

Leading the Way - *Everyday*



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended August 31, 2007  
League City - Texas*

Clear Creek Independent School District  
[www.CCISD.net](http://www.CCISD.net)

**Comprehensive  
Annual Financial Report**

**For the Fiscal Year Ended  
August 31, 2007**

**CLEAR CREEK INDEPENDENT SCHOOL  
DISTRICT**

2425 East Main Street, League City, Texas 77573

---

**Prepared By The Department of Budget and Finance:**

**Paul McLarty, RSBO, RTSBA  
Chief Financial Officer**

**Jeff Kohlenberg, CPA, RTSBA  
Director - Finance Department**



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

	<b>Page</b>	<b>Exhibit/ Table</b>
<b>Introductory Section</b>		
Principal Officials and Advisors	i	
Certificate of Board	iii	
Transmittal Letter	v	
GFOA Certificate of Achievement	xiii	
ASBO Certificate of Excellence	xv	
Organizational Chart	xvi	
<b>Financial Section</b>		
Independent Auditors' Report	3	
Management's Discussion and Analysis (Required Supplementary Information)	7	
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Assets	19	A-1
Statement of Activities	20	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds	22	C-1
Reconciliation of Balance Sheet for Governmental Funds to the Statement of Net Assets	25	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	26	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	28	C-4
Statement of Net Assets - Proprietary Fund	29	D-1
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	30	D-2
Statement of Cash Flows - Proprietary Funds	31	D-3
Statement of Fiduciary Assets and Liabilities	32	E-1
Notes to Financial Statements	33	E-2
<b>Required Supplementary Information:</b>		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Original Budget, Amended Final (GAAP Basis) and Actual - General Fund	70	F-1
Notes to Required Supplementary Information	71	F-2
<b>Other Supplementary Information:</b>		
Combining and Individual Statements and Budget Comparisons:		
Combining Balance Sheet - Nonmajor Governmental Funds	79	G-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	90	G-2

# CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

## TABLE OF CONTENTS

	Page	Exhibit/ Table
<b>Financial Section (Continued)</b>		
Other Supplementary Information (Continued):		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Original Budget, Amended Final And Actual - National School Breakfast and Lunch	104	H-1
Schedule of Revenues, Expenditures and Changes in Fund Balance - Original Budget, Amended Final and Actual - Debt Service Fund	103	H-2
Combining Statement of Net Assets - Nonmajor Enterprise Funds	107	I-1
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds	108	I-2
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	109	I-3
Combining Statement of Net Assets - Nonmajor Internal Service Funds	110	I-4
Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Internal Service Funds	111	I-5
Combining Statement of Cash Flows - Nonmajor Internal Service Funds	112	I-6
Compliance Schedules:		
Schedule of Delinquent Taxes Receivable	116	J-1
Schedule of Expenditures for Computation of Indirect Cost for 2008-2009 General and Special Revenue Funds	118	J-2
Optimum Fund Balance Calculation Schedule (Unaudited) - General Fund	119	J-3
<b>Statistical Section</b>		
Net Assets by Component	124	1
Changes in Net Assets	126	2
Fund Balances of Governmental Funds	130	3
Changes in Fund Balances of Governmental Funds	132	4
Revenues by Source for Governmental Funds	134	5
Assessed Value and Actual Value of Taxable Property	136	6
Property Tax Rates - Direct and Overlapping Governments	138	7
Principal Taxpayers	140	8
Property Tax Levies and Collections	141	9
Ratios of Outstanding Debt by Type	142	10
Ratios of Net General Obligation Bonded Debt Outstanding	145	11
Computation of Estimated Direct and Overlapping Debt	146	12
Legal Debt Margin Information	148	13
Demographic and Economic Statistics	150	14
Principal Employers	151	15
Full-Time Equivalent District Employees by Position	152	16
Operating Statistics	154	17
Teacher Base Salaries	157	18
School Building Information	158	19

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

	<b>Page</b>	<b>Exhibit/ Table</b>
<b>Financial Section (Continued)</b>		
<b>Government Auditing Standards</b>		
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 <i>Government Auditing Standards</i>	163	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program And on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	165	
<b>Federal Awards Section</b>		
Schedule of Findings and Questioned Costs	169	
Schedule of Expenditures of Federal Awards	171	K-1
Notes to Schedule of Expenditures of Federal Awards	173	

*(This page intentionally left blank.)*

## **Introductory Section**



*(This page intentionally left blank.)*

**Clear Creek Independent School District**  
*Principal Officials And Advisors*

**Board Of Trustees**

Paula J. Tomasi, President  
Chief Financial Officer  
Anchor Marine & Industrial Supply

Dee Scott, Secretary  
Owner  
Dee Scott Insurance

Stuart J. Stromeyer, Vice President  
Executive Vice President  
Cunningham Lindsey International

Ken Baliker, Trustee  
Vice President  
P.M.I. Holdings, North America, Inc.

Robert Allan Davee, Trustee  
Partner/Attorney  
Mills Shirley, LLP

Ann Hammond, Trustee  
Consultant  
NASA Johnson Space Center

Ralph Parr, Trustee  
Retired Educator

**Administration**

Dr. Greg Smith - Superintendent of Schools

Paul McLarty - Chief Financial Officer

**Consultants And Advisors**

Null-Lairson, P.C.  
Texas City, Texas - Independent Auditors

Andrews Kurth  
Houston, Texas - Bond Counsel

RBC Capital Markets, Inc.  
Houston, Texas - Financial Advisor

*(This page intentionally left blank.)*

**CERTIFICATE OF THE BOARD**

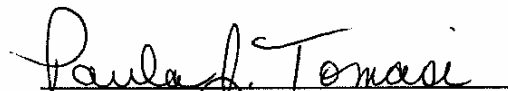
**Clear Creek Independent School District**  
Name of School District

**Harris & Galveston**  
County

**084-910**  
Co.-Dist. Number

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended August 31, 2007, at a meeting of the Board of Trustees of such school district on the 28<sup>th</sup> day of January, 2008.

  
\_\_\_\_\_  
Signature of Board Secretary  
Dee Scott

  
\_\_\_\_\_  
Signature of Board President  
Paula J. Tomasi

*(This page intentionally left blank.)*



## Committed to Excellence in Education

Greg Smith, Ph.D.  
Superintendent of Schools

2425 East Main Street  
League City, Texas 77573-2799

(281) 284-0000  
www.ccisd.net

January 24, 2008

To the Board of Trustees and Taxpayers of the Clear Creek Independent School District:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Clear Creek Independent School District (the "District") for the fiscal year ended August 31, 2007.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is composed of three main sections: introductory section, financial section, and the statistical section. The introductory section is primarily comprised of a listing of the principal officials and advisors, an organizational chart, and this letter of transmittal. The financial section is made up of five parts: 1) independent auditor's report, 2) management's discussion and analysis, 3) basic financial statements, 4) required supplementary information, and 5) other supplementary information, which is an optional section that presents additional information such as combining statements for internal service funds, and required compliance information. The statistical section is designed to reflect social and economic data, financial and fiscal trends, and the fiscal capacity of the District.

The District's financial statements have been audited by Null-Lairson, P.C., CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion and that the District's financial statements for the period ended August 31, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally-mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Federal Awards section of the Comprehensive Annual Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

### **Profile of the District**

The Clear Creek Independent School District is the 27<sup>th</sup> largest of the 1,037 school districts in Texas, encompasses 103 square miles and is located 20 miles south of Houston along Interstate 45/Gulf Freeway. The District was created in 1948 when schools in League City, Seabrook, Webster and Kemah consolidated to form the Clear Creek Independent School District. At the time the schools were unified, there were fewer than 1,000 students in four schools. The district now employs over 4,400 persons, 2,475 of which are teachers. We are proud that more than 36 percent of the faculty members have a master’s degree. The District now serves over 36,300 students and operates twenty-four elementary schools, eight intermediate schools, four comprehensive high schools, and two alternative secondary campuses. The school district’s boundaries are not the same as municipal boundaries; therefore, the District provides instructional services to children who live in the communities of League City, Seabrook, Webster, Kemah, El Lago, Nassau Bay, Clear Lake Shores and Taylor Lake Village, along with portions of Bacliff, Friendswood, Houston and Pasadena. The District encompasses parts of Galveston and Harris counties.

With NASA/Johnson Space Center, the University of Houston-Clear Lake, San Jacinto Community College, College of the Mainland, the fishing and recreation areas of Galveston Bay, chemical and energy resource industries and the numerous high-tech and engineering companies that form the Clear Creek community, our district recognizes that strong and dynamic partnerships are vital to academic achievement, as well as character education. Our partnerships and academic offerings are unparalleled to any school system in the state or nation. Clear Creek ISD prides itself as being one of the premier school systems in Texas.

The purpose and responsibility of the District is to provide a thorough and efficient educational system for the children, pre-kindergarten through grade 12, enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to its regular educational program, the District offers comprehensive programs in the areas of career and technology education, special education, bilingual education, compensatory education and gifted and talented education.

The District is fully accredited by the Texas Education Agency (TEA). Our students and staff continue to excel in many arenas. In fact, Clear Creek ISD has the distinction of being the only large school district (a district with more than 25,000 students) in the State of Texas to have achieved a “Recognized” rating from the TEA for ten of the last eleven years. Currently, Clear Creek ISD is the largest school district in Texas to hold the “Recognized” rating and is home to a record number of “Exemplary” rated schools. Those designations are issued by the TEA and are based on how students perform on TAKS, State-Developed Alternative Assessment scores, high school completion rates, and annual dropout rates. The District received a “Recognized” rating from the TEA in 2006 – 2007. Overall, fifteen campuses earned the “Exemplary” status (the highest rating in Texas) up from eleven in the previous year. Thirteen campuses earned a “Recognized” status and no campuses were rated “Low Performing”. This is an indication of the rigorous standards established under the Texas Assessment of Knowledge and Skills

(TAKS). Student SAT scores are routinely well above local, state and national averages. Approximately 80 percent of graduating seniors plan to attend college or technical schools. Our student body reflects the cultural diversity of Texas with 55 home languages spoken. Of the approximately 36,300 students enrolled, 62.3% are Anglo, 18.6% are Hispanic, 9.8% are Asian and 8.9% are African-American.

The heart of a school district is its people and the Clear Creek Independent School District takes great pride in its highly qualified Board of Trustees, administration, faculty and staff, all of whom are dedicated to providing the best possible education environment for all students. Parent and community interest and support strengthen the school program.

The District is not included in any other governmental “reporting entity” since the Board of Trustees is elected by the public and has decision-making authority. Residents of the District elect a seven-member Board of Trustees, who serve overlapping three-year terms. There are no component units included in the reporting entity.

### **Economic Condition And Outlook**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

#### **Local Economy**

The District currently enjoys a favorable economic environment and local indicators point to continued stability. The economy of the District and its surrounding area is diversified, with oil and gas as the base industrial activity. The abundance of key natural resources along the Texas Gulf Coast has created the country’s greatest concentration of petrochemical complexes within the overall coastal area. Though District industries are largely petrochemical in nature, they are not exclusively so. Originally a rice farming and ranching area, the lakes and waterways of the District offer not only boating and fishing sports and revenues from recreational tourist facilities, but also represent a hub of industrial development lining the nearby Houston Ship Channel.

The Johnson Space Center of the National Aeronautics and Space Administration (“NASA”), which is currently responsible for NASA’s space shuttle and space station projects, is an important part of the Clear Lake area economy, both as an employer of almost 2,900 civil service employees and more than 13,350 local contractors. In addition, Space Center Houston, a visitor complex and educational facility, has approximately 800,000 visitors annually. The rate and extent of continued development within the Clear Lake Area will be influenced by the degree of continued federal funding of Johnson Space Center projects.

A major employment base in the area has been the Bayport Industrial Development (“Bayport”), a planned industrial development of approximately 10,750 acres with approximately 62 industrial plants in operation. Bayport is located in southeast Harris County approximately 23 miles from the central business district of the City of Houston. It includes a 40-foot deep water port and channel facility connected to the Houston Ship Channel, barge dock facilities, a pipeline network and railroad service.

Presently serving the Clear Lake area are three general hospitals, one major mall, one university and two junior colleges.

A significant portion of the District is located in Harris County, the most populous county in the State of Texas, with a 2000 estimated population of 3,400,578, an increase of approximately 20.66% since 1990. The county’s economy is based on industry, mineral production, shipping and agriculture.



According to the 2006-2007 Texas Almanac, Harris County is a highly industrialized county with manufacturing plants producing petroleum refining, chemical, food, fabricated metal products, non-electric machinery, primary metals, scientific instruments, paper and allied products and printing and publishing. Harris County is also a corporate management center, a center of energy, space and medical research centers and a center of international business. Harris County contains the nation's largest concentration of petrochemical plants and the largest U.S. wheat exporting port which is among the top U. S. ports in value of foreign trade and total tonnage.

The remaining portion of the District is located in Galveston County which is located on the Gulf Coast. Port activities dominate the economy but also included are insurance and finance centers, petrochemical plants, varied manufacturing, tourism, medical educational center, oceanographic research center, ship building, and commercial fishing. Galveston County had a 1990 United States Census population of 217,339 which grew to 250,158 in 2000, an increase of 15.10%. According to the 2006-2007 Texas Almanac, Galveston, the county seat, is also the largest city with a population level of 57,247 and League City follows as the next largest city with a population of 45,444.

## **Growth**

The District continues to experience significant residential growth and development. With enrollment increasing at a rate of more than 2.5% per year, Clear Creek ISD is one of the fastest growing school districts in the Houston metropolitan area. Many families are moving to our area for the excellent schools. Demographic projections currently indicate that Clear Creek ISD enrollment is expected to increase approximately 9,000 students over the next twelve years to 45,000 students.

Clear Creek ISD is meeting the challenge of a fast growth school district by proactively analyzing facility needs and placing bond issues for taxpayer approval. Bonds were approved in 2000, resulting in three new elementary schools and two intermediate schools. This bond issue also included many capital upgrades, classroom additions as well as land sites for future schools.

District taxpayers approved a \$264 million bond program in February 2004 to accommodate growth and facility needs over a three year period. This bond is providing renovations at almost every campus, classroom additions, campus capital improvements, two new elementary schools, one new high school, and the complete rebuild of Clear Creek High School, a 50 year-old facility.

In May 2007, District taxpayers approved a \$183 million bond program to accommodate growth and facility needs over a three year period. This bond is providing funds to build two elementary schools, one intermediate school and one high school campus. In addition, the District plans on returning the two existing Ninth Grade Centers to intermediate campuses. Explosive growth forced the District to renovate these campuses from intermediate to high school campuses several years back. This bond is also providing classroom additions and renovations, roof and HVAC replacements, school buses for growth and replacement, and security enhancements.

## **Financial Information**

### **Accounting Systems**

The Board of Trustees maintains a system of accounting controls designed to assist the administration in meeting its responsibility for accurately reporting the financial condition of the District. The system is designed to provide reasonable assurance that assets are safeguarded against loss, theft, or misuse so activities can be recorded and transacted by the administration for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The cost of operating the District's schools and the revenues to cover these costs are accounted for through the General Fund. Special programs funded by state or federal government grants designed to accomplish a particular objective are accounted for in Special Revenue Funds. Food service operations are accounted for in an Enterprise Fund.

The District accounts for school construction financed by bond sales through the Capital Projects Fund. A specific portion of the tax rate is dedicated to payment of bond principal and interest. These transactions are recorded in the Debt Service Fund.

The District has established Internal Service Funds to account for the transactions of its self-insured workers' compensation, health insurance, short-term disability insurance, and property insurance plans. With the exception of the property insurance, income is derived primarily from charges to governmental funds based on employee salaries.

Included in the CAFR as Agency Funds are financial schedules of student activity funds. Accounting for these funds is managed centrally by the Finance Department, using the same uniform accounting procedures and guidelines as the General Fund.

The District's accounting records are maintained on a modified accrual basis for governmental fund types and a full accrual basis for the proprietary fund types as prescribed by Texas Education Agency Financial Accountability System Resource Guide (FASRG). Additionally, the District has prepared the Government-wide Financial Statements on the full accrual basis as required by Governmental Accounting Standards Board Statement No. 34.

Financial data is submitted by the District to the Texas Education Agency through the Public Education Information Management System (PEIMS). The data is then analyzed, reviewed and presented to the State Board of Education.

### **Budgetary Process**

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The annual budget serves as the foundation for the District's financial planning and control. The process is instructionally driven and begins in November with a series of meetings to develop broad-based budget goals. The Chief Financial Officer facilitates a number of planning meetings with key District decision makers to develop a list of budget priorities for Board consideration. The Board receives budget priorities from the Superintendent's Cabinet, the District Educational Improvement Council (DEIC), the CFO Advisory Council (an advisory group of campus leaders throughout the District), and the Citizens Financial Advisory Committee (an advisory group of local business leaders). Each group develops budget priorities for Board consideration.

The final step in the District's budget goal-setting process is a planning meeting with the Board of Trustees in December. The Board reviews input from all sources and adopts the budget goals, assumptions and priorities that will drive budget development.

Budget preparation begins with training sessions for campus leaders and program managers in February. The District uses site-based budgeting to enhance the ability of campus leaders to serve as effective instructional leaders. Site-based budgeting places the campus leader at the center of the budget preparation process. The site-based budget reflects the prioritized needs of the campus and coordinates with the Campus Improvement Plan and the District's Strategic Plan.

All budget managers are required to submit requests for appropriations based on the priorities established by the Board of Trustees. After the completed campus and program budget packages have been returned to the Finance Department, a District Budget Committee reviews each department's budget requests with the responsible campus leader, program manager or department director. The review focuses on instructional impact and includes the allocation of existing funds as well as any additional funding requests. At these meetings, department/campus leaders are able to provide District staff with key information that is needed to make budget decisions. The Superintendent's Cabinet, comprised of District administrators, receives the draft budget and prioritizes budget requests and potential budget reductions based on the goals established by the Board.

Throughout the entire budget process, the Board of Trustees receives budget updates that include revisions to the long range financial forecast, the preliminary budget, the compensation and salary plan, and the capital projects/capital improvement plan. If funds are available, the compensation and salary plan for teachers is adopted at the March Board meeting. Adopting the plan this early in the budget process provides Clear Creek ISD with a competitive advantage in recruiting new teachers and retaining existing staff. Since Clear Creek is a growing district, staff also asks the Board to approve a number of additional teaching positions at this time to accommodate student growth. The compensation and salary plan for support staff is generally adopted in July.

The proposed budget must be adopted prior to the September 1<sup>st</sup> fiscal year start date. The Board President must call a Board meeting for the purpose of discussing and adopting the budget and tax rate. A public notice of this meeting is required to be published at least 10 days, but not more than 30 days, prior to the public meeting.

The District maintains budgetary controls throughout its financial systems. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official budget for the general fund, debt service fund and the child nutrition fund. Budgetary control is maintained at the organizational level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are a reserve of fund balance and are treated as expenditures in the subsequent year upon receipt of the goods and services.

### **Fund Balance**

Recognizing fund balance as key in maintaining a strong financial position, the Board policy regarding fund balance stipulates a goal of maintaining an adequate fund balance. The level of adequacy for the general fund unreserved fund balance is defined as 17% of the current budget, while the debt service fund is defined as 10% to 15% of the current year debt service requirements.

## **Financial Planning**

There are several departmental plans which fold into the district's overall comprehensive plan. The district maintains a three-year Technology Plan, a three-year Compensation Plan, a Long Range Facility Master Plan, a Long Range Maintenance Plan (Clear Plan 2020) and a Long Range Academic Build Out Plan (Clear Way 2020). Resources for the accomplishment of these goals will be identified in each department's action plan and will be used in the development of multi-year forecasts. Estimated taxable values are a major factor in forecasting, as the District currently generates more than 57% of general fund revenue from local taxes. Other major factors used in developing these forecasts include number of students enrolled and in average daily attendance, salaries, insurance and cost of inflationary items such as utilities and fuel. Ultimately, these forecasts are prepared and reviewed several times a year and shared with the Board, staff, community and other stakeholders.

## **Cash Management Policies And Practices**

It is the practice of the District to pursue an active cash management program which stresses safety of principal and interest while generating favorable rates of return. This program is maintained in such a fashion so as to provide a sufficient level of liquidity to support anticipated expenditures without subjecting the District to material, unfavorable fluctuations of market and interest rate risk. The District's investment policy minimizes risk while maintaining a competitive yield on its portfolio.

Cash temporarily idle during the year was invested in money markets, obligations of the U.S. Treasury, commercial paper, and in the TexPool, Lone Star and MBIA investment pools. District deposits were entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance, pledged collateral or corporate surety bonds for the fiscal year ended August 31, 2007.

Furthermore, the District expedites the receipt of revenues via electronic transfer and the utilization of lockbox accounts and defers expenditures, when appropriate, to maintain maximum use of funds. The total amount of investment income earned by the District for the fiscal year ended August 31, 2007 was \$11.6 million.

## **Risk Management**

The District strives to maintain employee benefits programs designed to enhance the quality of life for its employees. To achieve this, the District offers fully funded insurance programs that provide medical, dental, vision and disability coverage along with other insured programs at competitive rates. The District also maintains adequate protection for property and casualty risk exposures through insured coverage and fully funded worker's compensation coverage with a strict emphasis on cost control of claims. The District's Risk Management Department strives to ensure the safety and health of students and employees through its accident prevention program, safety education program and safety inspections.

## **Awards And Acknowledgments**

### **Financial Reporting Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its CAFR for the fiscal year ended August 31, 2006. This was the first time that the District prepared a CAFR and submitted for certification. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the requirements of the Certificate of Achievement program and are submitting it to the GFOA to determine its eligibility for certification.

The District was also awarded the Certificate of Excellence in Financial Reporting by the Association of School Business Officials International (ASBO) for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2006. This was the first time that the District submitted for certification. We believe the Comprehensive Annual Financial Report for the year ended August 31, 2007 continues to conform to the standards for which this award was granted.

Additionally, the GFOA awarded a Distinguished Budget Presentation Award for the fiscal year beginning September 1, 2006. This award has been received for two consecutive years. In order to receive this award, the government published an easily readable and efficiently organized budget. This report satisfied both GAAP and applicable legal requirements.

A Distinguished Budget Presentation Award is valid for a period of one year. We believe that our current budget continues to meet the program's requirements and has been submitted to the GFOA to determine its eligibility for another certificate.

The TEA has awarded the District a rating of "Superior Achievement" for the year ended August 31, 2006. This is the fifth year of the State's new financial accountability rating system for school districts (School FIRST) and Clear Creek ISD has maintained the "Superior Achievement" rating for all five years. The rating is based upon an analysis of staff and student data reported for the 2005-06 school year and budgetary and actual financial data for the fiscal year ended August 31, 2006.

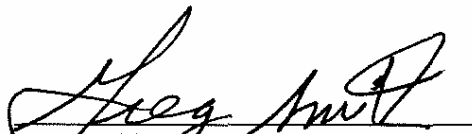
### **Acknowledgements**

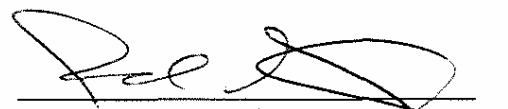
We appreciate the support of the Board, the residents of the District, and the business community, all who work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperation is indicative of the strong support for the attainment of excellence in the District's educational programs.

Also, we would like to express an appreciation to all employees of the District's schools for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

Finally, a special thanks to the Finance Department for its diligence and dedicated service in helping prepare this report on a timely basis.

Respectfully submitted,

  
Greg Smith, Ph. D.  
Superintendent

  
Paul McLarty, RSBO, RTSBA  
Chief Financial Officer

  
Jeff Kohlenberg, CPA, RTSBA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Clear Creek Independent  
School District, Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
August 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

*(This page intentionally left blank.)*

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

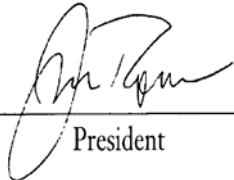


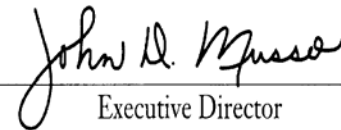
This Certificate of Excellence in Financial Reporting  
*is presented to*

**Clear Creek Independent School District**



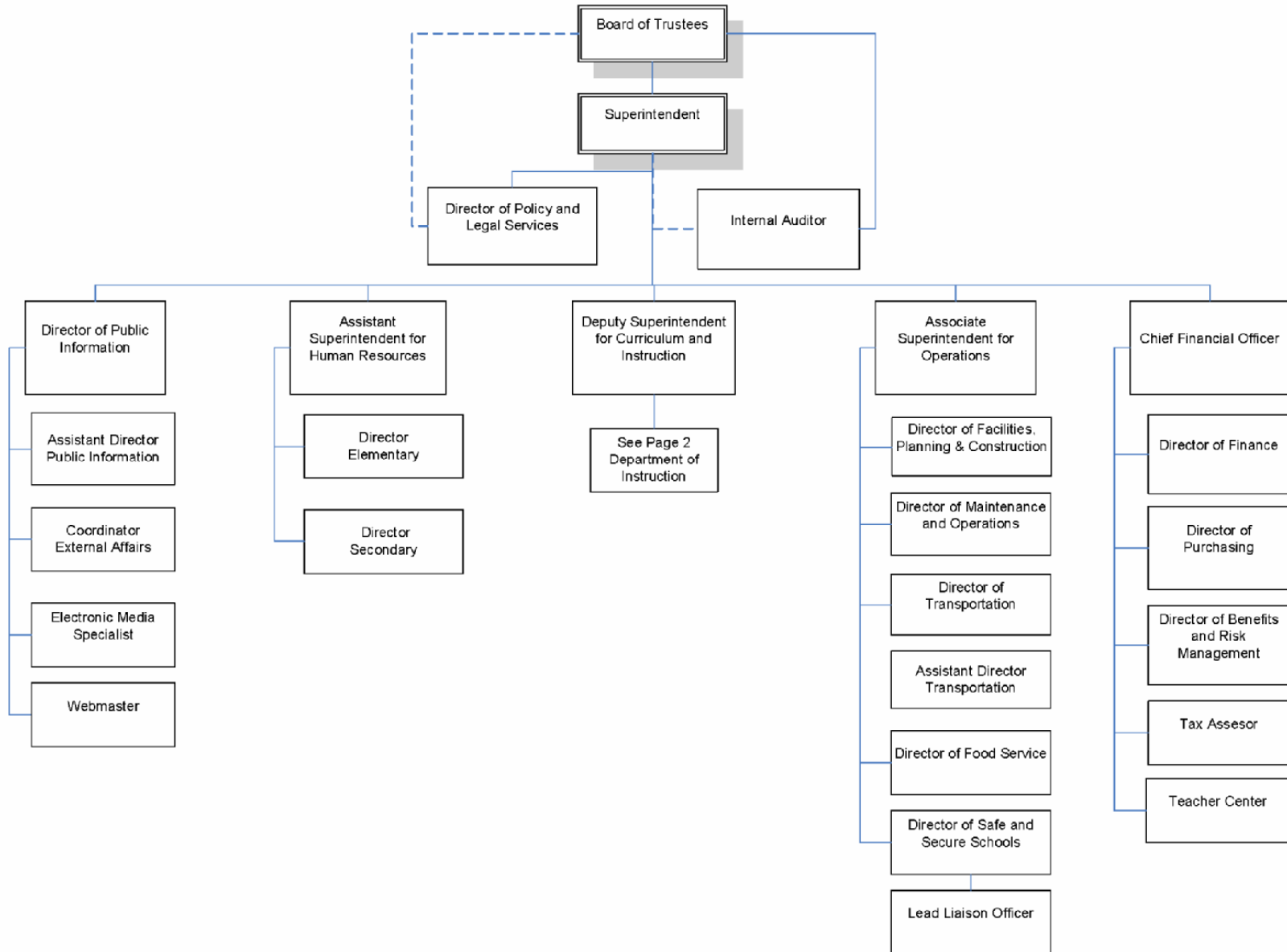
For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended August 31, 2006  
upon recommendation of the Association's Panel of Review  
which has judged that the Report substantially conforms  
to principles and standards of ASBO's Certificate of Excellence Program

  
\_\_\_\_\_  
President

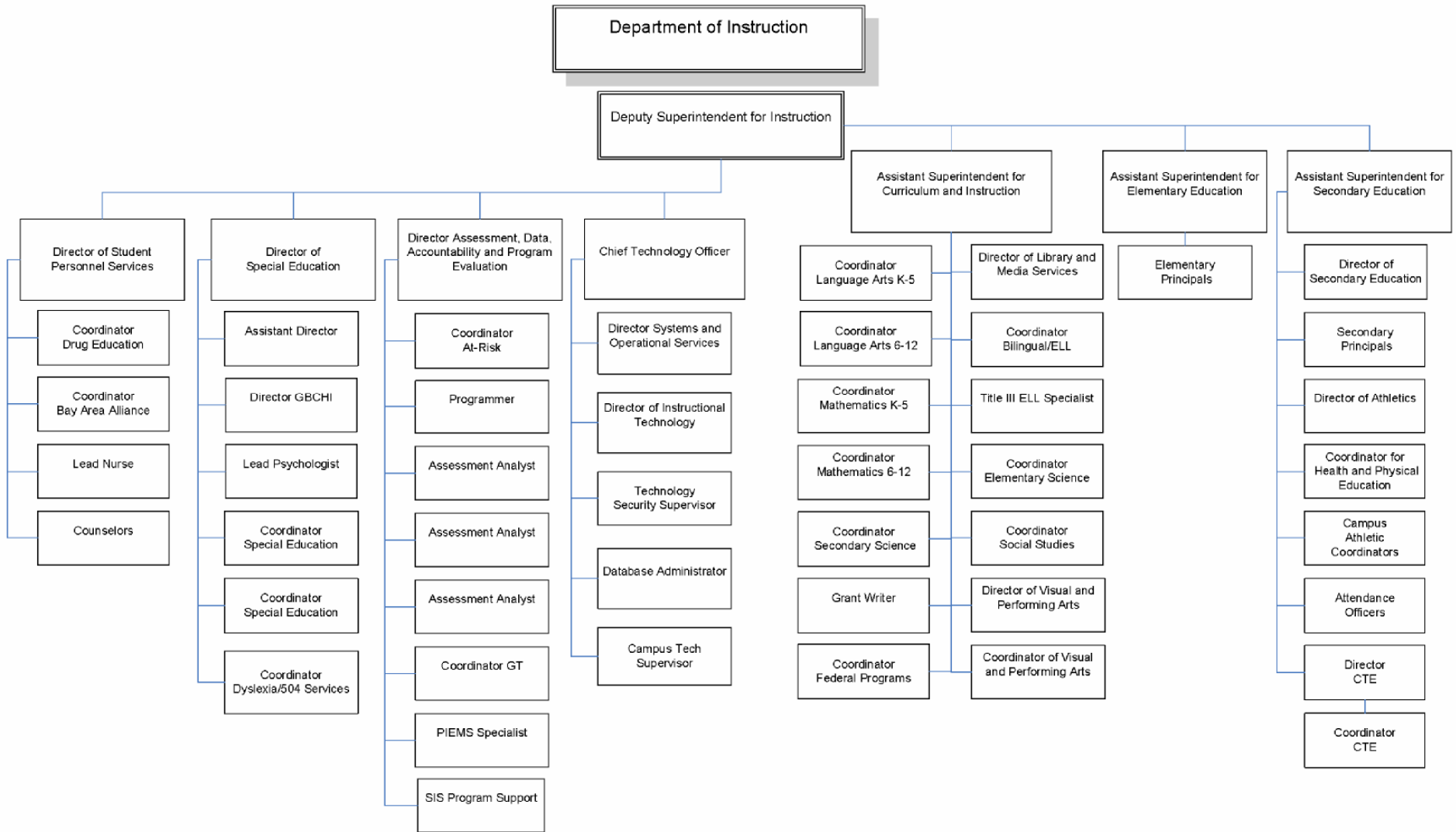
  
\_\_\_\_\_  
Executive Director



## Clear Creek Independent School District Organization 2006-2007



Clear Creek Independent School District Organization 2006-2007



*(This page intentionally left blank.)*

## **Financial Section**

*(This page intentionally left blank.)*



2000 Loop 197 North,  
Suite 200  
Texas City, TX 77590  
  
(409) 948-4406  
Fax (409) 948-0364  
www.null-lairson.com

11 Greenway Plaza, Suite 1515  
Houston, TX 77046  
(713) 621-1515  
  
402 20<sup>th</sup> Street  
Galveston, TX 77550  
(409) 762-8380

## Independent Auditors' Report

To the Board of Trustees  
Clear Creek Independent School District  
2425 East Main Street  
League City, Texas 77573

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Independent School District (the "District") as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof, 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 January 24, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. 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 important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying 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 of the District. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, except for that portion marked "unaudited" on which we express no opinion, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

NULL-LAIRSON, PC

A handwritten signature in black ink that reads "Null-Lairson, PC". The signature is written in a cursive, flowing style.

