original Issue Premium (Discount)	_____
	Total	\$ _____
Uses:	Deposit to Escrow Fund	\$
	Underwriter's Discount	_____
	Costs of Issuance and Contingency	_____
	Total	\$ _____

THE SCHOOL DISTRICT

General Information

The District is located approximately seven miles east of Troy, New York. It serves the Towns of Brunswick, Pittstown, Grafton, Poestenkill and Schaghticoke in Rensselaer County, which include a number of small villages and hamlets. The area is described as rural/suburban. While traditionally a farming region, in recent years it has grown to be a suburban bedroom community for the capital area cities of Troy, Albany, and Schenectady. The District was established in 1955 and covers approximately 66 square miles.

Population

The population of the School District is estimated to be approximately 7,903.

Source: U.S. Census Bureau

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns of Brunswick, Grafton, Pittstown, Poestenkill, and Schaghticoke and the County of Rensselaer. The figures set below with respect to such Towns and the County is included for information only. It should not be inferred from the inclusion of such data in the Continuing Disclosure Statement that the Towns or the County is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
Towns of:						
Brunswick	\$ 17,460	\$ 26,554	\$ 33,414	\$ 47,280	\$ 66,374	\$ 83,631
Grafton	14,753	21,312	29,440	40,855	53,810	81,250
Pittstown	12,831	18,578	26,059	36,469	52,194	58,611
Poestenkill	15,135	22,143	28,575	44,485	63,819	82,835
Schaghticoke	14,351	20,673	28,328	42,524	57,423	79,202
County of:						
Rensselaer	14,031	21,095	27,457	38,899	52,864	68,390
State of:						
New York	16,501	23,389	30,948	39,741	51,691	55,603

Source: U.S. Census 1990, 2000 and 2006-2010 American Community Survey.

Larger Employers

The larger employers located within and in close proximity to the District include:

<u>Employer</u>	<u>Type</u>	<u>Employees</u>
Brunswick CSD (Brittonkill)	Public Education	232
Rifenburg Construction	Construction Company	200
Wal-Mart	Retail	210

Note: Tractor Supply Co. plans to locate or expand within the operations of the community.

Form of School Government

The Board of Education which is the policy-making body of the School District, consists of nine members with overlapping five year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

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 financial functions of the District are the responsibility of the Director of Business Operations.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

If the qualified voters at the annual election approve the tentative budget, the Board of Education, by resolution, adopts the tentative budget of the School District for the ensuing year. In the event the tentative budget is disapproved by a majority of the voters, the Board of Education may call and hold a subsequent election on a budget. If no budget is approved or second vote held, the Board of Education may levy a tax for ordinary contingent expenses of the School District, but the levy may not exceed that of the prior fiscal year. The 2011-12 budget was adopted by the qualified voters of the School District on May 17, 2011.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and Bond Anticipation Notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, and (4) In repurchase agreements involving the purchase and resale of obligations of the United States of America or obligations of agencies of the federal government, if principal and interest is guaranteed by the United States of America and the securities are registered in the name of the School District and held by a custodial bank in accordance with the policies established by the New York State Comptroller.

New York State law and the School District policy does not permit the School District to enter into reverse repurchase agreements or make other derivative type investments.

State Aid

The School District receives substantial financial assistance from the State. In its budget for the 2011-2012 fiscal year, approximately 40.8% of the revenues of the School District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures

A portion of the School District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the School District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State wide average. The School District may elect to use the highest building aid ratio that has been calculated since the 1981-82 fiscal year.

In *Campaign for Fiscal Equity, Inc. et al. v. State, et al.* (Supreme Court, New York County), plaintiffs challenged the State's method of providing funding for New York City public schools. Plaintiffs sought a declaratory judgment that the State's public school financing system violates Article 11, Section 1 of the State Constitution and Title VI of the Federal Civil Rights Act of 1964 and injunctive relief that would require the State to satisfy State Constitutional Standards. State legislative reforms in the wake of the Campaign for Fiscal Equity case include increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

While the recent increases in State aid have been targeted to high needs schools, other schools have shared in the overall increase in State aid. The District is unable to predict whether this pattern of distribution will continue beyond that which is included in the legislation dealing with foundation aid. Increased State aid for New York City schools and other high needs schools could result in reductions in the future of State aid to certain school districts including the School District.

The State 2011-2012 Enacted Budget includes school aid of \$19.6 billion. This reflects a reduction of \$1.3 billion or 6.1% from the State's 2010-11 Enacted Budget, including State operating funds and \$608 million of federal Jobs Bill funding. This reduction represents a 2.5% of average school district total spending.

The State's 2011 – 2012 Enacted Budget provides a two-year appropriation and reflects permanent law changes to limit future school aid increases to growth in the State personal income rate. The State's 2011 – 2012 Enacted Budget creates new education performance and efficiency grants with \$500 million in total appropriations for districts that demonstrate significant student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School 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 or their elimination therefrom.

STAR aid payments for the 2010-11 fiscal year were received in October, 2010, in November, 2010, and in December, 2010. Adjustment payments were made in March 2011.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and budgeted figures for the 2011-2012 fiscal year comprised of State aid.

<u>Fiscal Year</u>	<u>Total State Aid</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2006-07	\$8,659,610	\$19,987,109	43.3%
2007-08	9,355,580	20,875,148	44.8%
2008-09	9,742,603	21,526,735	45.3%
2009-10	9,436,108	22,218,528	42.4%
2010-11	8,435,842	21,239,435	39.7%
2011-12 (Budgeted)	8,067,476	19,757,741	40.8%

Source: School District audited financial reports and adopted budget for 2011-2012.

School Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Year(s) Built/Additions</u>	<u>Capacity</u>
Brunswick Elementary	K-5	1964/2003	1,080
Brunswick Middle/High School	6-12	1958/2003	1,781

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2007-08	1,363	2012-13	1,402
2008-09	1,390	2013-14	1,402
2009-10	1,373	2014-15	1,402
2010-11	1,326	2015-16	1,402
2011-12	1,402	2016-17	1,402

Source: School District Officials

Employees

The number of persons employed by the School District, the collective bargaining agents, if any, which represents them and the dates of expiration of the collective bargaining agreements are as follows:

<u>Number of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
5	SAANYS	6/30/2013
75	CSEA	6/30/2011 ⁽¹⁾
141	BTA	6/30/2010 ⁽¹⁾
1	Superintendent	6/30/2011 ⁽¹⁾
10	M/C	No Bargaining Unit

⁽¹⁾ Currently under negotiations.

Status and Financing of Employee Pension Benefits

Substantially all employees of the School District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law.

The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

The District is required to contribute to an actuarially determined rate. Since 2006-07 fiscal year the District's contributions to the Systems were as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2006-07	\$ 255,667	\$ 649,385
2007-08	222,272	677,414
2008-09	215,818	627,760
2009-10	191,103	484,459
2010-11	280,298	689,887
2011-12 (Budgeted)	445,926	876,707

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District does not currently have any early retirement incentive programs.

The School District is not amortizing any pension payments under any available programs nor has the intent to do so in the foreseeable future.

Historically, there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

On September 10, 2010, Comptroller Thomas P. DiNapoli announced increases over the previous year in the 2011-2012 employer contribution rates for the New York State Common Retirement Fund (the "Fund"). The average contribution rate for ERS will increase from 11.9% of salaries to 16.3% of salaries. The TRS rate for the 2010-2011 fiscal year is 8.62 percent (up from 6.19 percent in 2010). TRS recommended that school district use an estimated employer contribution rate of 11.11 percent for purposes of preparing their 2011 - 2012 budgets.

While the School District is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Other Post Employment Benefits

It should also be noted that the School District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the School District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School districts and boards of cooperative educational services, unlike other municipal units of government in the State, are 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. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. 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 other than pension benefits, disability benefits and OPEB consist 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 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting 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.

As of June 30, 2011 the actuarial accrued liability (AAL), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is \$35,691,533. The actuarial value of the Plan's assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,691,533. The District's annual OPEB cost was \$3,185,293, interest on the net OPEB obligation was \$199,102 and the adjustment to the Annual required contribution was resulting in an annual required contribution (ARC) of \$3,185,293. The District is on a pay-as-you-go funding basis and paid \$1,164,960 to the Plan for the fiscal year ending June 30, 2011 resulting in a year-end Net OPEB obligation of \$6,997,887. Additional information can be obtained by contacting the School District.

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.

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) is the County. The information set forth below with respect to the County is included for informational purposes only. It should not be implied from the inclusion of such data in this Continuing Disclosure Statement that the County are necessarily representative of the School District, or vice versa.

Annual Average

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Rensselaer County	4.6%	4.6%	4.6%	4.2%	4.2%	4.3%	5.1%	7.6%	7.8%
New York State	6.2%	6.4%	5.8%	5.0%	4.6%	4.5%	5.3%	8.4%	8.6%

2011 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Rensselaer County	8.8%	8.2%	7.7%	6.8%	7.0%	7.5%	7.4%	7.0%	7.0%	6.6%	6.9%	N/A
New York State	8.9%	8.75	8.0%	7.65	7.85	8.0%	8.05	7.7%	7.8%	7.7%	7.9%	N/A

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds are to be issued is the Education Law and the Local Finance Law.

The School District has complied with the procedure for validation of the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the School District is past due.

The fiscal year of the School District is July 1 to June 30.

Except to the extent shown in “Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the School District.

Financial Statements

The School District retains independent certified public accountants. The last audit report covers the period ending June 30, 2011 and may be found attached hereto as APPENDIX - C to this Official Statement. Copies of the report may also be examined at the School District office. In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and Federal statutes. Certain financial information of the School District can be found attached as Appendices to this Official Statement.

The School District complies with the Uniform System of Accounts as prescribed for School Districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the School District is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets, including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management’s Discussion and Analysis. The School District is currently in compliance with Statement No. 34.

TAX INFORMATION

Valuations, Rates and Tax Levy

Assessed Valuation

<u>Fiscal Year Ended June 30</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Valuation:					
Town of Brunswick	\$ 99,531,152	\$100,669,428	\$ 102,798,939	\$ 104,175,016	\$105,660,220
Town of Grafton	2,636,829	2,703,766	2,703,309	2,702,753	2,724,101
Town of Pittstown	106,598,081	107,082,280	107,568,757	107,234,325	107,204,334
Town of Poestenkill	1,636,408	1,708,494	1,732,072	1,759,409	1,938,312
Town of Schaghticoke	527,235	530,586	592,745	530,091	530,396
Total Assessed Valuation	\$ 210,929,705	\$212,694,554	\$ 215,332,822	\$ 216,401,594	\$ 218,057,396

N.Y. State Equalization Rate

Towns of:

Town of Brunswick	26.00%	24.30%	24.20%	25.30%	25.30%
Town of Grafton	8.75%	8.20%	8.03%	8.35%	7.90%
Town of Pittstown	62.50%	60.00%	61.50%	61.50%	61.00%
Town of Poestenkill	23.90%	23.50%	24.00%	24.75%	24.10%
Town of Schaghticoke	24.50%	22.00%	23.00%	23.50%	23.00%
Total Full Valuation:	\$ 592,503,116	\$635,402,646	\$ 642,882,876	\$ 627,856,442	\$ 638,205,287

Tax Rates Per \$1,000 (Assessed)

<u>Years Ending June 30:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Towns of:					
Brunswick	\$ 64.75	\$ 66.63	\$ 66.13	\$ 66.66	\$ 66.89
Grafton	192.40	197.46	199.30	201.98	214.22
Pittstown	26.94	26.99	26.02	27.42	27.74
Poestenkill	70.44	68.90	66.68	68.14	70.22
Schaghticoke	68.72	73.60	69.58	71.77	73.58

Tax Collection Record

<u>Year Ending June 30:</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Amount of Levy	\$9,975,006	\$10,288,309	\$10,288,309	\$10,588,887	\$10,800,665
Uncollected ⁽¹⁾	731,452	848,586.33	790,608	687,446	N/A
% Uncollected ⁽¹⁾	7.33%	8.25%	7.68%	6.49%	N/A

⁽¹⁾ At end of local collection period. The School District receives its levy in full from the County prior to the end of the School District fiscal year.

