

*Clear Creek Independent School District*

*Jeffrey Kohlenberg, CPA, RTSBA*

*Director of Financial Services*

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Date: August 20, 2012

To: Dr. Smith  
Board of Trustees

Re: 2011-2012 Budget Amendment #4

Attached is Budget Amendment #4 for the fiscal year ending August 31, 2012. As can be seen on the last row of the amendment, the net change to the budget for the General Fund, Debt Service Fund and Food Service Fund is zero. This means that for each budget increase there was an offsetting expenditure budget decrease or revenue budget increase.

The budget amendment format has been changed to provide a more concise presentation with more detailed explanations. The amendment is now being presented on a functional level to better align with the initial approval of the annual budget which is approved by fund (General Fund, Debt Service Fund and Food Service Fund) and function to comply with the State's legal level of control mandates.

If you have further questions or need additional information, please let me know.

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Date: August 20, 2012

To: Members  
Board of Trustees

From: Jeff Kohlenberg, CPA, RTSBA  
Director of Financial Services

Re: 2011 – 2012 Budget Amendment #4

May 10, 2012 – August 31, 2012

The Superintendent recommends that the Board of Trustees approve the attached budget amendment for the 2011 – 2012 fiscal year:

\_\_\_\_\_ Approved

\_\_\_\_\_ Denied

\_\_\_\_\_  
Mr. Ken Baliker  
President, Board of Trustees

\_\_\_\_\_  
Date

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT  
BUDGET AMENDMENT #4  
FOR THE FISCAL YEAR ENDING AUGUST 31, 2012**

**GENERAL FUND**

	Note A	Note B	Note C	Note D	Total
<b>Revenue Changes:</b>					
Donations	\$ -	\$ 300	\$ -	\$ -	\$ 300
TRS On-behalf	-	-	533,000	-	533,000
<b>Total Revenue Changes</b>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 533,000</u>	<u>\$ -</u>	<u>\$ 533,300</u>
<b>Expenditure Changes:</b>					
11 - Instruction	\$ 93,656	\$ -	\$ 347,000	\$ -	\$ 440,656
12 - Instructional Resources	(260)	-	9,000	60,000	68,740
13 - Curriculum & Staff Development	33,090	300	11,000	-	44,390
21 - Instructional Administration	(5,666)	-	6,000	-	334
23 - School Administration	(21,202)	-	39,000	-	17,798
31 - Guidance & Counseling	(8,342)	-	21,000	300,000	312,658
32 - Social Work Services	(1,718)	-	1,000	-	(718)
33 - Health Services	(145)	-	6,000	50,000	55,855
34 - Student Transportation	-	-	17,000	-	17,000
36 - Cocurricular	(74,867)	-	10,000	-	(64,867)
41 - General Administration	1,769	-	10,000	-	11,769
51 - Plant Maintenance	-	-	25,000	-	25,000
52 - Security & Monitoring Services	(12,146)	-	20,000	-	7,854
53 - Data Services	-	-	10,000	-	10,000
61 - Community Services	(4,169)	-	1,000	-	(3,169)
93 - Payments to Fiscal Agent	-	-	-	(410,000)	(410,000)
<b>Total Expenditure Changes</b>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 533,000</u>	<u>\$ -</u>	<u>\$ 533,300</u>
<b>Net Change to Total Budget</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note A** - These changes represent the typical movement of unused funds from one function to another so that budget managers can close out the fiscal year. In the summer it is very common for budget managers to evaluate their budget, determine available funds, move funds to more appropriate functions, and make purchases to meet their campus / departmental needs.

The increase in Function 11, Instruction, is primarily comprised of:

\$ 29,814	CTE classroom textbooks
15,927	CLHS classroom supplies
8,111	Clear Path furniture & supplies for new classrooms
<u>28,110</u>	Fine Arts classroom supplies & instruments
<u>\$ 81,962</u>	

The increase in Function 13, Curriculum and Staff Development, is primarily comprised of staff development for new CTE teachers.

**Note B** - This change represents an amendment necessary for the acceptance of a donation to the General Fund approved by the Board on June 25, 2012.

**Note C** - In early August school districts across the state discovered that for the 2011-2012 fiscal year they were now required to book an additional TRS on-behalf payment for the Early Retiree Reinsurance Program (ERRP). The ERRP is a provision of the Patient Protection and Affordable Care Act and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified and has received funds from the ERRP. These funds are then allocated to reporting agencies which should report this allocation on their annual financial statement. The entry to record this item has no impact on cash flow and is accomplished by recording revenue that is offset with an expenditure. This amendment officially budgets the revenue item and the related expenditure by function.

**Note D** - As approved by the Board on April 23, 2012 the District will pay a one-time salary supplement in October for those employees employed as of August 31st and still employed as of the date of payment which is planned for October 26th. Since this supplement is a liability as of August 31st and will be paid within 60 days of fiscal year end we will be accruing the amount as of August 31st. The exact amount that will be charged to each function will not be known until late September. In order to ensure that we do not go over budget in any functional area as a result of this accrual we are moving unused electricity budget to those functions that may be short as a result of the accrual.

**CLEAR CREEK INDEPENDENT SCHOOL DISTRICT  
BUDGET AMENDMENT #4  
FOR THE FISCAL YEAR ENDING AUGUST 31, 2012**

**DEBT SERVICE FUND**

	<b>Note A</b>	<b>Total</b>
<b>Revenue Changes:</b>		
Bond Refunding	\$ 96,975,000	\$ 96,975,000
Total Revenue Changes	<u>\$ 96,975,000</u>	<u>\$ 96,975,000</u>
<b>Expenditure Changes:</b>		
71 - Debt Services	\$ 96,975,000	\$ 96,975,000
Total Expenditure Changes	<u>\$ 96,975,000</u>	<u>\$ 96,975,000</u>
<b>Net Change to Total Budget</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note A** - This amendment is needed in order to record the May 2012 bond refunding that saved the District \$6,414,887 over the life of the refunded bonds. The revenue generated from the refunding transaction covered the related expenditures.

**FOOD SERVICE FUND**

	<b>Note B</b>	<b>Total</b>
<b>Revenue Changes:</b>		
Indirect Cost	\$ (590,000)	\$ (590,000)
Total Revenue Changes	<u>\$ (590,000)</u>	<u>\$ (590,000)</u>
<b>Expenditure Changes:</b>		
35 - Food Services	\$ (280,000)	\$ (280,000)
51 - Plant Maintenance	(110,000)	(110,000)
93 - Payments to Fiscal Agent	(200,000)	(200,000)
Total Expenditure Changes	<u>\$ (590,000)</u>	<u>\$ (590,000)</u>
<b>Net Change to Total Budget</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Note B** - During the 2011-2012 budget process the Food Service Fund had planned and budgeted for allocations from the General Fund in the amount of \$590,000 to cover allocated utilities, water, garbage, natural gas, insurance, electricity and some custodial expenditures. The allocation methods used required significant staff time to calculate and were primarily based on kitchen square footage. The Texas Department of Agriculture no longer allows this type of allocation method. A more streamlined method would be to charge the Food Service Fund based on the District's allowable unrestricted indirect cost rate approved by the TEA each year.

Indirect costs are shown as negative revenue in the fund paying and positive revenue in the fund receiving. Accordingly, this amendment officially budgets the negative revenue and removes the \$590,000 from each of the functions where it was originally budgeted. The net impact of this amendment is zero. The General Fund does not require an amendment for this change.