Texas City, Texas

January 24, 2008

## **Management's Discussion And Analysis**



*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Clear Creek Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v to x of this report.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$138,944,730 (net assets). Of this amount, \$72,660,722 was invested in capital assets net of related debt, \$4,074,173 was restricted for debt service, \$1,711,904 was restricted for food service, \$750,000 was restricted for special education, and \$2,500,000 was restricted for disaster recovery and \$55,210,860 in unrestricted net assets.
- The District's net assets increased by \$16,782,664 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$165,844,288 as of August 31, 2007. Of this amount, \$5,908,257 is designated for other purposes including \$2,658,257 for long-term compensated absences, \$750,000 for special education expenditures and \$2,500,000 for disaster recovery. Fund balance of \$114,164,771 is also reserved for 1) inventory in the amount of \$916,616, 2) debt service in the amount of \$4,225,838, 3) prepaid expenditures in the amount of \$2,810,865, 4) encumbrances in the amount of \$22,906,209, 5) construction in the amount of \$82,848,702 and 6) other purposes in the amount of \$456,541. The remaining amount in fund balance of \$45,771,260 is available for spending at the government's discretion (unreserved, undesignated fund balance).
- The General Fund ended the year with an unreserved, undesignated fund balance of \$43,761,535, an increase of \$2,107,546 as compared to the prior fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves, including schedules required by the state oversight agency, the Texas Education Agency (TEA).

***Government-Wide Financial Statements***

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 19 to 21), which are prepared using accounting principles that are similar to commercial enterprises. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Statement of Net Assets includes all the District's assets and liabilities at the end of the year, with the difference between the two reported as *net assets*. This difference is similar to the total owner's equity presented by a commercial enterprise. All of the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years. Although the purpose of the District is not to accumulate net assets, in general, as the amount increases, it may indicate that the financial position of the District is improving over time. To fully assess the overall health of the District, however, other factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

The purpose of the Statement of Activities is to present the revenues and expenses of the District. Again, the items presented on the Statement of Activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received for summer school and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in the equalization funding processes (general revenues). Although the Statement of Activities looks different from a commercial enterprise income statement, the financial statement is different only in format, not substance.

The District's business-type activities include the District's self-sustaining programs including Child Nutrition (National School Breakfast and Lunch) and Athletic Concessions. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. The District does not have any component units for which it is financially accountable.

***Fund Financial Statements***

Fund financial statements (starting on page 22) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as resources remaining for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to employees, students and community members, and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help control and manage money for particular purposes (such as campus activities).

## **CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, therefore it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 48 governmental funds. Information is presented separately in fund financial statements for the general, debt service and capital projects funds, all of which are considered to be major funds. Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The District adopts an annual appropriated budget for its general fund, debt service fund, and the child nutrition fund (An enterprise fund). A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

**Proprietary funds** - Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. Enterprise funds are used to report the same function presented as business-type activities in the government-wide financial statements. The District has two business-type activities (enterprise funds), which consist of Child Nutrition (National School Breakfast and Lunch) and Athletic Concessions. The second type of proprietary fund is the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District has four internal service funds, which consist of the Employee Health Insurance fund, the Workers' Compensation Insurance fund, the Disability Insurance fund and the Property Insurance fund. The basic proprietary fund financial statements can be found on pages 29 to 31 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statements of Fiduciary Assets and Liabilities on page 32. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Notes to the Financial Statements*

The notes to the financial statements (starting on page 33) provide narrative explanations or additional data needed for full disclosure in the government-wide and fund financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The District has presented the general fund budget to actual comparisons in the supplementary information found on pages 70 to 71 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 78 to 101 and 107 to 113 of this report.

*Government-Wide Financial Analysis*

The government-wide financial statements for the District's overall financial position and operations for the fiscal years August 31, 2007 and August 31, 2006 are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets exceeded total liabilities by \$138,944,730 as of August 31, 2007, an increase of \$16,782,664 over August 31, 2006. The District's total unrestricted net assets, which are the total net assets of the District reduced by restricted net assets of \$11,073,148 and net assets invested in capital assets of \$72,660,722, totaled \$55,210,860 on August 31, 2007.

**Table I - Net Assets Summary**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 215,285,379	\$ 219,418,567	\$ 2,306,384	\$ 2,388,886	\$ 217,591,763	\$221,807,453
Capital and non current assets	532,515,982	490,898,198	1,070,736	569,825	533,586,718	491,468,023
<b>Total Assets</b>	<b>747,801,361</b>	<b>710,316,765</b>	<b>3,377,120</b>	<b>2,958,711</b>	<b>751,178,481</b>	<b>713,275,476</b>
Current liabilities	29,301,208	34,597,152	443,899	601,643	29,745,107	35,198,795
Long term liabilities	582,488,644	555,914,615			582,488,644	555,914,615
<b>Total Liabilities</b>	<b>611,789,852</b>	<b>590,511,767</b>	<b>443,899</b>	<b>601,643</b>	<b>612,233,751</b>	<b>591,113,410</b>
<b>Net Assets</b>						
Invested in capital assets net of related debt	71,589,986	16,425,310	1,070,736	569,825	72,660,722	16,995,135
Restricted	9,361,244	47,292,524	1,711,904	1,627,328	11,073,148	48,919,852
Unrestricted	55,060,279	56,087,164	150,581	159,915	55,210,860	56,247,079
<b>Total Net Assets</b>	<b>\$ 136,011,509</b>	<b>\$ 119,804,998</b>	<b>\$ 2,933,221</b>	<b>\$ 2,357,068</b>	<b>\$ 138,944,730</b>	<b>\$122,162,066</b>

Investment in capital assets (e.g. land, buildings, furniture and equipment) less any related debt used to acquire those assets that is still outstanding is \$72,660,722 as of August 31, 2007. Although the District's investment in its capital assets is reported net of related debt (net of any unspent bond proceeds), it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (approximately 8 percent) represents resources that are subject to external restrictions on how they may be used, primarily funds to be used for the extinguishment of debt. The remaining balance of unrestricted net assets is \$55,210,860, which represents amounts available for the District to meet on-going obligations.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As shown in Table II, the net assets of the District's governmental activities increased \$16,206,511 for the year ending August 31, 2007. The total cost of all governmental activities this year was \$288,881,329, an increase of \$16,239,634 over the previous year, resulting from growth in enrollment and staffing, as well as inflationary factors. The amended budget included inflationary increases such as a 3.5% increase in salaries, a 22% increase for utilities, a 10% increase for fuel and a 67% increase for insurance. The amount that the District's taxpayers paid for governmental activities through property taxes was \$210,879,647 or 69 percent. State funding of \$54,161,494 and federal and state grants and contributions of \$22,515,267 accounted for 25 percent of the resources used to cover expenses, with the remainder of \$17,531,432 from user charges, interest and other income.

**Table II - Change in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 5,699,172	\$ 5,397,442	\$ 7,399,642	\$ 7,312,998	\$ 13,098,814	\$ 12,710,440
Operating grants	22,515,267	28,965,039	3,110,564	2,920,514	25,625,831	31,885,553
<b>General Revenues:</b>						
Property taxes	210,879,647	207,770,478			210,879,647	207,770,478
State Aid - Formula Grants	54,161,494	31,828,105			54,161,494	31,828,105
Grants and contributions not restricted	113,352	49,594		15,000	113,352	64,594
Interest earnings	11,373,275	10,717,858	152,950	78,155	11,526,225	10,796,013
Other	345,633	210,223			345,633	210,223
<b>Total Revenues</b>	<b>305,087,840</b>	<b>284,938,739</b>	<b>10,663,156</b>	<b>10,326,667</b>	<b>315,750,996</b>	<b>295,265,406</b>
<b>Expenses</b>						
Instruction	158,776,037	151,777,860			158,776,037	151,777,860
Instructional resources and media services	4,496,393	4,271,647			4,496,393	4,271,647
Curriculum and staff development	4,223,454	4,059,134			4,223,454	4,059,134
Instructional leadership	2,560,644	2,240,055			2,560,644	2,240,055
School leadership	14,543,396	13,482,018			14,543,396	13,482,018
Guidance, counseling, and evaluation services	9,235,319	8,527,125			9,235,319	8,527,125
Social work services	363,705	485,510			363,705	485,510
Health services	2,354,294	2,323,136			2,354,294	2,323,136
Student transportation	8,281,296	8,190,311			8,281,296	8,190,311
Food service	367,913	384,798			367,913	384,798
Extracurricular activities	8,275,702	7,556,005			8,275,702	7,556,005
General administration	7,977,884	7,364,736			7,977,884	7,364,736
Plant, maintenance and operations	31,436,161	26,636,699			31,436,161	26,636,699
Security and monitoring services	2,210,648	1,912,352			2,210,648	1,912,352
Data processing services	4,193,126	4,329,087			4,193,126	4,329,087
Community services	474,027	374,454			474,027	374,454
Interest on long-term debt	27,101,812	26,449,372			27,101,812	26,449,372
Debt issuance costs and fees	20,559	7,500			20,559	7,500
Facilities acquisition and construction	381,582	1,022,684			381,582	1,022,684
Payments related to shared services arrangements	502,515	486,530			502,515	486,530
Payments to Juvenile Justice Alternative Education Programs	102,381	13,713			102,381	13,713
Payments to Tax Increment Fund	1,002,481	746,969			1,002,481	746,969
National School Breakfast and Lunch			9,997,102	9,668,104	9,997,102	9,668,104
Athletic Concessions			89,901	54,896	89,901	54,896
<b>Total Expenses</b>	<b>288,881,329</b>	<b>272,641,695</b>	<b>10,087,003</b>	<b>9,723,000</b>	<b>298,968,332</b>	<b>282,364,695</b>
Excess (deficiency) before special items and transfers	16,206,511	12,297,044	576,153	603,667	16,782,664	12,900,711
Special items		34,354				34,354
Transfers		(66,920)		66,920		
Increase (Decrease) in Net Assets	16,206,511	12,264,478	576,153	670,587	16,782,664	12,935,065
<b>Net Assets - Beginning</b>	<b>119,804,998</b>	<b>107,540,520</b>	<b>2,357,068</b>	<b>1,686,481</b>	<b>122,162,066</b>	<b>109,227,001</b>
<b>Net Assets - Ending</b>	<b>\$ 136,011,509</b>	<b>\$ 119,804,998</b>	<b>\$ 2,933,221</b>	<b>\$ 2,357,068</b>	<b>\$ 138,944,730</b>	<b>\$ 122,162,066</b>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District decreased the combined property tax rate from \$1.775 to \$1.630 per \$100 of assessed value, and the assessed values increased approximately 9.2 percent to a total assessed valuation of \$12.66 billion. This resulted in a tax levy of approximately \$206.3 million in 2007, an increase of \$0.16 million over the 2006 fiscal year.

Total expenses above include depreciation of \$22,974,534. Capital outlay of \$64,640,184 is not included in the above total expenses. In the government-wide financial statements, capital outlay is shown as an increase in the capital assets reported on the Statement of Net Assets and depreciation expense is reported in the Statement of Activities in order to spread the recognition of the cost of capital assets over their useful lives.

Net assets of the District's business-type activities increased \$576,153 for the year ending August 31, 2007.

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, August 31, 2007, the District's governmental funds reported:

- Combined ending fund balances of \$165,844,288, a decrease of \$1,526,211 over the year ended August 31, 2006. This decrease resulted primarily from the expenditure of funds in the capital projects fund netted with proceeds from the issuance of long-term debt.
- Approximately 28% of ending fund balance (\$45,771,260) constitutes unreserved, undesignated fund balance. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been reserved or designated as follows:
  - (1) Reserved for inventory - \$916,616
  - (2) Reserved for debt service - \$4,225,838
  - (3) Reserved for prepaid expenditures - \$2,810,865
  - (4) Reserved for purchase orders of the prior period - \$22,906,209
  - (5) Reserved for construction - \$82,848,702
  - (6) Reserved for other purposes including Indirect Costs and Music Enrichment - \$456,541
  - (6) Designated for long-term compensated absences - \$2,658,257
  - (7) Designated for Special Education expenditures - \$750,000
  - (8) Designated for disaster recovery - \$2,500,000

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$43,761,535 while the total fund balance was \$53,491,946. During the current fiscal year, the fund balance of the general fund increased by \$2,218,781. Key factors related to this change are as follows:

- Tax revenues decreased \$6.0 million over the previous fiscal year resulting from a 11.3% decrease in the property tax rate.
- State funding increased \$21.5 million due to an increase in enrollment and changes in the state funding formula as a result of recent legislation.
- The majority of the District's expenditures are for personnel costs. Personnel costs increased during the current fiscal year due to a 3% across the board salary increase for teachers and all other employees; and, for additional staff hired as a result of population growth and students relocated by the hurricanes.

The debt service fund has a total fund balance of \$4,225,838, all of which is reserved for the payment of debt. The net increase in the fund balance during the period in the debt service fund was \$214,543.

The capital projects fund is used to account for financial resources to be used for the construction and renovation of District facilities. The fund balance of the District's capital projects fund was \$105,660,238 on August 31, 2007, \$22,811,536 of which is reserved for encumbrances. The capital projects fund began the year with \$111,563,926 in fund balance as a result of unspent bond proceeds in previous years. The District had expenditures in the capital projects fund of \$65,455,829 in the current year. The remaining capital projects fund balance of \$82,848,702 is reserved for future construction projects.

**General Fund Budgetary Highlights**

Over the course of the year, District administration recommended, and the Board of Trustees approved, several revisions to budgeted revenue and appropriations. Revisions to the revenue budget are necessary due to changes in estimates for local and state revenue based on updated information concerning student attendance and tax collections. Revisions to appropriations are necessary due to staffing adjustments based on actual enrollment, changes in spending needs over the course of the year and other unexpected occurrences.

The District's major budget amendments during the year are summarized as follows:

- The revenue budget was increased by approximately \$1.9 million due to:
  - \$1.8 million from higher than expected investment earnings resulting from increased interest rates and increased fund balance.
  - \$0.1 million from higher than expected tax collections within a tax increment reinvestment zone..



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- The expenditure budget was increased by a net of approximately \$2.1 million due to:
  - \$1.4 million for increased property insurance costs.
  - \$0.6 million for increased instructional supplies and security costs.
  - \$0.1 million for increased costs associated with a tax increment reinvestment zone..
- The operating transfers out were increased by a net of approximately \$15 million due to:
  - Transfers needed to the capital replacement project fund to cover planned projects.

**Capital Asset and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the District had \$533.6 million (net of accumulated depreciation of \$193.0 million) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

**Table III - Capital Asset Summary**

	<b>Governmental Activities</b>		<b>Business-Type Activites</b>		<b>Totals</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Land	\$ 58,183,426	\$ 58,183,426	\$	\$	\$ 58,183,426	\$ 58,183,426
Land improvements	20,062,939	15,449,914			20,062,939	15,449,914
Buildings and improvements	549,810,014	440,441,926	126,535	17,293	549,936,549	440,459,219
Furniture and equipment	80,777,511	67,829,534	1,094,882	746,578	81,872,393	68,576,112
Leased assets under capital lease						
Construction in progress	16,564,482	79,460,451			16,564,482	79,460,451
<b>Total</b>	<b>725,398,372</b>	<b>661,365,251</b>	<b>1,221,417</b>	<b>763,871</b>	<b>726,619,789</b>	<b>662,129,122</b>
Accumulated depreciation	(192,882,390)	(170,467,053)	(150,681)	(194,046)	(193,033,071)	(170,661,099)
Net capital assets	<u>\$ 532,515,982</u>	<u>\$ 490,898,198</u>	<u>\$ 1,070,736</u>	<u>\$ 569,825</u>	<u>\$ 533,586,718</u>	<u>\$ 491,468,023</u>

Additional information on the District's capital assets can be found in Note 8 on pages 52 and 53 of this report.

Significant capital asset activity during the year included the following:

- Clear Creek High School construction and improvements totaling more than \$14.4 million.
- Clear Lake High School improvements totaling more than \$3.2 million.
- Clear Brook High School improvements totaling more than \$2.3 million.
- Clear Springs High School Construction totaling more than \$20.1 million.
- Seabrook Intermediate improvements totaling more than \$2.0 million.
- Clear Lake Intermediate improvements totaling more than \$1.4 million.
- Robinson Elementary construction totaling more than \$1.0 million.
- Technology improvements totaling more than \$2.9 million.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Debt**

Debt-management policies seek to provide the most favorable climate for District debt projects while upholding the highest rating possible for debt instruments. Management policies include the following points:

- All debt service obligations will be met when due.
- Long-term financing will be restricted to capital projects and purchases of related equipment.
- Long-term bonds will not be issued to finance current operations.
- The District will cooperate and communicate with bond-rating agencies and work toward obtaining the most favorable municipal bond rating possible.
- Outstanding obligations will be reviewed frequently to ensure the most favorable funding structure for the District.
- All necessary information and material regarding the District's financial status will be provided to the appropriate parties.

The ratio of net general bonded debt to assessed valuation is a useful indicator of the District's debt position. This data is presented in the schedule "Ratios of Net General Obligation Bonded Debt Outstanding" in the statistical section and reflects a decrease in the ratio of net bonded debt to assessed value of 3.49%, as compared to 3.6% last year.

At year-end, the District had \$579,196,318 in bonds outstanding including accreted interest on capital appreciation bonds, deferred loss on refunding bonds, and premiums on bonds at issuance.

The District continues to enjoy excellent underlying bond ratings. The "AAA" long-term rating on the District's bonds reflects the Texas Permanent School fund guarantee. The underlying rating on the District's bonds is Aaa from Moody's, AAA from Standard and Poor's, and AAA from Fitch Ratings.

At August 31, 2007 the District had no remaining un-issued authorized bonds.

More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements.

**Table IV – District's Outstanding Debt**

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
General obligation bonds	\$ 563,085,000	\$ 539,685,000
Less deferred amounts:		
For issuance premiums/discounts	21,159,418	21,802,646
Gain or (loss) on refunding bonds	(18,002,227)	(20,543,758)
Accreted interest on premium compound interest bonds	12,954,127	11,953,896
	<u>\$ 579,196,318</u>	<u>\$ 552,897,784</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Economic Factors and Next Year's Budgets and Rates**

Economic factors can have a significant impact on the District's finances. The average unemployment rate for Harris and Galveston counties are 4.2% and 4.5%, respectively, while the state and national averages are 4.3% and 4.6%, respectively. Increases in the unemployment rate could result in a reduction in the District's tax collections. Inflationary trends in the region tend to be somewhat lower than the national consumer price index (CPI). In general, this positive factor helps the District keep costs low. However, two specific trends have required significant increases in school district expenditures. First, the teacher shortage in this area has mandated significant salary and benefit increases as districts attempt to attract and retain qualified personnel. Second, inflation and other external factors have resulted in budget increases for property insurance, electricity and fuel.

The District's elected and appointed officials considered many factors when setting the 2007-08 fiscal year general fund budget and tax rate. The adopted budget is based on the following significant assumptions:

- The District's enrollment was projected to increase by 2.8% or approximately 930 students at the time the budget was adopted.
- General fund expenditures are budgeted to increase by approximately \$15.1 million from the 2006-07 original budget. Major factors that resulted in this increase include:
  - salary increases of 3.5% for all staff for a total increase of \$5.7 million.
  - Benefit increases of \$2.1 million.
  - New positions needed to accommodate student growth, new campuses and new programs of \$9.2 million.
  - New initiatives and programs of \$.8 million.
  - Energy and fuel increases of \$.7 million.
  - Property and casualty insurance premium increases of \$.6 million.
  - Operational and capital replacement cost reductions of \$4.0 million.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, Clear Creek Independent School District, 2425 East Main Street, League City, Texas, 77573.

## **Basic Financial Statements**

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Exhibit A-1*

**STATEMENT OF NET ASSETS**

August 31, 2007

<b>Data Control Codes</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
1110 Cash and cash equivalents	\$ 152,691,415	\$ 2,368,794	\$ 155,060,209
1120 Current investments	34,939,836		34,939,836
1225 Property taxes receivables, net	7,280,741		7,280,741
1240 Due from other governments	11,367,503	56,094	11,423,597
1250 Accrued interest	560,125		560,125
1260 Internal balances	160,823	(160,823)	
1290 Other receivables, net	409,850		409,850
1300 Inventories	916,616		916,616
1410 Deferred expenses	3,079,954	42,319	3,122,273
1420 Capital bond and other debt issuance costs	3,878,516		3,878,516
Capital assets not subject to depreciation:			
1510 Land	58,183,426		58,183,426
1580 Construction in progress	16,564,482		16,564,482
Capital assets net of depreciation:			
1520 Buildings and improvements, net	414,883,066	125,042	415,008,108
1530 Furniture and equipment, net	42,885,008	945,694	43,830,702
1000 <b>Total Assets</b>	<b>747,801,361</b>	<b>3,377,120</b>	<b>751,178,481</b>
<b>Liabilities</b>			
2110 Accounts payable	14,078,906	291,725	14,370,631
2140 Interest payable	1,246,329		1,246,329
2150 Payroll deductions and withholdings	29,216		29,216
2160 Accrued wages payable	8,551,000	152,174	8,703,174
2177 Due to fiduciary funds	1,310		1,310
2180 Due to other governments	1,372		1,372
2190 Due to student groups	133,968		133,968
2200 Accrued expenses	3,125,468		3,125,468
2300 Unearned revenue	2,133,639		2,133,639
Noncurrent Liabilities:			
2501 Due within one year	15,554,069		15,554,069
2502 Due in more than one year	566,934,575		566,934,575
2000 <b>Total Liabilities</b>	<b>611,789,852</b>	<b>443,899</b>	<b>612,233,751</b>
<b>Net Assets</b>			
3200 Invested in capital assets, net of related debt	71,589,986	1,070,736	72,660,722
Restricted for:			
3820 Federal and state programs	27,346		27,346
3840 Food service		1,711,904	1,711,904
3850 Debt service	4,074,173		4,074,173
3870 Campus activity	2,009,725		2,009,725
3890 Other Purposes	3,250,000		3,250,000
3900 Unrestricted	55,060,279	150,581	55,210,860
<b>Total net assets</b>	<b>\$ 136,011,509</b>	<b>\$ 2,933,221</b>	<b>\$ 138,944,730</b>

See Notes to Financial Statements

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
*For the Year Ended August 31, 2007*

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental activities:			
11	Instruction	\$ 158,776,037	\$ 1,447,355	\$ 13,924,471
12	Instructional resources and media services	4,496,393		175,249
13	Curriculum and staff development	4,223,454	13,374	1,294,572
21	Instructional leadership	2,560,644	163,143	429,219
23	School leadership	14,543,396		749,225
31	Guidance, counseling, and evaluation services	9,235,319	83,614	1,655,209
32	Social work services	363,705		30,695
33	Health services	2,354,294		492,097
34	Student transportation	8,281,296		2,215,071
35	Food service	367,913		
36	Extracurricular activities	8,275,702	3,588,428	323,689
41	General administration	7,977,884		208,123
51	Plant, maintenance and operations	31,436,161	400,656	490,182
52	Security and monitoring services	2,210,648		18,592
53	Data processing services	4,193,126		176,949
61	Community services	474,027	2,602	331,924
72	Interest on long-term debt	27,101,812		
73	Debt issuance costs and fees	20,559		
81	Facilities acquisition and construction	381,582		
93	Payments related to shared services arrangements	502,515		
95	Payments to Juvenile Justice Alternative Education	102,381		
97	Payments to Tax Increment Fund	1,002,481		
<b>TG</b>	<b>Total governmental activities</b>	<u>288,881,329</u>	<u>5,699,172</u>	<u>22,515,267</u>
	<b>Business-type activities</b>			
35	National School Breakfast and Lunch	9,997,102	7,319,075	3,110,564
02	Athletic Concessions	89,901	80,567	
<b>TB</b>	<b>Total business-type activities</b>	<u>10,087,003</u>	<u>7,399,642</u>	<u>3,110,564</u>
<b>TP</b>	<b>Total primary government</b>	<u>\$ 298,968,332</u>	<u>\$ 13,098,814</u>	<u>\$ 25,625,831</u>

Data Control Codes	
	<b>General revenues:</b>
	<b>Taxes:</b>
<b>MT</b>	Property taxes, levied for general purposes
<b>DT</b>	Property taxes, levied for debt service
<b>SF</b>	State-aid formula grants not restricted
<b>GC</b>	Grants and contributions not restricted
<b>IE</b>	Investment earnings
<b>MI</b>	Miscellaneous
<b>TR</b>	Total general revenues, special items, and transfers
<b>CN</b>	Change in net assets
<b>NB</b>	<b>Net assets - beginning</b>
<b>PA</b>	Prior period adjustments
<b>NE</b>	<b>Net assets - ending</b>

See Notes to Financial Statements

*Exhibit B-1*

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (143,404,211)	\$	\$ (143,404,211)
(4,321,144)		(4,321,144)
(2,915,508)		(2,915,508)
(1,968,282)		(1,968,282)
(13,794,171)		(13,794,171)
(7,496,496)		(7,496,496)
(333,010)		(333,010)
(1,862,197)		(1,862,197)
(6,066,225)		(6,066,225)
(367,913)		(367,913)
(4,363,585)		(4,363,585)
(7,769,761)		(7,769,761)
(30,545,323)		(30,545,323)
(2,192,056)		(2,192,056)
(4,016,177)		(4,016,177)
(139,501)		(139,501)
(27,101,812)		(27,101,812)
(20,559)		(20,559)
(381,582)		(381,582)
(502,515)		(502,515)
(102,381)		(102,381)
(1,002,481)		(1,002,481)
(260,666,890)		(260,666,890)
	432,537	432,537
	(9,334)	(9,334)
	423,203	423,203
(260,666,890)	423,203	(260,243,687)
172,222,153		172,222,153
38,657,494		38,657,494
54,161,494		54,161,494
113,352		113,352
11,373,275	152,950	11,526,225
345,633		345,633
276,873,401	152,950	277,026,351
16,206,511	576,153	16,782,664
117,751,602	2,357,068	120,108,670
2,053,396		2,053,396
\$ 136,011,509	\$ 2,933,221	\$ 138,944,730



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

August 31, 2007

<u>Data Control Codes</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>
<b>Assets</b>			
1110 Cash and temporary investments	\$ 31,701,230	\$ 4,990,701	\$ 99,681,162
1120 Investments	34,939,836		
<b>Receivables:</b>			
1220 Property taxes - delinquent	7,255,223	1,310,354	
1230 Allowance for uncollectible taxes (credit)	(1,088,283)	(196,553)	
1240 Receivables from other governments	10,535,884		
1250 Accrued interest	560,125		
1260 Due from other funds		31,863	15,000,000
1290 Other receivables	6,564		176,123
1300 Inventories, at cost	916,616		
1410 Prepaid items	2,810,865		
1000 <b>Total Assets</b>	<u>\$ 87,638,060</u>	<u>\$ 6,136,365</u>	<u>\$ 114,857,285</u>
 <b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
2110 Accounts payable	\$ 3,791,505	\$	\$ 9,197,047
2140 Interest payable		116,543	
2150 Payroll deduction and withholdings payable	29,216		
2160 Accrued wages payable	8,466,862		
2170 Due to other funds	15,536,640		
2180 Payable to other governments	1,333		
2190 Due to student and employee groups	133,968		
2200 Accrued expenses	634,069		
2300 Deferred revenues	5,552,521	1,793,984	
2000 <b>Total Liabilities</b>	<u>34,146,114</u>	<u>1,910,527</u>	<u>9,197,047</u>
<b>Fund Balance:</b>			
<b>Reserved for:</b>			
3410 Investments in inventories	916,616		
3420 Retirement of funded indebtedness		4,225,838	
3430 Prepaid items	2,810,865		
3440 Encumbrances	94,673		22,811,536
3470 Construction			82,848,702
3490 Other purposes			
<b>Unreserved, Designated for:</b>			
3590 Other purposes	5,908,257		
<b>Unreserved, Undesignated Reported in:</b>			
3600 General fund	43,761,535		
3610 Special revenue funds			
3640 Debt service			
3000 <b>Total fund balances</b>	<u>53,491,946</u>	<u>4,225,838</u>	<u>105,660,238</u>
4000 <b>Total Liabilities and Fund Balances</b>	<u>\$ 87,638,060</u>	<u>\$ 6,136,365</u>	<u>\$ 114,857,285</u>

See Notes to Financial Statements.