Tax Collection Procedure

Taxes are payable during September without penalty. A 2% penalty payable to the School District is added to taxes paid during the month of October. On November 1, all unpaid taxes are turned over to Rensselaer County for relevy on County/Town tax rolls. The responsibility for collection of unpaid taxes rests with the County, which reimburses the School District for unpaid taxes on April 1 each year. The School District is thereby assured of 100% tax collection. Taxes paid November 1 and after bear a 2% penalty payable to the School District and an additional 7% penalty payable to the County.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years and budgeted figures for the 2011-2012 fiscal year comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Property Tax</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2006-07	\$8,014,594	\$19,987,109	40.0%
2007-08	8,212,062	20,875,148	39.3%
2008-09	8,624,285	21,526,735	40.0%
2009-10	8,818,414	22,218,528	40.0%
2010-11	9,152,049	21,239,435	43.1%
2011-12 (Budgeted)	10,800,655	19,757,741	54.7%

Source: School District audited financial reports and adopted budget for 2011-2012.

Larger Taxpayers - 2011 Tax Roll for 2011-12

<u>Name</u>	<u>Type</u>	<u>Approximate Full Valuation</u>
National Grid	Utility	\$ 17,439,727
Brunswick Assoc of Albany	Apartment Complex	6,428,063
Brunswick Associates of Albany LP	Apartment Complex	3,841,897
Add Leasing Corporation	Auto Dealer	2,977,866
Grafton Quarry	Gravel Mine	2,915,590
Samaritan Hospital	Hospital	2,371,542
Delsignore Dewey II	Paving Company	2,135,968
Capital Communications	Credit Union	1,932,806
Verizon New York Inc.	Utility	1,864,993
Fourth Garden Park	Mobile Home Park	2,748,617

The ten larger taxpayers listed above have an approximate full valuation of \$44,657,069, which represents 7.0% of the tax base of the School District.

Source: School District Tax Rolls.

Additional Tax Information

Real property located in the School District is assessed by the Towns.

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the School District is estimated to be categorized as follows: Residential-76.6%, Agricultural-4.5% and Commercial- 18.9%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the School District is approximately \$2,208 including County, Town, School District and Fire District taxes.

New Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, the counties comprising New York City and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York).

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year, beginning with the 2012-2013 fiscal year. It expires on June 15, 2016 unless other provisions to which it is linked are extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only.

There are permissible exceptions for school districts to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of its each fiscal year budget.

There is also a permissible exception for school districts to the tax levy limitation provided in the Tax Levy Limitation Law for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The School District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School District may contract indebtedness only for a School District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; and unless substantially level or declining annual debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the School District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment roll by the equalization rate established by the State Office of Real Property Services in accordance with applicable State law.

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations
and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The Board of Education, as the finance board of the School District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the School District, pursuant to the Local Finance Law.

Statutory law in the State also permits the School District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year, provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the School District with the power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Bonds	\$ 16,423,197	\$ 15,002,200	\$ 22,255,904	\$ 20,460,000	\$ 18,465,000
Bond Anticipation Notes	0	7,000,000	0	0	0
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 16,423,197	\$ 22,002,200	\$ 22,255,904	\$ 20,460,000	\$ 18,465,000

Note: The School District issued \$4,582,000 refunding serial bonds in 2002 to align debt service payments with the State's assumed amortization payout schedule. As of June 30, 2011, there were \$320,000 refunded bonds outstanding. Debt service on the refunded bonds is paid from a fully funded escrow account, and while not legally defeased, these bonds are considered to be economically defeased.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of January 15, 2012:

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2012-2023	\$ 17,845,000
<u>Bond Anticipation Notes</u>	—	0
<u>Revenue Anticipation Notes</u>	—	<u>0</u>
	Total Indebtedness	<u>\$ 17,845,000</u>

Note: The School District issued \$4,582,000 refunding serial bonds in 2002 to align debt service payments with the State’s assumed amortization payout schedule. As of January 15, 2012, there are \$320,000 refunded bonds outstanding. Debt service on the refunded bonds is paid from a fully funded escrow account, and while not legally defeased, these bonds are considered to be economically defeased.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 15, 2012:

Full Valuation of Taxable Real Property.....	\$ 638,205,287
Debt Limit 10% thereof.....	63,820,528

Inclusions:

Bonds	\$ 17,845,000	
Principal of this Issue	<u>8,995,000</u> *	
Total Inclusions.....		<u>\$ 26,840,000</u>

Exclusions:

Building Aid ⁽¹⁾	<u>\$ 0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 26,840,000</u>
Net Debt-Contracting Margin.....	<u>\$ 36,980,000</u>
The percent of debt contracting power exhausted is	42.05%

⁽¹⁾ Represents an estimate of monies receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent request for an exclusion certificate applied for and received by the District from the State Commissioner of Education. As noted above, the District receives New York State debt service Building aid on its outstanding debt. However, a fundamental reform of Building aid enacted as Chapter 383 of the Laws of 2001. The provisions legislate among other things, a new “assumed amortization” payout schedule for State Building aid payments based on an annual “average interest rate” and mandatory periods of probable usefulness with respect to the allocation of Building aid. The District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the District will receive in relation to any outstanding bonds and notes.

Note: The School District issued \$4,582,000 refunding serial bonds in 2002 to align debt service payments with the State’s assumed amortization payout schedule. As of January 15, 2012 there are \$320,000 refunded bonds outstanding. Debt service on the refunded bonds is paid from a fully funded escrow account, and while not legally defeased, these bonds are considered to be economically defeased.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the School District.

* Preliminary, subject to change.

Capital Project Plans

There are currently no capital projects authorized or contemplated at this time.

Bonded Debt Service

A schedule of bonded debt service, including principal of this issue, may be found in APPENDIX - B to this Official Statement.

Cash Flow Borrowings

The following is a history of the School District's revenue anticipation note borrowings since the 2002-2003 fiscal year.

The School District has not borrowed for cash flow purposes through the issuance of tax anticipation notes during this same time and has no such current plans.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Type</u>	<u>Due Date</u>
2002-2003	\$ 2,300,000	RAN	June 2003
2003-2004	2,300,000	RAN	June 2004
2004-2005	2,300,000	RAN	June 2005
2005-2006	N/A	N/A	N/A
2006-2007	3,000,000	RAN	June 2007
2007-2008	3,000,000	RAN	June 2008
2008-2009	3,000,000	RAN	June 2009
2009-2010	N/A	N/A	N/A
2010-2011	N/A	N/A	N/A

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds 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 is as follows:

<u>Unit</u>	<u>Outstanding Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>School District</u>	<u>Net Indebtedness</u>
County of: Rensselaer	\$154,151,747	\$32,814,564	\$121,337,183	2.04%	\$ 2,475,279
Towns of:					
Brunswick	2,015,000	390,000	1,625,000	40.98%	665,925
Grafton	530,800	165,000	365,800	16.44%	60,138
Pittstown	40,545	0	40,545	45.21%	18,330
Poestenkill	196,775	0	196,775	2.08%	4,093
Schaghticoke	5,898,700	4,741,390	1,157,310	0.38%	4,398
				Total	<u>\$ 3,228,163</u>

⁽¹⁾ Bonds and bond anticipation notes as of close of last respective fiscal year adjusted to include subsequent bond sales, if any.

⁽²⁾ Water and Sewer Debt and Appropriations.

Source: 2009 State Comptroller's Report

Debt Ratios

The following table sets forth certain ratios relating to the School District's indebtedness as of January 15, 2012:

	Amount of <u>Indebtedness</u>	Per <u>Capita</u> ^(a)	Percentage of Full <u>Valuation</u> ^(b)
Net Indebtedness ^(c)	\$ 26,840,000	\$ 3,396.18	4.21%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	30,068,163	3,804.65	4.71%

Note: ^(a) The District's estimated population is 7,903. (See "Population" herein.)

^(b) The District's full valuation of taxable real estate for 2011-12 is \$638,205,287. (See "Valuations, Rates and Tax Levies" herein.)

^(c) See "Calculation of Net Direct Indebtedness" herein.

^(d) The District's estimated applicable share of net underlying indebtedness is \$3,228,163. (See "Estimated Overlapping Indebtedness" herein).

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

The Federal Bankruptcy Code allows public bodies such as the School District recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the School District.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

No principal or interest on District indebtedness is past due. The District has never defaulted in the payment of principal of or interest on any indebtedness.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the School District has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during any succeeding fiscal year in which the Bonds are outstanding, certain annual financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced under the heading(s) "The School District", "Tax Information", "Status of Indebtedness" and "Litigation" and Appendices and a copy of the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit) for the preceding fiscal year, if any; such information, data and audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if audited financial statements are prepared, sixty days following receipt by the School District of audited financial statements for the preceding fiscal year, but, in no event, not later than the last business day of each such succeeding fiscal year.
- (ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults, if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Bonds, unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds
 - (g) modifications to rights of Bondholders, if material
 - (h) Bond calls, if material and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds
 - (k) rating changes

- (l) bankruptcy, insolvency, receivership or similar event of the School District
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

The School District may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the School District determines that any such other event is material with respect to the Bonds; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The School District reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its continuing disclosure undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District, provided that, the School District agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

The School District is in compliance with all prior undertakings pursuant to the Rule.

MARKET AND RISK FACTORS

The financial condition of the School District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or 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 School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX - D.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. As one example, on September 12, 2011, the Obama Administration announced a legislative proposal entitled the American Jobs Act of 2011. For tax years beginning on or after January 1, 2013, the American Jobs Act of 2011 generally would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.”

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the School District. Bond Counsel’s opinion will be in substantially the form attached hereto as APPENDIX - D. Certain legal matters will be passed on for the Underwriter by its Counsel, Trespasz & Marquardt LLP, Syracuse, New York.

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the School District, threatened against or affecting the School District to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the School District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the School District.

UNDERWRITING

The Bonds are being purchased by Jefferies & Company, Inc. (the “Underwriter”) for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to \$_____ (being the par amount of the Bonds plus a net original issue premium of \$_____, less an underwriter’s discount for the transaction of \$_____). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

BOND RATING

Standard & Poor’s Credit Market Services. has given the Bonds a rating of “AA- (with a stable outlook)”. Such bond rating reflects only the view of such bond rating agency, and any desired explanation of the significance of such bond rating should be obtained from Standard & Poor’s Credit Market Services, 55 Water Street – 38th Floor, New York, New York 10041, (212) 438-2118. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such bond rating could have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the School District management’s beliefs as well as assumptions made by, and information currently available to, the School District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the School District’s files with the repositories. When used in School District documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the School District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the School District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The School District will act as paying agent for the Bonds.