*Exhibit C-1*

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,535,662	\$ 139,908,755
	34,939,836
	8,565,577
	(1,284,836)
831,619	11,367,503
	560,125
441,241	15,473,104
127,163	309,850
	916,616
	2,810,865
<u>\$ 4,935,685</u>	<u>\$ 213,567,395</u>
\$ 626,225	\$ 13,614,777
	116,543
	29,216
84,138	8,551,000
441,241	15,977,881
39	1,372
	133,968
	634,069
<u>1,317,776</u>	<u>8,664,281</u>
<u>2,469,419</u>	<u>47,723,107</u>
	916,616
	4,225,838
	2,810,865
	22,906,209
	82,848,702
456,541	456,541
	5,908,257
	43,761,535
2,009,725	2,009,725
<u>2,466,266</u>	<u>165,844,288</u>
<u>\$ 4,935,685</u>	<u>\$ 213,567,395</u>

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET ASSETS**  
*August 31, 2007*

*Exhibit C-2*

<u>Data Control Codes</u>	<b>Total fund balance, governmental funds (from C-1)</b>	
		\$ 165,844,288
	Amounts reported for governmental <i>activities</i> in the statement of net assets (A-1) are different because:	
<b>1</b>	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable.	532,515,982
<b>2</b>	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes (net of allowance for uncollectible accounts) are deferred in the fund financial statements.	6,530,642
<b>3</b>	Bond issuance costs are not financial resources and, therefore, are not reported as assets in governmental funds. These costs are to be amortized over the life of the bonds.	3,878,516
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
<b>4</b>	General obligation bonds	(563,085,000)
<b>5</b>	Premiums on issuance	(21,159,418)
<b>6</b>	Deferred loss on refunding	18,002,227
<b>7</b>	Accreted interest on premium compound interest bonds	(12,954,127)
<b>8</b>	Accrued compensated absences	(2,658,257)
<b>9</b>	Accrued interest payable	(1,129,786)
<b>10</b>	Addition of Internal Service Fund net assets.	<u>10,226,442</u>
	<b>Total net assets - governmental activities</b>	<u><u>\$ 136,011,509</u></u>

See Notes to Financial Statements.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For the Year Ended August 31, 2007

<u>Data Control Codes</u>		<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>
<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 176,707,325	\$ 38,793,335	\$ 4,831,501
5800	State program revenues	62,306,964		
5900	Federal program revenues	659,594		
5020	<b>Total revenues</b>	<u>239,673,883</u>	<u>38,793,335</u>	<u>4,831,501</u>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	134,763,336		18,576
0012	Instruction resources and media services	4,088,473		
0013	Curriculum and instructional staff development	2,174,954		
0021	Instructional leadership	1,858,408		
0023	School leadership	13,090,400		
0031	Guidance, counseling and evaluation services	7,049,981		
0032	Social work services	145,298		
0033	Health services	2,098,363		
0034	Student transportation	8,347,774		36,604
0035	Food services	279,005		152,078
0036	Extracurricular activities	4,582,026		6,093
0041	General administration	7,048,551		31,831
0051	Plant maintenance and operations	27,291,523		2,817,016
0052	Security and monitoring services	1,800,443		242,521
0053	Data processing services	3,984,284		
0061	Community services	133,960		
<b>Debt service:</b>				
0071	Principal on long-term debt		13,735,000	
0072	Interest on long-term debt		24,843,792	
0073	Bond issuance costs and fees			404,408
<b>Capital outlay:</b>				
0081	Facilities acquisition and construction			61,746,702
<b>Intergovernmental:</b>				
0093	Payments related to shared services arrangements	502,515		
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	102,381		
0097	Payments to tax increment fund	1,002,481		
6030	<b>Total Expenditures</b>	<u>220,344,156</u>	<u>38,578,792</u>	<u>65,455,829</u>
1100	Excess (deficiency) of revenues over expenditures	<u>19,329,727</u>	<u>214,543</u>	<u>(60,624,328)</u>
<b>Other Financing Sources (Uses)</b>				
7911	Capital-related debt issued (regular bonds)			37,135,000
7912	Sale of real or personal property	5,409		
7915	Transfers in			17,000,000
7916	Premium or discount on issuance of bonds			585,640
8911	Transfers out	(17,116,355)		
7080	<b>Total other financing sources and uses</b>	<u>(17,110,946)</u>		<u>54,720,640</u>
1200	Net change in fund balances	2,218,781	214,543	(5,903,688)
0100	<b>Fund Balance - September 1 (Beginning)</b>	51,273,165	4,011,295	111,563,926
	Prior period adjustment			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 53,491,946</u>	<u>\$ 4,225,838</u>	<u>\$ 105,660,238</u>

See Notes to Financial Statements.

*Exhibit C-3*

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,686,277	\$ 225,018,438
4,584,526	66,891,490
9,098,920	9,758,514
<u>18,369,723</u>	<u>301,668,442</u>
10,453,992	145,235,904
323	4,088,796
1,822,024	3,996,978
511,102	2,369,510
118,944	13,209,344
1,461,820	8,511,801
203,516	348,814
42,076	2,140,439
64,968	8,449,346
	431,083
3,413,351	8,001,470
168,356	7,248,738
8,343	30,116,882
	2,042,964
	3,984,284
326,506	460,466
	13,735,000
	24,843,792
	404,408
	61,746,702
	502,515
	102,381
	1,002,481
<u>18,595,321</u>	<u>342,974,098</u>
<u>(225,598)</u>	<u>(41,305,656)</u>
	37,135,000
	5,409
116,355	17,116,355
	585,640
	(17,116,355)
<u>116,355</u>	<u>37,726,049</u>
(109,243)	(3,579,607)
522,113	167,370,499
<u>2,053,396</u>	<u>2,053,396</u>
<u>\$ 2,466,266</u>	<u>\$ 165,844,288</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Exhibit C-4*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*For the Year Ended August 31, 2007*

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ (3,579,607)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
1	Governmental funds capital outlays	64,640,184
2	Governmental activities depreciation expense	(22,892,530)
3	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(129,870)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,277,982
5	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	13,735,000
6	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	(37,720,640)
7	Bond issuance costs paid during the current year will be amortized over the life of the bonds.	404,408
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
8	Increase in interest payable not recognized in fund statements	263,609
9	Decrease in long-term portion of accrued compensated absences	(237,171)
10	Accreted interest on capital appreciation bonds and amortization of bond issuance costs	(1,000,231)
11	Amortization of deferred charges including bond issuance costs as well as premiums and discounts on issuance of bonds	(1,541,957)
12	Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing, to individual funds. The net revenue (expense) of the internal service funds is reported as governmental activities.	987,334
	<b>Change in net assets of governmental activities (see B-1)</b>	<u><u>\$ 16,206,511</u></u>

See Notes to Financial Statements.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
*August 31, 2007*

*Exhibit D-1*

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,368,794	\$ 12,782,660
<b>Receivables:</b>		
Due from other governments	56,094	
Due from other funds		664,290
Other receivables		100,000
Other current assets	42,319	269,089
<b>Total current assets</b>	<u>2,467,207</u>	<u>13,816,039</u>
<b>Land, Buildings and Equipment:</b>		
Building and improvements	126,535	
Furniture and equipment	1,094,882	
Accumulated depreciation - Buildings	(1,493)	
Accumulated depreciation - Furniture and Equipment	(149,188)	
<b>Total non-current assets</b>	<u>1,070,736</u>	
<b>Total Assets</b>	<u>3,537,943</u>	<u>13,816,039</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable	291,725	464,129
Accrued wages payable	152,174	
Due to other funds	160,823	
Accrued expenses		3,125,468
<b>Total current liabilities</b>	<u>604,722</u>	<u>3,589,597</u>
<b>Total Liabilities</b>	<u>604,722</u>	<u>3,589,597</u>
<b>Net Assets</b>		
Investments in capital Assets, net of debt	1,070,736	
Restricted for food service	1,718,008	
Unrestricted net assets	144,477	10,226,443
<b>Total Net Assets</b>	<u>\$ 2,933,221</u>	<u>\$ 10,226,443</u>

See notes to financial statements



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
*For the Year Ended August 31, 2007*

*Exhibit D-2*

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>		
Charges for Services	\$ 7,399,642	\$ 25,907,004
State Program Revenues		
<b>Total Operating Revenues</b>	<u>7,399,642</u>	<u>25,907,004</u>
<b>Operating Expenses</b>		
Payroll costs	3,875,451	
Purchased and contracted services	945,425	1,642,466
Supplies and materials	4,956,273	3,760
Other operating costs	201,028	
Claims expense and other operating expenses		23,414,860
Depreciation	82,004	
<b>Total Operating Expenses</b>	<u>10,060,181</u>	<u>25,061,086</u>
Operating Income (Loss)	<u>(2,660,539)</u>	<u>845,918</u>
<b>Non-Operating Revenues (Expenses)</b>		
Investment earnings	152,950	141,416
National School Breakfast Program	597,523	
National School Lunch Program	2,017,299	
Donated Commodities	442,016	
Operating grants and contributions	53,726	
Miscellaneous expenses	(26,822)	
<b>Total Nonoperating Revenues (Expenses)</b>	<u>3,236,692</u>	<u>141,416</u>
Change in Net Assets	576,153	987,334
<b>Net Assets - September 1 (Beginning)</b>	<u>2,357,068</u>	<u>9,239,109</u>
<b>Net Assets - August 31 (Ending)</b>	<u>\$ 2,933,221</u>	<u>\$ 10,226,443</u>

See notes to financial statements

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended August 31, 2007

Exhibit D-3

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 7,399,642	\$ 6,698,067
Cash receipts from interfund services provided		19,208,937
Cash payments for insurance claims		(18,360,730)
Cash payments to suppliers for goods and services	(5,143,025)	(6,487,155)
Cash payments to employees	(3,995,039)	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(1,738,422)</b>	<b>1,059,119</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Advances from other funds		7,778,550
Advances to other funds	(407,744)	(310,758)
Federal and state assistance - Food service and related	2,806,779	
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<b>2,399,035</b>	<b>7,467,792</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of capital assets	(609,737)	
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(609,737)</b>	
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	152,950	141,416
<b>Net Cash Provided by Investing Activities</b>	<b>152,950</b>	<b>141,416</b>
Net Increase in Cash and Cash Equivalents	203,826	8,668,327
Cash and Cash Equivalents at Beginning of Year	2,164,968	4,114,333
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,368,794</b>	<b>\$ 12,782,660</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ (2,660,539)	\$ 845,918
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	82,004	
Donated commodities	442,016	
<b>Change in Assets and Liabilities:</b>		
Decrease (increase) in Receivables		(100,000)
Decrease (increase) in Deferred Expenses/Other Assets	555,841	(84,089)
Increase (decrease) in Accounts Payable	(38,156)	92,290
Increase (decrease) in Accrued Wages Payable	(119,588)	
Increase (decrease) in Accrued Expenses		305,000
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (1,738,422)</b>	<b>\$ 1,059,119</b>
<b>Supplemental information:</b>		
Non-cash transaction - Donated commodities received	\$ 442,016	\$
<b>Total non-cash transactions</b>	<b>\$ 442,016</b>	<b>\$</b>

See notes to financial statements

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Exhibit E-1*

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

*For the Year Ended August 31, 2007*

	<u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,153,291
<b>Receivables:</b>	
Due from primary government	1,310
<b>Total Assets</b>	<u>1,154,601</u>
<b>Liabilities</b>	
Accounts payable	28,758
Due to student groups	1,125,843
<b>Total Liabilities</b>	<u>\$ 1,154,601</u>

See notes to financial statements

**Note 1 - Summary Of Significant Accounting Policies**

The Clear Creek Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

The District's Financial Statements are in accordance with GASB Statement No. 34, "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes the note disclosure requirements in the financial statements for governmental entities.

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow user's of financial reports to assess a government's operational accountability. The GASB 34 reporting model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

The following is a summary of the most significant accounting policies.

**A. Reporting Entity**

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**A. Reporting Entity (continued)**

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to 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 statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*. The District has also implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB 39 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Clear Creek Independent School District operating activities and activities other than the District's fiduciary (Agency-type) activities. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. The District *Business-type activities* rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "Grants and Contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act (ESEA). If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as "Due To/Due From" on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds to be major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

**C. Measurement Focus, Basis Of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources, and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. It recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within sixty days after year end.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis Of Accounting, and Financial Statement Presentation (continued)**

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **D. Fund Accounting**

The accounts of the District are organized on the basis of funds in accordance with the provisions of the Resource Guide. Each fund is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses. For financial statement presentation, the District's fund financial statements provides more detailed information about the District's most significant *funds*-not the District as a whole. The funds shown on the Fund Financial Statements are considered major funds because of the size and activity of the funds in relation to all of the funds.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

The District reports the following major Governmental Funds:

**1. General Fund**

The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, state funding under the Foundation School Program, interest earnings on fund investments, and federal source revenues for indirect costs reimbursed by the programs accounted for in the Special Revenue Fund. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service and capital projects.

**2. Debt Service Fund**

The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the District. The primary sources of revenue for debt service are local property taxes.

**3. Capital Projects Fund**

The Capital Projects Fund is used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the renovation, acquisition and construction of school facilities.

The District also reports the following governmental fund type under other governmental funds as nonmajor:

**4. Special Revenue Fund**

The Special Revenue Fund is used to account for all financial resources restricted to, or designated for, specific purposes by a grantor. Specifically, this type of fund is used to account for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Project accounting is employed to maintain integrity for the various sources of funds. Resources accounted for in these funds are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements. The Federal Award Section of the District's Annual Financial and Compliance Report identifies these individual grants.



**Note 1 - Summary Of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

Additionally, the District reports the following proprietary funds:

**5. Enterprise Fund**

The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's non-major Enterprise Funds are:

- a. National Breakfast and Lunch Program
- b. Athletic Concessions

**6. Internal Service Funds**

Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. Internal service funds have been established to account for the District's health, workers' compensation, disability self-insurance plans and property insurance .

The District also reports the following fiduciary funds:

**7. Agency Funds**

The Agency Funds are used to account for activities of student groups. These funds have no equity; assets are equal to liabilities and do not include revenues and expenditures for general operations of the District. The agency fund accounts for resources held in a custodial capacity by the District, and consists of funds that are property of students and others and cannot be used by the District in operations.

**E. Other Accounting Policies- Assets, Liabilities and Net Assets or Equity**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market accounts, balances in private-managed public funds investment pools ("TexPool", "Lone Star" and "MBIA"), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Statement of Cash Flows, the Proprietary Fund Types consider temporary investments, with maturity of three months or less when purchased, to be cash equivalents.

For cash management purposes, the District transfers balances to either a money market mutual or an externally pooled investment account. The cash is transferred back to the District as needed.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**E. Other Accounting Policies- Assets, Liabilities and Net Assets or Equity (continued)**

**2. Investments**

Investments consist primarily of U.S. government agency securities and commercial paper. The District's investments are carried at fair value based on quoted market prices at year end, in accordance with Generally Accepted Accounting Principles. Investments having a maturity of three months or less are reported as cash and cash equivalents.

**3. Short-Term Interfund Receivables/Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet.

**4. Inventories**

Inventories consisting of supplies and materials are stated at cost (average cost method) and they include consumable custodial, maintenance, transportation, instructional and office supplies. Inventories of governmental funds are recorded as expenditures when the supplies and materials are used or consumed (consumption method) rather than when purchased. Inventories of food commodities inventory are recorded at fair market value supplied by the Texas Department of Human Services on the date received. Commodity inventory items are recorded as expenditures when distributed to individual campuses and revenue is recognized for an equal amount.

**5. Capital Assets**

Capital Assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of the Facilities Acquisition and Construction function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**E. Other Accounting Policies- Assets, Liabilities and Net Assets or Equity (continued)**

**5. Capital Assets (Continued)**

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Land improvements	10 - 25
Computer equipment	5 - 10
Furniture and equipment	5 - 20
Vehicles	5 - 10

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Accretion of interest on the Capital Appreciation Bonds is recorded at the accreted value through the end of the fiscal year.

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

**7. Transactions Between Funds**

Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is reimbursed.

Other legally authorized transfers are treated as operating transfers and are included in the results of operations of the governmental funds.

**Note 1 - Summary Of Significant Accounting Policies (continued)**

**E. Other Accounting Policies- Assets, Liabilities and Net Assets or Equity (continued)**

**8. Compensated Absences-Accumulated Vacation Pay and Sick Leave**

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. The estimated liability for accumulated sick leave is reported in the government-wide statement of net assets for the portion that is not currently payable from available financial resources at year end and which is accounted for as a designation of fund balance in the governmental funds-general fund. The current portion of compensated absences payable is reported in the governmental funds. Annual vacation time which is unused lapses at the end of each fiscal year. There are no other compensated absences allowed under the District's personnel policies.

**9. Fund Balance**

In the fund financial statements, the District records fund balance reserves to indicate that a portion of fund balance is legally restricted by outside parties for a specific future use or to indicate that a portion of the fund balance is not available for expenditures. The District designates portions of the unreserved fund balance to indicate the administration's tentative plans for future use of financial resources.

**10. Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**11. Data Control Codes**

The data control codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. TEA requires school districts to display these codes in the financial statements submitted to them in order to insure accuracy in building a statewide database for policy development and funding plans.

**Note 2 - Reconciliation Of Government-Wide And Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. Also, the property taxes receivable which is included as deferred in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts.

**B. Explanation Of Certain Differences Between The Governmental Fund Statement Of Revenues, Expenditures, And Changes In Fund Balances And The Government-Wide Statement Of Activities**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The debt payments on retirement of debt are recorded as expenditures for fund basis financial statements but are a reduction of debt in the government wide financial statements. The capital asset additions are expenditures in the fund basis financial statements but are capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the Government-Wide Statement of Activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the deferred revenues are adjusted based on prior year levies and current year uncollectible amounts.

**Note 3 - Stewardship, Compliance, And Accountability**

**A. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, the National School Breakfast and Lunch program which is included in the Enterprise Funds. Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final amended budgeted revenues and expenditures for the general fund. The General Fund Budget report appears in the required supplementary information section where the District compares the final amended budget to actual revenues and expenditures. Per regulatory requirements, the Debt Service and Child Nutrition Funds are required to be reported with the original budget, amended budget and actual. These statements are included in the other Supplemental information of the School District's Annual Financial and Compliance Report in Exhibit H-1 and H-2.

**Note 3 - Stewardship, Compliance, And Accountability (continued)**

**A. Budgetary Data (continued)**

The Capital Projects Fund budget is prepared on a project-basis based on the proceeds available from bond issues and planned expenditures outlined in applicable bond ordinances. Capital Projects Fund equity, which represents unexpended appropriations, is reappropriated in the subsequent fiscal year's budget until available funds for acquisition and construction of facilities have been utilized. Each major construction contract is approved based on the existing availability of bond proceeds and/or approved but unissued bonds.

The following procedures are followed in establishing the budgetary data reflected in the fund financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. During the fiscal year, the operating budget must be amended by the Board for changes to function appropriation amounts. All supplemental appropriations must be within limits of available revenues and fund equity.

**B. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year end are commitments that do not constitute expenditures or liabilities, but are reported as reservations of fund balances. Since under Texas law, appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

**Note 4 - Deposits (Cash) And Investments**

**A. Deposits (Cash)**

Deposits and investment transactions of the District are regulated by State statutes through provisions of Chapter 23, Subchapter E, Sections 23.71 through 23.8 (the School Depository Act) of the Texas Education Code and other Code sections referenced therein and through provisions of the Texas Revised Civil Statutes, Title 47, Articles 2529c, and 2548a regarding security for District funds in depository institutions.

In accordance with applicable statutes, the District has a depository contract with an area bank (depository) providing for interest to be earned on deposited funds and for banking charges the District incurs as a result of banking services received. Depository contracts are awarded on the basis of competitive bids received from area banks and can be awarded to more than one bank if the bids received are relatively equal.

The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper indication that the collateral securities are pledged by the depository to secure funds of the District.

Acceptable collateral securities include direct obligations of the United States of America (U.S.), bonds of any agency of the U.S. (except Farmers Home Administration Insured Notes), Bonds of the State of Texas or of any county, school district, city, or town of the State of Texas that have been rated A or better by Moody's Investors Service, Inc., as authorized by Chapter 2257 Collateral for Public Funds of the Government Code.

The District must approve all collateral securities prior to the security being pledged. The depository can change collateral securities pledged to secure District funds only upon obtaining the written approval of the District.

All demand and time deposits in the depository bank were entirely covered by federal depository insurance and by acceptable collateral securities held in the District's name by an agent of the District at year-end in accordance with provisions of the depository contract. Demand and time deposits at various banks held on behalf of different student groups were entirely covered by federal depository insurance at year-end.

At August 31, 2007, the carrying amount of the District's cash on deposit was \$16,164,383 and the bank balance was \$18,422,790. The District deposits in Amegy Bank and Wells Fargo Bank were secured with \$18,122,790 of pledged collateral and \$300,000 of FDIC coverage.

In addition, cash equivalents of \$155,060,209 include money market accounts of \$14,201,657 and external investment pools of \$124,694,169.

**Note 4 - Deposits (Cash) And Investments (Continued)**

**B. Investments**

The Board of Trustees of the District has adopted a written investment policy (the "Investment Policy") regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of the Act. Additionally, the investments and investment practices of the District are in compliance with the Trustees' investment policies.

The District's Investment Policy emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity, and addresses the quality and capability of investment personnel. The Investment Policy includes a list of authorized investment instruments.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the Investment Policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. A securities lending program as permitted by Government Code 2256.0115;
5. Banker's acceptances as permitted by Government Code 2256.012;
6. Commercial paper as permitted by Government Code 2256.013;
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015;
9. Public funds investment pools as permitted by Government Code 2256.016;

A summary of the District's cash and investments at August 31, 2007, are shown below.

	Cash on Deposit	Money Market Accounts	External Investment Pools	Federal Agency Securities	Commercial Paper	Total
<b>Governmental Activities:</b>						
General Fund	\$ 8,088,058	\$ 14,201,657	\$ 9,411,515	\$ 24,988,688	\$ 9,951,148	\$ 66,641,066
Debt Service Fund	90,901		4,899,800			4,990,701
Capital Projects Fund	919		99,680,243			99,681,162
Nonmajor Governmental Funds	1,011,086		2,524,576			3,535,662
Nonmajor Internal Service Funds	6,510,298		6,272,362			12,782,660
<b>Total Governmental Activities</b>	<u>15,701,262</u>	<u>14,201,657</u>	<u>122,788,496</u>	<u>24,988,688</u>	<u>9,951,148</u>	<u>187,631,251</u>
<b>Business-type Activities:</b>						
Nonmajor Enterprise Funds	463,121		1,905,673			2,368,794
<b>Total Business-type Activities</b>	<u>463,121</u>		<u>1,905,673</u>			<u>2,368,794</u>
<b>Fiduciary Funds:</b>						
Agency Funds	586,194		567,097			1,153,291
<b>Total Fiduciary Funds</b>	<u>586,194</u>		<u>567,097</u>			<u>1,153,291</u>
<b>Total</b>	<u>\$ 16,750,577</u>	<u>\$ 14,201,657</u>	<u>\$ 125,261,266</u>	<u>\$ 24,988,688</u>	<u>\$ 9,951,148</u>	<u>\$ 191,153,336</u>



**Note 4 - Deposits (Cash) And Investments (Continued)**

**B. Investments (continued)**

The District's investments are insured, registered, or the District's agent holds the securities in the District's name. Therefore, the District is not exposed to custodial credit risk. Custodial Credit risk for investments is the risk that, in event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party bank trust department hold all securities owned by the District.

The District generally holds all U.S. government securities to maturity. The District did not purchase any derivative investment products during the current year nor participate in any reverse repurchase agreements or security lending agreements during the fiscal year 2007.

The District has a certain amount of its bank balances swept daily into an overnight money market mutual fund type investment account managed by the bank. These amounts are swept back into the bank account at the opening of business each day.

The following table includes the portfolio balance, credit rating, and percentage of the portfolio balance by investment type held by the District as of year end:

<b>Investment Type:</b>	<b>Fair Value</b>	<b>Credit Quality Rating</b>	<b>Percentage of Investments</b>
<b>Local Government Investment Pools:</b>			
Lone Star	\$ 346,503	AAA	0.2%
MBIA	110,086,814	AAA	68.7%
Texpool	14,827,949	AAAm	<u>9.3%</u>
<b>Total Local Government Investment Pools</b>	<u>125,261,266</u>		<u>78.2%</u>
<b>Investment Securities:</b>			
Federal National Mortgage Assoc.	14,988,688	AAA	9.4%
Federal Home Loan Bank	10,000,000	AAA	6.2%
Commercial Paper	9,951,148	A-1/P-1	<u>6.2%</u>
<b>Total Investment Securities</b>	<u>34,939,836</u>		<u>21.8%</u>
	<u>\$ 160,201,102</u>		<u>100.0%</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 4 - Deposits (Cash) And Investments (Continued)**

**B. Investments (continued)**

The following table includes the portfolio balance, percentage of investment by portfolio balance, and weighted average days to maturity by investment type.

	<u>Fair Market Value</u>	<u>Percentage of Investments</u>	<u>Weighted Average Maturity (Days)</u>
<b>Governmental Activities:</b>			
<b>Investments:</b>			
Local Government Investment Pools:			
Lone Star	\$ 346,503	0.2%	34
MBIA	110,086,814	68.7%	41
TexPool	12,355,179	<u>7.7%</u>	35
<b>Total Local Government Investment Pools</b>	<u>122,788,496</u>	<u>76.6%</u>	31
<b>Investment Securities:</b>			
Federal National Mortgage Assoc.	14,988,688	9.4%	134
Federal Home Loan Bank	10,000,000	6.2%	136
Commercial Paper	9,951,148	<u>6.2%</u>	139
<b>Total Investment Securities</b>	<u>34,939,836</u>	<u>21.8%</u>	30
<b>Total Governmental Activities</b>	<u>157,728,332</u>	<u>98.5%</u>	61
<b>Business-type Activities:</b>			
<b>Investments:</b>			
Local Government Investment Pools:			
TexPool	1,905,673	<u>1.2%</u>	35
<b>Total Investments</b>	<u>1,905,673</u>	<u>1.2%</u>	
<b>Total Business-type Activities</b>	<u>1,905,673</u>	<u>1.2%</u>	
<b>Fiduciary Funds</b>			
<b>Investments:</b>			
Local Government Investment Pools:			
Texpool	567,097	<u>0.4%</u>	35
<b>Total Investments</b>	<u>567,097</u>	<u>0.4%</u>	
<b>Total Fiduciary Funds</b>	<u>567,097</u>	<u>0.4%</u>	
<b>Total</b>	<u>\$ 160,201,102</u>	<u>100.0%</u>	61

**Note 4 - Deposits (Cash) And Investments (continued)**

**B. Investments (continued)**

***Local Government Investment Pools***

As of August 31, 2007, the District's investments included the Texas Local Pool ("TexPool"), MBIA Government Class Investment Pool ("MBIA"), the Texas Association of School Boards Lone Star Investment Pool ("Lone Star"). The TexPool, MBIA and Lone Star investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

Texpool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission. And rated AAA or equivalent by at least one nationally recognized rating service. Lone Star is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC, and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank. Lone Star is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets of which consist exclusively of the obligations described above. MBIA is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank, N.A. is the custodial bank. The primary objectives of MBIA is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds.

The value of District portions in TexPool and Lone Star are the same as the value of the shares. These external pooled funds operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The external pooled funds use amortized cost rather than market value to report net assets to compute share price. Accordingly, the fair value of the positions of the pooled funds is the same as the value of the external pool shares. The funds are structured similar to a money market mutual fund which allows shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1, although this cannot be fully guaranteed.

***Investment Risk***

The risk exposure for governmental and business-type activities, individual major funds, nonmajor funds in the aggregate and fiduciary fund types of the District are not significantly greater than the deposit and investment risk of the overall primary government. The District's Investment Policy segregates the portfolios into strategic categories including:

1. Operating Funds
2. Debt Service Fund
3. Capital Projects Fund
4. Other Funds

**Note 4 - Deposits (Cash) And Investments (continued)**

**B. Investments (continued)**

The District's Investment Policy seeks to control credit risk. Such risk is controlled by investing in compliance with the District's Investment Policy, qualifying the broker and financial institutions with whom the District will purchase investments, sufficient collateralization, portfolio diversification, and limiting maturity.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with the Investment Policy, the District reduces its exposure to declines in fair market values by limiting the weighted average maturity of its investment portfolio to no more than 180 days, with the exception of debt service and capital projects funds which are limited to no more than 18 months without specific board approval. All investments at year end complied with the Investment Policy in regard to maximum maturity dates and weighted average maturity limitations.

***Adjustment to Investment's Fair Value***

The District's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. Market values of U.S Treasury Notes, U.S. Government Agency Securities, and Commercial Paper, are based on quoted market values. The investments are reported by the District at fair value in accordance with Governmental Accounting Standards. The District had no gain or losses from the sales of securities because they were held to maturity. The amount of increase or decrease in the fair value of investments is included in investment income as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Interest income	\$ 11,373,275	\$ 152,950	\$ 11,526,225
Net decrease in investment values			
<b>Total Investment Earnings</b>	<b>\$ 11,373,275</b>	<b>\$ 152,950</b>	<b>\$ 11,526,225</b>

**Note 5 - Property Taxes**

Property taxes are levied by October 1st in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Appraised values are established by the Central Appraisal District (CAD) of Galveston County, Texas. Taxes are levied by the District's Board of Trustees based on the appraised values received from Galveston Central Appraisal District. Billing and collection of tax levies are performed by the District.

Property tax rates, established in accordance with state law, are levied on real and personal property within the District's boundaries for use in financing general government and debt service expenditures.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
*For The Year Ended August 31, 2007*

*Exhibit E-2*  
*(Continued)*

**Note 5 - Property Taxes (continued)**

Tax rates levied to finance general government and debt service expenditures for the fiscal year were \$1.330 and \$0.3000, respectively, based on an assessed property valuation of approximately \$12.7 billion resulting in an adjusted tax levy of approximately \$206.4 million. Allowances for uncollectible taxes are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Governmental funds net property taxes receivable at August 31, 2007, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Delinquent taxes:			
Current year levy	\$ 2,075,383	\$ 468,131	\$ 2,543,514
Prior year levy	5,179,840	842,223	6,022,063
<b>Total delinquent taxes</b>	<u>7,255,223</u>	<u>1,310,354</u>	<u>8,565,577</u>
Less allowance for uncollectible taxes	(1,088,283)	(196,553)	(1,284,836)
<b>Net property taxes receivable</b>	<u>\$ 6,166,940</u>	<u>\$ 1,113,801</u>	<u>\$ 7,280,741</u>

**Note 6 - Receivables Due From Other Governments**

Receivables due from other governments at August 31, 2007, consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Due from other governments:				
Federal	\$ 4,518	\$ 497,346	\$ 56,094	\$ 557,958
State	10,531,366	302,305		10,833,671
Other governments (Local governments, universities and other)		31,968		31,968
<b>Total due from other governments</b>	<u>\$ 10,535,884</u>	<u>\$ 831,619</u>	<u>\$ 56,094</u>	<u>\$ 11,423,597</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
*For The Year Ended August 31, 2007*

*Exhibit E-2*  
*(Continued)*

**Note 7 - Amounts Due To/From Other Funds**

Amounts due to/from other funds at August 31, 2007, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
<b>Governmental Activities</b>			
General Fund	\$	\$ 15,536,640	\$ (15,536,640)
Debt Service Fund	31,863		31,863
Capital Projects	15,000,000		15,000,000
Nonmajor Governmental Funds	441,241	441,241	
Nonmajor Enterprise Funds		160,823	(160,823)
Nonmajor Internal Service Funds	664,290		664,290
<b>Total Governmental Activities</b>	<u>16,137,394</u>	<u>16,138,704</u>	<u>(1,310)</u>
Fiduciary Funds	1,310		1,310
<b>Total</b>	<u>\$ 16,138,704</u>	<u>\$ 16,138,704</u>	<u>\$</u>

Interfund balances represent amounts paid for current operating expenditures or amounts collected in the general fund to be distributed to other funds. The amounts are to be settled between the funds the following month.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 17,000,000
General Fund	Nonmajor Governmental Funds	116,355
		<u>\$ 17,116,355</u>

Funds were transferred from the general fund to other funds as follows:

- Capital projects fund to finance the District's capital improvement plan.
- Nonmajor governmental funds to account for grant management costs.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 8 - Capital Assets**

The District records assets based on historical costs and calculates depreciation on capital assets in accordance with GASB Statement 34. The District's capitalization policy is to capitalize assets costing over \$5,000 and with a life expectancy of 1 year or more. Depreciation expense is allocated to functional categories based upon expenditures in the general fund.

Capital asset activity for the governmental activities of the District for the year ended August 31, 2007, are as follows:

	<u>Balance</u> <u>August 31, 2006</u>	<u>Additions</u>	<u>(Retirements)</u> <u>and Transfers</u>	<u>Balance</u> <u>August 31, 2007</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 58,183,426	\$	\$	\$ 58,183,426
Construction in progress	79,460,451	61,623,752	(124,519,721)	16,564,482
<b>Total Capital assets, not being depreciated</b>	<u>137,643,877</u>	<u>61,623,752</u>	<u>(124,519,721)</u>	<u>74,747,908</u>
Capital assets, being depreciated:				
Land improvements	15,449,914	71,873	4,541,152	20,062,939
Buildings and improvements	440,441,926	884,907	108,483,181	549,810,014
Furniture and equipment	67,829,534	2,059,652	10,888,325	80,777,511
<b>Total Capital assets, being depreciated</b>	<u>523,721,374</u>	<u>3,016,432</u>	<u>123,912,658</u>	<u>650,650,464</u>
Less accumulated depreciation for:				
Land improvements	(4,107,935)	(1,048,370)		(5,156,305)
Buildings and improvements	(135,274,877)	(14,558,705)		(149,833,582)
Furniture and Equipment	(31,084,241)	(7,285,455)	477,193	(37,892,503)
<b>Total Accumulated depreciation</b>	<u>(170,467,053)</u>	<u>(22,892,530)</u>	<u>477,193</u>	<u>(192,882,390)</u>
<b>Governmental Capital Assets</b>	<u>\$ 490,898,198</u>	<u>\$ 41,747,654</u>	<u>\$ (129,870)</u>	<u>\$ 532,515,982</u>
<b>Business-type Activities:</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 17,293	\$ 126,535	\$ (17,293)	\$ 126,535
Furniture and equipment	746,578	483,202	(134,898)	1,094,882
<b>Total Capital assets, being depreciated</b>	<u>763,871</u>	<u>609,737</u>	<u>(152,191)</u>	<u>1,221,417</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,293)	(1,493)	17,293	(1,493)
Furniture and Equipment	(176,753)	(80,511)	108,076	(149,188)
<b>Total Accumulated depreciation</b>	<u>(194,046)</u>	<u>(82,004)</u>	<u>125,369</u>	<u>(150,681)</u>
<b>Business-type Capital Assets</b>	<u>\$ 569,825</u>	<u>\$ 527,733</u>	<u>\$ (26,822)</u>	<u>\$ 1,070,736</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 8 - Capital Assets (continued)**

Depreciation expense of the governmental activities was charged to the functions/programs as follows:

<u>Function</u>	<u>Depreciation Expense</u>
<b>Governmental Activities:</b>	
Instruction	\$ 14,122,061
Instructional resources and media services	428,437
Curriculum and staff development	227,917
Instructional leadership	194,745
School leadership	1,371,763
Guidance, counseling and evaluation services	738,778
Social work services	15,226
Health services	219,891
Student transportation	874,776
Extracurricular activities	480,158
General administration	738,629
Plant maintenance and operations	2,859,921
Security and monitoring services	188,671
Data processing services	417,519
Community services	14,038
<b>Total Governmental Activities</b>	<u>22,892,530</u>
<b>Business-type Activities:</b>	
Food Services	82,004
<b>Total Business-type Activities:</b>	<u>82,004</u>
<b>Total</b>	<u>\$ 22,974,534</u>

A summary of capital projects having construction in progress as of August 31, 2007, is scheduled as follows:

<u>Project</u>	<u>Approved Construction Budget</u>	<u>Construction in Progress</u>	<u>Estimated Remaining Commitment</u>
Construction and Improvements - District High Schools	\$ 4,122,634	\$ 3,357,284	\$ 765,350
Construction and Improvements - District Intermediate	3,973,316	2,330,945	1,642,371
Construction and Improvements - District Elementary Schools	2,584,635	507,276	2,077,359
Construction and Improvements - Central Support Facility	10,210,333	1,991,718	8,218,615
District Technology Improvements	5,178,970	5,178,970	
District Parking Lot Improvements	1,589,678	1,421,954	167,724
Various District-wide Projects	2,538,060	1,776,335	761,725
	<u>\$ 30,197,626</u>	<u>\$ 16,564,482</u>	<u>\$ 13,633,144</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
*For The Year Ended August 31, 2007*

*Exhibit E-2*  
*(Continued)*

**Note 9 - Long-Term Debt And Debt Service Requirements**

The District issues general obligation bonds to provide funds for the renovation, acquisition and construction of major capital facilities. The general obligation bonds are direct obligations and pledge the full faith and credit of the District.

General long-term debt consists of bonds payable, related accretion on premium compound interest bonds, capital leases and compensated absences. Bonds are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, and investment income. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bonds indentures. The District has never defaulted on any bond principal or interest payment. Debt service requirements for accrued compensated absences are payable from the General Fund when due. The capital lease which was paid off during the current fiscal year, was paid from the General Fund.

A summary of general long-term debt transactions of the District for the fiscal year ended August 31, 2007, follows:

	<u>Balance September 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2007</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 539,685,000	\$ 37,135,000	\$ (13,735,000)	\$ 563,085,000	\$ 14,920,000
Less deferred amounts:					
For issuance premiums/discounts	21,802,646	585,640	(1,228,868)	21,159,418	
Gain or (loss) on refunding bonds	(20,543,758)		2,541,531	(18,002,227)	
<b>Total Bonds and Notes Payable</b>	<u>540,943,888</u>	<u>37,720,640</u>	<u>(12,422,337)</u>	<u>566,242,191</u>	<u>14,920,000</u>
Accreted interest on premium compound interest bonds	11,953,896	1,000,231		12,954,127	
Compensated absences payable	3,016,831		275,495	3,292,326	634,069
<b>Total Other Liabilities</b>	<u>\$ 555,914,615</u>	<u>\$ 38,720,871</u>	<u>\$ (12,146,842)</u>	<u>\$ 582,488,644</u>	<u>\$ 15,554,069</u>

***Bonds Payable***

Bonded debt, at August 31, 2007, is comprised of the following individual issues:

<u>Issue</u>	<u>Original issuance amount</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Unlimited Tax Refunding Bonds - Series 1991-A (CAB)	\$13,379,556	6.40% to 7.00%	2011	\$ 3,650,000
Unlimited Tax Schoolhouse Bonds - Series 1997	36,855,000	5.00% to 7.00%	2008	495,000
Unlimited Tax Refunding Bonds - Series 1998	59,239,418	4.25% to 5.125%	2016	38,010,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2000 (CAB)	139,122,906	5.00% to 6.00%	2022	6,265,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2002	104,118,437	2.00% to 5.00%	2022	89,840,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2004-A (CAB)	203,370,097	2.00% to 5.00%	2026	200,305,000
Unlimited Tax Schoolhouse Adjustable Rate Bonds - Series 2004-B	51,000,000	Adjustable	2029	51,000,000
Unlimited Tax Schoolhouse Bonds - Series 2005	109,000,000	4.00% to 5.00%	2029	108,500,000
Unlimited Tax Schoolhouse Bonds - Series 2006	27,885,000	4.25% to 5.50%	2029	27,885,000
Unlimited Tax Schoolhouse Bonds - Series 2007	37,135,000	4.00% to 5.00%	2033	37,135,000
		<b>Total Bonds Payable</b>		563,085,000
		Less Unamortized Refunding Loss		(18,002,227)
		Plus Unamortized Premiums on Issuance		21,159,418
		Net Bonds Payable		566,242,191
		Less Current Portion		(14,920,000)
		<b>Long-term Portion of Bonds Payable</b>		<u>\$ 551,322,191</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 9 - Long-Term Debt And Debt Service Requirements (continued)**

The District is in compliance with all significant bond compliance requirements.

As of August 31, 2007, the District had \$145,850,000 in authorized, unissued bonds.

**Annual Debt Service Requirements**

Annual requirements to amortize all bonded debt outstanding as of August 31, 2007, follow:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>
<b>August 31,</b>			
2008	\$ 14,920,000	\$ 25,898,992	\$ 40,818,992
2009	12,070,000	28,704,716	40,774,716
2010	10,795,000	31,273,479	42,068,479
2011	12,740,000	29,632,597	42,372,597
2012	18,185,000	24,477,317	42,662,317
2013	19,110,000	23,587,458	42,697,458
2014	20,755,000	21,982,693	42,737,693
2015	21,980,000	20,917,024	42,897,024
2016	23,100,000	19,799,718	42,899,718
2017	24,270,000	18,627,113	42,897,113
2018	25,515,000	17,383,672	42,898,672
2019	26,820,000	16,079,794	42,899,794
2020	28,180,000	14,717,588	42,897,588
2021	29,615,000	13,280,358	42,895,358
2022	31,065,000	11,831,699	42,896,699
2023	26,915,000	10,471,788	37,386,788
2024	28,245,000	9,139,900	37,384,900
2025	29,645,000	7,741,750	37,386,750
2026	31,080,000	6,304,143	37,384,143
2027	32,510,000	4,878,619	37,388,619
2028	33,950,000	3,437,299	37,387,299
2029	35,380,000	2,005,981	37,385,981
2030	6,075,000	1,160,125	7,235,125
2031	6,390,000	848,500	7,238,500
2032	6,715,000	520,875	7,235,875
2033	7,060,000	176,500	7,236,500
	<u>563,085,000</u>	<u>\$ 364,879,698</u>	<u>\$ 927,964,698</u>
	(14,920,000)	Less Current Portion	
	<u>\$ 548,165,000</u>	<b>Long-term Portion of Bonds Payable</b>	

Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. The interest rate is reset periodically in accordance with rate reset provisions establishing a one to five year period with interest rates set according to the time period chosen by the Board of Trustees. The bonds carry a current rate of approximately 3.75%.

**Note 9 - Long-Term Debt And Debt Service Requirements (continued)**

***Accreted Interest on Premium Compound Interest Bonds***

A portion of the bonds sold in the Series 1991-A, 2000 and 2004-A refunding bond issues were capital appreciation bonds commonly referred to as "premium compound interest bonds." The 1991-A obligations have a principal value of \$3,979,556 and a maturity value of \$13,950,000. The 2000 obligations have a principal value of \$1,482,906 and a maturity value of \$2,480,000. The 2004-A obligations have a principal value of \$3,250,097 and a maturity value of \$4,030,000. The District records the appreciation of bond principal annually for the accreted value of the bonds through maturity of the issue.

The accreted interest on these obligations will be paid upon maturity in the fiscal year ending August 31, 2009 through 2013. The accreted interest of \$12,954,127 has been included in the long-term debt of the District. The bonds, maturity value, original bond amount, accreted interest and accreted value as of August 31, 2007, are as follows:

<b>Capital Appreciation Bonds</b>	<b>Maturity</b>	<b>Maturity Value of Bonds</b>	<b>Original Bond Principal Amount</b>	<b>Accreted Interest on Bonds</b>	<b>Accreted Value of Bonds at Year End</b>
1991-A	2009-2011	\$ 13,950,000	\$ 3,650,000	\$ 7,995,237	\$ 11,645,237
2000	2009-2011	2,480,000	555,000	1,629,623	2,184,623
2004-A	2009-2013	4,030,000	285,000	3,329,267	3,614,267
		<u>\$ 20,460,000</u>	<u>\$ 4,490,000</u>	<u>\$ 12,954,127</u>	<u>\$ 17,444,127</u>

***Commitments Under Operating Leases***

Commitments under operating (noncapitalized) lease agreements for facilities and equipment are classified as State of Texas Rental Contracts and are cancelable contingent upon budget funding approval. The District is therefore not obligated for any future minimum rental payments at August 31, 2007.

The imputed interest on the leases is not readily determinable.

Rental expenditures during the year ended August 31, 2007 amounted to \$1,337,600 .

**Note 10 - Prior Year Refunding Of General Long-Term Debt**

In 1993, 1998, 2000, 2002 and 2004 the District defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the District's financial statements. At August 31, 2007, \$224,625,000 of previously refunded bonds outstanding are considered defeased.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
*For The Year Ended August 31, 2007*

*Exhibit E-2*  
*(Continued)*

**Note 11 - Deferred Revenue**

Deferred revenue at year end represents assets that are not available for use by the District to liquidate current year liabilities. A summary of deferred revenue by fund follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental and Proprietary Funds</u>	<u>Total</u>
Net property taxes receivable	\$ 5,552,521	\$ 978,120	\$	\$ 6,530,641
State Aid				
Proceeds - Expenditure driven grants:				
State		815,864	919,848	1,735,712
Local			397,928	397,928
<b>Net Total Receivables</b>	<u>\$ 5,552,521</u>	<u>\$ 1,793,984</u>	<u>\$ 1,317,776</u>	<u>\$ 8,664,281</u>
		<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred property taxes:				
General Fund		\$ 5,552,521	\$	\$ 5,552,521
Debt Service Fund		978,120		978,120
Grant funds received prior to meeting eligibility requirements			2,133,640	2,133,640
<b>Total</b>		<u>\$ 6,530,641</u>	<u>\$ 2,133,640</u>	<u>\$ 8,664,281</u>

**Note 12 - Fund Equity**

***Designations of Fund Balance***

In the fund financial statements, the District records fund balance reserves to indicate that a portion of fund balance is legally restricted by outside parties for a specific future use or to indicate that a portion of the fund balance is not available for expenditures. The District designates portions of the unreserved fund balance to indicate the administration's tentative plans for future use of financial resources. The designation is determined by management at the end of each fiscal year.

A summary of designated fund balance as of August 31, 2007, for all governmental fund types follows:

	<u>General Fund</u>
Designated fund balance:	
Sick leave benefits	\$ 2,658,257
Special education	750,000
Disaster recovery	2,500,000
<b>Total designated fund balance</b>	<u>\$ 5,908,257</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 13 - Revenues From Local, Intermediate And Out-Of-State Sources**

A summary of local revenues recorded in the governmental funds for the fiscal year ended August 31, 2007, follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 168,025,332	\$ 37,847,939	\$	\$	\$ 205,873,271
Penalties, interest and other tax related revenue	1,443,137	290,353			1,733,490
Investment Income	5,640,087	655,043	4,783,033	153,696	11,231,859
Co-curricular student activities	388,719			2,675,071	3,063,790
Donations	56,232		48,468	610,049	714,749
Facility rentals	389,781				389,781
SSA - Member Districts	36,938			1,047,633	1,084,571
Tuition and fees	435,030				435,030
Other	292,069			199,828	491,897
	<u>\$ 176,707,325</u>	<u>\$ 38,793,335</u>	<u>\$ 4,831,501</u>	<u>\$ 4,686,277</u>	<u>\$ 225,018,438</u>

**Note 14 - General Fund Federal Program Revenues**

A summary of federal program revenues received in the General Fund for the fiscal year ended August 31, 2007, follows:

<u>Program or Grant</u>	<u>CFDA #</u>	<u>Amount Recorded in General Fund</u>
<b>Indirect costs:</b>		
ESEA, Title IV - Safe and Drug Free Schools	84.186A	\$ 1,452
ESEA, Title I, Part A - Improving Basic Education	84.010A	27,302
IDEA B - Preschool	84.173A	1,983
IDEA B - High Cost Risk Pool	84.027A	3,076
ESEA, Title II, Part A - Training and Recruiting	84.367A	19,211
Public Charter School Grant	84.282A	14,981
ESEA, Title III, Part A - English Language Acquisition	84.365A	8,338
ESEA, Title V, Part A - Innovative Programs	84.298A	1,585
Clean Living Encouragement and Responsibility	84.184D	3,187
Drug Free Community Support	93.276	3,543
Smaller Learning Communities	84.215L	14,327
<b>Total indirect costs</b>		<u>98,985</u>
<b>Direct costs:</b>		
Medicaid (MAC)	93.778	25,191
Medicaid (SHARS)	93.000	313,309
ROTC	12.000	171,039
Impact Aid	84.041	50,362
FEMA Hurricane Reimbursement-Hurricane Rita	97.036	708
<b>Total direct costs</b>		<u>560,609</u>
		<u>\$ 659,594</u>

**Note 15 - Retirement Plan**

**Plan Description**

The Teacher Retirement System of Texas (TRS), a Public Employee Retirement System (PERS), is a multiple-employer defined benefit contribution plan. TRS is a cost-sharing PERS with one exception, all risks and costs are not shared by the employer, but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. The payroll for District employees covered by the system for the fiscal year ending August 31, 2007, was approximately \$167.2 million; the District's total payroll was approximately \$174.1 million.

For members of the retirement system entitled to the minimum salary for certain school personnel under Section 16.056, Texas Education Code, the District pays the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

***Types of Employees Covered***

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C, Section 822.002, are covered by the plan.

***Benefit Provisions***

The Teacher Retirement System of Texas administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits under Texas Government Code, Title 8, Chapter 803 and 805, respectively.

***Service Retirement***

1. Normal: Age 65 with 5 years of service  
Age 60 with 20 years of service  
Age 50 with 30 years of service  
Any combination of age plus years of service which equals 80
2. Reduced: Age 55 with at least 5 years of service  
Any age below 50 with 30 years of service

A member is fully vested after 5 years of creditable service and entitled to any benefit for which eligibility requirements have been met.

**Note 15 - Retirement Plan (Continued)**

**Plan Description (continued)**

**Funding Policy**

Under state law, employees are required to pay 6.65% of their eligible gross earnings to TRS. Of the 6.65%, 0.25% is a contribution toward retiree health insurance (TRS-Care). The State of Texas contributes 6% of all employees' eligible gross earnings, except for those District employees subject to statutory minimum requirements and those employees being paid from and participating in federally-funded programs. Both of those rates are established by state statutes. The statutory minimum requirements are based on the State of Texas teacher schedule and then adjusted based on local tax rates. For employees funded by federal programs, the federal programs are required to contribute 7%. The State contributes 1% toward the retiree health insurance and the District pays 0.5% toward the retiree health care insurance.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The State constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system during that fiscal year. (2) A State statute prohibits benefit improvements or contribution reductions, if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period exceeds 31 years, the period would be increased by such action.

Employer contributions from federal and private grants are paid from the grant itself and are not direct obligations of the school district. Other employer contributions made above the statutory minimum payments are a direct obligation of the school district. For the year ending August 31, 2007, the District was required to pay a portion of the State's 6% contribution. The total contribution requirement for the fiscal year ending August 31, 2007, was approximately \$21.9 million, which consisted of approximately \$8.5 million from the State, approximately \$2.7 million from the District, and approximately \$10.7 million from the employees. The \$8.5 million contributed by the State has been recorded in the financial statements of the District as both revenues and payroll expenditures. These contributions are the legal responsibility of the State.

Contributions made by the State, District, and employees, and the District's annual covered payroll for the fiscal years 2005, 2006, and 2007, are as follows:

<u>Fiscal Year</u>	<u>State TRS Contributions Made on Behalf of the District</u>	<u>District Required Contributions to TRS</u>	<u>Employee Contributions to TRS</u>	<u>District's Annual Covered Payroll</u>
2005	\$ 7,089,719	\$ 2,011,072	\$ 9,562,022	\$ 138,579,809
2006	7,425,857	2,771,506	9,693,128	151,456,909
2007	8,522,415	2,680,557	10,717,228	167,183,860

**Note 15 - Retirement Plan (Continued)**

**Plan Description (continued)**

The contributions made by the State on behalf of the District have been recorded in the financial statements of the District as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. The report may be obtained by writing to the TRS Communications Department, 100 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778; or by downloading the report from the TRS Internet website (www.trs.state.tx.us) under the TRS Publications heading.

***On-Behalf Payments***

The amounts recognized for state revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended August 31, 2007 was as follows:

Contributions to pension plan	\$ 8,522,416
Insurance contributions (TRS Care)	1,420,900
	<u>\$ 9,943,316</u>

***TRS-Care Health Insurance Benefits for Retirees***

TRS-Care is currently funded on a pay-as-you-go basis and is subject to change based on available funding. At the inception of the plan in fiscal year 1986, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, the appropriations and contributions have been established to be sufficient to provide benefits for the biennium. The Texas Legislature determines the funding of benefits and has no continuing obligation to provide benefits beyond each fiscal year.

TRS-Care is the group retiree health benefits program administered by TRS. More than 190,000 retirees and their dependents participate in this plan. Aetna administers the medical benefits; Caremark administers the pharmacy benefits.

TRS-Care consist of three tiers of coverage: TRS-Care 1, TRS-Care 2, and TRS-Care 3. Each tier has deductibles or premiums that are differentiated by the retiree's or surviving spouse's Medicare status: enrolled in Medicare Part A and eligible for Medicare Part B; not enrolled in Medicare Part A, but eligible to purchase Medicare Part B; and not eligible for Medicare. Dependents must be enrolled in the same coverage tier as the retiree or surviving spouse.

For all disability and service retirees, regardless of their retirement date, to be eligible for TRS-Care, a disability retiree or a service retiree must meet the applicable eligibility requirements specified below.

**Disability Retirees** - An individual is eligible to participate in the program when they become a disability retiree. Once enrolled in TRS-Care as a disability retiree, they may continue to participate as long as they are a disability retiree.



**Note 15 - Retirement Plan (Continued)**

***TRS-Care Health Insurance Benefits for Retirees (continued)***

Coverage for a disability retiree with fewer than 10 years of service will end when disability retirement benefits end.

**Service Retirees** - To be eligible to TRS-Care, an individual must have at least 10 years of service credit in the system. This service credit may include up to five years of military service credit, but it may not include any other special or equivalent credit purchased. Additionally, the service retiree must meet one of the following requirements:

- The sum of the retiree's age and years of service credit in the system equals or exceeds 80 at the time of retirement, regardless of whether the retiree had a reduction in the retirement annuity for early age (years of service credit can include all purchased service); or
- The retiree has 30 or more years of service credit in the retirement system at the time of retirement (years of service credit can include all purchased service).

**Note 16 - Risk Management**

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from the previous year.

In addition, the District is a member of the Texas Association of School Board's Joint Account Self-insurance Fund ("TASB Fund"). The TASB Fund was created to formulate, develop and administer a program of modified self-funding for the property and/or liability coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the TASB Fund for its general and educators' liability coverage. The District's agreement with the TASB Fund provides that the TASB Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

***Health Care Coverage***

The District sponsors a modified risk management program for health insurance. The District contributes a minimum of \$225.00 per month per employee that participates in the plan; employees, at their option, authorize payroll withholdings to pay contributions or premiums for dependents. Premiums are paid into the Health Insurance internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are reported as revenue in the internal service fund.

**Note 16 - Risk Management (continued)**

**Health Care Coverage (continued)**

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (“IBNR”). The result of the process to estimate the claims liability is based upon the District’s historical experience. An excess coverage insurance policy covers individual claims in excess of \$200,000. The District also has an aggregate excess insurance policy with an excess limit of \$5,000,000. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
2006	\$ 1,750,000	\$ 15,402,202	\$ (14,906,548)	\$ 2,245,654
2007	2,245,654	17,658,790	(17,254,444)	2,650,000

**Workers Compensation**

During the year ended August 31, 2007, employees of the District were provided with workers’ compensation benefits which were self-funded from accumulated assets, provided directly from the District, which is the plan sponsor. All claims were submitted, processed, and approved by a third party administrator acting as an agent of the District. The plan is documented by contractual agreement.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (“IBNR”). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of these factors. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$300,000 up to the statutory limits for any given claim. There were no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two fiscal years are as follows:

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
2006	\$ 815,468	\$ 746,411	\$ (746,411)	\$ 815,468
2007	815,468	749,878	(749,878)	815,468

**Note 17 - Compensated Absences**

*Sick Leave Policy*

Upon retirement or death of certain employees, the District pays any accrued sick and vacation leave in a lump sum cash payment to such employee or the employee's estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

The District records these lump sum payments expenditures in the General Fund. The District also records a liability in the General Fund based on estimated payments to be made within one year. This liability amounted to \$634,069 as of August 31, 2007.

The District estimates the long-term portion of the sick leave liability and records this amount in the government-wide financials as a long-term liability. The long-term liability for compensated absences was \$2,658,257 as of August 31, 2007. The management of the District has designated a portion of the fund balance in the General Fund to pay the accrued sick leave liability.

Changes in the sick leave liability for the year ended August 31, 2007 was as follows:

	<b>Balance September 1, 2006</b>	<b>Additions</b>	<b>Deductions - Payments to Participants</b>	<b>Balance August 31, 2007</b>
Compensated absences payable	<u>\$ 3,016,831</u>	<u>\$ 776,652</u>	<u>\$ (501,157)</u>	<u>\$ 3,292,326</u>

*Vacation Leave*

The District's employees earn vacation time that can be accumulated for a one year period. No liability has been recorded for accumulated vacation pay since the amount is not material to the financial statements.

**Note 18 - Litigation, Commitments And Contingencies**

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

The District received significant financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at year end.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended August 31, 2007

*Exhibit E-2*  
(Continued)

**Note 19 - Shared Service Arrangements**

The District participates in a Shared Service Arrangement (SSA) for the Juvenile Justice Alternative Education Program services with eight other school districts. Approximately 26.3% of the students served by the SSA are attributable to the District. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Dickinson Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to Clear Creek Independent School District. The fiscal agent manager is responsible for all financial activities of the SSA.

Presented below are the revenues and expenditures attributable to the Districts participation.

	SSA - IDEA B - Discretionary (Deaf)	SSA - IDEA B - Formula (Deaf)	SSA - IDEA B - Preschool (Deaf)	SSA - IDEA C - Early Intervention (Deaf)
Alvin Independent School District	\$ 12,935	\$ 8,502	\$ 1,792	\$ 380
Clear Creek Independent School District	21,558	14,171	2,989	631
Dickinson Independent School District	7,391	4,859	1,025	216
Friendswood Independent School District	2,464	1,620	342	72
Galveston Independent School District	3,696	2,429	512	108
Hitchcock Independent School District	1,232	810	171	36
La Marque Independent School District	3,080	2,024	427	90
Pearland Independent School District	9,239	6,073	1,281	270
Santa Fe Independent School District	4,312	2,834	598	126
Texas City Independent School District	4,312	2,834	598	126
	<u>\$ 70,219</u>	<u>\$ 46,156</u>	<u>\$ 9,735</u>	<u>\$ 2,055</u>

The District participates in a Shared Service Arrangement (SSA) for the Galveston-Brazoria Co-op for the Hearing Impaired with ten other school districts. Approximately 33.0% of the students served by the SSA are attributable to the District. The District is also the fiscal agent of the SSA which provides a system of direct and support services to eligible hearing impaired students of member districts. In addition to the District, other member districts include Alvin ISD, Dickinson ISD, Friendswood ISD, Galveston ISD, Hitchcock ISD, La Marque ISD, Pearland ISD, Santa Fe ISD and Texas City ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the Texas Education Agency's Financial Accountability and Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 458, SSA - Regional Day School Deaf (Local), and will be accounted for using Model 3 in the SSA section of the resource guide.

Presented below are the revenues and expenditures attributable to the Districts participation.

Revenues	
5700 Local revenue from member districts	\$ 94,190
	<u>\$ 94,190</u>
Expenditures	
6100 Payroll costs	\$ 89,184
6200 Contracted services	1,554
6300 Supplies and materials	3,162
6400 Miscellaneous operating costs	290
	<u>\$ 94,190</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
*For The Year Ended August 31, 2007*

*Exhibit E-2*  
*(Continued)*

**Note 19 - Shared Service Arrangements (continued)**

The District is the fiscal agent for a Shared Services Arrangement (“SSA”) which provides a system of direct and support services to eligible hearing impaired students of member districts. In addition to the District, other member districts include Alvin ISD, Dickinson ISD, Friendswood ISD, Galveston ISD, Hitchcock ISD, La Marque ISD, Pearland ISD, Santa Fe ISD and Texas City ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in the Texas Education Agency’s Financial Accountability and Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in the special revenue funds listed below, and will be accounted for using Model 3 in the SSA section of the resource guide.

Expenditures of the SSA are summarized below:

Revenues		
5700 Local revenue from member districts	\$	408,325
	\$	<u>408,325</u>
Expenditures		
6100 Payroll costs	\$	320,528
6200 Contracted services		58,388
6300 Supplies and materials		23,910
6400 Miscellaneous operating costs		5,499
	\$	<u>408,325</u>

The District participates in a shared services arrangement for its Juvenile Justice Alternative Education Program. Although a portion of the activity of the shared services arrangement is attributable to the District’s participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Harris County, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Clear Creek Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Presented below are the revenues and expenditures attributable to the District’s participation.

Revenues		
5700 Local revenue from member districts	\$	102,381
	\$	<u>102,381</u>
Expenditures		
6100 Payroll costs	\$	102,381
	\$	<u>102,381</u>

**Note 20 - Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds, or (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that its arbitrage liability as of August 31, 2007, was not material to these financial statements.

**Note 21 - Other Post-Employment Benefits**

The District does not provide post-employment healthcare benefits except those mandated by Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The requirements established by COBRA are fully funded by employees who elect coverage under the act, and no direct costs are incurred by the District.

**Note 22 - Related Organizations**

The Clear Creek Education Foundation ("Foundation"), a non-profit entity which was organized in 1992 to provide funds for the advancement of teaching objectives, is a "related organization" of the District as defined by *Governmental Accounting Standards Board Statement No. 14*. The members of the Board of the Foundation serve without financial compensation.

**Note 23 - Prior Period Adjustment**

The District, during the year ended August 31, 2007, determined that revenues in the campus activity fund were no longer subject to deferral. The restatement of net assets is as follows:

<b>Beginning net assets - As originally presented</b>	\$ 117,751,602
Restatement due to:	
Recognition of revenues on the modified accrual basis of accounting	<u>2,053,396</u>
<b>Beginning net assets - As restated</b>	<u><u>\$ 119,804,998</u></u>

*(This page intentionally left blank.)*

**Required Supplemental Information**



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Exhibit F-1*

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND**

*For the Year Ended August 31, 2007*

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
<b>Revenues</b>					
5700	Local revenues	\$ 171,401,000	\$ 173,326,632	\$ 176,707,325	\$ 3,380,693
5800	State program revenues	62,273,198	62,273,198	62,306,964	33,766
5900	Federal program revenues	555,000	555,000	659,594	104,594
	<b>Total revenues</b>	<u>234,229,198</u>	<u>236,154,830</u>	<u>239,673,883</u>	<u>3,519,053</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	143,186,308	142,447,586	134,763,336	7,684,250
0012	Instruction resources and media services	4,045,788	4,338,615	4,088,473	250,142
0013	Curriculum and instructional staff	2,666,607	2,686,316	2,174,954	511,362
0021	Instructional leadership	1,800,414	2,066,702	1,858,408	208,294
0023	School leadership	13,809,482	13,797,184	13,090,400	706,784
0031	Guidance, counseling and evaluation services	7,161,396	7,584,753	7,049,981	534,772
0032	Social work services	360,871	360,872	145,298	215,574
0033	Health services	2,259,621	2,259,003	2,098,363	160,640
0034	Student transportation	8,984,845	9,016,270	8,347,774	668,496
0035	Food services	284,000	326,500	279,005	47,495
0036	Extracurricular activities	4,702,989	4,762,228	4,582,026	180,202
0041	General administration	7,366,491	7,382,332	7,048,551	333,781
0051	Plant maintenance and operations	27,366,241	28,741,244	27,291,523	1,449,721
0052	Security and monitoring services	2,041,642	2,279,722	1,800,443	479,279
0053	Data processing services	4,442,663	4,442,664	3,984,284	458,380
0061	Community services	165,947	167,547	133,960	33,587
<b>Intergovernmental:</b>					
	Payments related to shared services arrangements	468,100	505,346	502,515	2,831
0093					
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	121,000	111,000	102,381	8,619
0097	Payments to tax increment fund	900,000	1,010,000	1,002,481	7,519
	<b>Total Expenditures</b>	<u>232,134,405</u>	<u>234,285,884</u>	<u>220,344,156</u>	<u>13,941,728</u>
1100	Excess (deficiency) of revenues over expenditures	<u>2,094,793</u>	<u>1,868,946</u>	<u>19,329,727</u>	<u>17,460,781</u>
<b>Other Financing Sources (Uses):</b>					
7912	Proceeds from the sale of assets			5,409	5,409
8911	Operating transfers out	(2,000,000)	(17,000,000)	(17,116,355)	(116,355)
	<b>Total other financing sources (uses)</b>	<u>(2,000,000)</u>	<u>(17,000,000)</u>	<u>(17,110,946)</u>	<u>(110,946)</u>
	Net change in fund balances	94,793	(15,131,054)	2,218,781	17,349,835
	<b>Fund balances - beginning</b>	<u>51,273,165</u>	<u>51,273,165</u>	<u>51,273,165</u>	
	<b>Fund balances - ending</b>	<u>\$ 51,367,958</u>	<u>\$ 36,142,111</u>	<u>\$ 53,491,946</u>	<u>\$ 17,349,835</u>

**Budgets and Budgetary Accounting**

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Fund before the beginning of the fiscal year. For fiscal year beginning September 1<sup>st</sup>, the Texas Education Code requires the budget to be prepared not later than August 20<sup>th</sup> and adopted by August 31<sup>st</sup> of each year. The District's administration determines budgetary funding priorities using a site-based budgeting concept, which is consistent with GAAP. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts legally authorized appropriated budgets for the General, Debt Service and National School Breakfast and Lunch enterprise fund.