The Brunswick Central School District (Brittonkill) contact information is as follows: The School District's contact information is as follows: Ms. Lyn Derway, Assistant Superintendent of Business, District Offices, 3992 State Highway 2, Troy, New York 12180, Phone: (518) 279-4600, Telefax: (518) 279-1918, email: lderway@brittonkill.k12.ny.us.

BRUNSWICK CENTRAL SCHOOL DISTRICT (BRITTONKILL)

Dated: January ___, 2012

MATTHEW WADE
President of the Board of Education and
Chief Fiscal Officer

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>ASSETS</u>				
Unrestricted Cash	\$ 3,837,105	\$ 2,409,595	\$ 1,850,023	\$ 3,612,037
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	275,846	412,189	268,283
State and Federal Aid Receivable	454,816	317,679	823,851	265,202
Due from Other Funds	252,661	259,534	611,633	297,719
Other Receivables	78,693	50,828	11,613	31,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,623,275</u>	<u>\$ 3,313,482</u>	<u>\$ 3,709,309</u>	<u>\$ 4,475,159</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts Payable	\$ 384,121	\$ 145,605	\$ 258,766	\$ 222,589
Accrued Liabilities	19,890	3,316	6,415	3,803
Revenue Anticipation Notes	-	-	-	-
Due to Other Funds	495,717	277,752	344,000	389,967
Due to Other Governments	-	-	-	-
Deferred Revenues	-	-	-	-
Due to Teachers' Retirement System	782,024	699,832	571,354	790,525
Due to Employees' Retirement System	55,694	50,316	64,601	100,859
Compensated Absences	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,737,446</u>	<u>1,176,821</u>	<u>1,245,136</u>	<u>1,507,743</u>
 <u>FUND EQUITY</u>				
Reserved	\$ 791,291	\$ 1,035,953	\$ 1,044,322	\$ 1,405,756
Unreserved:				
Appropriated	425,000	200,000	565,000	743,916
Unappropriated	1,669,538	900,708	854,851	817,744
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>2,885,829</u>	<u>2,136,661</u>	<u>2,464,173</u>	<u>2,967,416</u>
 TOTAL LIABILITIES and FUND EQUITY	 <u>\$ 4,623,275</u>	 <u>\$ 3,313,482</u>	 <u>\$ 3,709,309</u>	 <u>\$ 4,475,159</u>

Source: Audited financial reports of the School District. Table itself not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Real Property Taxes	\$ 7,788,533	\$ 8,014,594	\$ 8,212,062	\$ 8,624,285	\$ 8,818,414
Other Tax Items	1,808,395	1,817,623	1,766,191	1,666,230	1,471,861
Charges for Services	421,835	520,407	656,371	756,016	719,816
Other Districts & Governments	-	-	-	-	-
Use of Money & Property	316,835	761,252	634,350	414,858	220,444
Sale of Property and Compensation for Loss	7,238	10,479	3,905	8,366	5,388
Miscellaneous	413,296	150,541	182,999	237,061	266,998
Interfund Revenues	8,054	4,041	1,200	-	-
Revenues from State Sources	8,164,663	8,659,610	9,355,580	9,742,603	9,436,108
Revenues from Federal Sources	112,211	48,562	62,490	77,316	1,279,499
Total Revenues	<u>\$ 19,041,060</u>	<u>\$ 19,987,109</u>	<u>\$ 20,875,148</u>	<u>\$ 21,526,735</u>	<u>\$ 22,218,528</u>
Other Sources:					
Interfund Transfers	-	-	-	-	14,862
Total Revenues and Other Sources	<u>19,041,060</u>	<u>19,987,109</u>	<u>20,875,148</u>	<u>21,526,735</u>	<u>22,233,390</u>
EXPENDITURES					
General Support	\$ 2,401,469	\$ 2,534,722	\$ 2,731,062	\$ 2,838,428	\$ 2,759,497
Instruction	8,618,034	9,478,344	10,132,807	10,689,367	10,479,657
Pupil Transportation	1,003,824	1,048,300	1,171,542	1,457,271	1,182,226
Community Services	1,594	101,557	108,093	82,282	93,055
Employee Benefits	3,337,066	3,852,605	4,105,493	4,123,821	4,026,820
Debt Service	-	114,180	104,807	78,604	-
Total Expenditures	<u>\$ 15,361,987</u>	<u>\$ 17,129,708</u>	<u>\$ 18,353,804</u>	<u>\$ 19,269,773</u>	<u>\$ 18,541,255</u>
Other Uses:					
Interfund Transfers	1,835,852	4,285,378	2,186,942	3,006,130	3,364,623
Total Expenditures and Other Uses	<u>17,197,839</u>	<u>21,415,086</u>	<u>20,540,746</u>	<u>22,275,903</u>	<u>21,905,878</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,843,221</u>	<u>(1,427,977)</u>	<u>334,402</u>	<u>(749,168)</u>	<u>327,512</u>
FUND BALANCE					
Fund Balance - Beginning of Year	2,136,183	3,979,404	2,551,427	2,885,829	2,136,661
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 3,979,404</u>	<u>\$ 2,551,427</u>	<u>\$ 2,885,829</u>	<u>\$ 2,136,661</u>	<u>\$ 2,464,173</u>

Source: Audited financial reports of the School District. Table itself not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2011			2012
	Adopted Budget	Modified Budget	Actual	Proposed Budget
REVENUES				
Real Property Taxes	\$ 9,165,426	\$ 9,165,426	\$ 9,152,049	\$ 10,800,665
Other Tax Items	1,433,109	1,433,109	1,420,282	
Charges for Services	739,174	739,174	777,095	654,750
Other Districts and Govt's	-	-	-	-
Use of Money & Property	101,750	101,750	90,683	99,850
Sale of Property and Compensation for Loss	6,500	6,500	13,967	
Miscellaneous	99,000	99,000	497,316	105,000
Interfund Revenues	2,000	2,000	47,870	
Revenues from State Sources	9,208,862	9,208,862	8,435,842	8,067,476
Revenues from Federal Sources	50,000	50,000	532,153	30,000
Total Revenues	<u>\$ 20,805,821</u>	<u>\$ 20,805,821</u>	<u>\$ 20,967,257</u>	<u>\$ 19,757,741</u>
Other Sources:				
Interfund Transfers	-	-	272,178	-
Total Revenues and Other Sources	<u>20,805,821</u>	<u>20,805,821</u>	<u>21,239,435</u>	<u>19,757,741</u>
EXPENDITURES				
General Support	\$ 2,885,716	\$ 2,936,371	\$ 2,810,034	\$ 2,800,899
Instruction	10,377,055	9,844,186	9,587,920	9,651,250
Pupil Transportation	1,136,411	987,885	922,841	1,024,982
Community Services	93,879	100,605	99,805	95,224
Employee Benefits	4,995,581	4,690,668	4,458,270	6,871,254
Debt Service	-	-	-	-
Total Expenditures	<u>\$ 19,488,642</u>	<u>\$ 18,559,715</u>	<u>\$ 17,878,870</u>	<u>\$ 20,443,609</u>
Other Uses:				
Interfund Transfers	<u>1,882,179</u>	<u>2,876,477</u>	<u>2,857,322</u>	<u>-</u>
Total Expenditures and Other Uses	<u>21,370,821</u>	<u>21,436,192</u>	<u>20,736,192</u>	<u>20,443,609</u>
Excess (Deficit) Revenues Over Expenditures	<u>(565,000)</u>	<u>(630,371)</u>	<u>503,243</u>	<u>(685,868)</u>
FUND BALANCE				
Fund Balance - Beginning of Year	565,000	630,371	2,464,173	685,868
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,967,416</u>	<u>-</u>

Source: Audited financial report and budget of the School District. Table itself not audited.

**APPENDIX - B
Brunswick CSD**

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	PRIOR TO REFUNDING BONDS			Refunded Bonds Debt Service	REFUNDING BONDS			Total New Debt Service
	Principal	Interest	Total		Principal	Interest	Total	
2012	\$ 1,416,000	\$ 674,250.00	\$ 2,090,250.00					
2013	1,373,000	627,237.50	2,000,237.50					
2014	1,425,000	579,435.00	2,004,435.00					
2015	1,477,000	529,141.25	2,006,141.25					
2016	1,528,000	475,143.75	2,003,143.75					
2017	1,586,000	416,616.25	2,002,616.25					
2018	1,653,000	353,756.25	2,006,756.25					
2019	1,720,000	287,113.75	2,007,113.75					
2020	1,782,000	217,893.75	1,999,893.75					
2021	1,855,000	145,472.50	2,000,472.50					
2022	1,840,000	69,200.00	1,909,200.00					
2023	810,000	16,200.00	826,200.00					
TOTALS	\$ 18,465,000	\$ 4,391,460.00	\$ 22,856,460.00					

Note: The School District issued \$4,582,000 refunding serial bonds in 2002 to align debt service payments with the State's assumed amortization payout schedule. As of June 30, 2011, there are \$320,000 refunded bonds outstanding. Debt service on the refunded bonds is paid from a fully funded escrow account, and while not legally defeased, these bonds are considered to be economically defeased.

BRUNSWICK CENTRAL SCHOOL DISTRICT (BRITTONKILL)

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

JUNE 30, 2011

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Preliminary Official Statement

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Management & Discussion Analysis	3-15
Statement of Net Assets	16
Statement of Activities	17
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Equity – Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet To the Statement of Net Assets	20
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in Fund Equity to the Statement of Activities	21
Statement of Fiduciary Net Assets	22
Statement of Changes in Fiduciary Net Assets-Fiduciary Funds	23
Schedule of Change from Original Budget to Revised Budget And Use of Unreserved Fund Balance – General Fund	24
Schedule of Revenues Compared to Budget – General Fund	25
Schedule of Expenditures, Other Uses and Encumbrances Compared to Budget – General Fund	26
Schedule of Project Expenditures – Capital Projects Fund	27
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data	28
Schedule of Investment In Capital Assets, Net of Related Debt	29
Notes to Financial Statements	30-52
Management Letter	53
Independent Auditor's Report on Compliance And On Internal Control over Financial Reporting Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards	54-55
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program And Internal Control over Compliance In Accordance with OMB Circular A-133	56-57
Schedule of Findings and Questioned Costs-Current Year	58-59
Supplemental Schedule of Federal Financial Assistance	60
Notes to Schedule of Federal Financial Assistance	61
Schedule of Findings and Questioned Costs-Current Year	62-63
Independent Auditor's Opinion of Extraclassroom Activity Fund	64
Extraclassroom Fund – Statement of Cash Receipts and Disbursements	65

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INDEPENDENT AUDITOR'S REPORT

The Board of Education
Brunswick Central School District
3992 NY 2
Troy, NY 12180

Dear Board Member:

We have audited the accompanying financial statements of the governmental activities of the Brunswick Central School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Brunswick Central School District management. Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

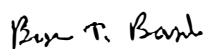
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Brunswick Central School District as of June 30, 2011, and the respective changes in financial position and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 6, 2011 on our consideration of the Brunswick Central School District's Internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 24 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brunswick Central School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC


BRYAN T. BASILA, CPA

Dated: September 6, 2011

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

The discussion and analysis of Brunswick Central School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The Intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2011 are as follows:

- In total, net assets decreased \$695,074. Net assets of governmental activities, other than school lunch, decreased \$24,031, which represents a 3.8% decrease in total net assets of governmental activities.
- General revenues accounted for \$20,195,619 in revenue or 91.4% of all revenues. Program specific revenues, in the form of charges for services, sales, grants, and contributions, accounted for \$1,910,468 or 8.6% of total revenues of \$22,106,087.
- The District had \$22,801,161 in expenses related to governmental activities; only \$1,910,468 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily property taxes, state and federal aid) \$20,195,619 were adequate to provide for these programs.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of three parts: management’s discussion and analysis, the basic financial statement, and required supplementary information.