The District's administration performs budget reviews during the year in which budget requirements are re-evaluated and revisions are recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end. During the year ended August 31, 2007, the Board of Trustees approved budget amendments increasing expenditures and operating transfers as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>National School Breakfast and Lunch</u>
Expenditure amendments approved	\$ 2,151,479	\$	\$ 70,000
Operating transfer amendments approved	15,000,000		
Total	<u>\$ 17,151,479</u>	<u>\$</u>	<u>\$ 70,000</u>

Encumbrance accounting is utilized in all governmental fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget. As of August 31, 2007, encumbrances outstanding were as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
Encumbrances Outstanding	\$ 94,673	\$ 22,811,536	\$	\$

*(This page intentionally left blank.)*

## **Other Supplementary Information**

*(This page intentionally left blank.)*

## Nonmajor Governmental Funds

### Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
204	<b>ESEA, Title IV - SDSFC</b> - supplements age-appropriate safety/violence and drug education, staff development, and safety/violence and drug abuse prevention programs for grades prekindergarten through 12.
211	<b>ESEA, Title I, Part A - Basic</b> - supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses.
224	<b>IDEA, Part B - Formula</b> - salaries and supplies to aid children with disabilities with low reading achievement.
225	<b>IDEA, Part B - Preschool</b> - aids preschool students with disabilities.
226	<b>IDEA - Part B, High Cost Risk Pool</b> - assists with high need students with disabilities whose direct special education and related services costs exceed \$25,000 per school year.
243	<b>Vocational Education - Technical Preparation</b> - provides combined secondary and post-secondary programs in the areas of engineering, science, agriculture, health and business.
244	<b>Vocational Education - Basic</b> - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes.
255	<b>ESEA, Title II, Part A - TPTR (Teacher and Principal Training and Recruiting)</b> – supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
258	<b>Public Charter School Dissemination</b> - funds granted to public charter schools for planning, program design, implementation, assisting other schools and/or to disseminate information about the charter school.
262	<b>ESEA, Title II, Part D - Enhancing Education Through Technology</b> - supplements and supports a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.
263	<b>ESEA, Title III, Part A - English Language Acquisition</b> - provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challengin
265	<b>Title IV, Part B 21st Century Community Learning Centers</b> - provides opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students.
269	<b>ESEA, Title V, Part A - Innovative Programs</b> - supplements student academic achievement through innovational strategies and programs.
281	<b>C.L.E.A.R. Grant</b> - enables students with their parents' consent, to voluntarily submit to random drug testing.

- 282 **Drug Free Community Support** - enables coalitions of youth, parents and others to strengthen their coordination and prevention efforts, encourage citizen participation in substance abuse reduction efforts and disseminate information about effective program
- 283 **Smaller Learning Community** - personalizes the learning environment so students become more engaged in learning.
- 287 **Drug Free Communities Support Mentoring Program Mentoring** - supports and encourages the development of new, self-supporting, community anti-drug coalitions that are focused on the prevention of substance abuse in the new coalition's community.
- 288 **Summer School Limited English Proficiency** - provides summer school for students of limited English proficiency to support the administration of assessments or to carry out other activities related to ensuring that the State's schools and local education agencies are held accountable for results.
- 315 **SSA - IDEA B - Discretionary (Deaf)** - provides basic special education component and Regional Day School Programs for the deaf.
- 316 **SSA - IDEA B - Formula (Deaf)** - provides educational programs for children with disabilities.
- 317 **SSA - IDEA B - Preschool (Deaf)** - provides funds for preschool children with disabilities.
- 340 **SSA - IDEA C - Early Intervention (Deaf)** - provides direct services to hearing impaired infants to toddlers, ages birth through two years of age.
- 397 **Advanced Placement Incentives** - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
- 399 **Investment Capital Funds** - provides funds to help individual public school campuses implement practices and procedures consistent with school deregulation and school restructuring to improve involvement through staff development and training.
- 404 **Student Success Initiative** - provides targeted academic support in reading and mathematics for students not showing adequate progress in reading and mathematics development and who are at risk for reading difficulties, including dyslexia.
- 409 **Basic Skills Programs for High School Students/High School Completion and Success** - provides special programs for students in grade nine who are at risk of not earning sufficient credit or who have not earned sufficient credit to advance to grade 10 and who fail to meet minimum skills levels.
- 411 **Technology Allotment** - provides funds to purchase technological software or equipment that contributes to student learning or pay for training for educational personnel involved in the use of these materials.
- 423 **Read To Succeed** - provides funds generated through the sale of Read to Succeed license plates designed by a Texas student to purchase educational materials for public school libraries.
- 425 **Tobacco Compliance grant** - supports compliance education, enforcement, and reporting of activities to reduce Tobacco use in schools.
- 426 **Department of State Health Services Strategic Prevention Framework** - prevents underage binge drinking and alcohol related traffic fatalities as a way to build a safer healthier country.
- 428 **High School Allotment** - provides funding for an academically intense and high-quality program of study that provides students with the information and skills necessary to successfully enroll in entry-level courses at an institution of higher education without the need for developmental course work
- 434 **SSA Visually Impaired** - provides services to visually impaired students.

- 435 **SSA - Regional Day School Deaf (State)** - provides state funds for staff and activities of the Regional Day School Program for the deaf.
- 458 **SSA - Regional Day School Deaf (Local)** - provides local funds for activities of the Regional Day School Program for the deaf.
- 461 **Campus Activity** - proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus.
- 481 **Indirect Cost Recovery** - accounts for funds generated through allowable indirect costs for grant administration.
- 484 **Verizon Grants** - funds received through Verizon Foundation for the advancement of education and literacy.
- 486 **Houston Endowment Grant** - funds received through a private philanthropic foundation that improves life for the people in the greater Houston area through contributions to educational institutions.
- 492 **Exxon Staff Development Grant** - funds provided by Exxon to be used for staff development.
- 493 **CCISD Education Foundation** - provides innovative grant funds for District teachers.
- 494 **Music Enrichment** - funds received for music programs within the District.
- 495 **Center Agriculture Science and Engineering** - provides funds for the Longhorn project
- 496 **NASA Grant** - provides funding for robotic competition.
- 497 **Science Donations** - supports various District science projects.
- 498 **After School Achievement** - provides funds for enrichment activities for the period of time between the end of the regular school day and the end of the parents' work day.



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS*

*August 31, 2007*

<b>Data Control Codes</b>		<b>204</b>	<b>211</b>	<b>224</b>
		<b>ESEA, Title IV - Safe &amp; Drug Free</b>	<b>ESEA, Title I, Pt A - Improving Basic Ed.</b>	<b>IDEA B - Formula</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments	756	6,718	141,406
1260	Due from other funds			
1290	Other receivables			
1000	<b>Total Assets</b>	<u>\$ 756</u>	<u>\$ 6,718</u>	<u>\$ 141,406</u>
	<b>Liabilities and Fund Balances</b>			
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 378	\$	\$ 87,775
2160	Accrued wages payable			
2170	Due to other funds	378	6,718	53,631
2180	Due to other governments			
2300	Deferred revenues			
2000	<b>Total Liabilities</b>	<u>756</u>	<u>6,718</u>	<u>141,406</u>
	<b>Fund Balance:</b>			
	<b>Reserved for:</b>			
3490	Other purposes			
	<b>Unreserved, undesignated reported in:</b>			
3610	Special revenue funds			
3000	<b>Total Fund Balance</b>	<u></u>	<u></u>	<u></u>
4000	<b>Total liabilities and fund balance</b>	<u>\$ 756</u>	<u>\$ 6,718</u>	<u>\$ 141,406</u>

225	226	243	244	255	258
<b>IDEA B - Preschool</b>	<b>IDEA-Part B High Cost Risk Pool</b>	<b>Vocational Ed - Tech Prep</b>	<b>Vocational Ed - Basic</b>	<b>ESEA, Title II, Pt A - Improving Teacher Quality</b>	<b>Public Charter School Grant</b>
\$	\$	\$	\$	\$	\$
	20,400		24,489	5,000	141,468
<u>\$</u>	<u>\$ 20,400</u>	<u>\$</u>	<u>\$ 24,489</u>	<u>\$ 5,000</u>	<u>\$ 141,468</u>
\$	\$ 20,376	\$	\$ 7,758	\$	\$ 91,353
	24		16,731	5,000	50,115
	<u>20,400</u>		<u>24,489</u>	<u>5,000</u>	<u>141,468</u>
<u>\$</u>	<u>\$ 20,400</u>	<u>\$</u>	<u>\$ 24,489</u>	<u>\$ 5,000</u>	<u>\$ 141,468</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS*

*August 31, 2007*

<b>Data Control Codes</b>		<b>262</b>	<b>263</b>	<b>265</b>
		<b>ESEA, Title II, Pt D - Ed. Technology</b>	<b>ESEA, Title III, Pt A - BIL/ESL</b>	<b>21st Century CASE</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments			16,302
1260	Due from other funds			
1290	Other receivables			
1000	<b>Total Assets</b>	<u>\$</u>	<u>\$</u>	<u>\$ 16,302</u>
	<b>Liabilities and Fund Balances</b>			
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$
2160	Accrued wages payable			
2170	Due to other funds			16,302
2180	Due to other governments			
2300	Deferred revenues			
2000	<b>Total Liabilities</b>			<u>16,302</u>
	<b>Fund Balance:</b>			
	<b>Reserved for:</b>			
3490	Other purposes			
	<b>Unreserved, undesignated reported in:</b>			
3610	Special revenue funds			
3000	<b>Total Fund Balance</b>			
4000	<b>Total liabilities and fund balance</b>	<u>\$</u>	<u>\$</u>	<u>\$ 16,302</u>

269	281	282	283	287	288
<b>ESEA, Title V, Part A - Innovative</b>	<b>C.L.E.A.R. Grant</b>	<b>Drug Free Community Support</b>	<b>Smaller Learning Communities</b>	<b>Drug Free Community Support Mentoring</b>	<b>Summer School LEP</b>
\$	\$	\$	\$	\$	\$
	19,496	17,337	92,416	11,558	
<u>\$</u>	<u>\$ 19,496</u>	<u>\$ 17,337</u>	<u>\$ 92,416</u>	<u>\$ 11,558</u>	<u>\$</u>
\$	\$ 1,161	\$ 814	\$ 3,291	\$ 558	\$
	18,335	16,523	89,125	11,000	
	<u>19,496</u>	<u>17,337</u>	<u>92,416</u>	<u>11,558</u>	
<u>\$</u>	<u>\$ 19,496</u>	<u>\$ 17,337</u>	<u>\$ 92,416</u>	<u>\$ 11,558</u>	<u>\$</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS*

*August 31, 2007*

<b>Data Control Codes</b>		<b>315</b>	<b>316</b>	<b>317</b>
		<b>SSA - IDEA B - Discretionary (Deaf)</b>	<b>SSA - IDEA B - Formula (Deaf)</b>	<b>SSA - IDEA B - Preschool (Deaf)</b>
	<b>Assets</b>			
1110	Cash and cash equivalents	\$	\$	\$
	<b>Receivables:</b>			
1240	Receivables from other governments			
1260	Due from other funds			
1290	Other receivables			
1000	<b>Total Assets</b>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
	<b>Liabilities and Fund Balances</b>			
	<b>Liabilities:</b>			
	<b>Current Liabilities:</b>			
2110	Accounts payable	\$	\$	\$
2160	Accrued wages payable			
2170	Due to other funds			
2180	Due to other governments			
2300	Deferred revenues			
2000	<b>Total Liabilities</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<b>Fund Balance:</b>			
	<b>Reserved for:</b>			
3490	Other purposes			
	<b>Unreserved, undesignated reported in:</b>			
3610	Special revenue funds			
3000	<b>Total Fund Balance</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
4000	<b>Total liabilities and fund balance</b>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

<b>340</b>	<b>397</b>	<b>399</b>	<b>404</b>	<b>409</b>	<b>411</b>
<b>SSA - IDEA C - Early Intervention (Deaf)</b>	<b>Advanced Placement Incentive</b>	<b>Investment Capital Funds</b>	<b>Student Success Initiative</b>	<b>Texas High School Completion and Success, Cycle 3</b>	<b>Technology Allotment</b>
\$	\$ 42,224	\$	\$	\$	\$ 255,596
		12,006	46,213	76,023	25,484
<u>\$</u>	<u>\$ 42,224</u>	<u>\$ 12,006</u>	<u>\$ 46,213</u>	<u>\$ 76,023</u>	<u>\$ 281,080</u>
\$	\$ 886	\$ 5,197	\$	\$ 6,633	\$ 58,009
		6,809	46,213	69,390	
	41,338				223,071
	<u>42,224</u>	<u>12,006</u>	<u>46,213</u>	<u>76,023</u>	<u>281,080</u>
<u>\$</u>	<u>\$ 42,224</u>	<u>\$ 12,006</u>	<u>\$ 46,213</u>	<u>\$ 76,023</u>	<u>\$ 281,080</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS*

*August 31, 2007*

<b>Data Control Codes</b>	<b>423</b>	<b>425</b>	<b>426</b>
	<b>Read To Succeed</b>	<b>Tobacco Compliance Grant</b>	<b>DSHS Strategic Prevention</b>
<b>Assets</b>			
1110	Cash and cash equivalents	\$ 495	\$
<b>Receivables:</b>			
1240	Receivables from other governments		66,519
1260	Due from other funds		
1290	Other receivables		
1000	<b>Total Assets</b>	<b>\$ 495</b>	<b>\$ 66,519</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 495	\$ 31,572
2160	Accrued wages payable		
2170	Due to other funds		34,947
2180	Due to other governments		
2300	Deferred revenues		
2000	<b>Total Liabilities</b>	<b>495</b>	<b>66,519</b>
<b>Fund Balance:</b>			
<b>Reserved for:</b>			
3490	Other purposes		
<b>Unreserved, undesignated reported in:</b>			
3610	Special revenue funds		
3000	<b>Total Fund Balance</b>		
4000	<b>Total liabilities and fund balance</b>	<b>\$ 495</b>	<b>\$ 66,519</b>

428	434	435	458	461	481
High School Allotment	SSA - Visually Impaired	SSA - Regional Day School Deaf (State)	SSA - Regional Day School Deaf (Local)	Campus Activity Funds	Indirect Cost Recovery
\$ 713,624	\$	\$ 150	\$ 302,849	\$ 1,562,724	\$ 430,139
76,060			31,968	441,241	
				127,163	
<u>\$ 789,684</u>	<u>\$</u>	<u>\$ 150</u>	<u>\$ 334,817</u>	<u>\$ 2,131,128</u>	<u>\$ 430,139</u>
\$ 134,245	\$	\$ 150	\$ 32,555	\$ 121,403	\$ 944
			84,138		
655,439			218,124		
<u>789,684</u>		<u>150</u>	<u>334,817</u>	<u>121,403</u>	<u>944</u>
				2,009,725	
				<u>2,009,725</u>	<u>429,195</u>
<u>\$ 789,684</u>	<u>\$</u>	<u>\$ 150</u>	<u>\$ 334,817</u>	<u>\$ 2,131,128</u>	<u>\$ 430,139</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*COMBINING BALANCE SHEET*

*NONMAJOR GOVERNMENTAL FUNDS*

*August 31, 2007*

<u>Data Control Codes</u>	<b>484</b>	<b>486</b>	<b>492</b>	
	<u>Verizon Grants</u>	<u>Houston Endowment Grant</u>	<u>Exxon Staff Development Grant</u>	
<b>Assets</b>				
1110	Cash and cash equivalents	\$ 5,017	\$ 7,245	\$ 11,854
<b>Receivables:</b>				
1240	Receivables from other governments			
1260	Due from other funds			
1290	Other receivables			
1000	<b>Total Assets</b>	<u>\$ 5,017</u>	<u>\$ 7,245</u>	<u>\$ 11,854</u>
 <b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
2110	Accounts payable	\$	\$	\$
2160	Accrued wages payable			
2170	Due to other funds			
2180	Due to other governments			
2300	Deferred revenues	5,017	7,245	11,854
2000	<b>Total Liabilities</b>	<u>5,017</u>	<u>7,245</u>	<u>11,854</u>
 <b>Fund Balance:</b>				
<b>Reserved for:</b>				
3490	Other purposes			
<b>Unreserved, undesignated reported in:</b>				
3610	Special revenue funds			
3000	<b>Total Fund Balance</b>	<u></u>	<u></u>	<u></u>
4000	<b>Total liabilities and fund balance</b>	<u>\$ 5,017</u>	<u>\$ 7,245</u>	<u>\$ 11,854</u>

493	494	495	496	497	498
<u>CCISD Education Foundation</u>	<u>Music Enrichment</u>	<u>Ctr Agriculture Science and Engineering</u>	<u>NASA Grant</u>	<u>Science Donations</u>	<u>After School Achievement</u>
\$ 138,888	\$ 41,922	\$ 7,021	\$	\$ 15,914	\$
<u>\$ 138,888</u>	<u>\$ 41,922</u>	<u>\$ 7,021</u>	<u>\$</u>	<u>\$ 15,914</u>	<u>\$</u>
\$ 2,952	\$ 14,576	\$ 2,160	\$	\$ 984	\$
39					
<u>135,897</u>	<u>14,576</u>	<u>4,861</u>	<u></u>	<u>14,930</u>	<u></u>
<u>138,888</u>	<u>14,576</u>	<u>7,021</u>	<u></u>	<u>15,914</u>	<u></u>
	27,346				
	<u>27,346</u>				
<u>\$ 138,888</u>	<u>\$ 41,922</u>	<u>\$ 7,021</u>	<u>\$</u>	<u>\$ 15,914</u>	<u>\$</u>

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**August 31, 2007**

**EXHIBIT G-1**  
**Page 6 of 6**

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<b>Assets</b>	
1110	Cash and cash equivalents	\$ 3,535,662
	<b>Receivables:</b>	
1240	Receivables from other governments	831,619
1260	Due from other funds	441,241
1290	Other receivables	127,163
1000	<b>Total Assets</b>	<u>\$ 4,935,685</u>
	 <b>Liabilities and Fund Balances</b>	
	<b>Liabilities:</b>	
	<b>Current Liabilities:</b>	
2110	Accounts payable	\$ 626,225
2160	Accrued wages payable	84,138
2170	Due to other funds	441,241
2180	Due to other governments	39
2300	Deferred revenues	1,317,776
2000	<b>Total Liabilities</b>	<u>2,469,419</u>
	 <b>Fund Balance:</b>	
	<b>Reserved for:</b>	
3490	Other purposes	456,541
	<b>Unreserved, undesignated reported in:</b>	
3610	Special revenue funds	2,009,725
3000	<b>Total Fund Balance</b>	<u>2,466,266</u>
4000	<b>Total liabilities and fund balance</b>	<u>\$ 4,935,685</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

<b>Data Control Codes</b>	<b>204</b>	<b>211</b>	<b>224</b>
	<b>ESEA, Title IV - Safe &amp; Drug Free</b>	<b>ESEA, Title I, Pt A - Improving Basic Ed.</b>	<b>IDEA B - Formula</b>
	<b>Revenues</b>		
5700	\$	\$	\$
5800			
5900	74,043	910,456	5,043,116
5020	<b>Total Revenues</b>	<b>910,456</b>	<b>5,043,116</b>
	<b>Expenditures</b>		
	<b>Current:</b>		
0011		637,612	3,741,000
0012			
0013	5,851	153,524	94,965
0021		107,118	6,661
0023		1,089	
0031	68,192		1,131,324
0032			
0033			4,198
0034			64,968
0036			
0041			
0051			
0061		11,113	
6030	<b>Total Expenditures</b>	<b>910,456</b>	<b>5,043,116</b>
1100	Excess (deficiency) of revenues over expenditures		
	<b>Other Financing Sources (Uses)</b>		
7915			
	<b>Total Other Financing Sources (Uses)</b>		
1200			
	Net change in fund balances		
0100	<b>Fund Balance - September 1 (Beginning)</b>		
	Prior period adjustment		
3000	<b>Fund Balance - August 31 (Ending)</b>	<b>\$</b>	<b>\$</b>

225	226	243	244	255	258
IDEA B - Preschool	IDEA-Part B High Cost Risk Pool	Vocational Ed - Tech Prep	Vocational Ed - Basic	ESEA, Title II, Pt A - Improving Teacher Quality	Public Charter School Grant
\$	\$	\$	\$	\$	\$
65,784	290,209	10,957	155,217	642,182	463,415
65,784	290,209	10,957	155,217	642,182	463,415
58,979	289,925	4,952	90,073	396,613	400,715
	284	5,920	14,287	245,569	24,702
		85	50,857		37,998
6,805					
65,784	290,209	10,957	155,217	642,182	463,415
\$	\$	\$	\$	\$	\$

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

<b>Data Control Codes</b>		<b>262</b>	<b>263</b>	<b>265</b>
		<b>ESEA, Title II, Pt D - Ed. Technology</b>	<b>ESEA, Title III, Pt A - BIL/ESL</b>	<b>21st Century CASE</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	9,993	344,618	116,774
5020	<b>Total Revenues</b>	<u>9,993</u>	<u>344,618</u>	<u>116,774</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	120	251,730	83,575
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	9,873	92,888	1,813
0021	Instructional Leadership			
0023	School Leadership			31,386
0031	Guidance, Counseling and Evaluation Services			
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Plant Maintenance and Operations			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>9,993</u>	<u>344,618</u>	<u>116,774</u>
1100	Excess (deficiency) of revenues over expenditures			
	<b>Other Financing Sources (Uses)</b>			
7915	Transfers in			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			
0100	<b>Fund Balance - September 1 (Beginning)</b>			
	Prior period adjustment			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

269	281	282	283	287	288
<u>ESEA, Title V, Part A - Innovative</u>	<u>C.L.E.A.R. Grant</u>	<u>Drug Free Community Support</u>	<u>Smaller Learning Communities</u>	<u>Drug Free Community Support Mentoring</u>	<u>Summer School LEP</u>
\$	\$	\$	\$	\$	\$
52,276	165,354	90,413	476,570	37,946	18,447
<u>52,276</u>	<u>165,354</u>	<u>90,413</u>	<u>476,570</u>	<u>37,946</u>	<u>18,447</u>
17,501	15,579		80,462		18,447
2,373	64,525		226,227		
	177		168,131		
	51,014		830		
29,792					
2,610	33,705				
			32		
	354	90,413	888	37,946	
<u>52,276</u>	<u>165,354</u>	<u>90,413</u>	<u>476,570</u>	<u>37,946</u>	<u>18,447</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

<b>Data Control Codes</b>		<b>315</b>	<b>316</b>	<b>317</b>
		<b>SSA - IDEA B - Discretionary (Deaf)</b>	<b>SSA - IDEA B - Formula (Deaf)</b>	<b>SSA - IDEA B - Preschool (Deaf)</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	70,219	46,156	9,735
5020	<b>Total Revenues</b>	<u>70,219</u>	<u>46,156</u>	<u>9,735</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	70,219	46,156	9,735
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Plant Maintenance and Operations			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>70,219</u>	<u>46,156</u>	<u>9,735</u>
1100	Excess (deficiency) of revenues over expenditures			
	<b>Other Financing Sources (Uses)</b>			
7915	Transfers in			
	<b>Total Other Financing Sources (Uses)</b>			
1200	Net change in fund balances			
0100	<b>Fund Balance - September 1 (Beginning)</b>			
	Prior period adjustment			
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

340	397	399	404	409	411
SSA - IDEA C - Early Intervention (Deaf)	Advanced Placement Incentive	Investment Capital Funds	Student Success Initiative	Texas High School Completion and Success, Cycle 3	Technology Allotment
\$	\$	\$	\$	\$	\$
	112,475	12,006	449,732	35,620 119,906	690,783
2,055					
2,055	112,475	12,006	449,732	155,526	690,783
390	89,517	3,059	269,661	91,172	335,635
1,665	22,958	8,139	180,071	31,354	349,456 3,020
				33,000	
					2,672
		808			
2,055	112,475	12,006	449,732	155,526	690,783
\$	\$	\$	\$	\$	\$

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

	423	425	426
<u>Data Control Codes</u>	<u>Read To Succeed</u>	<u>Tobacco Compliance Grant</u>	<u>DSHS Strategic Prevention</u>
	<b>Revenues</b>		
5700	\$	\$	\$
5800	323	14,000	176,444
5900			
5020	<u>323</u>	<u>14,000</u>	<u>176,444</u>
	<b>Expenditures</b>		
	<b>Current:</b>		
0011		7,980	
0012	323		
0013			
0021			
0023			
0031			
0032			
0033			
0034			
0036			
0041			
0051			
0061		6,020	176,444
6030	<u>323</u>	<u>14,000</u>	<u>176,444</u>
1100			
	<b>Other Financing Sources (Uses)</b>		
7915			
	<b>Total Other Financing Sources (Uses)</b>		
1200			
0100	<b>Fund Balance - September 1 (Beginning)</b>		
	Prior period adjustment		
3000	<u>\$</u>	<u>\$</u>	<u>\$</u>

428	434	435	458	461	481
High School Allotment	SSA - Visually Impaired	SSA - Regional Day School Deaf (State)	SSA - Regional Day School Deaf (Local)	Campus Activity Funds	Indirect Cost Recovery
\$ 2,103,818	\$ 9,750	\$ 806,835	\$ 1,050,678 88,454 2,985	\$ 2,724,886	\$
<u>2,103,818</u>	<u>9,750</u>	<u>806,835</u>	<u>1,142,117</u>	<u>2,724,886</u>	
1,512,490	9,750	806,835	876,415		
277,026			2,444 175,053		
47,392			78,299		
93,186			1,563		
173,724				2,768,557	168,324
			8,343		
<u>2,103,818</u>	<u>9,750</u>	<u>806,835</u>	<u>1,142,117</u>	<u>2,768,557</u>	<u>168,324</u>
				<u>(43,671)</u>	<u>(168,324)</u>
					116,355
					<u>116,355</u>
				(43,671)	(51,969)
					481,164
				2,053,396	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,009,725</u>	<u>\$ 429,195</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

<b>Data Control Codes</b>		<b>484</b>	<b>486</b>	<b>492</b>
		<b>Verizon Grants</b>	<b>Houston Endowment Grant</b>	<b>Exxon Staff Development Grant</b>
	<b>Revenues</b>			
5700	Local, Intermediate and Out-of-State	\$ 10,142	\$	\$ 3,271
5800	State Program Revenues			
5900	Federal Program Revenues			
5020	<b>Total Revenues</b>	<u>10,142</u>	<u></u>	<u>3,271</u>
	<b>Expenditures</b>			
	<b>Current:</b>			
0011	Instruction	7,761		
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	2,381		3,271
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Plant Maintenance and Operations			
0061	Community Services			
6030	<b>Total Expenditures</b>	<u>10,142</u>	<u></u>	<u>3,271</u>
1100	Excess (deficiency) of revenues over expenditures	<u></u>	<u></u>	<u></u>
	<b>Other Financing Sources (Uses)</b>			
7915	Transfers in			
	<b>Total Other Financing Sources (Uses)</b>	<u></u>	<u></u>	<u></u>
1200	Net change in fund balances			
0100	<b>Fund Balance - September 1 (Beginning)</b>			
	Prior period adjustment	<u></u>	<u></u>	<u></u>
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>

493	494	495	496	497	498
CCISD Education Foundation	Music Enrichment	Ctr Agriculture Science and Engineering	NASA Grant	Science Donations	After School Achievement
\$ 94,932	\$ 586,382	\$ 32,659	\$ 42,137	\$ 32,300	\$ 73,270
<u>94,932</u>	<u>586,382</u>	<u>32,659</u>	<u>42,137</u>	<u>32,300</u>	<u>73,270</u>
94,932		31,178		30,838	72,986
				458	
					249
	599,985		42,137		
<u>94,932</u>	<u>599,985</u>	<u>1,481</u>	<u>42,137</u>	<u>1,004</u>	<u>35</u>
	<u>(13,603)</u>	<u>32,659</u>		<u>32,300</u>	<u>73,270</u>
	(13,603)				
	40,949				
<u>\$</u>	<u>\$ 27,346</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended August 31, 2007*

**EXHIBIT G-2**  
**Page 6 of 6**

<u>Data Control Codes</u>		<u>Total Nonmajor Governmental Funds</u>
	<b>Revenues</b>	
5700	Local, Intermediate and Out-of-State	\$ 4,686,277
5800	State Program Revenues	4,584,526
5900	Federal Program Revenues	9,098,920
5020	<b>Total Revenues</b>	<u>18,369,723</u>
	<b>Expenditures</b>	
	<b>Current:</b>	
0011	Instruction	10,453,992
0012	Instructional Resources and Media Services	323
0013	Curriculum and Instructional Staff Development	1,822,024
0021	Instructional Leadership	511,102
0023	School Leadership	118,944
0031	Guidance, Counseling and Evaluation Services	1,461,820
0032	Social work services	203,516
0033	Health Services	42,076
0034	Student Transportation	64,968
0036	Cocurricular/Extracurricular Activities	3,413,351
0041	General Administration	168,356
0051	Plant Maintenance and Operations	8,343
0061	Community Services	326,506
6030	<b>Total Expenditures</b>	<u>18,595,321</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(225,598)</u>
	<b>Other Financing Sources (Uses)</b>	
7915	Transfers in	116,355
	<b>Total Other Financing Sources (Uses)</b>	<u>116,355</u>
1200	Net change in fund balances	(109,243)
0100	<b>Fund Balance - September 1 (Beginning)</b>	522,113
	Prior period adjustment	<u>2,053,396</u>
3000	<b>Fund Balance - August 31 (Ending)</b>	<u>\$ 2,466,266</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - NATIONAL SCHOOL BREAKFAST AND LUNCH**  
*For the Year Ended August 31, 2007*

*Exhibit H-1*

		<b>National School Breakfast and Lunch</b>			
		<b>Budgeted Amounts</b>			
<b>Data Control Codes</b>		<b>Original</b>	<b>Final</b>	<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Operating Revenues</b>					
5700	Local revenues	\$ 7,635,316	\$ 7,635,316	\$ 7,319,075	\$ (316,241)
	<b>Total operating revenues</b>	<u>7,635,316</u>	<u>7,635,316</u>	<u>7,319,075</u>	<u>(316,241)</u>
<b>Operating Expenses</b>					
0035	Food services	10,731,621	10,801,621	9,764,022	1,037,599
0036	Extracurricular activities	282,558	282,558	206,258	76,300
	<b>Total operating expenses</b>	<u>11,014,179</u>	<u>11,084,179</u>	<u>9,970,280</u>	<u>1,113,899</u>
1100	Operating income (loss)	<u>(3,378,863)</u>	<u>(3,448,863)</u>	<u>(2,651,205)</u>	<u>797,658</u>
<b>Non-Operating Revenues (Expenses)</b>					
7020	Investment earnings	60,000	60,000	152,950	92,950
7952	National School Breakfast	543,136	543,136	597,523	54,387
7953	National School Lunch	2,349,770	2,349,770	2,017,299	(332,471)
7954	U.S.D.A. donated commodities	375,957	445,957	442,016	(3,941)
5800	State program revenues	50,000	50,000	53,726	(50,000)
8951	Miscellaneous expense			(26,822)	(26,822)
	<b>Total non-operating revenues (expenses)</b>	<u>3,378,863</u>	<u>3,448,863</u>	<u>3,236,692</u>	<u>(265,897)</u>
	Income (loss) before transfers			585,487	531,761
<b>Transfers</b>					
7915	Operating transfers in				
8911	Operating transfers out				
	Change in net assets			585,487	531,761
	<b>Net assets - September 1 (beginning)</b>	<u>2,197,153</u>	<u>2,197,153</u>	<u>2,197,153</u>	
	<b>Net assets - August 31 (ending)</b>	<u>\$ 2,197,153</u>	<u>\$ 2,197,153</u>	<u>\$ 2,782,640</u>	<u>\$ 531,761</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND**  
*For the Year Ended August 31, 2007*

*Exhibit H-2*

<b>Data Control Codes</b>		<b>Debt Service</b>			
		<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
		<b>Original</b>	<b>Final</b>		
<b>Revenues</b>					
5700	Local revenues	\$ 37,839,000	\$ 37,839,000	\$ 38,793,335	\$ 954,335
	<b>Total revenues</b>	<u>37,839,000</u>	<u>37,839,000</u>	<u>38,793,335</u>	<u>954,335</u>
<b>Expenditures</b>					
<b>Debt Service:</b>					
0071	Principal on long-term debt	13,735,000	13,735,000	13,735,000	
0171	Interest on long-term debt	24,965,000	24,965,000	24,843,792	121,208
	<b>Total expenditures</b>	<u>38,700,000</u>	<u>38,700,000</u>	<u>38,578,792</u>	<u>121,208</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(861,000)</u>	<u>(861,000)</u>	<u>214,543</u>	<u>1,075,543</u>
	Net change in fund balances/net assets	(861,000)	(861,000)	214,543	1,075,543
	<b>Fund balances/net assets - beginning</b>	<u>4,011,295</u>	<u>4,011,295</u>	<u>4,011,295</u>	
	<b>Fund balances/net assets - ending</b>	<u>\$ 3,150,295</u>	<u>\$ 3,150,295</u>	<u>\$ 4,225,838</u>	<u>\$ 1,075,543</u>

*(This page intentionally left blank.)*

## NONMAJOR PROPRIETARY FUNDS

### ENTERPRISE FUNDS

The Enterprise Funds are used to account for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services. Funds included in the Enterprise Funds are described below.

<b>Fund Number</b>	<b>Fund Name &amp; Description</b>
<b>701</b>	<b>National Breakfast and Lunch Program</b> - accounts for budgeted food service operations. The District intends for the food service operations to be financed from the NSLP program and user charges.
<b>711</b>	<b>Athletic Concessions</b> - accounts for funds received from school district owned concession stands that serve the general public at school sponsored events. The primary intent of operations is to realize a profit as a result of sales.

### INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods or services provided by one organizational unit of the school district to other district organizational units on a cost reimbursement basis. Funds included in the Internal Service Funds are:

<b>Fund Number</b>	<b>Fund Name &amp; Description</b>
<b>753</b>	<b>Health Insurance Fund</b> - accounts for the District sponsored modified self-insurance plan which provides health care benefits to staff members and their dependents.
<b>771</b>	<b>Workers Compensation Insurance Fund</b> - provides employees of the District with worker's compensation benefits which are self-funded from accumulated assets and provided directly from the District, which is the plan sponsor.
<b>772</b>	<b>Disability Insurance Fund</b> - provides employees of the District with short-term disability income benefits funded primarily through employee contributions.
<b>773</b>	<b>Property Insurance Fund</b> - accounts for the payment of property insurance premiums and is funded on a cost reimbursement basis.

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**August 31, 2007**

*Exhibit I-1*

	<b>Enterprise Funds</b>		
	<b>National Breakfast and Lunch</b>	<b>Athletic Concessions</b>	<b>Total</b>
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,211,814	\$ 156,980	\$ 2,368,794
<b>Receivables:</b>			
Due from other governments	56,094		56,094
Other current assets	42,319		42,319
<b>Total current assets</b>	<u>2,310,227</u>	<u>156,980</u>	<u>2,467,207</u>
<b>Land, Buildings and Equipment:</b>			
Building and improvements	126,535		126,535
Furniture and equipment	1,087,408	7,474	1,094,882
Accumulated depreciation - buildings	(1,493)		(1,493)
Accumulated depreciation - Furniture and Equipment	(147,818)	(1,370)	(149,188)
<b>Total non-current assets</b>	<u>1,064,632</u>	<u>6,104</u>	<u>1,070,736</u>
<b>Total Assets</b>	<u>3,374,859</u>	<u>163,084</u>	<u>3,537,943</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts payable	279,222	12,503	291,725
Accrued wages payable	152,174		152,174
Due to other funds	160,823		160,823
<b>Total current liabilities</b>	<u>592,219</u>	<u>12,503</u>	<u>604,722</u>
<b>Total Liabilities</b>	<u>592,219</u>	<u>12,503</u>	<u>604,722</u>
<b>Net Assets</b>			
Investments in capital Assets, net of debt	1,064,632	6,104	1,070,736
Restricted for food service	1,718,008		1,718,008
Unrestricted net assets		144,477	144,477
<b>Total Net Assets</b>	<u>\$ 2,782,640</u>	<u>\$ 150,581</u>	<u>\$ 2,933,221</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
*For the Year Ended August 31, 2007*

*Exhibit I-2*

	<b>National Breakfast and Lunch</b>	<b>Athletic Concessions</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 7,319,075	\$ 80,567	\$ 7,399,642
<b>Total Operating Revenues</b>	<u>7,319,075</u>	<u>80,567</u>	<u>7,399,642</u>
<b>Operating Expenses</b>			
Payroll costs	3,859,297	16,154	3,875,451
Purchased and contracted services	928,118	17,307	945,425
Supplies and materials	4,901,203	55,070	4,956,273
Other operating costs	201,028		201,028
Depreciation	80,634	1,370	82,004
<b>Total operating expenses</b>	<u>9,970,280</u>	<u>89,901</u>	<u>10,060,181</u>
Operating income (loss)	<u>(2,651,205)</u>	<u>(9,334)</u>	<u>(2,660,539)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Investment earnings	152,950		152,950
National School Breakfast Program	597,523		597,523
National School Lunch Program	2,017,299		2,017,299
Donated Commodities	442,016		442,016
State program revenue	53,726		53,726
Miscellaneous expenses	(26,822)		(26,822)
<b>Total Non-operating revenues (expenses)</b>	<u>3,236,692</u>		<u>3,236,692</u>
Change in Net Assets	585,487	(9,334)	576,153
<b>Net assets - September 1 (beginning)</b>	<u>2,197,153</u>	<u>159,915</u>	<u>2,357,068</u>
<b>Net assets - August 31 (ending)</b>	<u>\$ 2,782,640</u>	<u>\$ 150,581</u>	<u>\$ 2,933,221</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
*For The Year Ended August 31, 2007*

*Exhibit I-3*

	<b>701</b>	<b>711</b>	
	<b>National</b>	<b>Athletic</b>	
	<b>Breakfast and</b>	<b>Concessions</b>	<b>Total</b>
	<b>Lunch</b>		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from user charges	\$ 7,319,075	\$ 80,567	\$ 7,399,642
Cash payments to suppliers for goods and services	(5,075,679)	(67,346)	(5,143,025)
Cash payments to employees	(3,978,885)	(16,154)	(3,995,039)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(1,735,489)</u>	<u>(2,933)</u>	<u>(1,738,422)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Advances to other funds	(407,744)		(407,744)
Federal and state assistance - Food service and related	2,806,779		2,806,779
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>2,399,035</u>		<u>2,399,035</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(602,263)	(7,474)	(609,737)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(602,263)</u>	<u>(7,474)</u>	<u>(609,737)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	152,950		152,950
<b>Net Cash Provided by Investing Activities</b>	<u>152,950</u>		<u>152,950</u>
Net Increase in Cash and Cash Equivalents	214,233	(10,407)	203,826
Cash and Cash Equivalents at Beginning of Year	1,997,581	167,387	2,164,968
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 2,211,814</u>	<u>\$ 156,980</u>	<u>\$ 2,368,794</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ (2,651,205)	\$ (9,334)	\$ (2,660,539)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>			
Depreciation	80,634	1,370	82,004
Donated commodities	442,016		442,016
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in Deferred Expenses	555,841		555,841
Increase (decrease) in Accounts Payable	(43,187)	5,031	(38,156)
Increase (decrease) in Accrued Wages Payable	(119,588)		(119,588)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (1,735,489)</u>	<u>\$ (2,933)</u>	<u>\$ (1,738,422)</u>
<b>Supplemental information:</b>			
Non-cash transaction - Donated commodities received	\$ 442,016	\$	\$ 442,016
<b>Total non-cash transactions</b>	<u>\$ 442,016</u>	<u>\$</u>	<u>\$ 442,016</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Exhibit I-4*

**COMBINING STATEMENT OF NET ASSETS**

**NONMAJOR INTERNAL SERVICE FUNDS**

August 31, 2007

	<b>753</b>	<b>771</b>	<b>772</b>	<b>773</b>	
	<b>Health</b>	<b>Workers</b>	<b>Disability</b>	<b>Property</b>	
	<b>Insurance</b>	<b>Comp</b>	<b>Insurance</b>	<b>Insurance</b>	<b>Total</b>
	<u>          </u>	<u>Insurance</u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 6,796,439	\$ 1,203,697	\$ 229,250	\$ 4,553,274	\$ 12,782,660
<b>Receivables:</b>					
Due from other funds		664,290			664,290
Other receivables	100,000				100,000
Deferred expenses	199,089		70,000		269,089
<b>Total Current Assets</b>	<u>7,095,528</u>	<u>1,867,987</u>	<u>299,250</u>	<u>4,553,274</u>	<u>13,816,039</u>
<b>Total Assets</b>	<u>7,095,528</u>	<u>1,867,987</u>	<u>299,250</u>	<u>4,553,274</u>	<u>13,816,039</u>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable	404,486	5,424	54,219		464,129
Accrued expenses	2,250,000	815,468	60,000		3,125,468
<b>Total current liabilities</b>	<u>2,654,486</u>	<u>820,892</u>	<u>114,219</u>		<u>3,589,597</u>
<b>Total Liabilities</b>	<u>2,654,486</u>	<u>820,892</u>	<u>114,219</u>		<u>3,589,597</u>
<b>Net Assets</b>					
Unrestricted net assets	<u>4,441,042</u>	<u>1,047,096</u>	<u>185,031</u>	<u>4,553,274</u>	<u>10,226,443</u>
<b>Total Net Assets</b>	<u>\$ 4,441,042</u>	<u>\$ 1,047,096</u>	<u>\$ 185,031</u>	<u>\$ 4,553,274</u>	<u>\$ 10,226,443</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**NONMAJOR INTERNAL SERVICE FUNDS**  
*For the Year Ended August 31, 2007*

*Exhibit I-5*

	<b>753</b>	<b>771</b>	<b>772</b>	<b>773</b>	
	<b>Health</b>	<b>Workers</b>	<b>Disability</b>	<b>Property</b>	
	<b>Insurance</b>	<b>Comp</b>	<b>Insurance</b>	<b>Insurance</b>	<b>Total</b>
<b>Operating Revenues</b>					
Charges for services	\$ 20,130,456	\$ 1,083,347	\$ 437,742	\$ 4,255,459	\$ 25,907,004
<b>Total operating revenues</b>	<u>20,130,456</u>	<u>1,083,347</u>	<u>437,742</u>	<u>4,255,459</u>	<u>25,907,004</u>
<b>Operating Expenses</b>					
Purchased and contracted services	1,445,547	155,957	40,962		1,642,466
Supplies and materials		3,760			3,760
Claims expense and other operating expenses	17,889,409	908,584	361,408	4,255,459	23,414,860
<b>Total operating expenses</b>	<u>19,334,956</u>	<u>1,068,301</u>	<u>402,370</u>	<u>4,255,459</u>	<u>25,061,086</u>
Operating Income (Loss)	<u>795,500</u>	<u>15,046</u>	<u>35,372</u>		<u>845,918</u>
<b>Non-Operating Revenues (Expenses)</b>					
Earnings - temporary deposits and investments	<u>32,692</u>	<u>55,450</u>		<u>53,274</u>	<u>141,416</u>
<b>Total non-operating revenues (expenses)</b>	<u>32,692</u>	<u>55,450</u>		<u>53,274</u>	<u>141,416</u>
Change in Net Assets	828,192	70,496	35,372	53,274	987,334
<b>Net Assets - September 1 (Beginning)</b>	<u>3,612,850</u>	<u>976,600</u>	<u>149,659</u>	<u>4,500,000</u>	<u>9,239,109</u>
<b>Net Assets - August 31 (Ending)</b>	<u>\$ 4,441,042</u>	<u>\$ 1,047,096</u>	<u>\$ 185,031</u>	<u>\$ 4,553,274</u>	<u>\$ 10,226,443</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF CASH FLOWS**

**NONMAJOR INTERNAL SERVICE FUNDS**

*For The Year Ended August 31, 2007*

	<b>753</b>	<b>771</b>	<b>772</b>
	<b>Health</b>	<b>Workers</b>	<b>Disability</b>
	<b>Insurance</b>	<b>Comp</b>	<b>Insurance</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash received from user charges	\$ 6,241,064	\$ 19,261	\$ 437,742
Cash received from interfund services provided	13,889,392	1,064,086	
Cash payments for insurance claims	(17,254,444)	(749,878)	(356,408)
Cash payments to suppliers for goods and services	(1,826,605)	(322,393)	(82,698)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>1,049,407</u>	<u>11,076</u>	<u>(1,364)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Advances from other funds	3,278,550		
Advances to other funds		(310,758)	
<b>Net Cash Provided by (Used for) Non-Capital Financing Activities</b>	<u>3,278,550</u>	<u>(310,758)</u>	
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	32,692	55,450	
<b>Net Cash Provided by Investing Activities</b>	<u>32,692</u>	<u>55,450</u>	
Net Increase in Cash and Cash Equivalents	4,360,649	(244,232)	(1,364)
Cash and Cash Equivalents at Beginning of Year	2,435,790	1,447,929	230,614
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 6,796,439</u>	<u>\$ 1,203,697</u>	<u>\$ 229,250</u>
<b>Reconciliation of Operating Income to Net Cash Provided by operating Activities:</b>			
Operating Income (Loss)	\$ 795,500	\$ 15,046	\$ 35,372
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
<b>Change in Assets and Liabilities:</b>			
Decrease (increase) in Receivables	(100,000)		
Decrease (increase) in Deferred Expenses	(44,089)		(40,000)
Increase (decrease) in Accounts Payable	97,996	(3,970)	(1,736)
Increase (decrease) in Accrued Expenses	300,000		5,000
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 1,049,407</u>	<u>\$ 11,076</u>	<u>\$ (1,364)</u>

*Exhibit I-6*

773

<u>Property Insurance</u>	<u>Total</u>
\$	\$ 6,698,067
4,255,459	19,208,937
	(18,360,730)
<u>(4,255,459)</u>	<u>(6,487,155)</u>
	<u>1,059,119</u>
4,500,000	7,778,550
	(310,758)
<u>4,500,000</u>	<u>7,467,792</u>
53,274	141,416
<u>53,274</u>	<u>141,416</u>
4,553,274	8,668,327
	4,114,333
<u>\$ 4,553,274</u>	<u>\$ 12,782,660</u>
\$	\$ 845,918
	(100,000)
	(84,089)
	92,290
	<u>305,000</u>
<u>\$</u>	<u>\$ 1,059,119</u>

*(This page intentionally left blank.)*

### **Compliance Schedules**

Compliance schedules are required by the Texas Education Agency and are not required disclosures in the Comprehensive Annual Financial Report.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

*For the Year Ended August 31, 2007*

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 9/1/2006</u>
	<u>1</u>	<u>2</u>		
	<u>Maintenance</u>	<u>Debt Service</u>		
1998 and prior	Various	Various	Various	\$ 626,419
1999	1.403100	0.238420	7,083,021,388	121,158
2000	1.412030	0.186530	7,674,827,022	133,213
2001	1.454310	0.246530	8,267,869,817	165,071
2002	1.485000	0.240000	8,973,961,391	232,545
2003	1.500000	0.240000	9,593,862,525	224,738
2004	1.500000	0.230000	10,344,295,202	372,682
2005	1.500000	0.245000	10,894,418,266	533,541
2006	1.500000	0.275000	11,589,893,442	2,244,034
2007	1.330000	0.300000	12,659,468,894	
<b>1000 TOTALS</b>				<u><u>\$ 4,653,401</u></u>

20	30	30a	40	50
<u>Current Year's Total Levy</u>	<u>Maintenance Total Collections</u>	<u>Debt Service Total Collections</u>	<u>Entire Year's Adjustments</u>	<u>Ending Balance 8/31/2007</u>
\$	\$ 94,277	\$ 12,441	\$	\$ 519,701
	9,831	1,670		109,657
	6,892	910		125,411
	6,306	1,069	(887)	156,809
	6,389	1,033	(2,090)	223,033
	15,208	2,433	(1,044)	206,053
	67,398	10,334	(7,655)	287,295
	65,164	10,644	15,601	473,334
	1,331,671	244,140	403,240	1,071,463
<u>206,349,343</u>	<u>166,403,474</u>	<u>37,534,618</u>	<u>132,263</u>	<u>2,543,514</u>
<u>\$ 206,349,343</u>	<u>\$ 168,006,610</u>	<u>\$ 37,819,292</u>	<u>\$ 539,428</u>	5,716,270
				<u>2,849,307</u>
				<u>\$ 8,565,577</u>

**Total taxes receivable per Exhibit A-3**



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF**  
**INDIRECT COSTS FOR 2008-2009**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**For the Year Ended August 31, 2007**

*Exhibit J-2*

<b>Account Number</b>	<b>(1) 701</b>	<b>(2) 702</b>	<b>(3) 703</b>	<b>(4) 720</b>	<b>(5) 750</b>	<b>(6) (other)</b>	<b>(7)</b>
	<b>Supt's Office</b>	<b>School Board</b>	<b>Tax Collection</b>	<b>Direct Cost</b>	<b>Indirect Cost</b>	<b>Misc.</b>	<b>Total</b>
6100 Payroll Costs	\$301,153	\$ 10,323	\$ 196,567	\$	\$ 3,625,333	\$	\$ 4,133,376
6149 Leave for Separating in Functions 41 and 53					2,720		2,720
6149 Leave for Separating not in Functions 41 and 53					605,981		605,981
6211 Legal Services		420,282					420,282
6212 Audit Services					51,925		51,925
6213 Tax Appraisal / Collection Other Professional Services			1,443,349				1,443,349
621X Education Service Centers		5,518	13,600		20,652	102,521	142,291
6230 Maintenance and Repairs						3,675	3,675
6240 Utilities					79,938		79,938
6260 Rentals	1,195				6,156	106,299	113,650
6290 Miscellaneous Contracts			387			44,150	44,537
6320 Texbooks and Reading	410				3,472	6,898	10,780
63XX Other Supplies	2,404	490	10,676		51,746	330,953	396,269
6410 Travel, Subsistence and Stipends	4,903	10,730	1,177		23,078	66,299	106,187
6420 Insurance and Bonding						137,646	137,646
6430 Election Expense		73,387					73,387
6490 Miscellaneous Operating	15,057	14,773	1,165		10,594	83,256	124,845
6600 Capital Outlay							
<b>Total</b>	<u>\$ 325,122</u>	<u>\$ 535,503</u>	<u>\$ 1,666,921</u>	<u>\$</u>	<u>\$ 4,481,595</u>	<u>\$ 881,697</u>	<u>\$ 7,890,838</u>

**Other Information:**

Total expenditures for General, Special Revenue and Food Service Enterprise Fund (Exhibits C-3 and D-2) (9) \$ 248,909,757

Less: Deductions of Unallowable Costs:

Fiscal Year

Total Capital Outlay (6600) (10) \$ 1,939,171

Total Debt & Lease (6500) (11)

Plant Maintenance (Function 51, 6100-6400) (12) 26,964,310

Food (Function 35, 6341 and 6499) (13) 3,704,705

Stipends (6413) (14)

Column 5 above - Total Indirect Cost

Subtotal

**Net Allowable Direct Cost**

4,481,595

37,089,781

\$ 211,819,976

**Cumulative:**

Total Cost of Buildings before Depreciation (1520) (15) \$ 549,810,014

Historical Cost of Buildings over 50 years old (16) 9,707,392

Amount of Federal Money in building Cost (Net of #16) (17) 889,473

Total Cost of Furniture & Equipment before Depreciation (1530&1540) (18) 80,777,511

Historical Cost of Furniture & Equipment over 16 years old (19) 1,988,885

Amount of Federal Money in Furniture & Equipment (Net of #19) (20) 2,364,318

Note A: \$67,950 in Function 53 expenditures are included in this report on administrative costs.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**OPTIMUM FUND BALANCE CALCULATION SCHEDULE (UNAUDITED)**  
**GENERAL FUND**  
**For the Year Ended August 31, 2007**

*Exhibit J-3*

1.	Total General Fund Balance as of For the Year Ended August 31, 2007 (Exhibit C-1 object 3000 for the General Fund only)	\$ 53,491,946
2.	Total Reserved Fund Balance as of For the Year Ended August 31, 2007 (from Exhibit C-1 - total of object 3400s for the General Fund only)	3,822,154
3.	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	5,908,257
4.	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	2,536,326
5.	Estimate of one month average cash disbursements during the regular school session (September 1, 2007 to May 31, 2008)	27,694,551
6.	Estimate of delayed payments from state sources (58xx) including August payment delays	9,651,231
7.	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	
8.	Estimate of delayed payments from federal sources (59xx)	
9.	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds).	
10.	General Fund Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9)	<hr/> 49,612,519
11.	Excess or (Deficit) Undesignated Unreserved General Fund Fund Balance (1- 10)	<hr/> \$ 3,879,427 <hr/>

Due to the uncertainty of state funding, possible changes in the timing of state funding payments, and increased salary and benefit expenditures, the District believes that two months of average cash disbursements is necessary instead of the one month average used in item 5. The District is also planning for the opening of three new campuses in August 2009 and two new campuses in August 2010.

The District's administration will continue to monitor the General Fund balance in the following budgetary cycles to maintain a fund balance level within District policy and state guidelines.

*(This page intentionally left blank.)*

**Statistical Section**  
(Unaudited)

*Statistical Tables are used to provide detailed data on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than it is possible from the basic financial statements.*

*The District's Statistical Tables usually cover ten fiscal years and often present data from outside the accounting records. The tables are unaudited due to the nature of the information contained therein.*

	<b>Page</b>
<b>Financial Trends</b>	127
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	136
The schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	143
The schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	152
The schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	155
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

*(This page intentionally left blank.)*

## **Clear Creek Independent School District**

### ***GENERAL INFORMATION REGARDING THE DISTRICT - (Unaudited)***

#### **General**

Clear Creek Independent School District encompasses the communities of League City, Seabrook, Webster, Kemah, El Lago, Nassau Bay, Clear Lake Shores and Taylor Lake Village, along with portions of Bacliff, Friendswood, Houston and Pasadena. Clear Creek ISD encompasses parts of Galveston and Harris counties.

#### **Education**

The District serves over 36,300 students in grades pre-kindergarten through twelfth. The District operates twenty-four elementary schools, eight middle schools, four comprehensive high schools, and two alternative secondary campuses. Clear Creek ISD is now the 27<sup>th</sup> largest of the 1,037 school districts in Texas. The District employs approximately 4,400 persons with over 2,450 teachers.

#### **Economy**

Major sectors of the area's economic base include aerospace (NASA), petro chemicals, health care, upscale commercial, boating and visitor attractions.

The area includes a well-educated and highly technical workforce and a diverse and expanding economic base.

Numerous shopping centers, malls, other retail establishments, and a wide variety of service oriented businesses are located within the District, and offer a complement to industry within the District.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT****NET ASSETS BY COMPONENT****LAST SIX FISCAL YEARS \****(Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 71,589,986	\$ 16,425,310	\$ 26,156,986
Restricted	9,361,244	45,239,128	25,567,205
Unrestricted	55,060,279	56,087,164	50,979,730
<b>Total Governmental Activities Net Assets</b>	<u>136,011,509</u>	<u>117,751,602</u>	<u>102,703,921</u>
<b>Business-type Activities:</b>			
Invested in Capital Assets, Net of Related Debt	1,070,736	569,825	
Restricted	1,711,904	1,627,328	1,534,251
Unrestricted	150,581	159,915	152,231
<b>Total Business-type Activities Net Assets</b>	<u>2,933,221</u>	<u>2,357,068</u>	<u>1,686,482</u>
<b>Primary Government:</b>			
Invested in Capital Assets, Net of Related Debt	72,660,722	16,995,135	26,156,986
Restricted	11,073,148	46,866,456	27,101,456
Unrestricted	55,210,860	56,247,079	51,131,961
<b>Total Primary Government Net Assets</b>	<u>\$ 138,944,730</u>	<u>\$ 120,108,670</u>	<u>\$ 104,390,403</u>

\* Ten year comparative data has been omitted prior to the implementation of GASB Statement No. 34 in the fiscal year ended August 31, 2002.

*Table 1*

<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 22,827,283	\$ 28,501,275	\$ 17,530,974
13,406,975	8,611,020	18,937,957
48,325,352	30,059,167	28,761,527
<u>84,559,610</u>	<u>67,171,462</u>	<u>65,230,458</u>
1,282,015	1,006,509	722,079
122,523	134,409	126,846
<u>1,404,538</u>	<u>1,140,918</u>	<u>848,925</u>
22,827,283	28,501,275	17,530,974
14,688,990	9,617,529	19,660,036
48,447,875	30,193,576	28,888,373
<u>\$ 85,964,148</u>	<u>\$ 68,312,380</u>	<u>\$ 66,079,383</u>



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**CHANGES IN NET ASSETS**

**LAST SIX FISCAL YEARS \***

*(Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenses:</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 158,776,037	\$ 151,777,860	\$ 138,338,317
Instructional Resources and Media Services	4,496,393	4,271,647	3,492,488
Curriculum and Instructional Staff Development	4,223,454	4,059,134	2,696,095
Instructional Leadership	2,560,644	2,240,055	3,026,525
School Leadership	14,543,396	13,482,018	12,146,337
Guidance, Counseling, and Evaluation Services	9,235,319	8,527,125	7,579,493
Social Work Services	363,705	485,510	519,442
Health Services	2,354,294	2,323,136	2,032,943
Student (Pupil) Transportation	8,281,296	8,190,311	7,242,908
Food Services	367,913	384,798	339,600
Cocurricular/Extracurricular Activities	8,275,702	7,556,005	6,862,976
General Administration	7,977,884	7,364,736	6,311,067
Plant Maintenance and Operations	31,436,161	26,636,699	23,134,308
Security and Monitoring Services	2,210,648	1,912,352	1,395,374
Data Processing Services	4,193,126	4,329,087	4,116,333
Community Services	474,027	374,454	245,918
Debt Service - Interest on Long-term Debt	27,101,812	26,449,372	23,542,304
Debt Service - Bond Issuance Costs and Fees	20,559	7,500	20,543
Facilities Acquisition and Construction	381,582	1,022,684	779,514
Payments Related to Shared Service Arrangements	502,515	486,530	54,120
Payments to Juvenile Justice Alternative Ed. Prog.	102,381	13,713	83,322
Payments to Tax Increment Fund	1,002,481	746,969	647,256
<b>Total Governmental Activities Expenses</b>	<u>288,881,329</u>	<u>272,641,695</u>	<u>244,607,183</u>
<b>Business-type Activities:</b>			
Enterprise Fund - National School Breakfast and Lunch	9,997,102	9,668,104	9,443,723
Enterprise Fund - Athletic Concessions	89,901	54,896	66,567
<b>Total Business-type Activities Expenses</b>	<u>10,087,003</u>	<u>9,723,000</u>	<u>9,510,290</u>
<b>Total Primary Government Expenses</b>	<u>298,968,332</u>	<u>282,364,695</u>	<u>254,117,473</u>
<b>Program Revenues:</b>			
<b>Governmental Activities:</b>			
<b>Charges for Services:</b>			
Instruction	1,447,355	1,485,154	1,368,823
Cocurricular/Extracurricular Activities	3,588,428	3,270,386	3,082,950
Plant Maintenance and Operations	400,656	377,452	350,734
Other Activities	262,733	264,450	234,457
Operating Grants and Contributions	22,515,267	28,965,039	23,096,323
<b>Total Governmental Activities Program Revenues</b>	<u>\$ 28,214,439</u>	<u>\$ 34,362,481</u>	<u>\$ 28,133,287</u>

**Table 2**  
**Page 1 of 2**

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 129,440,871	\$ 128,301,863	\$ 116,470,050
3,220,364	3,374,354	3,477,255
1,748,826	1,544,374	1,054,227
2,575,088	2,423,079	2,522,511
10,961,631	10,822,382	9,750,163
7,222,723	7,266,766	6,732,154
500,143	434,030	318,052
1,995,399	2,064,297	1,790,758
5,989,494	6,602,429	5,557,007
83,310	261,058	27,210
6,417,187	6,176,200	5,370,002
6,347,059	6,465,639	6,198,548
20,882,919	21,386,378	21,323,180
909,847	793,078	767,640
4,104,658	3,614,915	2,841,553
198,985	149,787	123,523
18,002,038	16,340,811	17,647,312
16,169	19,533	
	364,097	1,830,453
48,494	51,085	50,124
39,592	89,440	48,824
447,857	195,347	48,767
<u>221,152,654</u>	<u>218,740,942</u>	<u>203,949,313</u>
8,437,387	7,985,293	8,130,552
<u>62,316</u>	<u>45,874</u>	<u>52,377</u>
<u>8,499,703</u>	<u>8,031,167</u>	<u>8,182,929</u>
<u>229,652,357</u>	<u>226,772,109</u>	<u>212,132,242</u>
1,452,575	1,259,601	872,143
2,785,236	2,623,893	2,241,302
349,805	366,332	372,288
206,239	336,057	249,903
<u>20,418,934</u>	<u>22,628,115</u>	<u>18,404,312</u>
<u>\$ 25,212,789</u>	<u>\$ 27,213,998</u>	<u>\$ 22,139,948</u>

# CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

## CHANGES IN NET ASSETS

### LAST SIX FISCAL YEARS \*

(Accrual Basis of Accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Program Revenues (Continued):</b>			
<b>Business-type Activities:</b>			
<b>Charges for Services:</b>			
Enterprise Fund - National School Breakfast and Lunch	\$ 7,319,075	\$ 7,250,418	\$ 6,815,731
Enterprise Fund - Athletic Concessions	80,567	62,580	96,275
<b>Operating Grants and Contributions:</b>			
Enterprise Fund - National School Breakfast and Lunch	3,110,564	2,920,514	2,829,656
<b>Total Business-type Activities Program Revenues</b>	<u>10,510,206</u>	<u>10,233,512</u>	<u>9,741,662</u>
<b>Total Primary Government Program Revenues</b>	<u>38,724,645</u>	<u>44,595,993</u>	<u>37,874,949</u>
<b>Net (Expense) / Revenue:</b>			
Governmental Activities	(260,666,890)	(238,279,214)	(216,473,896)
Business-type Activities	423,203	510,512	231,372
<b>Total Primary Government Net (Expense) / Revenue</b>	<u>(260,243,687)</u>	<u>(237,768,702)</u>	<u>(216,242,524)</u>
<b>General Revenues and Other Changes in Net Assets:</b>			
<b>Governmental Activities:</b>			
Property Taxes	\$ 210,879,647	\$ 207,770,478	\$ 190,768,866
Gifts and Bequests			9,377,814
State Aid - Formula Grants	54,161,494	31,828,105	27,866,853
Unrestricted Grants and Contributions	113,352	49,594	1,535,363
Investment Earnings	11,373,275	10,717,858	6,099,032
Miscellaneous Income	345,633	210,223	
Gain (Loss) on Asset Disposition		34,354	(1,029,721)
Gain on Escrow Swap			
<b>Total Governmental Activities</b>	<u>276,873,401</u>	<u>250,610,612</u>	<u>234,618,207</u>
<b>Business-type Activities:</b>			
Unrestricted Grants and Contributions		15,000	
Investment Earnings	152,950	78,155	50,572
<b>Total Business-type Activities:</b>	<u>152,950</u>	<u>93,155</u>	<u>50,572</u>
<b>Total Primary Government</b>	<u>277,026,351</u>	<u>250,703,767</u>	<u>234,668,779</u>
<b>Change in Net Assets</b>			
Governmental Activities	16,206,511	12,331,398	18,144,311
Business-type Activities	576,153	603,667	281,944
<b>Total Primary Government</b>	<u>\$ 16,782,664</u>	<u>\$ 12,935,065</u>	<u>\$ 18,426,255</u>

\* Ten year comparative data has been omitted prior to the implementation of GASB Statement No. 34 in the fiscal year ended August 31, 2002.