The first two statements are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the District’s overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District’s operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about the relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

Figure A-1 shows how the required parts of the Financial Section are arranged and related to another.

Figure A-1
Required Components of
Brunswick Central School District’s
Financial Report

Management Discussion And Analysis	Basic Financial Statements	Required Supplementary Information
--	----------------------------------	--

Government -wide Financial Statements	Fund Financial Statements	Notes to the Financial Statements
--	---------------------------------	---

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Brunswick Central School District's
Government-wide and Fund Financial Statements

	Entity-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues Expenditures, and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial measurement focus	Accrual accounting and economic resources focus
Type of asset and liability information	All assets and liabilities, both financial and capital and short-term and long-term	Current Assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Entity-wide Statements

The entity-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two entity-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources are expended to purchase or build assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Assets:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - 1) Net Assets invested in capital assets, net of related debt;
 - 2) Restricted net assets are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - 3) Unrestricted net assets are net assets that do not meet any of the above restrictions.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Fund Financial Statements

The District's fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds – the District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance operations. This report should be used to support the District's own programs and is developed using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans and certain post employment healthcare plans.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net assets were \$17,528,779 at June 30, 2011.

Table A-3
Condensed Statement of Net Assets -
Governmental Activities

	Fiscal Year 2011	Fiscal Year 2010	Percent Change
Current and other assets	\$ 7,443,773	\$ 7,235,348	2.9
Capital Assets	<u>\$37,299,348</u>	<u>\$37,657,071</u>	<u>(1.0)</u>
Total Assets	<u>\$44,743,121</u>	<u>\$44,892,419</u>	<u>(0.3)</u>
Current and other liabilities	\$ 2,648,614	\$ 2,807,332	(5.7)
Long-Term Liabilities	<u>\$24,565,728</u>	<u>\$23,861,234</u>	<u>3.0</u>
Total Liabilities	<u>\$27,214,342</u>	<u>\$26,668,566</u>	<u>2.1</u>
Net Assets			
Invested in capital assets, Net of related debt	\$19,154,348	\$17,899,510	7.0
Restricted	\$ 3,900,348	\$ 3,384,190	15.3
Unrestricted	<u>\$ (5,525,917)</u>	<u>\$ (3,059,847)</u>	<u>(80.6)</u>
Total Net Assets	<u>\$17,528,779</u>	<u>\$18,223,853</u>	<u>(3.8)</u>

Most of the District's net assets are invested in capital assets (buildings, land and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The designated balances are amounts set-aside to fund future purchases, debt payments, tax certioraries or capital projects as planned by the district.

The District's fiscal year 2010 – 2011 revenues totaled \$22,106,087. Property taxes and state aid accounted for most of the District's revenue by contributing 47.8% and 38.2%, respectively, of every dollar raised. The remainder came from fees charged for services, operating grants, federal sources, school lunch sales, and other miscellaneous sources.

The total cost of all programs and services totaled \$22,801,161 for the fiscal year 2010 – 2011. These expenses (79.8%) are predominantly support to general instruction and caring for (pupil services) and transporting students. The District's administrative and business activities accounted for 5.0% of total costs.

Net assets decreased by \$695,074.

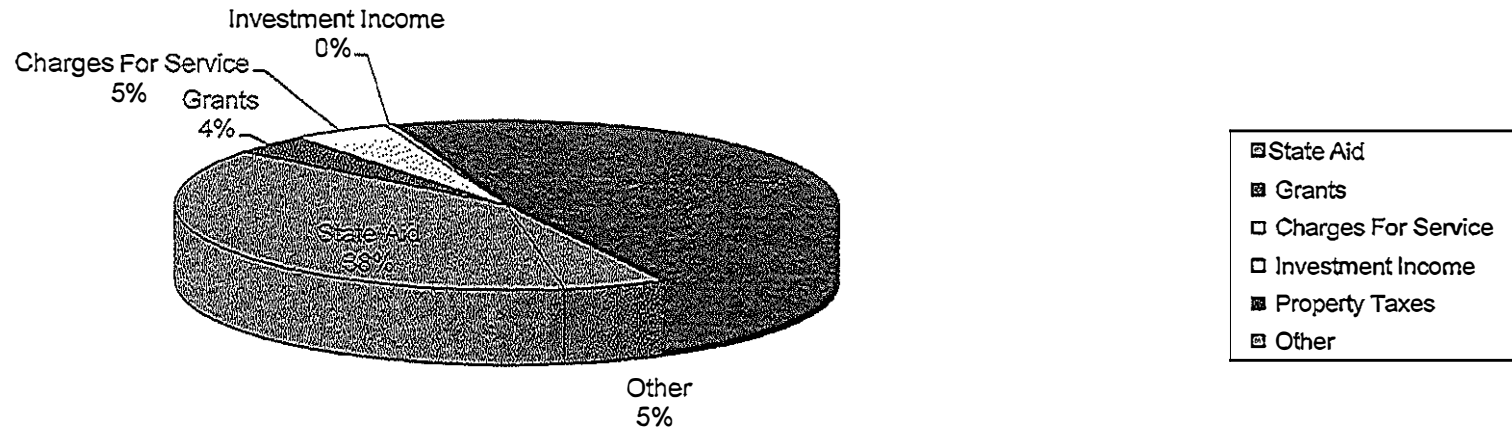
**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Table A-4 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

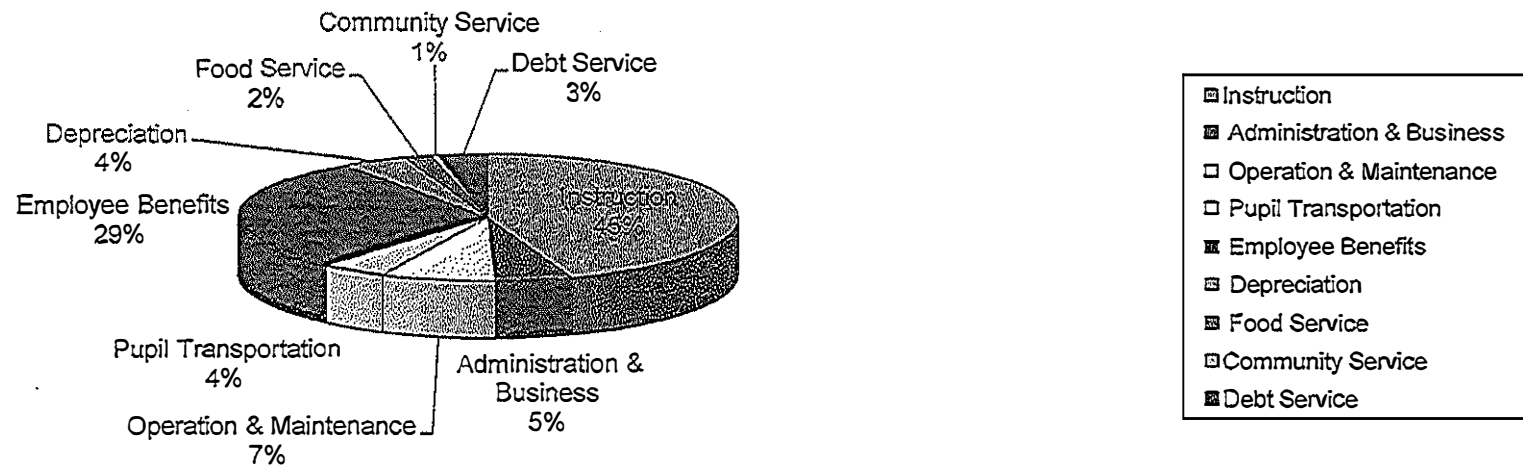
Table A-4
Fiscal Year Ended June 30, 2011
Changes in Net Assets
Governmental Activities Only

	Fiscal Year 2011	Fiscal Year 2010	Percent Change
Revenues			
Program Revenues			
Charges for Services	\$ 1,056,366	\$ 993,376	6.3
Operating Grants	\$ 854,102	\$ 883,161	(3.3)
Capital Grants	\$ -0-	\$ -0-	0.0
Property Taxes	\$10,572,331	\$10,290,275	2.7
State Aid	\$ 8,435,842	\$ 9,436,108	(10.6)
Investment Earnings	\$ 96,140	\$ 228,440	(57.9)
Other	\$ 1,091,306	\$ 1,551,886	(29.7)
Total Revenues	\$22,106,087	\$23,383,245	(5.5)
Expenses			
General Support	\$ 2,810,034	\$ 2,759,497	1.8
Instruction	\$10,158,248	\$11,076,633	(8.3)
Pupil Transportation	\$ 970,750	\$ 1,213,938	(20.0)
Community Service	\$ 99,805	\$ 93,055	7.3
Employee Benefits	\$ 6,661,009	\$ 6,371,086	4.6
Depreciation expense	\$ 975,916	\$ 961,464	1.5
Debt Service-Interest	\$ 721,396	\$ 806,489	(10.6)
Food Services	\$ 404,003	\$ 429,762	(6.0)
Total Expenses	\$22,801,161	\$23,711,924	(3.8)
Increase (decrease) in net assets	\$ (695,074)	\$ (328,679)	(111.5)

Sources of Revenues



Expenses for Fiscal Year



**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

Governmental Activities

Revenues for the District's governmental activities totaled \$22,106,087 while total expenses equaled \$22,801,161. Therefore, the decrease in net assets for governmental activities was \$695,074 in the fiscal year 2010 – 2011.

Table A-7 presents the cost of eight major District activities: Instruction, Administration & Business, Operation & Maintenance, Pupil Transportation, Employee Benefits, Depreciation, Food Service, and Interest. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of the functions.

Table A-7
Fiscal Year Ended June 30, 2011
Net Cost of Governmental Activities

<u>Category</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 10,158,248	\$ 8,991,297
Administration & Business	\$ 1,136,357	\$ 1,136,357
Operation & Maintenance	\$ 1,673,677	\$ 1,673,677
Pupil Transportation	\$ 970,750	\$ 922,841
Community Service	\$ 99,805	\$ (55,524)
Employee Benefits	\$ 6,661,009	\$ 6,548,764
Depreciation	\$ 975,916	\$ 975,916
Food Service	\$ 404,003	\$ 24,031
Interest	\$ 721,396	\$ 721,396
Total	<u>\$ 22,801,161</u>	<u>\$ 20,890,693</u>

- The cost of all governmental activities this year was \$22,801,161.
- The users of the District's programs (\$1,056,366) financed some of the cost.
- The federal and state governments subsidized certain programs with grants (\$854,102).
- Most of the District's net costs (\$20,890,693) were financed by taxpayers and state aid.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and current payments for debt.