**Table 2**  
**Page 2 of 2**

<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 6,444,969	\$ 6,202,051	\$ 6,297,264
50,430	53,437	68,766
<u>2,251,716</u>	<u>2,050,044</u>	<u>1,834,239</u>
<u>8,747,115</u>	<u>8,305,532</u>	<u>8,200,269</u>
<u>33,959,904</u>	<u>35,519,530</u>	<u>30,340,217</u>
(195,939,865)	(191,526,944)	(181,809,365)
<u>247,412</u>	<u>274,365</u>	<u>17,340</u>
<u>(195,692,453)</u>	<u>(191,252,579)</u>	<u>(181,792,025)</u>
\$ 180,166,106	\$ 167,731,742	\$ 156,032,994
91,320	487,957	
24,552,844	22,401,038	25,522,986
3,221,040	1,409,392	759,947
2,128,834	1,631,834	5,307,814
55,894	14,887	396,080
(224,675)	(208,902)	
3,336,651		
<u>213,328,014</u>	<u>193,467,948</u>	<u>188,019,821</u>
<u>16,208</u>	<u>17,628</u>	<u>18,407</u>
<u>16,208</u>	<u>17,628</u>	<u>18,407</u>
<u>213,344,222</u>	<u>193,485,576</u>	<u>188,038,228</u>
17,388,149	1,941,004	6,210,456
263,620	291,993	35,747
<u>\$ 17,651,769</u>	<u>\$ 2,232,997</u>	<u>\$ 6,246,203</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT****FUND BALANCES OF GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS***(Modified Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Fund</b>				
Reserved	\$ 3,822,154	\$ 3,948,090	\$ 2,754,344	\$ 3,719,962
Unreserved	49,669,792	47,325,075	46,243,541	42,027,225
<b>Total General Fund</b>	<u>\$ 53,491,946</u>	<u>\$ 51,273,165</u>	<u>\$ 48,997,885</u>	<u>\$ 45,747,187</u>
<b>All Other Governmental Funds</b>				
Reserved	\$ 110,342,617	\$ 116,097,334	\$ 183,368,901	\$ 151,074,534
<b>Unreserved, Reported in:</b>				
Special Revenue Funds	2,009,725	2,053,396	1,624,195	1,250,567
<b>Total All Other Governmental Funds</b>	<u>\$ 112,352,342</u>	<u>\$ 118,150,730</u>	<u>\$ 184,993,096</u>	<u>\$ 152,325,101</u>

Note: Prior to the year ended August 31, 2001, campus activity funds were reported in the General Fund.

*Table 3*

<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
\$ 3,488,866	\$ 5,357,745	\$ 1,400,258	\$ 3,410,712	\$ 4,601,997	\$ 5,754,450
25,607,440	21,440,237	26,673,943	25,127,229	24,843,065	21,268,636
<u>\$ 29,096,306</u>	<u>\$ 26,797,982</u>	<u>\$ 28,074,201</u>	<u>\$ 28,537,941</u>	<u>\$ 29,445,062</u>	<u>\$ 27,023,086</u>
\$ 55,584,365	\$ 47,845,520	\$ 75,950,035	\$ 130,431,471	\$ 11,711,573	\$ 36,105,344
1,160,714	996,995	985,686			
<u>\$ 56,745,079</u>	<u>\$ 48,842,515</u>	<u>\$ 76,935,721</u>	<u>\$ 130,431,471</u>	<u>\$ 11,711,573</u>	<u>\$ 36,105,344</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

*(Modified Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>				
Local and Intermediate Sources	\$ 225,018,438	\$ 223,904,073	\$ 211,931,434	\$ 187,569,425
State Program Revenues	66,891,490	45,891,803	42,796,507	40,545,960
Federal Program Revenues	9,758,514	14,872,547	9,197,133	7,337,974
<b>Total Revenues</b>	<u>301,668,442</u>	<u>284,668,423</u>	<u>263,925,074</u>	<u>235,453,359</u>
<b>Expenditures:</b>				
Instruction	145,235,904	139,655,684	127,794,854	120,494,359
Instructional Resources and Media Services	4,088,796	3,902,016	3,265,247	2,996,790
Curriculum and Instructional Staff Development	3,996,978	3,862,979	2,696,407	1,756,129
Instructional Leadership	2,369,510	2,088,390	2,811,039	2,406,275
School Leadership	13,209,344	12,292,513	11,133,385	10,174,034
Guidance, Counseling, and Evaluation Services	8,511,801	7,902,511	7,020,521	6,754,177
Social Work Services	348,814	454,798	490,041	471,226
Health Services	2,140,439	2,129,324	1,864,308	1,847,273
Student (Pupil) Transportation	8,449,346	8,275,315	10,539,421	6,642,008
Food Services	431,083	510,947	987,688	83,310
Cocurricular/Extracurricular Activities	8,001,470	7,285,229	6,633,115	6,353,066
General Administration	7,248,738	6,735,013	6,318,991	6,276,596
Plant Maintenance and Operations	30,116,882	25,557,286	21,581,641	19,475,064
Security and Monitoring Services	2,042,964	1,857,613	1,430,206	953,836
Data Processing Services	3,984,284	3,967,154	3,930,244	3,835,431
Community Services	460,466	359,636	234,760	187,168
Debt Service - Principal on Long-term Debt	13,735,000	11,226,741	11,382,719	9,958,867
Debt Service - Interest on Long-term Debt	24,843,792	25,689,024	19,083,042	18,208,938
Debt Service - Bond Issue Costs and Fees	404,408	116,644	702,186	1,975,766
Facilities Acquisition and Construction	61,746,702	108,040,542	97,744,450	32,565,930
Payments to Fiscal Agent/Member Districts of SSA	502,515	486,530	54,120	48,494
Payments to Juvenile Justice Alternative Ed. Prog.	102,381	13,713	83,322	39,592
Payments to Tax Increment Fund	1,002,481	746,969	647,256	447,857
<b>Total Expenditures</b>	<u>342,974,098</u>	<u>373,156,571</u>	<u>338,428,963</u>	<u>253,952,186</u>
Excess of Revenue Over (Under) Expenditures	<u>(41,305,656)</u>	<u>(88,488,148)</u>	<u>(74,503,889)</u>	<u>(18,498,827)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	17,116,355	12,253,267	14,269,730	14,017
Transfers (Out)	(17,116,355)	(16,820,187)	(14,269,730)	(14,017)
Bonds Issued	37,135,000	27,885,000	109,000,000	125,000,000
Refunding Bonds Issued				129,370,097
Premium or Discount on Issuance of Bonds	585,640	139,425	1,015,982	16,052,389
Payments to Refunded Bonds Escrow Agent				(143,145,471)
Escrow Swap				3,336,651
Capital Leases				
Sale of Real and Personal Property	5,409	34,354	32,972	26,212
<b>Total Other Financing Sources (Uses)</b>	<u>37,726,049</u>	<u>23,491,859</u>	<u>110,048,954</u>	<u>130,639,878</u>
<b>Net Change in Fund Balances</b>	<u>\$ (3,579,607)</u>	<u>\$ (64,996,289)</u>	<u>\$ 35,545,065</u>	<u>\$ 112,141,051</u>
<b>Debt Service as a Percentage of</b>				
<b>Noncapital Expenditures</b>	16.1%	16.2%	14.9%	15.8%

Note: Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less debt service and facilities acquisition and construction expenditures.

Table 4

	2003	2002	2001	2000	1999	1998
\$	174,298,744	\$ 165,703,383	\$ 154,436,089	\$ 133,775,135	\$ 124,870,186	\$ 115,526,363
	39,678,117	38,487,185	36,468,527	33,744,535	27,165,100	27,017,660
	6,749,976	5,743,137	4,062,182	3,380,646	3,096,255	2,257,361
	<u>220,726,837</u>	<u>209,933,705</u>	<u>194,966,798</u>	<u>170,900,316</u>	<u>155,131,541</u>	<u>144,801,384</u>
	119,453,826	110,363,005	103,038,367	95,209,708	84,191,439	80,527,791
	3,115,619	3,277,224	2,799,336	3,039,162	2,681,501	2,218,150
	1,551,545	1,164,200	949,669	742,310	673,964	801,696
	2,270,826	2,365,945	2,282,421	1,893,066	1,580,001	1,103,718
	9,991,154	9,077,638	8,466,722	7,703,359	7,288,449	7,073,300
	6,791,116	6,284,248	5,772,204	5,506,556	5,565,511	5,018,528
	408,784	296,682	299,694	198,580	185,922	183,601
	1,903,312	1,669,851	1,598,510	1,373,378	1,234,719	1,215,519
	7,391,393	5,174,038	5,538,955	4,981,502	4,538,339	3,412,572
	241,394					24,284
	6,031,796	5,251,923	5,142,217	4,841,639	4,755,331	2,925,416
	6,827,056	9,244,338	13,628,788	7,296,964	4,404,969	5,005,266
	19,974,363	19,999,396	19,176,035	19,353,721	16,362,122	15,050,908
	888,523	716,549	618,303	603,505	349,122	150,640
	3,862,372	3,373,885	2,301,381	1,012,768	846,309	710,517
	140,925	108,504	107,218	101,158	97,630	72,166
	10,291,692	8,825,743	4,346,722	6,930,230	7,087,119	6,835,000
	16,846,086	15,787,524	20,560,015	10,464,346	9,525,689	8,768,766
	1,015,104		24,340	1,339,716	14,183	242,732
	23,292,438	36,891,513	53,206,774	16,297,424	26,295,218	16,562,489
	51,085	50,124	40,710	34,388		25,938
	89,440	48,824	29,293			
	195,347	48,767				
	<u>242,625,196</u>	<u>240,019,921</u>	<u>249,927,674</u>	<u>188,923,480</u>	<u>177,677,537</u>	<u>157,928,997</u>
	(21,898,359)	(30,086,216)	(54,960,876)	(18,023,164)	(22,545,996)	(13,127,613)
	164,337	121,338	5,130,012			
	(164,337)	(121,338)	(5,130,012)			
	27,600,000			135,037,531		
	76,518,415			5,613,790		61,569,938
	7,369,015					
	(80,981,619)			(4,858,720)		(63,488,188)
	1,399,754				532,165	
	29,962		14,700	43,340	42,029	
	<u>31,935,527</u>		<u>14,700</u>	<u>135,835,941</u>	<u>574,194</u>	<u>(1,918,250)</u>
\$	<u>10,037,168</u>	<u>(30,086,216)</u>	<u>(54,946,176)</u>	<u>\$ 117,812,777</u>	<u>\$ (21,971,802)</u>	<u>\$ (15,045,863)</u>
	14.7%	13.8%	14.5%	12.2%	12.3%	12.6%



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

**REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS \***

**LAST TEN FISCAL YEARS**

*(Modified Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues from Local and Intermediate Sources:</b>				
Ad Valorem Penalties, Interest and Other Related Income	\$ 1,733,490	\$ 1,637,354	\$ 1,543,651	\$ 1,491,168
Ad Valorem Taxes	205,873,271	205,901,407	189,407,505	178,697,255
Cocurricular / Student Activities	3,063,790	3,246,734	1,938,023	1,994,844
Donations	714,749	175,458	9,882,710	490,789
Facility Rental	389,781	364,940	329,163	339,493
Investment Income	11,231,859	10,652,075	6,060,605	2,091,049
SSA - Member Districts	1,084,571	1,249,008	1,056,227	1,019,331
Tuition	435,030	437,465	459,987	506,201
Other Revenues from Local and Intermediate Sources	491,897	239,632	1,253,563	939,295
<b>Total Revenue from Local and Intermediate Sources</b>	<u>225,018,438</u>	<u>223,904,073</u>	<u>211,931,434</u>	<u>187,569,425</u>
<b>State Program Revenues:</b>				
Available School Fund (Per Capita)	12,024,795	10,548,480	12,009,187	10,290,787
Debt Allotment		807,756	853,729	2,915,073
Foundation School Formula	42,385,551	21,534,637	17,679,472	16,099,126
SSA - Regional Day School for the Deaf	895,289	732,580	746,287	730,185
Student Success Initiative	449,732	476,897	260,220	216,492
Technology Allotment	690,783	977,551	906,097	936,749
Telecommunications Infrastructure Program				
Texas Reading Initiative		21,843	28,157	
TRS Employee Health Insurance		1,752,542	1,645,835	1,678,000
TRS On-behalf Revenue	9,943,316	8,663,499	8,243,859	7,408,594
Other State Program Revenues **	502,024	376,018	423,664	270,954
<b>Total State Program Revenues</b>	<u>66,891,490</u>	<u>45,891,803</u>	<u>42,796,507</u>	<u>40,545,960</u>
<b>Federal Program Revenues:</b>				
ESEA Title I A, Improving Basic Education	910,456	912,924	967,836	1,017,540
ESEA Title II A, Training and Recruiting	642,182	615,981	679,824	606,883
ESEA Title III A, English Language Acquisition	344,618	271,203	202,340	152,768
ESEA, Title VI, Class Size Reduction				
IDEA Part B, Formula	5,043,116	5,801,646	5,312,614	3,998,538
Smaller Learning Communities Grant	476,570	495,078	390,702	141,823
Public Charter School Grant	463,415			
Temporary Emergency Impact Aid		3,959,045		
Medicaid MAC and SHARS	341,485	708,365		
Other Federal Program Revenue **	1,536,672	2,108,305	1,643,817	1,420,422
<b>Total Federal Program Revenues</b>	<u>9,758,514</u>	<u>14,872,547</u>	<u>9,197,133</u>	<u>7,337,974</u>
<b>Total Revenues for Governmental Funds</b>	<u>\$ 301,668,442</u>	<u>\$ 284,668,423</u>	<u>\$ 263,925,074</u>	<u>\$ 235,453,359</u>

\* This schedule is prepared in lieu of a Schedule of Tax Revenues by Source, as all tax revenues received by the District are Ad Valorem Taxes.

\*\* Individual local, state and federal programs in excess of \$300,000 are reported separately in this schedule. All others are combined as Other Local, State or Federal Program Revenues.

Additionally, prior year information is not restated for programs or grants that exceed \$300,000 in a subsequent year, the amounts remain in Other Local, State or Federal Program Revenues.

\*\*\* This schedule includes all Governmental Fund Types and excludes all Enterprise, Internal Service and Fiduciary fund types.

Table 5

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,271,325	\$ 1,184,573	\$ 1,043,555	\$ 923,882	\$ 791,510	\$ 744,004
166,313,580	154,718,131	138,755,090	121,088,841	115,201,728	107,198,842
1,952,740	1,728,793	1,096,116	2,923,500	2,491,048	1,077,768
405,477	423,835	444,205	361,193	427,505	
348,997	358,840	329,204	337,566	522,163	201,444
1,625,112	5,245,128	11,491,059	6,877,723	4,173,791	5,685,332
866,734	647,548	504,408	291,190	211,164	90,504
455,612	315,740	307,656	299,706	333,811	366,817
1,059,167	1,080,795	464,796	671,534	717,466	161,652
<u>174,298,744</u>	<u>165,703,383</u>	<u>154,436,089</u>	<u>133,775,135</u>	<u>124,870,186</u>	<u>115,526,363</u>
10,910,725	6,650,832	7,314,269	6,930,721	8,179,396	7,175,634
2,888,350	3,846,318	3,332,967	2,356,252	236,069	
11,490,313	16,756,266	16,181,225	15,906,417	11,354,352	12,538,193
723,106	715,813	666,249	719,269	692,383	753,196
413,350	221,745	146,168			
894,673	860,906	864,234	750,765	841,896	745,355
460,682	1,340,306	491,903			
13,760	334,264				
3,735,750					
7,472,087	7,183,385	6,762,596	6,319,755	5,654,803	5,484,345
675,321	577,350	708,916	761,356	206,201	320,937
<u>39,678,117</u>	<u>38,487,185</u>	<u>36,468,527</u>	<u>33,744,535</u>	<u>27,165,100</u>	<u>27,017,660</u>
1,004,125	870,035	927,967	923,076	892,176	753,264
651,137					
130,597	741,109				
	313,680	306,305			
3,365,601	2,260,940	1,291,655	1,060,794	1,104,639	688,449
1,598,516	1,557,373	1,536,255	1,396,776	1,099,440	815,648
<u>6,749,976</u>	<u>5,743,137</u>	<u>4,062,182</u>	<u>3,380,646</u>	<u>3,096,255</u>	<u>2,257,361</u>
<u>\$ 220,726,837</u>	<u>\$ 209,933,705</u>	<u>\$ 194,966,798</u>	<u>\$ 170,900,316</u>	<u>\$ 155,131,541</u>	<u>\$ 144,801,384</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended August 31,</b>	<b>Real Property</b>		<b>Personal Property</b>	<b>Less: Value of Frozen Accounts</b>
	<b>Land</b>	<b>Improvements</b>		
1998	\$ 2,067,374,878	\$ 5,592,328,705	\$ 1,003,565,372	\$ (37,078,178)
1999	2,178,962,128	5,889,815,545	1,008,361,667	(44,493,814)
2000	2,344,673,965	6,353,085,638	1,074,274,665	(55,407,241)
2001	2,473,979,331	6,853,213,686	1,190,464,301	(81,927,870)
2002	2,683,519,257	7,442,002,346	1,117,899,019	(147,112,695)
2003	2,803,846,819	8,007,266,803	1,178,852,523	(157,965,114)
2004	3,086,971,802	8,545,327,390	1,287,241,804	(182,818,323)
2005	3,255,359,397	8,956,594,367	1,342,949,695	(206,242,234)
2006	3,400,859,257	10,498,814,129	1,383,483,372	(243,021,690)
2007	3,566,393,163	11,352,514,492	1,547,023,987	(266,590,015)

(1) Tax rates are per \$100 of taxable assessed value.

Source: Galveston Central Appraisal District.

*Table 6*

<b>Less: Tax Exempt Real Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Total Direct Tax Rate (1)</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
\$ (1,847,861,218)	\$ 6,778,329,559	\$ 1.5900	\$8,663,268,955	78%
(2,002,170,995)	7,030,474,531	1.64152	9,077,642,730	77%
(2,102,478,805)	7,614,148,222	1.59856	9,770,692,708	78%
(2,249,787,493)	8,185,941,955	1.70084	10,517,657,318	78%
(2,115,473,199)	8,980,834,728	1.72500	11,243,420,622	80%
(2,250,012,922)	9,581,988,109	1.74000	11,989,966,145	80%
(2,390,022,461)	10,346,700,212	1.73000	12,919,540,996	80%
(2,483,016,160)	10,865,645,065	1.74500	13,554,903,459	80%
(3,423,682,843)	11,616,452,225	1.77500	15,256,629,697	76%
(3,567,457,417)	12,631,884,210	1.63000	16,465,931,642	77%

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING\* GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Taxing Authority</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Overlapping Rates:</b>					
Baybrook MUD #1	1.00000	1.11000	1.11000	1.11000	1.11000
Brazoria County MUD #18	0.59000	0.61000	0.64000	0.65000	0.65000
Clear Brook City MUD	0.69000	0.71000	0.73000	0.76000	0.76000
Clear Lake City Water Authority	0.28000	0.28000	0.29000	0.29000	0.29000
Clear Lake City Water Authority (HCMUD 181)	0.30000	0.41000	0.45000	0.45000	0.50000
Clear Lake City Water Authority (HCWCID 75)	0.55000	0.58000	0.61000	0.62000	0.62000
Clear Lake Shores, City of	0.20475	0.21000	0.23860	0.23860	0.24181
Friendswood, City of	0.57640	0.58210	0.60400	0.63850	0.63850
Galveston County	0.56860	0.58735	0.61735	0.62795	0.62760
Galveston County MUD #2	0.25000	0.26000	0.30000	0.36500	0.39000
Galveston County MUD #3	0.14000	0.16000	0.21000	0.25000	0.32000
Galveston County MUD #6	0.46000	0.48000	0.64000	0.70000	0.70000
Galveston County MUD #13	0.61000	0.63000	0.71000	0.76000	0.86000
Galveston County MUD #39	0.90000	0.90000	0.90000	0.90000	0.90000
Galveston WC&ID #12	0.37000	0.37000	0.42000	0.42000	0.47000
Harris County	0.39239	0.40239	0.39986	0.39986	0.38803
Harris County Dept of Eductaion	0.00585	0.00629	0.00629	0.00629	0.00629
Harris County Flood Control District	0.03106	0.03241	0.03320	0.03322	0.04170
Harris County MUD #55	0.52000	0.52000	0.52000	0.52000	0.52000
Harris County MUD #373	0.45000	0.50000	(1)	0.65000	0.65000
Harris County Toll Road Authority					
Harris County WC&ID #50	0.18500	0.18700	(1)	0.19300	0.19400
Harris County WC&ID #156	0.40000	0.41000	0.45000	0.45000	0.46500
Houston, City of	0.64375	0.64500	0.64750	0.65000	0.65500
Kemah, City of	0.27000	0.25540	0.20860	0.17020	0.15000
League City, City of	0.60880	0.60880	0.62750	0.63000	0.64000
Nassau Bay, City of	0.63212	0.65657	0.65650	0.64157	0.61957
Pasadena, City of	0.56700	0.56700	0.56700	0.56700	0.56700
Port of Houston Authority	0.01437	0.01302	0.01474	0.01673	0.02000
Seabrook, City of	0.62025	0.62101	0.63070	0.61960	0.60830
South Shore Harbour MUD #2	0.29000	0.29000	0.34000	0.45000	0.52000
South Shore Harbour MUD #3	0.17000	0.18000	0.20000	0.22000	0.24000
South Shore Harbour MUD #6	0.30000	0.30000	0.31000	0.31000	0.35000
South Shore Harbour MUD #7	0.80000	0.82000	0.95000	1.00000	1.00000
Tara Glen MUD	0.67000	0.67000	0.67000	0.70000	0.70000
Taylor Lake Village, City of	0.36771	0.37300	0.38490	0.38500	0.38500
Webster, City of	0.24887	0.25750	0.25750	0.26800	0.25100
<b>Total</b>	<b>15.67693</b>	<b>16.19484</b>	<b>16.34424</b>	<b>17.66052</b>	<b>18.04880</b>
<b>District Direct Rates:</b>					
Maintenance and Operations	1.00000	1.33000	1.50000	1.50000	1.50000
Debt Service	0.32000	0.30000	0.27500	0.24500	0.23000
<b>Total District Direct Rates</b>	<b>1.32000</b>	<b>1.63000</b>	<b>1.77500</b>	<b>1.74500</b>	<b>1.73000</b>

(1) Unable to obtain tax rate information.

Source: Galveston Central Appraisal District and Harris County Appraisal District.

Note: State of Texas law limits the tax rate District's may assess for Maintenance and Operations to \$1.33000 per \$100 of assessed valuation.

Table 7

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
1.11000	1.11000	1.11000	(1)	(1)
0.65000	0.65000	0.65000	(1)	(1)
0.76000	0.76000	0.76000	(1)	(1)
0.31000	0.33000	0.33000	(1)	(1)
0.60000	0.68000	0.70000	(1)	(1)
0.65000	0.65000	0.65000	(1)	(1)
0.26263	0.32960	0.33951	0.33951	0.32870
0.63850	0.63850	0.63850	0.63850	0.61250
0.59390	0.55300	0.53260	(1)	(1)
0.43000	0.46000	0.56000	0.61500	0.68500
0.39000	0.43000	0.45000	0.48000	0.54000
0.70000	0.75000	0.86000	0.86000	0.90000
0.91500	0.96500	0.96500	0.96500	0.96900
0.90000			0.00000	0.00000
0.52000	0.52690	0.52690	0.56760	0.56760
0.38814	0.38393	0.35902	0.39483	0.41660
0.00629	0.00629	0.00629	0.00611	0.00611
0.04170	0.04750	0.06170	0.08000	0.08000
0.55000	0.58000	0.60500	(1)	(1)
0.65000	0.65000	0.65000	(1)	(1)
			(1)	(1)
0.19500	0.20000	0.21000	0.25700	0.27400
(1)	0.56000	0.56000	(1)	(1)
0.65500	0.65500	0.65500	0.66500	0.66500
0.07120	0.09260	0.09500	0.16379	0.26000
0.65000	0.66250	0.66750	0.67000	0.72500
0.59800	0.59406	0.59406	0.58543	0.59101
0.56700	0.57900	0.57900	0.57900	0.64300
0.01980	0.01830	0.01830	0.02040	0.02130
0.61160	0.60060	0.58410	0.55300	0.55450
0.57000	0.57000	0.60000	0.61000	0.61000
0.30000	0.30000	0.32500	0.33500	0.33500
0.38000	0.40000	0.46000	0.51000	0.58000
0.05000				
0.72500	0.75000	0.80000	0.80000	0.82000
0.38490	0.38490	0.38700	(1)	(1)
0.24000	0.26000	0.26000	0.29000	0.29010
<u>17.08366</u>	<u>17.12768</u>	<u>17.54948</u>	<u>10.98517</u>	<u>11.47442</u>
1.50000	1.48500	1.45431	1.41203	1.40310
<u>0.24000</u>	<u>0.24000</u>	<u>0.24653</u>	<u>0.18653</u>	<u>0.23842</u>
<u>1.74000</u>	<u>1.72500</u>	<u>1.70084</u>	<u>1.59856</u>	<u>1.64152</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL TAXPAYERS**  
 August 31, 2007

Table 8

Taxpayer	2007			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coral Energy Resources	\$ 354,572,920	1	2.81%	Not Available (1)		0.00%
Baybrook Mall, L.P.	129,981,440	2	1.03%	64,020,290	5	0.94%
Nova Chemicals	102,943,900	3	0.81%	Not Available (1)		0.00%
Kinder Morgan Tejas Pipeline, L.P.	79,565,740	4	0.63%	Not Available (1)		0.00%
Total Petrochemicals USA, Inc.	76,687,890	5	0.61%	Not Available (1)		0.00%
American Acryl, L.P.	72,301,870	6	0.57%	Not Available (1)		0.00%
Centerpoint Energy, Inc.	69,942,730	7	0.55%	\$ 89,878,400	2	0.00%
Lyondell Chemical Co.	50,487,210	8	0.40%	Not Available (1)		0.00%
Celanese Ltd.	42,936,500	9	0.34%	\$ 57,926,550	6	0.00%
The Boeing Co.	37,500,000	10	0.30%	9,789,220	15	0.14%
Exxon Corporation	26,812,611		0.00%	119,242,290	1	1.76%
Huntsman Chemical Corporation	Not Available (1)		0.00%	71,838,300	3	1.06%
Fina, Inc.	Not Available (1)		0.00%	70,238,700	4	1.04%
Baytank, Inc.	28,104,320		0.00%	46,278,730	7	0.68%
Southwestern Bell Telephone Company	27,870,570		0.00%	42,044,460	8	0.62%
Gables Realty Ltd. Partnership	Not Available (1)		0.00%	32,831,010	9	0.48%
Tejas Gas Pipeline Co.	Not Available (1)		0.00%	32,192,370	10	0.47%
	<u>\$ 1,099,707,701</u>		<u>8.05%</u>	<u>\$ 636,280,320</u>		<u>7.21%</u>

(1) Taxpayer either did not exist or merged with another taxpayer, therefore taxable assessed values and ranking is not available.

(2) Taxpayer was not ranked in the top 20 of all District taxpayers.

Source: Galveston Central Appraisal District

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL PERIODS**

*Table 9*

<b>Fiscal Year Ended August 31,</b>	<b>Total Tax Levy * for Fiscal Year (1)</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date (2)</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$ 109,032,063	\$ 106,386,149	97.57%	\$ 2,576,505	\$ 108,962,654	99.94%
1999	117,193,090	114,311,445	97.54%	2,771,988	117,083,433	99.91%
2000	123,740,400	120,348,890	97.26%	3,266,099	123,614,989	99.90%
2001	141,866,567	137,518,101	96.93%	4,191,657	141,709,758	99.89%
2002	154,733,580	153,085,717	98.94%	1,424,830	154,510,547	99.86%
2003	166,172,151	164,706,234	99.12%	1,259,864	165,966,098	99.88%
2004	178,802,287	176,929,162	98.95%	1,585,830	178,514,992	99.84%
2005	189,763,561	187,670,414	98.90%	1,619,813	189,290,227	99.75%
2006	206,595,266	203,947,992	98.72%	1,575,811	205,523,803	99.48%
2007	206,481,606	203,938,092	98.77%		203,938,092	98.77%

- (1) Appraised value less exemptions equal taxable assessed value. The beginning taxable value net of adjustments times the tax rate set by the District's Board of Trustees each fall equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.
- (2) Excludes the subsequent 60 days tax collections recorded as revenue in the fund financial statements in accordance with the Modified Accrual Basis of Accounting.



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT****RATIOS OF OUTSTANDING DEBT BY TYPE****LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>				<b>Total Primary Government</b>
	<b>Schoolhouse and Refunding Bonds</b>	<b>Loans Payable</b>	<b>Capital Leases</b>	<b>Retirement Incentive</b>	
1998	\$ 177,932,264	\$ 235,000	\$ 526,775	\$1,599,185	\$ 180,293,224
1999	169,392,525		896,063	2,351,181	172,639,769
2000	297,208,755		751,282	1,012,923	298,972,960
2001	293,253,772		598,730	12,058	293,864,560
2002	295,670,352		437,987		296,108,339
2003	307,878,321		1,363,297		309,241,618
2004	409,103,720		1,046,021		410,149,741
2005	510,437,453		713,546		511,150,999
2006	552,897,784				552,897,784
2007	579,196,318				579,196,318

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements

(1) See Table 6 for assessed value information.