There are significant variances reflected in the governmental fund financial statements for the fiscal year 2010 – 2011.

- Federal sources of revenue decreased \$787,788. The decrease was due to the economic stimulus grants received by the District.
- State Aid to the General Fund decreased \$1,000,266.
- The District transferred \$2,832,179 from the general fund to the debt service fund to provide funding for the current and future debt service payments of the current capital project.

At June 30, 2011, the District governmental funds reported a combined fund balance of \$6,317,084 which is an increase of \$32,330.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2011, the District had \$37,299,348 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$357,723 or 1.0% from last year.

Table A-8
Governmental Activities
Capital assets – net of depreciation

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 36,322	\$ 36,322
Buildings	\$ 36,359,514	\$ 26,551,177
Construction-In-Progress	\$ -0-	\$ 10,038,698
Furniture & Equipment	\$ 903,512	\$ 1,030,874
Total	<u>\$ 37,299,348</u>	<u>\$ 37,657,071</u>

See Notes in the notes to financial statement for changes.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

DEBT ADMINISTRATION

At year end, the District had \$18,145,000 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Notes to the financial statements.

Table A-9
Outstanding Long-Term Debt

Category	<u>June 30, 2011</u>	<u>June 30, 2010</u>
General Obligation Bonds	\$ 18,145,000	\$ 19,855,000
Other General Obligation Debt	\$ -0-	\$ -0-
Total	<u>\$ 18,145,000</u>	<u>\$ 19,855,000</u>

During the year, the District paid \$1,710,000 towards its long-term debt obligations and borrowed \$-0-.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES
ECONOMIC FACTORS**

For the second year in a row the Brunswick Central School District has cut spending. In its 2011-12 budget a \$20,443,609 budget that reduces spending to the lowest level in five years. However, due largely to a \$1.1 million cut in state aid, and a \$2.7 million cut in state aid over the last two years, the 2011-12 budget requires a two percent increase in the tax levy. In the last three years the portion of state aid has reduced from 48%, 42% and now 39.5% of our total revenue.

The District will use \$441,322 in Federal Education Jobs Fund to avoid layoffs for one year. This funding, authorized by the federal government in August 2010, must be used by the end of 2011-12 to create or retain positions.

The district has the maximum allowable in our un-appropriated Fund Balance of 4% or \$817,744, and increased our appropriated fund balance in an effort to keep taxes down to \$685,868. Given the economic uncertainties that both the district and the individual tax payer are currently facing, the District remains financially stable. With a continued commitment from the BOE and the District's administrative team, our comprehensive budget planning process will help ensure our stability throughout these unprecedented difficult financial times.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT AND DISCUSSION ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate our accountability with the money it receives. If you have questions about this report or wish to request additional financial information, please contact:

Brunswick Central School District
Attn: Gail Lathrop, Director of Business Operations
3992 NY2
Troy, NY 12180
(518) 279-4600

Brunswick Central School District
Statement of Net Assets
June 30, 2011

ASSETS	
Current Assets	
Cash	
Unrestricted	\$ 6,602,248
Restricted	-
Investments	
Unrestricted	
Restricted	
Receivables	
Taxes	28
Due from other funds	528,180
State and Federal Aid	288,283
Due from other governments	35,585
Other	9,453
Inventories	9,453
Total Current Assets	<u>7,443,773</u>
Noncurrent Assets	
Capital Assets	49,684,157
Less: Accumulated Depreciation	<u>(12,384,809)</u>
Total Noncurrent Assets	<u>37,299,348</u>
TOTAL ASSETS	<u>\$ 44,743,121</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 228,187
Accrued liabilities	139,728
Due to other funds	-
Due to other governments	388
Bond interest and matured bonds	
Notes Payable	
Tax anticipation	
Revenue anticipation	
Bond anticipation	
Deferred credits	
Overpayments and collections in advance	4,947
Deferred revenues - planned balance	
Deferred revenues - other	
Due and payable within one year	
Bonds payable	1,386,000
Installment purchase debt payable	
Due to teachers' retirement system	790,525
Due to employees' retirement system	100,869
Compensated absences payable	
Other postemployment benefits payable	
Judgment and claims payable	
Total Current Liabilities	<u>2,648,814</u>
Noncurrent Liabilities	
Due and payable after one year	
Bonds payable	16,769,000
Installment purchase debt payable	
Due to teachers' retirement system	
Due to employees' retirement system	
Compensated absences payable	808,841
Other postemployment benefits payable	6,997,687
Judgment and claims payable	
Total Noncurrent Liabilities	<u>24,565,728</u>
Total Liabilities	<u>27,214,342</u>
NET ASSETS	
Investment in capital assets, net of related debt	10,164,348
Restricted for:	
Debt Service	3,214,480
Capital	-
Subsequent year's expenditures	685,888
Unrestricted (deficit)	<u>(6,625,917)</u>
Total Not Assets	<u>17,528,779</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 44,743,121</u>

See notes to general purpose financial statements

Brunswick Central School District
Statement of Activities
For the Year Ended June 30, 2011

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 2,810,034	\$ -	\$ -	\$ -	\$ (2,810,034)
Instruction	10,158,248		621,766	545,185	(8,991,297)
Pupil Transportation	970,750			47,909	(922,841)
Community Service	99,805		155,329		55,524
Employee Benefits	6,661,009			112,245	(6,548,764)
Debt Service	721,396				(721,396)
Other expenses	-				-
Depreciation - unallocated	975,916				(975,916)
School Lunch Program	404,003		279,271	148,763	24,031
Total Functions and Programs	\$ 22,801,161	\$ -	\$ 1,056,366	\$ 854,102	(20,890,693)
GENERAL REVENUES					
Real property taxes					9,152,049
Other tax items					1,420,282
Nonproperty taxes					-
Use of money and property					96,140
Sale of property and compensation for loss					13,967
Miscellaneous					497,316
Interfund revenue					47,870
State sources					8,435,842
Federal sources					532,153
Total General Revenues					20,195,619
Change in Net Assets					(695,074)
Total Net Assets - Beginning of year					18,223,853
Total Net Assets - End of year					\$ 17,528,779

See notes to general purpose financial statements

Brunswick Central School District
Balance Sheet - Governmental Funds
June 30, 2011

	General	Special Aid	School Lunch	Debt Service	Capitol Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 3,612,037	\$ 14,459	\$ 149,921	\$ 2,824,604	\$ 1,325	\$ 6,602,246
Restricted						-
Investments						-
Unrestricted						-
Restricted						-
Receivables						-
Taxes						-
Due from other funds	297,719			389,976		687,695
State and Federal Aid	265,202	261,279	1,699			526,180
Due from other governments	288,283					288,283
Other	31,918		3,867			35,585
Inventories			9,453			9,453
Deferred expenditures						-
Capital Assets, net						-
Total Assets	\$ 4,475,169	\$ 275,738	\$ 164,740	\$ 3,214,480	\$ 1,325	\$ 8,131,442
LIABILITIES						
Payables						
Accounts Payable	\$ 222,589	\$ 1,756	\$ 553	\$ -	\$ 1,289	\$ 226,187
Accrued liabilities	3,803					3,803
Due to other funds	389,967	273,982	23,664		36	687,669
Due to other governments			388			388
Bond interest and matured bonds						-
Notes Payable						-
Tax anticipation						-
Revenue anticipation						-
Bond anticipation						-
Deferred credits						-
Overpayments and collections in advance						-
Deferred revenues			4,947			4,947
Planned balance						-
Long-term liabilities						
Due to teachers' retirement system	790,525					790,525
Due to employees' retirement system	100,859					100,859
Compensated absences payable						-
Other postemployment benefits payable						-
Judgment and claims payable						-
Other liabilities						-
Total Liabilities	1,507,743	275,738	29,552	-	1,325	1,814,358
FUND BALANCE						
Nonspendable			9,453			9,453
Restricted	1,405,756			3,214,480		4,620,236
Committed						-
Assigned	743,916	4,511	125,735			874,162
Unassigned	817,744	(4,511)				813,233
Total Fund Balance	2,967,416	-	135,188	3,214,480	-	6,317,084
Total Liabilities and Fund Balances	\$ 4,475,169	\$ 275,738	\$ 184,740	\$ 3,214,480	\$ 1,325	\$ 8,131,442

See notes to general purpose financial statements

Brunswick Central School District
Statement of Revenues, Expenditures
and Changes in Fund Equity - Governmental Funds
For the Year Ended June 30, 2011

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Revenues						
Real property taxes	\$ 9,152,049	\$ -	\$ -	\$ -	\$ -	\$ 9,152,049
Other tax items	1,420,282					1,420,282
Charges for services	777,095					777,095
Use of property and compensation for loss	90,683		137	5,320		96,140
Sale of Property and Compensation for Loss	13,967					13,967
Miscellaneous	497,316					497,316
Interfund revenue	47,870					47,870
State Sources	8,435,842	100,684	9,252			8,545,678
Federal sources	532,153	604,755	119,272			1,256,180
Surplus food			20,239			20,239
Sales - school lunch			279,271			279,271
Total Revenues	20,967,257	705,339	428,171	5,320	-	22,106,087
EXPENDITURES						
General Support	2,810,034					2,810,034
Instruction	9,587,920	570,328				10,158,248
Pupil Transportation	922,841	47,909				970,750
Community Service	99,805					99,805
Employee benefits	4,458,270	112,245	35,502			4,606,017
Debt service						-
Principal				1,710,000		1,710,000
Interest				732,209		732,209
Cost of Sales			366,501			366,501
Other expenditures						-
Capital Outlay					618,193	618,193
Total expenditures	17,878,870	730,482	404,003	2,442,209	618,193	22,073,767
Excess (Deficiency) of Revenues Over Expenditures	3,088,387	(25,143)	24,168	(2,436,889)	(618,193)	32,330
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-					-
Operating transfers in	272,178	25,143		2,832,179		3,129,500
Operating transfers (out)	(2,857,322)				(272,178)	(3,129,500)
Total Other Sources (Uses)	(2,585,144)	25,143	-	2,632,179	(272,178)	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	503,243	-	24,168	395,290	(890,371)	32,330
Fund Balances - Beginning of year	2,464,173	-	111,020	2,819,190	890,371	6,284,754
Fund Balances - End of year	\$ 2,967,416	\$ -	\$ 135,188	\$ 3,214,480	\$ -	\$ 6,317,084

See notes to general purpose financial statements

Brunswick Central School District
 Reconciliation of Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2011