(2) See Table 17 for student enrollment.

*Table 10*

<b>Ratio of Debt to Assessed Value (1)</b>	<b>Debt per Capita</b>	<b>Debt per Student (2)</b>
2.66%	\$ 1,030	\$ 4,438
2.46%	975	3,904
3.93%	1,661	6,961
3.59%	1,588	6,646
3.30%	1,558	6,087
3.23%	1,586	5,992
3.96%	2,051	5,574
4.70%	2,481	6,765
4.76%	2,591	7,077
4.59%	2,574	Avail. 03/2008

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

*Table 11*

<b>Fiscal Year</b>	<b>Schoolhouse and Refunding Bonds Outstanding</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Net Bonded Debt per Student (2)</b>
1998	\$ 177,932,264	\$ 4,299,485	\$ 173,632,779	2.00%	\$ 4,274
1999	169,392,525	5,477,234	163,915,291	1.81%	3,707
2000	297,208,755	5,929,603	291,279,152	2.98%	6,782
2001	293,253,772	5,348,407	287,905,365	2.74%	6,511
2002	295,670,352	6,741,841	288,928,511	2.57%	5,939
2003	307,878,321	7,247,723	300,630,598	2.51%	5,825
2004	409,103,720	8,696,155	400,407,565	3.10%	5,442
2005	510,437,453	6,622,128	503,815,325	3.72%	6,668
2006	552,897,784	4,011,295	548,886,489	3.60%	7,025
2007	579,196,318	4,225,838	574,970,480	3.49%	Avail. 03/2008

(1) See Table 6 for assessed value information.

(2) See Table 17 for student enrollment.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT**  
*For the Year Ended August 31, 2007*

*Table 12*  
*Page 1 of 2*

Governmental Unit	Net Debt		Percentage Overlapping	Amount of Overlapping Debt
	Amount	As Of		
<b>Cities:</b>				
Friendswood	\$ 19,085,000	6/1/07	25.27%	\$ 4,822,780
Houston	2,177,366,615	6/1/07	2.43%	52,910,009
Kemah	245,000	6/1/07	100.00%	245,000
League City	82,955,000	6/1/07	87.47%	72,560,739
Nassau Bay	2,958,457	6/1/07	100.00%	2,958,457
Pasadena	128,885,000	6/1/07	15.27%	19,680,740
Seabrook	13,205,000	6/1/07	100.00%	13,205,000
Taylor Lake Village	240,000	6/1/07	100.00%	240,000
Webster	21,216,264	6/1/07	100.00%	21,216,264
<b>Counties:</b>				
Galveston	\$ 183,893,422	6/1/07	12.66%	\$ 23,280,907
Harris	1,735,370,971	6/1/07	4.51%	78,265,231
<b>Municipal Utility Districts:</b>				
Baybrook MUD 1	\$ 14,610,000	6/1/07	100.00%	\$ 14,610,000
Brazoria Co. MUD 18	30,465,000	6/1/07	47.38%	14,434,317
Clear Brook City MUD	44,734,007	6/1/07	42.48%	19,003,006
Galveston Co. MUD 2	6,555,000	6/1/07	100.00%	6,555,000
Galveston Co. MUD 3	7,400,000	6/1/07	100.00%	7,400,000
Galveston Co. MUD 6	20,955,000	6/1/07	100.00%	20,955,000
Galveston Co. MUD 13	8,965,000	6/1/07	100.00%	8,965,000
Galveston Co. MUD 39	17,375,000	6/1/07	100.00%	17,375,000
Harris Count MUD 55	20,920,000	6/1/07	100.00%	20,920,000
Harris Count MUD 373	5,570,000	6/1/07	100.00%	5,570,000
South Shore Harbour MUD 2	7,140,000	6/1/07	100.00%	7,140,000
South Shore Harbour MUD 3	4,015,000	6/1/07	100.00%	4,015,000
South Shore Harbour MUD 7	18,375,000	6/1/07	100.00%	18,375,000
Tara Glenn MUD	3,910,000	6/1/07	100.00%	3,910,000
<b>Water Control and Improvement Districts:</b>				
Clear Lake Water Authority	\$ 66,504,172	6/1/07	66.94%	\$ 44,517,893
Clear Lake Water Authority - 75	1,845,000	6/1/07	0.50%	9,225
Clear Lake Water Authority - 181	160,000	6/1/07	0.45%	720
Galveston County WCID 12	16,825,000	6/1/07	100.00%	16,825,000
Harris County WCID 156	4,870,000	6/1/07	100.00%	4,870,000
Port of Houston Authority	357,105,000	6/1/07	4.51%	16,105,436

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
*For the Year Ended August 31, 2007*

*Table 12*  
*Page 2 of 2*

<b>Governmental Unit</b>	<b>Net Debt</b>		<b>Percentage Overlapping</b>	<b>Amount of Overlapping Debt</b>
	<b>Amount</b>	<b>As Of</b>		
<b>Other Governmental Entities:</b>				
Harris County Flood Control District	\$ 115,924,985	6/1/07	4.51%	\$ 5,228,217
	Subtotal, overlapping debt			546,168,938
	Clear Creek Independent School District Direct Debt			<u>579,196,318</u>
	<b>Total Direct and Overlapping Debt</b>			<b><u><u>\$ 1,125,365,256</u></u></b>

Sources: Galveston Central Appraisal District and Harris County Appraisal District assessed value data was used to determine overlapping percentages. Each individual governmental unit provided debt information.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Clear Creek Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt, of each overlapping government.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT****LEGAL DEBT MARGIN INFORMATION****LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 1,619,934,163	\$ 1,504,013,507	\$ 1,334,866,123	\$ 1,273,672,267
<b>Total Net Debt Applicable to Limit</b>	<u>574,970,480</u>	<u>548,886,489</u>	<u>503,815,325</u>	<u>400,407,565</u>
<b>Legal Debt Margin</b>	<u>\$ 1,044,963,683</u>	<u>\$ 955,127,018</u>	<u>\$ 831,050,798</u>	<u>\$ 873,264,702</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	35.49%	36.49%	37.74%	31.44%

**Legal Debt Margin Calculation for Fiscal Year 2006**

Assessed Taxable Value	\$ 12,631,884,210
Add back:	
Exempt Real Property	<u>3,567,457,417</u>
<b>Total Assessed Value</b>	16,199,341,627
Debt Limit (10% of total assessed value)	1,619,934,163
Debt Applicable to Limit:	
Schoolhouse and Refunding Bonds	579,196,318
Less: Amount set aside for repayment of bonds	<u>4,225,838</u>
<b>Total Net Debt Applicable to Limit</b>	<u>574,970,480</u>
<b>Legal Debt Margin</b>	<u>\$ 1,044,963,683</u>

Note: Although there is no legal debt limit in the State of Texas, most school business officials in the State hold the opinion that the Attorney General would not approve bonded indebtedness on excess of 10 percent of assessed value.

*Table 13*

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 1,183,200,103	\$ 1,109,630,793	\$ 1,043,572,945	\$ 971,662,703	\$ 903,264,553	\$ 862,619,078
<u>300,630,598</u>	<u>288,928,511</u>	<u>287,905,365</u>	<u>291,279,152</u>	<u>163,915,291</u>	<u>173,632,779</u>
<u>\$ 882,569,505</u>	<u>\$ 820,702,282</u>	<u>\$ 755,667,580</u>	<u>\$ 680,383,551</u>	<u>\$ 739,349,262</u>	<u>\$ 688,986,299</u>
25.41%	26.04%	27.59%	29.98%	18.15%	20.13%



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

*Table 14*

Fiscal Year	Population (1)	Median Annual Income (2)	Total Annual Income (1)	Median Age (2)	Unemployment Rate (3)			
					Galveston County	Harris County	Texas	United States
1998	175,000	\$ 40,629	\$ 2,666,278,125	34.7	6.6%	4.3%	4.9%	4.5%
1999	177,000	44,218	2,934,969,750	33.8	6.5%	4.7%	4.7%	4.2%
2000	180,000	42,950	2,899,125,000	33.1	4.9%	4.3%	4.4%	4.0%
2001	185,000	44,218	3,067,623,750	33.1	5.2%	4.7%	5.0%	4.7%
2002	190,000	48,647	3,466,098,750	33.1	6.5%	6.1%	6.4%	5.8%
2003	195,000	51,611	3,774,054,375	33.7	7.2%	6.8%	6.7%	6.0%
2004	200,000	73,584	5,518,800,000	34.9	6.8%	6.3%	6.0%	5.5%
2005	206,000	75,562	5,837,164,500	35.4	5.7%	5.6%	5.4%	5.1%
2006	213,400	78,129	6,252,273,225	35.5	5.0%	5.0%	4.9%	4.6%
2007	225,000	Avail. 03/2008	Avail. 03/2008	Avail. 03/2008	4.5%	4.2%	4.3%	4.6%

(1) Estimated

(2) Clear Lake Area Chamber of Commerce and City of League City Claritas Survey

(3) Texas Workforce Commission

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

*Table 15*

**PRINCIPAL EMPLOYERS**

*For the Year Ended August 31, 2007*

<b>Taxpayer</b>	<b>2007</b>			<b>1998 (1)</b>		
	<b>Employees</b>	<b>Rank*</b>	<b>Percentage of Principal Employers</b>	<b>Employees</b>	<b>Rank*</b>	<b>Percentage of Principal Employers</b>
<b>Harris County</b>						
Administaff, Inc.	19,851	1	1.07%			
Wal-Mart Stores, Inc.	12,957	2	0.70%			
Memorial Hermann Hospital System	12,561	3	0.68%	10,288	5	(1)
Shell Oil Company	11,621	4	0.63%	12,976	3	(1)
Halliburton Companies	11,217	5	0.61%	14,640	1	(1)
Hewlett-Packard (formerly Compaq)	8,500	6	0.46%	11,560	4	(1)
Methodist Hospital System	7,969	7	0.43%	6,800	8	(1)
Continental Airlines	7,500	8	0.41%	13,323	2	(1)
JPMorgan Chase (formerly Texas Commerce Bank)	6,749	9	0.37%	6,377	10	(1)
ATT (formerly SBC & SWB Telephone)	6,000	10	0.32%	7,100	7	(1)
Houston Industries (formerly HL&P & Entex)	(1)			9,669	6	(1)
Columbia / HCA	(1)			6,500	9	(1)
	<u>104,925</u>			<u>99,233</u>		
<b>Total Harris County Employment</b>	<u>1,848,555</u>			<u>(1)</u>		
<b>Galveston County</b>						
University of Texas Medical Branch	10,081	1	7.22%	13,000	1	(1)
Clear Creek Independent School District	4,127	2	2.96%	3,040	2	(1)
BP-Amoco Oil Company	2,000	3	1.43%	2,000	3	(1)
American National Insurance Company (ANICO)	1,530	4	1.10%	1,267	5	(1)
Galveston Independent School District	1,320	5	0.95%	1,710	4	(1)
Landry's Seafood, Inc.	1,245	6	0.89%			
Galveston County	1,217	7	0.87%	1,067	7	(1)
Texas City Independent School District	879	8	0.63%			
Moody Gardens	840	9	0.60%			
Mainland Medical Center	750	10	0.54%			
Union Carbide Corporation	(1)			1,200	6	(1)
Sterling Chemical	(1)			930	8	(1)
Gulf Greyhound	(1)			890	9	(1)
Dickinson Independent School District	(1)			770	10	(1)
	<u>23,989</u>			<u>25,874</u>		
<b>Total Galveston County Employment</b>	<u>139,541</u>			<u>(1)</u>		

Note: Clear Creek ISD encompasses parts of two counties and twelve cities. No source for employer ranking within district boundaries is available.

(1) Information not readily available.

\* Ranking is optional

Source: Harris County - Houston Business Journal, Business First Survey/Greater Houston Partnership/HBJ & Texas Workforce Commission

Galveston County - Texas City - La Marque Chamber of Commerce, Galveston Chamber of Commerce & Texas Workforce Commission

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION**  
**LAST TEN FISCAL YEARS**

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Administrative / Professional</b>					
General Administration	7	6	5	5	5
Business / Finance	9	10	10	9	9
Human Resources	3	3	3	3	3
Instruction / Curriculum	18	19	20	16	15
Technology / Information Systems	6	6	7	8	8
Maintenance and Operations	5	5	4	4	3
Principals	39	37	37	35	35
Assistant Principals	58	54	51	46	42
Librarians	43	42	40	38	38
Counselors	68	67	66	55	53
Nurses	40	38	37	35	34
Diagnosticians	30	31	24	25	24
Licensed Specialist in School Psychology	4	3	3	2	1
Speech-Language Pathologists	23	25	31	30	41
	<u>353</u>	<u>346</u>	<u>338</u>	<u>311</u>	<u>311</u>
<b>Teachers</b>	<u>2,483</u>	<u>2,329</u>	<u>2,203</u>	<u>2,099</u>	<u>2,022</u>
<b>Technology</b>	<u>33</u>	<u>34</u>	<u>33</u>	<u>30</u>	<u>30</u>
<b>Campus Clerical / Office / Classroom Aides</b>					
Attendance Clerk	42	40	34	35	37
Secretary - Principal	37	36	37	37	34
Bookkeeper	4	3	3	3	3
Registrar	5	3	3	3	3
Classroom Teacher Aide	64	67	66	61	64
Special Education Aide	204	187	180	154	105
Library Aide	37	38	36	36	26
Other	24	23	21	20	23
	<u>417</u>	<u>397</u>	<u>380</u>	<u>349</u>	<u>295</u>
<b>Central Office Clerical / Office</b>					
Secretary	30	29	30	32	31
Accounts Payable Clerks	4	4	4	4	4
Payroll Clerks	5	6	6	5	5
Purchasing Clerk	2	2	1	1	1
Tax Office Clerk	4	4	4	4	4
Receptionist	1	1	1	1	1
PEIMS Data Specialist	1	1	1	1	1
Other	2	2	2	2	2
	<u>49</u>	<u>49</u>	<u>49</u>	<u>50</u>	<u>49</u>
<b>Auxiliary</b>					
Transportation	231	196	182	174	169
Food Service	238	235	250	245	238
Maintenance - Custodial	250	246	244	223	218
Maintenance - Other	21	24	21	22	22
Skilled Craftsman	30	32	32	34	29
Security	7	4	3	3	5
	<u>777</u>	<u>737</u>	<u>732</u>	<u>701</u>	<u>681</u>
<b>Other Part Time</b>	<u>341</u>	<u>235</u>	<u>206</u>	<u>330</u>	<u>392</u>
<b>Total</b>	<u>4,453</u>	<u>4,127</u>	<u>3,941</u>	<u>3,870</u>	<u>3,780</u>

Source: District Records

Table 16

2002	2001	2000	1999	1998
6	6	6	6	7
9	8	7	8	4
3	4	4	4	4
14	13	16	14	15
4	3	5	2	1
3	4	4	2	2
35	34	31	31	29
48	47	45	38	38
37	35	33	33	33
56	68	65	64	66
37	35	32	32	30
26	17	16	27	17
1	1	1	1	1
44	22	23	25	18
323	297	288	287	265
2,055	1,956	1,878	1,776	1,723
30	30	34	25	22
23	25	21	22	33
37	32	31	29	30
3	3	3	3	3
3	3	3	3	3
26	68	72	79	75
25	108	93	93	90
36	34	32	33	28
22	31	31	15	32
175	304	286	277	294
24	36	38	34	20
4	4	4	4	4
5	5	5	5	5
1	1	1	1	1
4	5	5	5	5
1	2	2	2	1
1	1	1	1	1
2	3	3	2	2
42	57	59	54	39
189	166	152	146	133
230	225	227	228	225
231	226	224	227	216
33	40	48	38	32
26	23	23	25	26
3	5	4	2	2
712	685	678	666	634
273	153	182	115	126
3,610	3,482	3,405	3,200	3,103

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year August 31,	Average Daily Attendance	Governmental Fund Expenditures		Government-wide Expenses	
		Operating Expenditures (1)	Cost per Student	Governmental Activities Expenses	Cost per Student
1998	26,018	\$ 125,520,010	\$ 4,824	N/A	N/A
1999	26,282	134,755,328	5,127	N/A	N/A
2000	26,873	153,891,764	5,727	N/A	N/A
2001	28,016	171,789,823	6,132	N/A	N/A
2002	29,376	178,515,141	6,077	\$ 203,949,313	\$ 6,943
2003	30,083	191,179,876	6,355	218,740,942	7,271
2004	30,936	191,242,685	6,182	221,152,654	7,149
2005	31,595	209,516,566	6,631	244,607,183	7,742
2006	32,825	228,083,620	6,948	272,641,695	8,306
2007	33,218	242,244,196	7,293	288,881,329	8,697

Source: District Records

- (1) Operating expenditures include governmental fund expenditures less debt service and facilities acquisition and construction expenditures.
- (2) Growth is higher than normal due to students displaced by Hurricanes Katrina and Rita.

Table 17

Teachers	District Employees			Final Enrollment	Percentage Increase in Enrollment	Student / Teacher Ratio	Students Participating in Free/Reduced Lunch Program
	Administrators	Other	Total				
1,723	265	1,115	3,103	28,200	0.00%	16	3,654
1,776	287	1,137	3,200	28,205	0.02%	16	3,661
1,878	288	1,239	3,405	28,846	2.27%	15	3,872
1,956	297	1,229	3,482	29,875	3.57%	15	3,881
2,055	323	1,232	3,610	30,994	3.75%	15	4,408
2,022	311	1,447	3,780	31,839	2.73%	16	4,644
2,099	311	1,460	3,870	32,706	2.72%	16	5,196
2,203	338	1,400	3,941	33,479	2.36%	15	6,144
2,329	346	1,452	4,127	35,143 (2)	4.97%	15	7,040
2,483	353	1,617	4,453	35,378	0.67%	14	7,870

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**TEACHER BASE SALARIES**  
**LAST TEN FISCAL YEARS**

*Table 18*

<b>Fiscal Year</b>	<b>Minimum Salary (1)</b>	<b>Maximum Salary (1)</b>	<b>Statewide Average (2)</b>
1998	\$ 26,709	\$ 46,111	\$ 33,537
1999	27,561	47,008	34,336
2000	30,560	49,660	37,567
2001	32,000	51,100	38,359
2002	33,500	52,166	39,230
2003	35,000	53,232	39,972
2004	35,000	53,232	40,476
2005	37,000	54,665	41,009
2006	38,000	59,150	41,743
2007	40,500	61,650	44,897

(1) Source: District Records

(2) Source: Texas Education Agency website



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

*Table 19*  
*Page 1 of 2*

School	Year Constructed	Building Age (Years)	Student Capacity			2006/2007 Ending Enrollment	Percentage of Capacity Used
			Building Capacity	Portable Capacity	Total Capacity		
<b>High Schools</b>							
Clear Brook	1988	19	2,850	150	3,000	2,649	88%
Clear Creek	2006	1	2,500	1,050	3,550	2,472	70%
Clear Creek - 9th Grade Center	1982	25	1,000	175	1,175	647	55%
Clear Lake	1972	35	2,850	50	2,900	2,595	89%
Clear Lake - 9th Grade Center	1978	29	1,000	0	1,000	958	96%
Clear Path	1938	69	150	0	150	90	60%
Clear Springs	2007	0	2,500	0	2,500	1,151	46%
Clear View Education Center	1939	68	400	0	400	192	48%
<b>Intermediate Schools</b>							
Brookside	1995	12	875	350	1,225	828	68%
Clear Lake	1972	35	800	325	1,125	945	84%
Creekside	1991	16	680	50	730	814	112%
League City	1999	8	1,050	200	1,250	1,172	94%
Seabrook	1966	41	875	275	1,150	1,080	94%
Space Center	1999	8	1,025	200	1,225	1,146	94%
Victory Lakes	2002	5	1,200	0	1,200	1,073	89%
Westbrook	2005	2	1,200	300	1,500	1,445	96%
<b>Elementary Schools</b>							
Armand Bayou	1974	33	535	125	660	559	85%
Bauerschlag	2002	5	830	0	830	890	107%
Bay	1994	13	875	75	950	699	74%
Brookwood	1991	16	895	0	895	740	83%
Clear Lake	1965	42	475	125	600	765	128%
Falcon Pass	2002	5	895	0	895	622	69%
Ferguson	1990	17	790	50	840	864	103%
Gilmore	2005	2	900	0	900	917	102%
Goforth	2002	5	900	50	950	888	93%
Greene	1976	31	575	325	900	711	79%
Hall	1979	28	685	175	860	578	67%
Hyde	1995	12	700	0	700	691	99%
Landolt	1979	28	625	150	775	720	93%
League City	1961	46	560	175	735	571	78%
McWhirter	1970	37	730	0	730	649	89%
North Pointe	1995	12	885	0	885	697	79%
Robinson	2006	1	780	0	780	565	72%

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**

*Table 19*  
*Page 2 of 2*

School	Year Constructed	Building Age (Years)	Student Capacity			2005/06 Ending Enrollment	Percentage of Capacity Used
			Building Capacity	Portable Capacity	Total Capacity		
<b>Elementary Schools (Continued)</b>							
Ross	1965	42	600	0	600	666	111%
Stewart	1996	11	625	50	675	564	84%
Ward	1990	17	815	0	815	682	84%
Weber	2002	5	900	0	900	867	96%
Wedgewood	1992	15	850	25	875	786	90%
Whitcomb	1967	40	745	150	895	756	84%
White	1965	42	625	0	625	480	77%
<b>Other</b>							
Clear Horizons Early College HS	**	**	250	0	250	207	83%
Juvenile Justice Alternative Education	***		*	*	*	*	*
Galveston-Brazoria Co-op for Hearing Impaired	****		*	*	*	*	*

\* Included in originating school.

\*\* Located in off-site Community College

\*\*\* Located in off-site alternative education facilities.

\*\*\*\* Located in GBCHI Center

Note: The District utilized 999 temporary buildings providing 1,998 classrooms in schools where enrollment exceeded building capacity.

Source: Clear Creek Independent School District Facilities and Planning Department.

*(This page intentionally left blank.)*

## **Government Auditing Standards**

*(This page intentionally left blank.)*



2000 Loop 197 North,  
Suite 200  
Texas City, TX 77590  
  
(409) 948-4406  
Fax (409) 948-0364  
www.null-lairson.com

11 Greenway Plaza, Suite 1515  
Houston, TX 77046  
(713) 621-1515  
  
402 20<sup>th</sup> Street  
Galveston, TX 77550  
(409) 762-8380

**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***

To The Board of Trustees  
Clear Creek Independent School District  
League City, Texas

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Clear Creek Independent School District (the "District") as of and for the year ended August 31, 2007 which collectively comprise the District's basic financial statements and have issued our report thereon dated January 24, 2008. 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 the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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


### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Closing**

This report is intended solely for the information and use of the board of trustees, the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Null-Lairson, PC**

A handwritten signature in black ink that reads "Null-Lairson, PC". The signature is written in a cursive, flowing style.

*Texas City, Texas  
January 24, 2008*



2000 Loop 197 North,  
Suite 200  
Texas City, TX 77590  
  
(409) 948-4406  
Fax (409) 948-0364  
www.null-lairson.com

11 Greenway Plaza, Suite 1515  
Houston, TX 77046  
(713) 621-1515  
  
402 20<sup>th</sup> Street  
Galveston, TX 77550  
(409) 762-8380

**Independent Auditor's Report On Compliance With Requirements Applicable  
To Each Major Program And On Internal Control Over Compliance  
In Accordance With OMB Circular A-133**

To the Board of Trustees  
Clear Creek Independent School District  
League City, Texas

**Compliance**

We have audited the compliance of Clear Creek Independent School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. The 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 requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the 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 the 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 of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the 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, 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 the District's internal control over compliance.



A *control deficiency* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

### **Closing**

This report is intended solely for the information and use of the board of trustees, the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**Null-Lairson, PC**

A handwritten signature in black ink that reads "Null-Lairson, PC". The signature is written in a cursive, flowing style.

*Texas City, Texas  
January 24, 2008*

**Federal Awards Section**

*(This page intentionally left blank.)*

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**AUGUST 31, 2007**

**I. Summary Of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance with major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133?	None
Identification of major programs	
Name of Federal Program or Cluster	CFDA Numbers
<b>US Department of Education</b>	
ESEA, Title II, Part A - Improving Teacher Quality	84.367A
ESEA, Title III, Part A - English Language Acquisition	84.369A
ESEA, Title IV, Part B - 21 <sup>st</sup> Century Community Learning Centers	84.287
<b>US Department of Agriculture</b>	
Child Nutrition Cluster:	
National School Breakfast	10.553
National School Lunch	10.555
USDA Donated Commodities	10.565
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$373,550
Auditee qualified as low-risk auditee?	Yes

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**AUGUST 31, 2007**

**II. Financial Statement Findings**

The audit disclosed no findings or questioned costs required to be reported.

**III. Federal Awards Findings And Questioned Costs**

The audit disclosed no findings or questioned costs required to be reported.

**IV. Summary Schedule Of Prior Audit Findings**

<b>Finding # II-A</b>	<b>Corrective Action Taken</b>
-----------------------	--------------------------------

N/A
-----

N/A
-----

**V. Corrective Action Plan**

N/A

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended August 31, 2007

**EXHIBIT K-1**

<u>Pass Through Entity Identifying Number</u>	<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>District Fund Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Defense</b>				
<b>Direct Programs:</b>				
084-910	ROTC	199	12.000	\$ 171,039
<b>Total Direct Programs</b>				<u>171,039</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct Programs:</b>				
084-910	Medicaid Administrative Claims (MAC)	199	93.778	25,191
084-910	Medicaid Administrative Claims (MAC)	458	93.778	2,985
5H79SP11356-03	Drug Free Communities Support Program	282	93.276	92,841
1H79SP13965-01	Friendwood Alliance for Youth and Families	287	93.276	39,061
<b>Total Direct Programs</b>				<u>160,078</u>
<b>U.S. Department of Homeland Security</b>				
<b>Passed Through Texas Department of Public Safety:</b>				
FEMA-1606-DR	FEMA Hurricane Reimb.-Hurricane Rita	199	97.036	708
<b>Total Passed Through Texas Department of Public Safety</b>				<u>708</u>
<b>U.S. Department of Education</b>				
<b>Direct Programs:</b>				
Q184D050016-06	Clean Living Encouragement and Responsibility	281	84.184D	168,541
V215L042219	Smaller Learning Communities	283	84.215L	490,897
<b>Total Direct Programs</b>				<u>659,438</u>
<b>Passed Through Texas Education Agency:</b>				
7691001084910	ESEA, Title IV, Part A, Safe and Drug Free Schools	204	84.186A	74,739
8691001084910	ESEA, Title IV, Part A, Safe and Drug Free Schools	204	84.186A	756
7610101084910	ESEA, Title I, Part A	211	84.010A	931,040
8610101084910	ESEA, Title I, Part A	211	84.010A	6,718
76600010849106600	IDEA-B Formula *	224	84.027A	4,901,710
86600010849106600	IDEA-B Formula *	224	84.027A	141,406
76610010849106610	IDEA-B Preschool *	225	84.173A	67,767
76600060849106680	IDEA-B High Cost Risk Pool*	226	84.027	293,285
84200060849100	Carl D. Perkins Basic Grant	244	84.048A	24,489
742000608491004	Carl D. Perkins Basic Grant	244	84.048A	130,728
7694501084910	Title II, Part A, Teacher/Principal Training	255	84.367A	656,393
8694501084910	Title II, Part A, Teacher/Principal Training	255	84.367A	5,000
65900067110050	Public Charter Schools	258	84.282A	250,000
75900017110010	Public Charter Schools	258	84.282A	228,396
7630001084910	Title II, Part D, Enhancing Education	262	84.318X	9,993
7671001084910	Title III, Part A, LEP	263	84.365A	352,956
84910	Title IV, Part B, 21st Century Community Learning	265	84.287	116,774
7685001084910	Title V, Part A, Innovative Program	269	84.298A	53,861
69550702	Early Childhood LEP Summer Program	288	84.369A	18,447
76600020849106673	IDEA B Discretionary *	315	84.027A	70,219
	IDEA-B Formula (Deaf) *	316	84.027A	46,156
	IDEA-B Preschool (Deaf) *	317	84.173A	9,735
73911010849103911	IDEA-C Early Intervention	340	84.181	2,055
<b>Total Passed Through Texas Education Agency</b>				<u>8,392,623</u>

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2007*

**EXHIBIT K-1**

<b>Pass Through Entity Identifying Number</b>	<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>		<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
	Passed Through Texas Higher Education Coordinating Board to North Harris Montgomery Community College			
084-910	Vocational Education - Tech. Prep.	243	84.243A	\$ 10,957
	Total Passed Through North Harris Montgomery Community College			<u>10,957</u>
	<b>Total Passed Through Programs</b>			<u>8,403,580</u>
	<b>Total Department of Education</b>			<u>9,063,018</u>
	<b>U.S. Department of Agriculture</b>			
	Passed Through Texas Education Agency:			
71300701	National School Lunch Program *	701	10.555	2,017,277
71400701	School Breakfast Program *	701	10.553	597,523
	Passed Through Texas Health and Human Services Commission:			
084-910	USDA Donated Commodities *	701	10.565	442,016
	<b>Total Department of Agriculture</b>			<u>3,056,816</u>
	<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,451,659</u>

\* Clustered programs under OMB Circular A-133.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For The Year Ended August 31, 2007*

1. Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clear Creek Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, 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 basic financial statements.
2. The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and revenues reported on C-3.

Total shown on Schedule of Expenditures of Federal Awards	\$ 12,451,659
Federal Revenue Accounted for in the General Fund	
Medicaid SHARS	313,309
Impact Aid	50,362
	363,671
Federal Revenue Accounted for in the Special Revenue Funds	
Medicaid MAC	
Less Federal Revenue Accounted for in Enterprise Funds	(3,056,816)
Total Federal Revenue - Exhibit C-3	\$ 9,758,514

3. The National School Breakfast and Lunch Program revenues are accounted for in the Food Service enterprise fund. Impact Aid and ROTC revenues are accounted for in the General Fund. Expenditures for these programs are not specifically attributable to the Federal revenue source and are shown on this schedule in an amount equal to revenue for balancing purposes only.
4. The District utilizes the fund types specified in the Resource Guide.

Special Revenue Funds - These funds are established to account for federally-financed or expenditures legally restricted for specified purposes. Any unused balances are returned to the grantor at the close of specified project periods. For all funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.



**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended August 31, 2007**

5. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases ( i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

6. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section 1.8.1.1., Description of General Requirements, Texas Education Agency - Resource Guide – December 2004.
7. Medicaid SHARS revenue accounted for in the General Fund and shown as a reconciling item to total federal revenues is not considered a federal revenue source to the District, because it is considered a reimbursement of eligible student expenses made using program guidelines.
8. The E-Rate reimbursement program is a federally funded program operated in conjunction with telephone utility companies. The District has the choice of receiving cash reimbursements under the program or a credit against telephone utility charges from the telephone company. If the District chooses to receive a credit rather than cash reimbursement, the credit is *not* shown as federal revenue. The credit amount is shown as a reduction in the expenditure amount. If the District chooses to receive cash reimbursements, the total amount received is reported as federal revenue in the General Fund and is shown as a reconciling item to total federal revenues.