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	\$ 6,602,246	\$ -	\$ -	\$ 6,602,246
Accounts Receivable	832,048			832,048
Due from other funds	687,695		(687,669)	26
Due from fiduciary funds				-
Due from other governments				-
Inventories	9,453			9,453
Mortgages receivable				-
Land, buildings and equipment (net)		37,299,348		37,299,348
Total Assets	\$ 8,131,442	\$ 37,299,348	\$ (687,669)	\$ 44,743,121
LIABILITIES				
Accounts Payable	\$ 226,187	\$ -	\$ -	\$ 226,187
Accrued liabilities	3,803	135,925		139,728
Bonds payable		18,145,000		18,145,000
Revenue anticipation notes payable				-
Bond anticipation notes payable				-
Bond interest and matured bonds				-
Due to other funds	687,669		(687,669)	-
Due to other governments	368			368
Due to teachers' retirement system	790,525			790,525
Due to employees' retirement system	100,859			100,859
Compensated absences		808,841		808,841
Installment purchase debt payable				-
Postemployment benefits		6,997,887		6,997,887
Deferred revenues	4,947			4,947
Total Liabilities	1,814,358	26,087,653	(687,669)	27,214,342
FUND EQUITY/NET ASSETS				
Total Fund Equity/Net Assets	6,317,084	11,211,695	-	17,528,779
Total Liabilities, Equity and Other Credits	\$ 8,131,442	\$ 37,299,348	\$ (687,669)	\$ 44,743,121

See notes to general purpose financial statements

Brunswick Central School District
 Reconciliation of Governmental funds Revenues, Expenditures, and Changes in
 Fund Equity to the Statement of Activities
 For the Year Ended June 30, 2011

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Eliminations and Reclassifications	Long-term Debt Transactions	Statement of Activities Totals
REVENUES						
Real property taxes	\$ 9,162,049	\$ -	\$ -	\$ -	\$ -	\$ 9,162,049
Other tax items	1,420,282					1,420,282
Charges for services	777,095					777,095
Use of money and property	96,140					96,140
Sale of property and compensation for loss	13,967					13,967
Miscellaneous	497,316					497,316
Interfund revenue	47,870					47,870
State sources	8,545,678					8,545,678
Medical reimbursement						-
Federal sources	1,256,180					1,256,180
Surplus food	20,239					20,239
Sales - school lunch	279,271					279,271
Total Revenues	22,106,087	-	-	-	-	22,106,087
EXPENDITURES/EXPENSES						
General support	2,810,034					2,810,034
Instruction	10,158,248					10,158,248
Pupil transportation	970,750					970,750
Community service	99,805					99,805
Employee benefits	4,606,017	70,161		(35,502)	2,020,333	6,661,009
Debt service	2,442,209	(10,813)			(1,710,000)	721,396
Cost of sales	368,501			(366,501)		-
School Lunch Program				404,003		404,003
Other expenditures						-
Depreciation - unallocated			975,916			975,916
Capital outlay	618,193		(618,193)			-
Total Expenditures	22,073,757	59,348	357,723	-	310,333	22,801,161
Excess (Deficiency) of Revenues Over Expenditures	32,330	(59,348)	(357,723)	-	(310,333)	(695,074)
OTHER SOURCES AND USES						
Proceeds from debt	-					-
Operating transfers in	3,129,500			(3,129,500)		-
Operating transfers (out)	(3,129,500)			3,129,500		-
Total Other Sources (Uses)	-	-	-	-	-	-
Net Change for the Year	\$ 32,330	\$ (59,348)	\$ (357,723)	\$ -	\$ (310,333)	\$ (695,074)

See notes to general purpose financial statements.

Brunswick Central School District
Statement of Fiduciary Net Assets -
Fiduciary Funds
June 30, 2011

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 57,348	\$ 80,752
Due from governmental funds	-	-
Accounts receivable	-	-
Total Assets	\$ 57,348	\$ 80,752
 LIABILITIES		
Due to governmental funds	\$ -	\$ 26
Extracurricular activity balances	-	46,013
Other liabilities	-	34,713
Total Liabilities	-	\$ 80,752
 NET ASSETS		
Reserved for scholarships	\$ 57,348	

See notes to general purpose financial statements

Brunswick Central School District
Statement of Changes In Fiduciary Net Assets -
Fiduciary Funds
For The Year Ended June 30, 2011

	<u>Private Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 825
Investment Earnings	203
Interest	
Total Additions	<u>1,028</u>
 DEDUCTIONS	
Scholarships and awards	<u>6,200</u>
Change in Net Assets	(5,172)
Net Assets - Beginning of year	<u>62,520</u>
Net Assets - End of year	<u><u>\$ 57,348</u></u>

See notes to general purpose financial statements

Brunswick Central School District
 Schedule of Change from Original Budget to Revised Budget
 And Use of Unreserved Fund Balance - General Fund
 For the Year Ended June 30, 2011

CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET

Original Budget	\$ 21,370,821
Additions:	
Budget Revisions	
See Notes	"
Encumbrances (July 1, 2010)	65,371
Total Additions	<u>65,371</u>
Deductions:	
Budget Revisions	
Total Deductions	<u>-</u>
Revised Budget	<u>\$ 21,436,192</u>

See Accompanying Notes to Financial Statements

USE OF UNRESERVED FUND BALANCE

Unreserved Fund Balance - As of the beginning of year	\$ 1,419,851
Less:	
Designated fund balance used for the levy of taxes - Original budget	<u>565,000</u>
Undesignated Fund Balance - As of the beginning of the year	<u>\$ 854,851</u>

See Paragraph on Supplementary Schedules included in Auditors' Report

Supplemental Schedule #2

Brunswick Central School District
 Schedule of Revenues Compared
 to Budget - General Fund
 For the Year Ended June 30, 2011

REVENUES	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Local Sources				
Real Property Taxes	\$ 9,165,426	\$ 9,165,426	\$ 9,152,049	\$ (13,377)
Other Tax Items	1,433,109	\$ 1,433,109	\$ 1,420,282	(12,827)
Charges for Services	739,174	739,174	777,095	37,921
Use of Money and Property	101,750	101,750	90,683	(11,067)
Sale of Property and Compensation for Loss	6,500	6,500	13,967	7,467
Miscellaneous	99,000	99,000	497,316	398,316
Interfund Revenues	2,000	2,000	47,870	45,870
Total Local Sources	11,546,959	11,546,959	11,999,262	452,303
State Sources	9,206,862	9,208,862	8,435,842	(773,020)
Federal Sources	50,000	50,000	532,153	482,153
Total Revenues	20,805,621	20,805,821	20,967,267	161,436
Other Sources				
Operating Transfers In	-	-	272,178	272,178
Proceeds of Long-term Debt				
TOTAL REVENUES AND OTHER SOURCES	20,805,621	20,805,821	\$ 21,239,435	\$ 433,614
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	565,000	630,371		
Appropriated Reserve Revenues				
Total Revenues, Appropriated Reserves and Designated Fund Balance	\$ 21,370,621	\$ 21,436,192		

See Paragraph on Supplementary Schedules Included In Auditors' Report

Supplemental Schedule #3

Brunswick Central School District
 Schedule of Expenditures, Other Uses and Encumbrances
 Compared to Budget - General Fund
 For the Year Ended June 30, 2011

EXPENDITURES	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
General Support					
Board of Education	\$ 37,134	\$ 41,326	\$ 31,943	\$ 1,760	\$ 7,623
Central Administration	214,925	213,880	213,585	130	165
Finance	452,802	502,838	486,472	240	36,126
Staff	122,496	130,052	121,119	316	6,615
Central Services	1,758,298	1,739,374	1,673,677	26,692	37,005
Special Items	300,081	308,901	303,236	-	5,863
Total General Support	2,865,716	2,936,371	2,810,034	31,140	95,197
Instructional					
Instruction, Administration & Improvement	785,877	783,283	727,698	295	55,270
Teaching - Regular School	5,716,675	5,486,719	5,444,735	9,635	32,149
Programs for Children With Handicapping Conditions	1,813,417	1,711,638	1,669,047	-	22,791
Occupational Education	229,079	252,254	243,254	-	9,000
Teaching - Special Schools	415,990	217,429	134,362	-	63,047
Instructional Media	430,299	466,336	453,814	8,516	4,006
Pupil Services	965,716	926,347	894,990	373	30,964
Total Instruction	10,377,055	9,844,186	9,587,920	19,019	237,247
Pupil Transportation	1,136,411	967,885	922,841	7,703	57,341
Community Service	93,879	100,605	99,805	186	614
Employee Benefits	4,995,581	4,690,666	4,458,270	-	232,398
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total Debt Service	-	-	-	-	-
Total Expenditures	19,488,642	18,559,715	17,878,670	56,048	622,797
Other Uses					
Operating Transfers Out	1,882,179	2,676,477	2,857,322	-	19,155
Total Expenditures & Other Uses	\$ 21,370,821	\$ 21,436,192	\$ 20,736,192	\$ 56,048	\$ 641,952

See Paragraph on Supplementary Schedules included in Auditors' Report

Brunswick Central School District
 Schedule of Project Expenditures
 Capital Projects Fund
 For the Year Ended June 30, 2011

Supplemental Schedule #4

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance June 30, 2011
			Prior Years	Current Years	Total						
Districtwide Additions/Renovations - Project 2006 Project #'s 0003-020 & 0006-010 0009-015, 204-001, 5005-005	\$ 10,100,000	\$ 10,100,000	\$ 10,002,561	\$ 97,439	\$ 10,100,000	\$ -	\$ 8,731,804	\$ 443,196	\$ 925,000	\$ 10,100,000	-
Wastewater Treatment Facility	700,000	700,000	68,271	520,754	589,025	110,975	-	-	700,000	700,000	110,975
Buses	-	-	-	-	-	-	-	-	161,203	161,203	161,203
Interfund Transfer	-	-	-	272,178	272,178	(272,178)	-	-	-	-	(272,178)
Totals	\$ 10,800,000	\$ 10,800,000	\$ 10,070,832	\$ 890,371	\$ 10,961,203	\$ (161,203)	\$ 8,731,804	\$ 443,196	\$ 1,786,203	\$ 10,961,203	\$ -

10,070,832

See Paragraph on supplementary Schedules included in Auditors' Report

Supplemental Schedule #5
 Brunswick Central School District
 Schedule of Certain Revenues and Expenditures Compared to ST-3 Data
 For the Year Ended June 30, 2011

	<u>Account Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
Revenues			
Property Taxes	A - 1001	\$ 9,152,049	\$ 9,152,049
Non Property Taxes	AT - 1199	-	-
State Aid	AT - 3999	8,435,842	8,435,842
Federal Aid	AT - 4999	532,153	532,153
Total Revenues	AT - 5999	21,239,435	21,239,435
Expenditures			
General Support	AT - 1999	2,810,034	2,810,034
Pupil Transportation	AT - 5599	922,841	922,841
Debt Service - Principal	AT - 9798.6	-	-
Debt Service - Interest	AT - 9798.7	-	-
Total Expenditures	AT - 9999	\$ 20,736,191	\$ 20,736,192 *

* Variance due to rounding

See Paragraph on Supplementary Schedules Included in Auditors' Report

Supplemental Schedule #6

Brunswick Central School District
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2011

Capital assets, net		\$	37,299,348
Additions:			
Unamortized bond issuance costs			
Discounts on bonds payable			
Other:			
			<hr/>
Total Additions			<hr/> -
Deductions:			
Bond anticipation notes proceeds used for capital assets- Construction In Progress			-
Premium on bonds payable			
Short-term portion of bonds payable		1,386,000	
Long-Term portion of bonds payable		16,759,000	
Less: unspent bond proceeds			
Short-term portion of capital leases			
Long-term portion of capital leases			
Other short or long-term debt related to capital assets			
Other:			
			<hr/>
Total Deductions		18,145,000	(18,145,000) <hr/>
Investment in capital assets, net of related debt		\$	<u>19,154,348</u>

See Accompanying Notes to Financial Statements

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1 – Summary of Certain Significant Accounting Policies:

The financial statements for the Brunswick Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

The Brunswick Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity:

1) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the end of this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

B) Joint Venture:

The District is a component district in Rensselaer-Columbia-Greene Counties Board of Cooperative Educational Services. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provision of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(4)(b)(7) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$1,149,370 for BOCES administrative and Program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$596,146.

General purpose financial statements for the BOCES are available from the BOCES administrative office.

C) Basis of Presentation:

i) District-Wide Statements:

The Statement of Net Assets and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve to determine who benefits.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D) Measurement Focus and Basis of Accounting:

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

E) Cash and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of State and its municipalities and districts. Investments are stated at fair value.

F) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 10, 2010. Taxes are collected during the period September 1 to November 1, 2010.

The County in which the District is located enforces uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement no later than the following April 1.

G) Accounts Receivable:

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H) Inventories and Prepaid Items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements.

A reserve for these non-liquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

I) Interfund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These Interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Assets for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset. A detailed description of the individual fund balances at year-end is provided subsequently in these Notes.

J) Capital Assets:

Capital assets are reported at actual cost for acquisitions in which the cost could be determined. For assets in which the actual cost could not be determined, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statement are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	1,000	Straight-Line	30-50 yrs
Site Improvements	1,000	Straight-Line	20 yrs
Furniture and equipment	1,000	Straight-Line	3-15 yrs
Buses	1,000	Straight-Line	8 yrs

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

K) Vested Employee Benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation:

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

L) Other Benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

M) Deferred Revenue:

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

N) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may Issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may Issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

O) Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

P) Restricted Resources:

When an expense is incurred for purposes for which other restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Q) Equity Classifications:

District-wide statements:

In the district-wide statements there are three classes of net assets:

Invested in capital assets, net of related debt – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net assets – reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds statements:

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$9,453.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Capital

According to Education law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form of the required legal notice for the vote on establishing the funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education law. This reserve is accounted for in the General Fund under restricted Fund Balance.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

Employee Benefit Accrued Liability

According to general Municipal Law §6-p, must be used for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari

According to Education Law §3651.1-a, Must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Uncollected Taxes In a City School District

According to Education Law §3651[1-b], must be used to cover uncollected real property taxes for a given tax fiscal year in city school districts provided the city or county is not required to pay to the treasurer of a city school district the amount of unpaid taxes during the fiscal year for which they are levied. Is created by resolution of the governing board, without voter approval, provided that the ratio of the amount of such reserve to the total principal amount of the district's tax levy for the fiscal year is not less than the ration of the principal amount of the school district taxes as levied for the last completed fiscal year but not received by the district before the end of that fiscal year, to the total principal amount of the tax levy for the last completed fiscal year. Source of funds generally is through budgetary appropriations. If the city or county is not required to pay to the treasurer of a city school district unpaid taxes pursuant to section 1332 of the Real Property Tax Law, the board of education of the city school district shall establish a reserve pursuant to this subdivision, provided that such reserve shall not be less than the amount of taxes for the fiscal year for which the budget is being prepared which are estimated to be unpaid during such fiscal year under the Real Property Tax Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Worker's Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Restricted fund balance includes the following:

General Fund:	
Capital	\$ -0-
Debt Service	-0-
Employee Benefit Accrued Liability	808,839
Insurance	-0-
Liability Claims and Property Loss	-0-
Repairs	-0-
Retirement Contributions	294,625
Tax Certiorari	152,000
Uncollected Taxes in a City School District	-0-
Unemployment Insurance	73,398
Workers' Compensation	76,894
Capital Fund	-0-
Debt Service Fund	3,214,480
Special Aid Fund	-0-
School Lunch Fund	<u>-0-</u>
Total Restricted Funds	<u>\$ 4,620,236</u>

Committed – includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2011.

Assigned – includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$840,290.

Unassigned – includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purpose are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

R) Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements:

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities:

Total fund balances of governmental funds differ from net assets of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures and Changes In Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes In Fund Balance and the Statement of Activities fall into one of three broad categories.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

i) Long-term Revenue Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

Note 3 – Stewardship, compliance and accountability:

Budgets:

The District Administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal appropriated budgets are adopted:

General Fund

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

Note 4 – Cash:

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	-0-
Collateralized with securities held by the pledging financial institutions, or trust department or agent, but not in the District's name		\$6,913,193

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$-0- within the governmental funds and \$190,276 in the fiduciary funds.

Note 5 – Investments:

The District had no security investments during the year.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 6 -- Capital Assets:

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclass</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets that are not depreciated:				
Land	\$ 36,322	\$ -0-	\$ -0-	\$ 36,322
Construction In progress	10,038,698	618,193	(10,656,891)	-0-
Total nondepreciable historical cost	<u>10,075,020</u>	<u>618,193</u>	<u>(10,656,891)</u>	<u>36,322</u>
Capital Assets that are depreciated:				
Buildings and Improvements	34,910,695	-0-	10,494,340	45,405,035
Furniture and Equipment	4,080,249	-0-	162,551	4,242,800
Total depreciable historical cost	<u>38,990,944</u>	<u>-0-</u>	<u>10,656,891</u>	<u>49,647,835</u>
Less accumulated depreciation				
Buildings and Improvements	8,359,518	686,003	-0-	9,045,521
Furniture and Equipment	3,049,375	289,913	-0-	3,339,288
Total Accumulated depreciation	<u>11,408,893</u>	<u>975,916</u>	<u>-0-</u>	<u>12,384,809</u>
Total depreciable historical Cost, net	<u>\$37,657,071</u>	<u>\$ (357,723)</u>	<u>\$ -0-</u>	<u>\$37,299,348</u>

Depreciation expense was not charged to a specific governmental function.

Note 7 -- Short-Term Debt:

Transactions in short-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Interest on short-term debt for the year was composed of:

Interest paid	\$ -0-
Less Interest accrued in the prior year	-0-
Plus interest accrued in the current year	<u>-0-</u>
Total expense	<u>\$ -0-</u>

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 8 – Long-term Debt:

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
Bonds and notes payable:					
General obligation debt:					
Serial Bond	\$10,460,000	\$ -0-	\$ 710,000	\$ 9,750,000	\$ 735,000
Refunding Bond	340,000	-0-	340,000	-0-	-0-
Refunding Bond	430,000	-0-	30,000	400,000	31,000
Serial Bonds - Buses	30,000	-0-	30,000	-0-	-0-
Serial Bonds – Buses	190,000	-0-	95,000	95,000	95,000
Serial Bonds	<u>8,405,000</u>	<u>-0-</u>	<u>505,000</u>	<u>7,900,000</u>	<u>525,000</u>
Total bonds & notes payable	<u>\$19,855,000</u>	<u>\$ -0-</u>	<u>\$ 1,710,000</u>	<u>\$18,145,000</u>	<u>\$ 1,386,000</u>
Other Liabilities:					
Postemployment					
Benefits	4,977,554	2,020,333	-0-	6,997,887	-0-
Compensated absences	<u>738,680</u>	<u>70,161</u>	<u>-0-</u>	<u>808,841</u>	<u>-0-</u>
Long term liabilities	<u>\$25,571,234</u>	<u>\$ 2,090,494</u>	<u>\$ 1,710,000</u>	<u>\$ 25,951,728</u>	<u>\$ 1,386,000</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate
Serial Bond	2003	2022	3.125%
Refunding Bond	2002	2011	3.125%
Refunding Bond	2002	2021	5.00%
Serial Bond - Buses	2005	2010	3.410%
Serial Bond - Buses	2006	2012	3.950%
Serial Bond	2009	2022	3.45%

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2012	\$ 1,386,000	\$ 671,513	\$ 2,057,513
2013	1,343,000	626,213	1,969,213
2014	1,395,000	580,286	1,975,286
2015	1,447,000	531,779	1,978,779
2016	1,498,000	480,788	1,978,788
2017 & thereafter	<u>11,076,000</u>	<u>1,594,320</u>	<u>12,670,320</u>
 Totals	 <u>\$18,145,000</u>	 <u>\$4,484,899</u>	 <u>\$22,629,899</u>

Interest on long-term debt for the year was composed of:

Interest paid	\$ 732,209
Less interest accrued in the prior year	146,738
Plus interest accrued in the current year	<u>135,925</u>
Total Expense	<u>\$ 721,396</u>

Note 9 – Interfund Balances and Activity:

Interfund balances at June 30, 2011, are as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 297,719	\$ 389,967	\$ 272,178	\$ 2,857,322
Special Aid Funds	-0-	273,982	25,143	-0-
School Lunch Fund	-0-	23,684	-0-	-0-
Debt Service Fund	389,976	-0-	2,832,179	-0-
Capital Funds	-0-	36	-0-	272,178
Total Government Funds	<u>\$ 687,695</u>	<u>\$ 687,669</u>	<u>\$ 3,129,500</u>	<u>\$ 3,129,500</u>
 Fiduciary Agency Fund	 \$ -0-	 \$ 26	 \$ -0-	 \$ -0-
 Totals	 <u>\$ 687,695</u>	 <u>\$ 687,695</u>	 <u>\$ 3,129,500</u>	 <u>\$ 3,129,500</u>

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 10 – Pension Plans:

General information:

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration:

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, and Albany, New York 12244.

Funding policies:

The Systems are noncontributory for the employee, except for those who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2010 – 2011	\$ 689,887	\$ 280,298
2009 – 2010	\$ 699,831	\$ 191,101
2008 – 2009	\$ 627,760	\$ 215,818

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation required participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1989 and 1988 over a 17-year period, with an 8.5% Interest factor added. Local governments were given the option to prepay this liability. The total unpaid liability at the end of the year was \$-0-.

Note 11 – Post-Employment Benefits:

The District provides post employment medical, dental and vision insurance coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2009. This required the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 175 retired employees have elected to use accumulated sick pay to finance health insurance payments under the District's group plans. The District pays between 50% and 90% of retiree's medical benefits depending on employee group. Employees are required to reach age 55 and have 10 to 15 years of service to qualify for OPEB. The District contributes towards the cost of eligible spouses during the retiree's lifetime. Spouses pay from 10% to 50% for coverage. The spouse is required to pay 100% of the cost of the benefits following the death of the retiree.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2011, the District recognized \$1,164,960 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2010, which indicates that the total liability for other post employment benefits is \$35,691,533.

Plan Type: The District provides medical and dental benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium.

Funding: The District does not have legal authority to fund the future OPEB liability. The District can only maintain a pay as you go policy for the OPEB liability.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Annual OPEB cost and Net OPEB Obligation: the District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 3,268,454
Interest on net OPEB obligation	199,102
Adjustment to annual required contribution	<u>(282,263)</u>
Annual OPEB cost (expense)	3,185,293
Contributions made	<u>1,164,960</u>
Increase in net OPEB obligation	2,020,333
Net OPEB obligation – beginning of year	<u>4,977,554</u>
Net OPEB obligation – end of year	<u>\$ 6,997,887</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2011 and the two preceding years were as follows (dollar amounts in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 3,185,293	36.5%	\$ 6,997,887
6/30/2010	\$ 3,290,251	24.6%	\$ 4,977,554
6/30/2009	\$ 3,485,984	28.6%	\$ 2,627,504

Funded Status and Funding Progress: As of July 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$35,691,533, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,691,533. The covered payroll (annual payroll of active employees covered by the plan) was \$9,516,882, and the ratio of UAL to the covered payroll was 375.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

In the July 1, 2010, actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 5% initially, reduced by decrements to an ultimate rate of 0% after 5 years. The UAAL is being amortized on an open basis. The remaining amortization period at June 30, 2011, was 29 years.

Note 12 – Risk management:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Note 13 – Contingent liabilities:

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

Note 14 – Subsequent Events

The District has evaluated subsequent events through September 6, 2011, which is the date these financial statements were available to be issued.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
MANAGEMENT LETTER
JUNE 30, 2011**

Our examination of your financial statements is designed to express an opinion as to the fairness of presentation of those statements. During the course of our examination, certain practices or procedures came to our attention which require comment.

Internal Control System

The system of control currently in use is generally adequate.

Prior Year Findings (June 30, 2010)

School Lunch Fund

Our test of free and reduced lunch applications disclosed one of twelve tested was incorrect. The application was approved for free lunches and should have been reduced. Our test also disclosed 25 applications which were not signed. All applications should be reviewed to verify they are correctly classified and approved

Current Year Findings (June 30, 2011)

Extraclassroom

Our test disclosed a few instances in which invoices check requests did not have the proper documentation. One disbursement was made without the proper supporting documentation and two disbursements were made without the student treasurer signature. Check requests should have the necessary paper work filed with them before they are paid. Payments should only be made from original invoice. Check requests should have the remittance voucher attached and supporting documentation be signed received by the club advisor and authorized by the club advisor and student treasurer. The invoice should be marked paid in order to avoid duplicate payments.

Dated: September 6, 2011

STARK & BASILA
Certified Public Accountants, P.C.
132 Mohawk Street
PO Box 260
Cohoes, New York 12047

Marie B. Stark, C.P.A.
Bryan T. Basila, C.P.A.

Tel (518) 237-3641
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**Independent Auditor's Report On Internal Control Over Financial Reporting and on
Compliance and Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards**

Board of Education
Brunswick Central School District
3992 NY 2
Troy, NY 12180

Dear Board Member:

We have audited the financial statements of Brunswick Central School District as of and for the year ended June 30, 2011, and have issued our report thereon dated September 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brunswick Central School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brunswick Central School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brunswick Central School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain matters we have reported to management of Brunswick Central School District in a separate letter dated September 6, 2011.

This report is intended solely for the information and use of the audit committee, management and others within the organization and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC

Bryan T. Basila
BRYAN T. BASILA, CPA

Dated: September 6, 2011

STARK & BASILA
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Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Education
Brunswick Central School District
3992 NY 2
Troy, NY 12180

Dear Board Member:

We have audited the compliance of Brunswick Central School District with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. Brunswick Central School District's major Federal Programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Brunswick Central School District's management. Our responsibility is to express an opinion on Brunswick Central School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government auditing standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Brunswick Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Brunswick Central School District's compliance with those requirements.

In our opinion, Brunswick Central School District complied, in all material respects, with the requirements referred to above that could have a direct and material on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

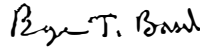
The management of Brunswick Central School District is responsible for establishing and maintaining effective Internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Brunswick Central School District's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brunswick Central School District's internal control over compliance.

A deficiency in Internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Audit Committee, Management and Federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than the specified parties.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC


BRYAN T. BASILA, CPA

Dated: September 6, 2011

**BRUNSWICK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section I - Summary of Auditor's Results (June 30, 2011)

Financial Statement

Type of Auditor's Report Issued: Unqualified

Internal Control over Financial Reporting:

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses Yes X Not reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs?

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? Yes X None reported

Type of Auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

ARRA – Education Stabilization
Special Education – Grants to States (IDEA, Part B)
Special Education – Preschool Grants (IDEA Preschool)
ARRA - Special Education – Grants to States (IDEA, Part B)
ARRA - Special Education -- Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low risk auditee? X Yes No

**BRUNSWICK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section II - Financial Statement Findings

<u>Fund/Function/Program Amount</u>	<u>Findings/Noncompliance</u>	<u>Questioned</u>
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There is nothing to be reported under this schedule.

Section III - Federal Award Findings and Questioned Costs

<u>Program Amount</u>	<u>Findings/Noncompliance</u>	<u>Questioned</u>
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There is nothing to be reported under this schedule.

BRUNSWICK CENTRAL SCHOOL DISTRICT
 SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through

<u>Grantor/ Program Title US Dept of Education Pass-Through NYS Dept of Education</u>	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<u>Special Education Cluster:</u>			
IDEA - Section 611	84.027	032-11-0747	283,459
ARRA - IDEA - Section 611	84.391	5032-11-0747	129,226
IDEA - Section 619	84.173	033-11-0747	8,031
ARRA - IDEA - Section 619	84.392	5033-11-0747	6,794
Total Special Education Cluster			427,610
ARRA - Education Stabilization	84.394	5000-11-3535	527,269
ESEA - Title I	84.010	021-11-2480	100,307
ESEA - Title I	84.010	021-10-2480	17,868
ESEA - Title IIA	84.367	147-11-2480	19,989
ESEA - Title IIA	84.367	147-10-2480	19,609
ESEA - Title IV	84.186	180-10-2480	2,077
Total			687,119
Total Passed-Through NYS Education Department			1,114,629
<u>Direct Program</u>			
PEP Grant	84.215		433
Total US Department of Education			1,115,062
<u>Corporation for National and Community Service Pass-Through from New York State Education Department</u>			
LEARN & SERVE NATL. & COMM	94.004	270-11-0153	16,419
LEARN & SERVE NATL & COMM	94.004	270-10-0153	543
Total Corporation for National and Community Service			16,962
<u>US Dept of Agriculture Pass-Through from New York State Education Department Child Nutrition Cluster:</u>			
School Breakfast Program	10.553		16,352
National School Lunch Program	10.555		123,159
Total US Department of Agriculture			139,511
Total Federal Assistance Programs			1,271,535

See Notes to Schedule of Expenditures of Federal Awards.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Note 1 – Summary of Certain Significant Accounting Policies:

The accompanying schedule of expenditures of Federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Note 2 – Subrecipients:

No amounts were provided to subrecipients.

Note 3 – Other Disclosures:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

**BRUNSWICK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section I - Summary of Auditor's Results (June 30, 2010)

Financial Statement

Type of Auditor's Report Issued: Unqualified

Internal Control over Financial Reporting:

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses Yes X Not reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs?

- Material weaknesses identified? Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? Yes X None reported

Type of Auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

ARRA – Education Stabilization
ARRA - ESEA – Title I
ESEA – Title I
School Breakfast Program
National School Lunch Program
Special Education – Grants to States (IDEA, Part B)
Special Education – Preschool Grants (IDEA Preschool)
ARRA - Special Education – Grants to States (IDEA, Part B)
ARRA - Special Education – Preschool Grants (IDEA Preschool)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low risk auditee? Yes X No

**BRUNSWICK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section II - Financial Statement Findings

<u>Fund/Function/Program Amount</u>	<u>Findings/Noncompliance</u>	<u>Questioned</u>
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There is nothing to be reported under this schedule.

Section III - Federal Award Findings and Questioned Costs

<u>Program Amount</u>	<u>Findings/Noncompliance</u>	<u>Questioned</u>
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There is nothing to be reported under this schedule.

STARK & BASILA
Certified Public Accountants, P.C.
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PO Box 260
Cohoes, New York 12047

Marie B. Stark, C.P.A.
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Tel (518) 237-3641
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Independent Auditor's Opinion of Extraclassroom Activity Fund

Board of Education
Brunswick Central School District
3992 NY 2
Troy, NY 12180

Dear Board Member:

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity of the Brunswick Central School District for the year ended June 30, 2011. This financial statement is the responsibility of the School District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and fund balances of the Extraclassroom Activity Fund, of the Brunswick Central School District as of June 30, 2011 arising from the cash transactions, cash collected and disbursements made and changes in fund balance during the year then ended, on a basis consistent with that of the preceding year.

Very truly yours,
STARK & BASILA
Certified Public Accountants, PC

B. T. Basila
BRYAN T. BASILA, CPA

Dated: September 6, 2011

BRUNSWICK CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING JUNE 30, 2011

<u>Account Name</u>	<u>Opening Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
Biology Club	373	3,800	3,209	964
HS Band Club	1,283	645	550	1,378
HS Music	1,073	15,707	15,450	1,330
Russian Club	1,290	8,529	9,626	193
Key Club	510	6,898	6,265	1,143
Ski Club	1,191	14,083	14,687	587
National Honor Society	136	145	-	281
National Honor Society GR 9	788	742	741	789
High School Yearbook	22,312	12,002	31,421	2,893
SADD	2,121	1,263	1,312	2,072
High School Senate	1,491	5,471	2,887	4,075
Best Buddies	348	17	75	290
Kid's Care	67	-	-	67
Class 2010	2,537	1	2,538	-
Class 2011	5,013	20,568	22,799	2,782
Class 2012	5,506	5,907	5,414	5,999
Class 2013	2,033	4,907	3,709	3,231
Class 2014	2,631	3,312	1,328	4,615
Class 2015	2,206	12,446	10,967	3,685
Class 2016	171	3,257	2,031	1,397
Class 2017	-	7,730	6,997	733
NJHS	277	558	642	193
MS Senate	1,106	3,885	2,830	2,161
MS Yearbook	578	4,227	2,854	1,951
MS Music	780	6,797	6,409	1,168
Drama	854	1,639	1,000	1,493
Int'l Club	543	-	-	543
Totals	57,218	144,536	155,741	46,013

FORM OF OPINION OF BOND COUNSEL

February 21, 2012

Brunswick Central School District (Brittonkill)
County of Rensselaer
State of New York

Re: Brunswick Central School District (Brittonkill), Rensselaer County, New York
\$8,995,000* School District Refunding (Serial) Bonds, 2012

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$8,995,000* School District Refunding (Serial) Bonds, 2012 (the "Obligations"), of the Brunswick Central School District (Brittonkill), Rensselaer County, New York, State of New York (the "Obligor"), dated February 21, 2012, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ___ and ___ hundredths per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ___ per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on June 15, 2012 and semi-annually thereafter on December 15 and June 15, and maturing in the amount of \$765,000 on June 15, 2012, \$685,000 on June 15, 2013, \$710,000 on June 15, 2014, \$730,000 on June 15, 2015, \$760,000 on June 15, 2016, \$790,000 on June 15, 2017, \$825,000 on June 15, 2018, \$865,000 on June 15, 2019, \$910,000 on June 15, 2020, \$955,000 on June 15, 2021 and \$1,000,000 on June 15, 2022.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

* Preliminary, subject to change.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings in calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, efforts or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP