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Clear Creek Independent School District Comprehensive Annual Financial Report

For the Fiscal Year Ended

August 31, 2009

League City - Texas

**Comprehensive
Annual Financial Report**

**For the Fiscal Year Ended
August 31, 2009**

**CLEAR CREEK INDEPENDENT SCHOOL
DISTRICT**

2425 East Main Street, League City, Texas 77573

Prepared By The Department of Budget and Finance:

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

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

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Introductory Section

Clear Creek Independent School District
Principal Officials and Advisors

Board of Trustees

Trustee	Office	Completed Years of Service	Term Expires May	Occupation
Stuart J. Stromeyer	President	3	2012	Executive Vice President
Dee Scott	Vice President	3	2012	Business Owner
Ken Baliker	Secretary	2	2011	Engineer
Robert Allan Davee	Trustee	8	2010	Attorney
Ann Hammond	Trustee	2	2010	Consultant
Charles Pond	Trustee	1	2012	Consultant
Winifred Weber	Trustee	1	2011	Attorney

Administrative Officials

Official	Position	Years of Service	
		Total	District
Dr. Greg Smith	Superintendent	28	2
Dr. Steven Ebell	Deputy Superintendent of Curriculum and Instruction	17	1
Ron McPherson	Associate Superintendent for Operations	17	6
Paul McLarty	Chief Financial Officer	9	6
Dr. Chad Stevens	Chief Technology Officer	13	12
Dr. Tina Farrell	Assistant Superintendent - Curriculum & Instruction	28	28
Alex Torrez	Assistant Superintendent - Secondary Education	22	4
Holly Hughes	Assistant Superintendent - Elementary Education	18	16
Dr. Davied O'Neill	Assistant Superintendent for Human Resources	30	5
Jeff Kohlenberg	Director of Finance	13	11
Sheila Haddock	Director of Policy & Legal Services	3	3
Elaina Polsen	Director of Public Information	3	3

Consultants and Advisors

Null-Lairson, PC
Independent Auditors, Texas City, Texas

Andrews Kurth
Bond Counsel, Houston, Texas

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

CERTIFICATE OF THE BOARD

Clear Creek Independent School District

Name of School District

Harris & Galveston

County

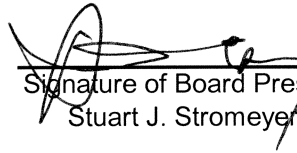
084-910

Co. - Dist. No.

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, 2009, at a meeting of the Board of Trustees of such school district on the 25th day of January, 2010.



Signature of Board Secretary
Ken Baliker



Signature of Board President
Stuart J. Stromeyer



Clear Creek Independent School District

Greg Smith, Ph.D.
Superintendent of Schools

January 25, 2010

Board of Trustees
Clear Creek Independent School District
Galveston County, Texas

Dear Board Members:

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, 2009.

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 District's financial statements have been audited by Null-Lairson, P.C., 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, 2009 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, 2009, 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 28th largest of the 1,025 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 5,000 persons, 2,750 of which are teachers. We are proud that more than 22 percent of the faculty members have a master’s degree. The District now serves over 37,450 students and operates twenty-six elementary schools, nine 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 technical 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 twelve of the last thirteen years. Currently, Clear Creek ISD 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 2008 - 2009. Overall, 25 campuses earned the “Exemplary” status (the highest rating in Texas), 13 campuses earned a “Recognized” status and no campuses were rated “Acceptable” or “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 over 60 home languages spoken. Of the approximately 37,450 students enrolled, 59.5% are Anglo, 20.4% are Hispanic, 10.4% are Asian and 9.3% 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 2008 estimated population of 3,984,349, an increase of approximately 17.2% since 2000. The county’s economy is based on industry, mineral production, shipping and agriculture.

According to the 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 2000 United States Census population of 250,158 which grew to approximately 288,239 in 2008, an increase of 15.2%. According to the Texas Almanac, League City is the largest city with a population of 70,471 and Galveston, the county seat, is the second largest city with a population of 57,086.

Growth

As one of the fastest growing school districts in the Houston metropolitan area, the District continues to experience significant residential growth and development. A recent demographic study projects that enrollment will continue to grow between 1.0% and 1.5% per year. 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 5,000 students over the next ten years to 42,500 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. 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 as well as converting two existing Ninth Grade Centers to intermediate campuses. 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 1st 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.

Disaster Recovery

In September 2008 Hurricane Ike impacted the upper Texas Gulf Coast causing approximately \$16.5 million in damage to District facilities. Between FEMA, insurance proceeds and grants the District does not anticipate having any “out-of-pocket” costs.

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.

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.

State Funding

The State of Texas provides funding for public education via a financing formula which weights student attendance levels, property value per student, the District's tax effort, and regional variations in payroll and other costs.

Statewide, many districts were taxing at the \$1.50 tax cap for maintenance and operations in 2005. The Legislature passed House Bill 1 (H.B.1) mandating districts to compress tax rates by 88.67% of the 2005 maintenance and operations tax rates (\$1.33 for Clear Creek ISD) for 2006 and by 66.67% of the 2005 maintenance and operations tax rates (\$1.00 for Clear Creek ISD) for 2007. Districts were then able to assess an additional four cents above the compressed rate for enrichment without a voter election. The State holds each district harmless by capping the target revenue as combined state and local revenue per weighted student the district had in 2005-2006, or would have had in 2006-2007 under the old law. This adjustment to the target essentially holds the District's combined state and local revenue at the amount received in 2005-2006 per weighted student level.

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, 2008. This was the third consecutive year that the District has received this prestigious award. 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, 2008. This was the third consecutive year that the District has received this prestigious award. We believe that our current Comprehensive Annual Financial Report 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, 2008. This award has been received for four 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.

In addition, the District was awarded the Meritorious Budget Award by the Association of School Business Officials International (ASBO) for the fiscal year beginning September 1, 2008. This award has been received for two consecutive years.

Both the Distinguished Budget Presentation Award and the Meritorious Budget Award are valid for a period of one year. We believe that our current budget continues to meet both programs' requirements and have been submitted to the GFOA and ASBO to determine its eligibility for additional certificates.

The TEA has awarded the District a rating of “Superior Achievement” for the year ended August 31, 2008. This is the seventh 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 seven years. The rating is based upon an analysis of staff and student data reported for the 2007-2008 school year and budgetary and actual financial data for the fiscal year ended August 31, 2008.

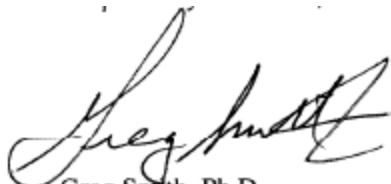
Acknowledgements

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.

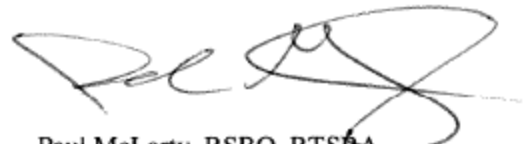
Also, we would like to express an appreciation to all employees of the District’s schools for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

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

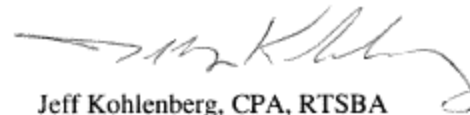
Respectfully submitted,



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, 2008

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.



President

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

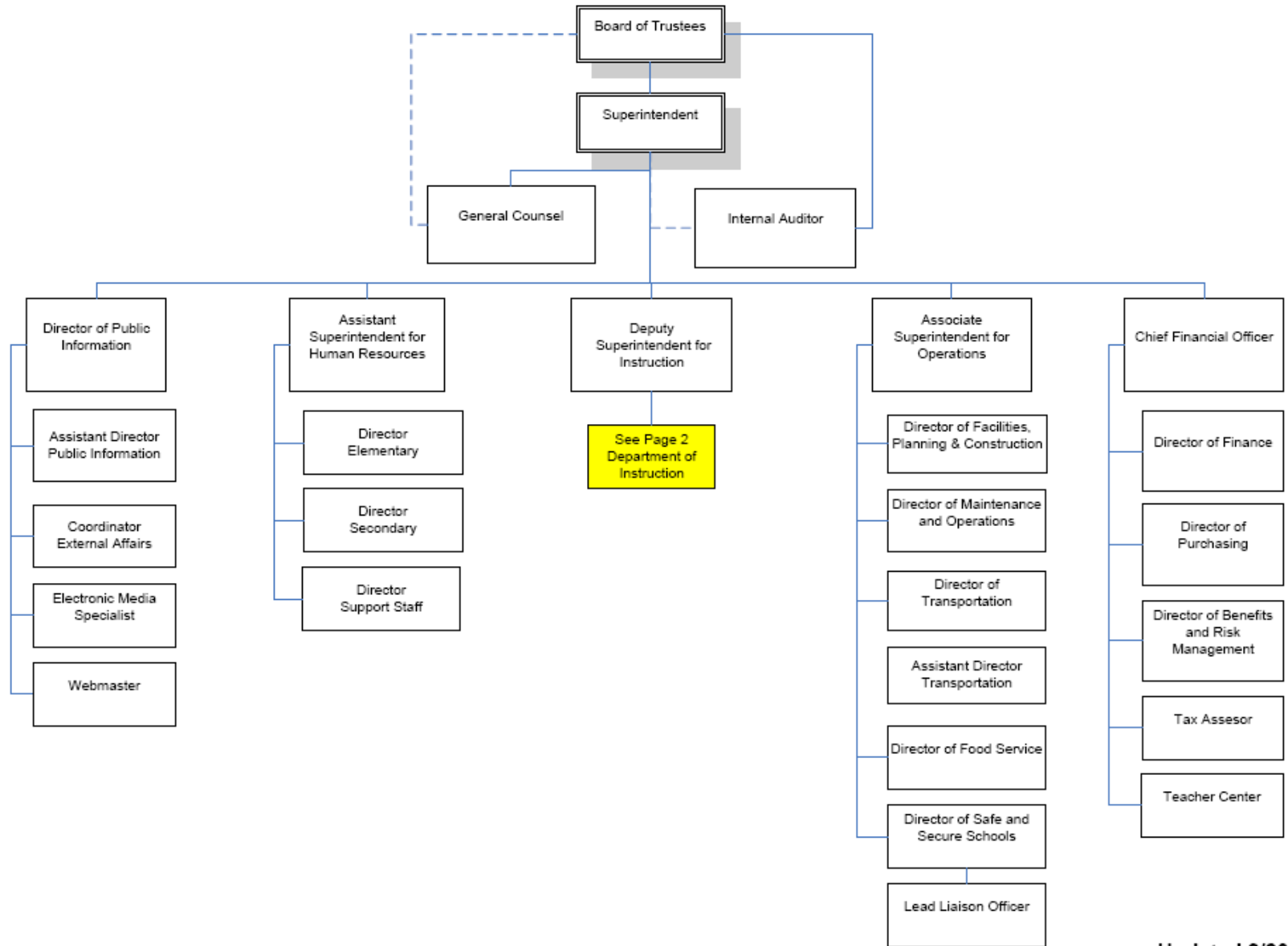
For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2008

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 2008-2009



Clear Creek Independent School District Organization 2008-2009

Department of Instruction

Deputy Superintendent for Instruction

Assistant Superintendent for Curriculum and Instruction

Assistant Superintendent for Elementary Education

Assistant Superintendent for Secondary Education

Director of Student Personnel Services
 Coordinator Drug Education
 Coordinator Bay Area Alliance
 Lead Nurse
 Counselors

Director of Special Education
 Assistant Director
 Director GBCHI
 Lead Psychologist
 Coordinator Special Education
 Coordinator Special Education
 Coordinator Special Education
 Coordinator Special Education
 Coordinator Dyslexia/504 Services
 IDEA Coordinator

Director Assessment, Data, Accountability and Program Evaluation
 Coordinator At-Risk
 Programmer
 Assessment Analyst
 Assessment Analyst
 Assessment Analyst
 Coordinator GT
 PIEMS Specialist
 SIS Program Support

Chief Technology Officer
 Director Systems and Operational Services
 Director of Instructional Technology
 Technology Security Supervisor
 Coordinator E-Learning
 Database Administrator
 Campus Tech Supervisor

Coordinator Language Arts K-5
 Coordinator ELA, AP, LOTE 6-12
 Coordinator Mathematics K-5
 Coordinator Mathematics 6-12
 Coordinator Science 6-12
 Grant Writer
 Coordinator Federal Programs

Director of Library and Media Services
 Coordinator Bilingual/ELL Pre-K-5
 Assistant Director Secondary ELL
 Coordinator Science K-5
 Coordinator Social Studies 6-12
 Coordinator Social Studies K-5
 Director of Visual and Performing Arts
 Coordinator of Visual and Performing Arts

Executive Director Elementary Education
 Elementary Principals

Executive Director Secondary Education
 Secondary Principals
 Director of Athletics
 Coordinator for Health and Physical Education
 Campus Athletic Coordinators
 Attendance Officers
 Director CTE
 Coordinator CTE

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Updated 2/2009

Financial Section

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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, 2009, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, 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, 2009, and the respective changes in financial position and cash flows, where applicable, 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 22, 2010 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 should be considered in 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 required 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 combining and individual fund statements, budget comparisons and the compliance schedules listed in the table of contents under Other Supplementary Information are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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 schedule of expenditures of federal awards, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the foregoing table of contents 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.

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

Null-Lairson, PC
Texas City, Texas
January 22, 2010

Management's Discussion and Analysis

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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, 2009. 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 iii to x of this report.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$122,965,328 (net assets). Of this amount, \$49,614,797 was invested in capital assets net of related debt, \$9,060,501 was restricted for debt service, \$2,152,667 was restricted for food service and \$60,671,644 was unrestricted.
- The District's net assets decreased by \$6,621,034 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$142,661,296 as of August 31, 2009. Of this amount, \$6,941,515 is designated for other purposes including \$3,691,515 for long-term compensated absences, \$750,000 for special education expenditures and \$2,500,000 for disaster recovery. Fund balance of \$90,083,197 is also reserved for 1) inventory in the amount of \$1,059,716, 2) debt service in the amount of \$10,390,543, 3) prepaid expenditures in the amount of \$2,757,574, 4) encumbrances in the amount of \$25,780,591, 5) construction in the amount of \$49,810,553 and 6) other purposes in the amount of \$284,220. The remaining amount in fund balance of \$45,636,584 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 \$43,561,059, a decrease of \$630,113 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 (Continued)

The Statement of Net Assets includes all of 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 (Continued)

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 53 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 (Continued)

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 104 to 111 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, 2009 and August 31, 2008 are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets exceeded total liabilities by \$122,965,328 as of August 31, 2009, a decrease of \$6,621,034 over August 31, 2008. The District's total unrestricted net assets, which are the total net assets of the District reduced by restricted net assets of \$12,678,887 and net assets invested in capital assets of \$49,614,797, totaled \$60,671,644 on August 31, 2009.

Table I - Net Assets Summary

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 221,377,266	\$ 240,644,903	\$ 4,304,307	\$ 3,643,394	\$ 225,681,573	\$ 244,288,297
Capital assets	659,683,790	572,473,216	1,875,521	1,000,922	661,559,311	573,474,138
Total Assets	881,061,056	813,118,119	6,179,828	4,644,316	887,240,884	817,762,435
Current liabilities	59,553,219	37,157,926	696,402	544,367	60,249,621	37,702,293
Long term liabilities	704,025,935	650,476,780			704,025,935	650,476,780
Total Liabilities	763,579,154	687,634,706	696,402	544,367	764,275,556	688,179,073
Net Assets						
Invested in capital assets net of related debt	47,739,276	57,918,010	1,875,521	1,000,922	49,614,797	58,918,932
Restricted	9,206,330	12,100,811	3,472,557	2,982,004	12,678,887	15,082,815
Unrestricted	60,536,296	55,467,592	135,348	117,023	60,671,644	55,584,615
Total Net Assets	\$ 117,481,902	\$ 125,486,413	\$ 5,483,426	\$ 4,099,949	\$ 122,965,328	\$ 129,586,362

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 \$49,614,797 as of August 31, 2009. 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 10 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 \$60,671,644, which represents amounts available for the District to meet on-going obligations.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

As shown in Table II, the net assets of the District's governmental activities decreased \$6,621,034 for the year ended August 31, 2009. The total cost of all governmental activities this year was \$372,438,912, an increase of \$39,609,049 over the previous year, resulting from growth in enrollment and staffing, increased interest costs associated with new debt issuance, repair costs associated with Hurricane Ike, and inflationary factors. The amount that the District's taxpayers paid for governmental activities through property taxes was \$208,182,750 or 59 percent. State funding of \$100,081,124 and federal and state grants and contributions of \$36,785,403 accounted for 38 percent of the resources used to cover expenses, with the remainder of \$10,756,538 from user charges, insurance proceeds, interest and other income.

Table II - Change in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for services	\$ 6,234,738	\$ 6,403,785	\$ 8,084,057	\$ 8,798,470	\$ 14,318,795	\$ 15,202,255
Operating grants	36,785,403	26,578,931	4,691,212	3,542,340	41,476,615	30,121,271
General Revenues:						
Property taxes	208,182,750	178,981,504			208,182,750	178,981,504
State Aid - Formula Grants	100,081,124	100,415,037			100,081,124	100,415,037
Grants and contributions not restricted	64,621	130,370			64,621	130,370
Interest earnings	3,652,497	8,559,284	38,087	140,137	3,690,584	8,699,421
Other	804,682	1,235,858			804,682	1,235,858
Total Revenues	355,805,815	322,304,769	12,813,356	12,480,947	368,619,171	334,785,716
Expenses						
Instruction	199,989,421	187,005,283			199,989,421	187,005,283
Instructional resources and media services	5,118,220	4,786,735			5,118,220	4,786,735
Curriculum and staff development	7,480,771	5,748,866			7,480,771	5,748,866
Instructional leadership	3,346,734	2,999,697			3,346,734	2,999,697
School leadership	18,428,231	16,600,181			18,428,231	16,600,181
Guidance, counseling, and evaluation services	11,299,053	10,643,162			11,299,053	10,643,162
Social work services	629,239	525,220			629,239	525,220
Health services	2,772,164	2,818,871			2,772,164	2,818,871
Student transportation	10,651,835	10,267,937			10,651,835	10,267,937
Food service	693,144	372,793			693,144	372,793
Extracurricular activities	9,343,429	8,990,389			9,343,429	8,990,389
General administration	7,920,709	9,143,299			7,920,709	9,143,299
Plant, maintenance and operations	40,108,623	31,929,711			40,108,623	31,929,711
Security and monitoring services	2,895,446	2,408,461			2,895,446	2,408,461
Data processing services	4,915,794	4,160,802			4,915,794	4,160,802
Community services	762,277	774,094			762,277	774,094
Interest on long-term debt	33,059,584	29,190,482			33,059,584	29,190,482
Debt issuance costs and fees	35,085	5,247			35,085	5,247
Facilities acquisition and construction		443,381				443,381
Payments related to shared services arrangements	10,070,862	2,809,460			10,070,862	2,809,460
Payments to Juvenile Justice Alternative Education Programs	55,186	98,641			55,186	98,641
Payments to Tax Increment Fund	1,353,044	1,107,151			1,353,044	1,107,151
Intergovernmental charges	1,510,061				1,510,061	
National School Breakfast and Lunch			11,348,883	11,199,566	11,348,883	11,199,566
Athletic Concessions			80,996	114,653	80,996	114,653
Total Expenses	372,438,912	332,829,863	11,429,879	11,314,219	383,868,791	344,144,082
Excess (deficiency) before special items and transfers	(16,633,097)	(10,525,094)	1,383,477	1,166,728	(15,249,620)	(9,358,366)
Special items	8,628,586				8,628,586	
Increase (Decrease) in Net Assets	(8,004,511)	(10,525,094)	1,383,477	1,166,728	(6,621,034)	(9,358,366)
Net Assets - Beginning	125,486,413	136,011,507	4,099,949	2,933,221	129,586,362	138,944,728
Net Assets - Ending	\$ 117,481,902	\$ 125,486,413	\$ 5,483,426	\$ 4,099,949	\$ 122,965,328	\$ 129,586,362

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The District increased the combined property tax rate from \$1.320 to \$1.360 per \$100 of assessed value, and the assessed values increased approximately 12.7 percent to a total assessed valuation of \$15.1 billion. This resulted in a tax levy of approximately \$205.7 million in 2009, an increase of \$28.4 million over the 2008 fiscal year.

Total expenses above include depreciation of \$29,085,986. Capital outlay of \$116,261,434 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 \$1,383,477 for the year ended August 31, 2009.

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, 2009, the District's governmental funds reported:

- Combined ending fund balances of \$142,661,296, a decrease of \$41,952,663 over the year ended August 31, 2008. 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 32% of ending fund balance (\$45,636,584) 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 - \$1,059,716
 - (2) Reserved for debt service - \$10,390,543
 - (3) Reserved for prepaid expenditures - \$2,757,574
 - (4) Reserved for purchase orders of the prior period - \$25,780,591
 - (5) Reserved for construction - \$49,810,553
 - (6) Reserved for other purposes including Indirect Costs and Music Enrichment - \$284,220
 - (6) Designated for long-term compensated absences - \$3,691,515
 - (7) Designated for Special Education expenditures - \$750,000
 - (8) Designated for disaster recovery - \$2,500,000

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 \$43,561,059 while the total fund balance was \$54,378,092. During the current fiscal year, the fund balance of the general fund increased by \$483,272. Key factors related to this change are as follows:

- Tax revenues increased \$21.9 million over the previous fiscal year resulting from a 4% increase in the property tax rate.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Approximately 85% of the District's expenditures are for salaries and benefits. Personnel costs increased \$14.5 million during the current fiscal year due to a 3.5% across the board salary increase for teachers and all other employees; and, for additional staff hired as a result of student growth.

The debt service fund has a total fund balance of \$10,390,543, 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 \$3,044,317 and resulted from property tax revenue in excess of required debt service expenditures.

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 \$75,528,029 on August 31, 2009, \$25,717,476 of which is reserved for encumbrances. The capital projects fund began the year with \$120,336,881 in fund balance as a result of unspent bond proceeds in previous years. The District had expenditures in the capital projects fund of \$118,873,423 in the current year which included construction of two elementary schools, two intermediate schools and on high school. These expenditures were offset by \$65.7 million in bond proceeds. The remaining capital projects fund balance of \$49,810,553 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 statutorily required 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. Because revenues and expenditures were closely aligned to the original approved budget it was not necessary to make any significant budget amendments during the year.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2009, the District had \$661.6 million (net of accumulated depreciation of \$248.5 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

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 60,242,392	\$ 60,242,392	\$	\$	\$ 60,242,392	\$ 60,242,392
Land improvements	28,233,063	22,600,455			28,233,063	22,600,455
Buildings and improvements	624,798,715	562,665,744	126,535	126,535	624,925,250	562,792,279
Furniture and equipment	103,729,522	86,957,535	1,685,668	1,127,589	105,415,190	88,085,124
Construction in progress	90,840,238	60,068,183	449,042		91,289,280	60,068,183
Total	907,843,930	792,534,309	2,261,245	1,254,124	910,105,175	793,788,433
Accumulated depreciation	(248,160,140)	(220,058,093)	(385,724)	(253,202)	(248,545,864)	(220,311,295)
Net capital assets	<u>\$ 659,683,790</u>	<u>\$ 572,476,216</u>	<u>\$ 1,875,521</u>	<u>\$ 1,000,922</u>	<u>\$ 661,559,311</u>	<u>\$ 573,477,138</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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:

- Continuing construction of the District's Education Village of more than \$87 million.
- Construction of Ralph Parr Elementary of more than \$10.8 million.
- The conversion of Clear Creek 9th Grade Center into Clear Creek Intermediate of more than \$2.9 million.
- Technology purchases of more than \$3.2 million.
- District roofing projects of approximately \$1.8 million.
- Bus purchases of approximately \$1.6 million.

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 3.69%, as compared to 3.68% last year.

At year-end, the District had \$700,303,790 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. All outstanding bonds insured by the Texas Permanent School Fund guarantee maintain a "AAA" rating. The underlying rating on the District's bonds is Aa3 from Moody's, AA from Standard and Poor's, and AA from Fitch Ratings.

At August 31, 2009 the District did not have any un-issued authorized bonds.

More detailed information about the District's long-term liabilities is presented in Note 9 on pages 54 through 56 of this report.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Table IV - District's Outstanding Debt

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 680,064,022	\$ 626,425,000
Less deferred amounts:		
For issuance premiums/discounts	21,754,179	22,321,856
Gain or (loss) on refunding bonds	(13,066,717)	(15,653,953)
Accreted interest on premium compound interest bonds	11,552,306	14,019,351
	<u>\$ 700,303,790</u>	<u>\$ 647,112,254</u>

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 is 7.6% and 8.1%, respectively, while the state and national averages are 7.5% and 9.3%, 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.

The District's elected and appointed officials considered many factors when setting the 2009-10 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 2.3% or approximately 850 students at the time the budget was adopted.
- General fund expenditures are budgeted to increase by approximately \$15.4 million from the 2008-09 original budget. Major factors that resulted in this increase include:
 - Salary increases of 3% for all staff for a total increase of \$6.0 million.
 - Benefit increases of \$.5 million.
 - New positions needed to accommodate student growth and new campuses of \$10.4 million.
 - New initiatives and programs of \$.5 million.
 - Energy, fuel and other operational increases of \$.8 million.
 - Budget reductions and other operational savings of \$2.8 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.

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Basic Financial Statements

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

August 31, 2009

Data Control Codes	Governmental Activities	Business-type Activities	Total
Assets			
1110 Cash and cash equivalents	\$ 127,179,086	\$ 4,001,976	\$ 131,181,062
1120 Investments - Current	35,970,114		35,970,114
1225 Property taxes receivables, net	8,199,788		8,199,788
1240 Due from other governments	10,444,836	66,750	10,511,586
1250 Accrued interest	371,594		371,594
1260 Internal balances	33,126	(33,126)	
1290 Other receivables, net	502,420	106	502,526
1300 Inventories	1,059,716	268,601	1,328,317
1410 Deferred expenses	2,797,574		2,797,574
1420 Capital bond and other debt issuance costs	4,732,605		4,732,605
Capital assets not subject to depreciation:			
1510 Land	60,242,392		60,242,392
1580 Construction in progress	90,840,238	449,042	91,289,280
Capital assets net of depreciation:			
1520 Buildings and improvements, net	460,449,610	87,462	460,537,072
1530 Furniture and equipment, net	48,151,550	1,339,017	49,490,567
1910 Long-term investments	30,086,407		30,086,407
1000 Total Assets	881,061,056	6,179,828	887,240,884
Liabilities			
2110 Accounts payable	19,505,416	502,171	20,007,587
2140 Interest payable	2,876,494		2,876,494
2150 Payroll deductions and withholdings	54,236		54,236
2160 Accrued wages payable	12,213,671	194,230	12,407,901
2180 Due to other governments	2,693	1	2,694
2190 Due to student groups	108,902		108,902
2200 Accrued expenses	4,034,422		4,034,422
2300 Unearned revenue	20,757,385		20,757,385
Noncurrent Liabilities:			
2501 Due within one year	17,159,491		17,159,491
2502 Due in more than one year	686,866,444		686,866,444
2000 Total Liabilities	763,579,154	696,402	764,275,556
Net Assets			
3200 Invested in capital assets, net of related debt	47,739,276	1,875,521	49,614,797
Restricted for:			
3820 Federal and state programs	145,829		145,829
3840 Food service		2,152,667	2,152,667
3850 Debt service	9,060,501		9,060,501
3860 Construction		1,319,890	1,319,890
3900 Unrestricted	60,536,296	135,348	60,671,644
Total net assets	\$ 117,481,902	\$ 5,483,426	\$ 122,965,328

See Notes to Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2009

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	Governmental activities:			
11	Instruction	\$ 199,989,421	\$ 1,645,603	\$ 16,963,292
12	Instructional resources and media services	5,118,220		391,895
13	Curriculum and staff development	7,480,771	16,815	3,145,908
21	Instructional leadership	3,346,734	187,052	252,776
23	School leadership	18,428,231		960,687
31	Guidance, counseling, and evaluation services	11,299,053	115,108	2,209,137
32	Social work services	629,239		27,682
33	Health services	2,772,164		610,536
34	Student transportation	10,651,835		2,396,113
35	Food service	693,144		191,412
36	Extracurricular activities	9,343,429	3,582,522	539,824
41	General administration	7,920,709		307,457
51	Plant, maintenance and operations	40,108,623	661,549	7,705,095
52	Security and monitoring services	2,895,446		35,078
53	Data processing services	4,915,794		414,097
61	Community services	762,277	26,089	634,414
72	Interest on long-term debt	33,059,584		
73	Debt issuance costs and fees	35,085		
81	Facilities acquisition and construction			
93	Payments related to shared services arrangements	10,070,862		
95	Payments to Juvenile Justice Alternative Education	55,186		
97	Payments to Tax Increment Fund	1,353,044		
99	Intergovernmental charges	1,510,061		
TG	Total governmental activities	<u>372,438,912</u>	<u>6,234,738</u>	<u>36,785,403</u>
	Business-type activities			
35	National School Breakfast and Lunch	11,348,883	7,986,956	4,691,212
02	Athletic Concessions	80,996	97,101	
TB	Total business-type activities	<u>11,429,879</u>	<u>8,084,057</u>	<u>4,691,212</u>
TP	Total primary government	<u>\$ 383,868,791</u>	<u>\$ 14,318,795</u>	<u>\$ 41,476,615</u>

**Data
Control
Codes**

General revenues

Taxes:

MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State-aid formula grants not restricted
GC	Grants and contributions not restricted
IE	Investment earnings
MI	Miscellaneous
SI	<i>Special item</i> - disaster recovery
TR	Total general revenues, special items, and transfers
CN	Change in net assets
NB	Net assets - beginning
NE	Net assets - ending

See Notes to Financial Statements

Exhibit B-1

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (181,380,526)	\$	\$ (181,380,526)
(4,726,325)		(4,726,325)
(4,318,048)		(4,318,048)
(2,906,906)		(2,906,906)
(17,467,544)		(17,467,544)
(8,974,808)		(8,974,808)
(601,557)		(601,557)
(2,161,628)		(2,161,628)
(8,255,722)		(8,255,722)
(501,732)		(501,732)
(5,221,083)		(5,221,083)
(7,613,252)		(7,613,252)
(31,741,979)		(31,741,979)
(2,860,368)		(2,860,368)
(4,501,697)		(4,501,697)
(101,774)		(101,774)
(33,059,584)		(33,059,584)
(35,085)		(35,085)
(10,070,862)		(10,070,862)
(55,186)		(55,186)
(1,353,044)		(1,353,044)
(1,510,061)		(1,510,061)
<u>(329,418,771)</u>		<u>(329,418,771)</u>
	1,329,285	1,329,285
	16,105	16,105
	<u>1,345,390</u>	<u>1,345,390</u>
<u>(329,418,771)</u>	<u>1,345,390</u>	<u>(328,073,381)</u>
159,360,025		159,360,025
48,822,725		48,822,725
100,081,124		100,081,124
64,621		64,621
3,652,497	38,087	3,690,584
804,682		804,682
8,628,586		8,628,586
<u>321,414,260</u>	<u>38,087</u>	<u>321,452,347</u>
(8,004,511)	1,383,477	(6,621,034)
<u>125,486,413</u>	<u>4,099,949</u>	<u>129,586,362</u>
<u>\$ 117,481,902</u>	<u>\$ 5,483,426</u>	<u>\$ 122,965,328</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

August 31, 2009

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Assets				
1110	Cash and cash equivalents	\$ 53,531,428	\$ 812,518	\$ 51,794,580
1120	Investments - Current	15,983,903	5,000,000	19,986,211
	Receivables:			
1220	Property taxes - delinquent	7,867,079	1,779,731	
1230	Allowance for uncollectible taxes (credit)	(1,180,062)	(266,960)	
1240	Receivables from other governments	2,924,828		
1250	Accrued interest	81,030	34,194	256,370
1260	Due from other funds	5,731,327	386,762	5,149,946
1290	Other receivables	12,287		
1300	Inventories, at cost	1,059,716		
1410	Prepaid items	2,757,574		
1900	Long-term investments	12,059,036	5,015,910	13,011,461
1000	Total Assets	<u>\$ 100,828,146</u>	<u>\$ 12,762,155</u>	<u>\$ 90,198,568</u>
 Liabilities and Fund Balance				
Liabilities:				
2110	Accounts payable	\$ 2,586,313	\$	\$ 14,614,345
2140	Interest payable		115,199	
2150	Payroll deduction and withholdings payable	54,236		
2160	Accrued wages payable	12,112,808		
2170	Due to other funds	5,573,782		56,194
2180	Payable to other governments	2,654		
2190	Due to student and employee groups	108,902		
2200	Accrued payables	30,630		
2300	Deferred revenues	25,980,729	2,256,413	
2000	Total Liabilities	<u>46,450,054</u>	<u>2,371,612</u>	<u>14,670,539</u>
 Fund Balance:				
Reserved for:				
3410	Investments in inventories	1,059,716		
3420	Retirement of funded indebtedness		10,390,543	
3430	Prepaid items	2,757,574		
3440	Encumbrances	58,228		25,717,476
3470	Construction			49,810,553
3490	Other purposes			
Unreserved, Designated for:				
3590	Other purposes	6,941,515		
Unreserved, Undesignated Reported in:				
3600	General fund	43,561,059		
3610	Special revenue funds			
3000	Total fund balances	<u>54,378,092</u>	<u>10,390,543</u>	<u>75,528,029</u>
4000	Total Liabilities and Fund Balances	<u>\$ 100,828,146</u>	<u>\$ 12,762,155</u>	<u>\$ 90,198,568</u>

See Notes to Financial Statements.

Exhibit C-1

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,552,611	\$ 108,691,137
	40,970,114
	9,646,810
	(1,447,022)
7,520,008	10,444,836
	371,594
634,331	11,902,366
98,442	110,729
	1,059,716
	2,757,574
	30,086,407
<u>\$ 10,805,392</u>	<u>\$ 214,594,261</u>
\$ 1,520,817	\$ 18,721,475
	115,199
	54,236
100,863	12,213,671
6,452,162	12,082,138
39	2,693
	108,902
	30,630
366,879	28,604,021
<u>8,440,760</u>	<u>71,932,965</u>
	1,059,716
	10,390,543
	2,757,574
4,887	25,780,591
	49,810,553
284,220	284,220
	6,941,515
	43,561,059
<u>2,075,525</u>	<u>2,075,525</u>
<u>2,364,632</u>	<u>142,661,296</u>
<u>\$ 10,805,392</u>	<u>\$ 214,594,261</u>

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
August 31, 2009

Exhibit C-2

<u>Data Control Codes</u>		
	Total fund balance, governmental funds (from C-1)	\$ 142,661,296
	Amounts reported for governmental <i>activities</i> in the statement of net assets (A-1) are different because:	
1	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.	659,683,790
2	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.	7,846,636
3	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.	4,732,605
4	Arbitrage rebate liability due and payable on excess investment earnings on bonds issued, not recorded in the governmental fund statements	(142,454)
	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:	
5	General obligation bonds	(680,064,022)
6	Premiums on issuance	(21,754,179)
7	Deferred loss on refunding	13,066,717
8	Accreted interest on premium compound interest bonds	(11,552,306)
9	Accrued compensated absences	(3,691,515)
10	Accrued interest payable	(2,761,295)
11	Addition of Internal Service Fund net assets.	<u>9,456,629</u>
	Total net assets - governmental activities	<u><u>\$ 117,481,902</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, 2009

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
Revenues				
5700	Local, intermediate, and out-of-state	\$ 161,855,507	\$ 48,647,093	\$ 2,128,878
5800	State program revenues	110,735,067		
5900	Federal program revenues	787,919		
5020	Total revenues	<u>273,378,493</u>	<u>48,647,093</u>	<u>2,128,878</u>
Expenditures				
Current:				
0011	Instruction	164,769,140		1,596,340
0012	Instruction resources and media services	4,262,057		36,000
0013	Curriculum and instructional staff development	3,238,876		21,555
0021	Instructional leadership	2,687,717		
0023	School leadership	16,056,615		
0031	Guidance, counseling and evaluation services	8,206,372		
0032	Social work services	265,757		
0033	Health services	2,395,937		
0034	Student transportation	9,229,891		1,740,058
0035	Food services	277,417		
0036	Extracurricular activities	5,522,722		58,617
0041	General administration	6,061,277		844,283
0051	Plant maintenance and operations	21,589,004		2,419,001
0052	Security and monitoring services	2,507,667		204,882
0053	Data processing services	4,667,727		39,982
0061	Community services	88,238		
Debt service:				
0071	Principal on long-term debt		12,030,978	
0072	Interest on long-term debt		33,536,713	
0073	Bond issuance costs and fees		35,085	576,902
Capital outlay:				
0081	Facilities acquisition and construction			111,335,803
Intergovernmental:				
0093	Payments related to shared services arrangements	10,070,862		
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	55,186		
0097	Payments to tax increment fund	1,353,044		
0099	Other intergovernmental charges	1,510,061		
6030	Total Expenditures	<u>264,815,567</u>	<u>45,602,776</u>	<u>118,873,423</u>
1100	Excess (deficiency) of revenues over expenditures	<u>8,562,926</u>	<u>3,044,317</u>	<u>(116,744,545)</u>
Other Financing Sources (Uses)				
7911	Capital-related debt issued (regular bonds)			65,670,000
7912	Sale of real or personal property	15,269		
7915	Transfers in			5,000,000
7916	Premium or discount on issuance of bonds			770,212
7949	Other resources			495,481
8911	Transfers out	(8,094,923)		
7080	Total other financing sources and uses	<u>(8,079,654)</u>		<u>71,935,693</u>
1200	Net change in fund balances	483,272	3,044,317	(44,808,852)
0100	Fund Balance - September 1 (Beginning)	<u>53,894,820</u>	<u>7,346,226</u>	<u>120,336,881</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 54,378,092</u>	<u>\$ 10,390,543</u>	<u>\$ 75,528,029</u>

See Notes to Financial Statements.

Exhibit C-3

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,771,640	\$ 217,403,118
7,473,850	118,208,917
<u>17,730,953</u>	<u>18,518,872</u>
<u>29,976,443</u>	<u>354,130,907</u>
12,043,302	178,408,782
293,784	4,591,841
3,785,380	7,045,811
311,745	2,999,462
235,789	16,292,404
2,014,725	10,221,097
327,612	593,369
56,372	2,452,309
53,013	11,022,962
401,875	679,292
3,381,794	8,963,133
254,970	7,160,530
14,503,832	38,511,837
2,659	2,715,208
551,732	5,259,441
657,287	745,525
	12,030,978
	33,536,713
	611,987
	111,335,803
	10,070,862
	55,186
	1,353,044
	<u>1,510,061</u>
<u>38,875,871</u>	<u>468,167,637</u>
<u>(8,899,428)</u>	<u>(114,036,730)</u>
	65,670,000
	15,269
94,923	5,094,923
	770,212
8,133,105	8,628,586
	<u>(8,094,923)</u>
<u>8,228,028</u>	<u>72,084,067</u>
(671,400)	(41,952,663)
<u>3,036,032</u>	<u>184,613,959</u>
<u>\$ 2,364,632</u>	<u>\$ 142,661,296</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, 2009*

Data Control Codes		
	Net change in fund balances - total governmental funds (from C-3)	\$ (41,952,663)
	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	116,261,434
2	Governmental activities depreciation expense	(28,953,462)
3	Governmental funds report the entire net sales price (proceeds) from the 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 book value of the assets sold and disposed.	(100,396)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,356,592
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.	12,030,978
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.	(66,440,212)
7	Bond issuance costs paid during the current year will be amortized over the life of the bonds.	576,902
	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	(475,897)
9	Decrease in long-term portion of accrued compensated absences	(442,009)
10	Accreted interest on capital appreciation bonds and amortization of bond issuance costs	2,467,045
11	Amortization of deferred charges including bond issuance costs as well as premiums and discounts on issuance of bonds	(1,514,019)
12	Decrease in the arbitrage rebate liability	104,101
13	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.	(922,905)
	Change in net assets of governmental activities (see B-1)	<u>\$ (8,004,511)</u>

See Notes to Financial Statements.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
August 31, 2009

Exhibit D-1

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 4,001,976	\$ 13,487,949
Receivables:		
Due from other governments	66,750	
Due from other funds		212,898
Other receivables	106	391,691
Inventories, at cost	268,601	
Other current assets		40,000
Total current assets	<u>4,337,433</u>	<u>14,132,538</u>
Land, Buildings and Equipment:		
Building and improvements	126,535	
Furniture and equipment	1,685,668	
Construction in progress	449,042	
Accumulated depreciation - Buildings	(39,073)	
Accumulated depreciation - Furniture and Equipment	(346,651)	
Total non-current assets	<u>1,875,521</u>	
Total Assets	<u>6,212,954</u>	<u>14,132,538</u>
Liabilities		
Current Liabilities:		
Accounts payable	502,171	783,941
Accrued wages payable	194,230	
Due to other funds	33,126	
Payable to other governments	1	
Accrued expenses		3,891,968
Total current liabilities	<u>729,528</u>	<u>4,675,909</u>
Total Liabilities	<u>729,528</u>	<u>4,675,909</u>
Net Assets		
Invested in capital assets	1,875,521	
Restricted for construction	1,319,890	
Restricted for food service	2,152,667	
Unrestricted net assets	135,348	9,456,629
Total Net Assets	<u>\$ 5,483,426</u>	<u>\$ 9,456,629</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, 2009

Exhibit D-2

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	<u> </u>	<u> </u>
Operating Revenues		
Charges for Services	\$ 8,084,057	\$ 26,297,948
Total Operating Revenues	<u>8,084,057</u>	<u>26,297,948</u>
Operating Expenses		
Payroll costs	4,699,993	
Purchased and contracted services	100,957	1,814,083
Supplies and materials	6,391,628	10,394
Other operating costs	104,779	
Claims expense and other operating expenses		28,610,591
Depreciation	132,522	
Total Operating Expenses	<u>11,429,879</u>	<u>30,435,068</u>
Operating Income (Loss)	<u>(3,345,822)</u>	<u>(4,137,120)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	38,087	214,215
National School Breakfast Program	843,779	
National School Lunch Program	3,204,591	
Donated Commodities	582,779	
Operating grants and contributions	60,063	
Total Nonoperating Revenues (Expenses)	<u>4,729,299</u>	<u>214,215</u>
Income (Loss) before Transfers	1,383,477	(3,922,905)
Transfers		
Transfers in		<u>3,000,000</u>
Change in Net Assets	1,383,477	(922,905)
Net Assets - September 1 (Beginning)	<u>4,099,949</u>	<u>10,379,534</u>
Net Assets - August 31 (Ending)	<u>\$ 5,483,426</u>	<u>\$ 9,456,629</u>

See Notes to Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended August 31, 2009

Exhibit D-3

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 8,118,511	\$ 8,430,887
Cash receipts from interfund services provided		17,654,164
Cash payments for insurance claims		(24,491,080)
Cash payments to suppliers for goods and services	(5,936,568)	(5,641,227)
Cash payments to employees	(4,676,184)	
Net Cash Provided by (Used for) Operating Activities	<u>(2,494,241)</u>	<u>(4,047,256)</u>
Cash Flows from Non-Capital Financing Activities:		
Advances from other funds		3,000,000
Federal and state assistance - Food service and related	4,103,456	
Net Cash Provided by Non-Capital Financing Activities	<u>4,103,456</u>	<u>3,000,000</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(1,007,121)	
Net Cash (Used for) Capital and Related Financing Activities	<u>(1,007,121)</u>	
Cash Flows from Investing Activities:		
Proceeds from sales/maturities of investments		7,551,961
Interest on investments	38,087	232,590
Net Cash Provided by (Used for) Investing Activities	<u>38,087</u>	<u>7,784,551</u>
Net Increase in Cash and Cash Equivalents	640,181	6,737,295
Cash and Cash Equivalents at Beginning of Year	3,361,795	6,750,654
Cash and Cash Equivalents at End of Year	<u>\$ 4,001,976</u>	<u>\$ 13,487,949</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating (Loss)	\$ (3,345,822)	\$ (4,137,120)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	132,522	
Donated commodities	582,779	
Change in Assets and Liabilities:		
(Increase) in Receivables	1,328	(291,691)
Decrease in Interfund Receivables		(212,898)
(Increase) in Inventories	(50,209)	
Increase in Accounts Payable	128,226	44,453
Increase in Accrued Wages Payable	23,809	
(Decrease) in Interfund Payables	33,126	
Increase in Accrued Expenses		550,000
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,494,241)</u>	<u>\$ (4,047,256)</u>
Supplemental information:		
Non-cash transaction - Donated commodities received	\$ 582,779	\$
Total non-cash transactions	<u>\$ 582,779</u>	<u>\$</u>

See Notes to Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended August 31, 2009

Exhibit E-1

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 1,329,435
Total Assets	<u>\$ 1,329,435</u>
Liabilities	
Accounts payable	\$ 23,648
Due to other governments	1
Due to student groups	1,305,786
Total Liabilities	<u>\$ 1,329,435</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*, as amended by *Statement on Auditing Standards No.'s 91 and 93* 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 in accordance with generally accepted financial reporting criteria.

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 U.S. 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	20 - 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 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 U.S. 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 TEA regulatory requirements, the Debt Service and Child Nutrition Funds are required to be reported with the annual original budget, amended budget and actual revenues and expenditures. These statements are included as other Supplementary 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. During the year, 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. All depository contracts have a term of two years, commencing with the start of every odd-numbered fiscal year. 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, 2009, the carrying amount of the District's cash on deposit was \$3,084,943 and the bank balance was \$5,260,613. The District deposits in Amegy Bank and were secured with \$56,446,275 of pledged collateral and \$250,000 of FDIC coverage.

In addition, cash equivalents of include money market accounts of \$545 and external investment pools of \$123,095,574.

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. Bankers’ 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, 2009, are shown below.

	Cash on Deposit	Money Market Accounts	External Investment Pools	Federal Agency Securities	Municipal Bonds	Commercial Paper	Total
Governmental Activities:							
General Fund	\$	\$ 545	\$ 53,530,883	\$ 21,001,445	\$ 4,982,458	\$ 2,059,036	\$ 81,574,367
Debt Service Fund	93,466		719,052	10,015,910			10,828,428
Capital Projects Fund	18,652		51,775,928	28,011,461	4,986,211		84,792,252
Nonmajor Governmental Funds			2,552,611				2,552,611
Nonmajor Internal Service Funds	2,635,588		10,852,361				13,487,949
Total Governmental Activities	<u>2,747,706</u>	<u>545</u>	<u>119,430,835</u>	<u>59,028,816</u>	<u>9,968,669</u>	<u>2,059,036</u>	<u>193,235,607</u>
Business-type Activities:							
Nonmajor Enterprise Funds	337,237		3,664,739				4,001,976
Total Business-type Activities	<u>337,237</u>		<u>3,664,739</u>				<u>4,001,976</u>
Fiduciary Funds:							
Agency Funds	735,207		594,228				1,329,435
Total Fiduciary Funds	<u>735,207</u>		<u>594,228</u>				<u>1,329,435</u>
Total	<u>\$ 3,820,150</u>	<u>\$ 545</u>	<u>\$ 123,689,802</u>	<u>\$ 59,028,816</u>	<u>\$ 9,968,669</u>	<u>\$ 2,059,036</u>	<u>\$ 198,567,018</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 2009.

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:

Investment Type:	Fair Value	Credit Quality Rating	Percentage of Investments
Local Government Investment Pools:			
Lone Star	\$ 36,506,808	AAAf	18.7%
MBIA	46,943,368	AAAm	24.1%
Texas Term	765,901	AAAf	0.393%
Texpool	39,473,725	AAAm	20.3%
Total Local Government Investment Pools	123,689,802		63.5%
Investment Securities:			
Federal Home Loan Mortgage Corp.	13,027,371	AAAe	6.7%
Federal Home Loan Bank	46,001,445	AAAe	23.6%
Money Market	545	Not Rated	
Municipal Bonds	2,059,036	AA	1.1%
Commercial Paper	9,968,669	A-1/P-1	5.1%
Total Investment Securities	71,057,066		36.5%
	\$ 194,746,868		100.0%

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.

	Fair Market Value	Percentage of Investments	Weighted Average Maturity (Days)
Governmental Activities:			
Investments:			
Local Government Investment Pools:			
Lone Star	\$ 36,506,808	18.7%	52
MBIA	46,943,368	24.1%	29
Texas Term	765,901	0.393%	30
TexPool	35,214,758	18.1%	48
Total Local Government Investment Pools	119,430,835	61.3%	42
Investment Securities:			
Federal Home Loan Mortgage Corp.	13,027,371	6.7%	154
Federal Home Loan Bank	46,001,445	23.6%	288
Money Market	545		1
Municipal Bonds	2,059,036	1.1%	533
Commercial Paper	9,968,669	5.1%	98
Total Investment Securities	71,057,066	36.5%	244
Total Governmental Activities	190,487,901	97.8%	117
Business-type Activities:			
Investments:			
Local Government Investment Pools:			
TexPool	3,664,739	1.9%	48
Total Investments	3,664,739	1.9%	48
Total Business-type Activities	3,664,739	1.9%	48
Fiduciary Funds			
Investments:			
Local Government Investment Pools:			
TexPool	594,228	0.3%	35
Total Investments	594,228	0.3%	35
Total Fiduciary Funds	594,228	0.3%	35
Total	\$ 194,746,868	100.0%	116

Note 4 - Deposits (Cash) and Investments (continued)

B. Investments (continued)

Local Government Investment Pools

As of August 31, 2009, 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 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 RBC Dain Rauscher, Inc., 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 fair value of District portions in TexPool, Lone Star, MBIA and Texas Term 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:

	Governmental Activities	Business-type Activities	Total
Interest income	\$ 3,652,497	\$ 38,087	\$ 3,690,584
Total Investment Earnings	\$ 3,652,497	\$ 38,087	\$ 3,690,584

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.

Note 5 - Property Taxes (continued)

Tax rates levied to finance general government and debt service expenditures for the fiscal year were \$1.0400 and \$0.3200, respectively, based on an assessed property valuation of approximately \$15.1 billion resulting in an adjusted tax levy of approximately \$205.7 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, 2009, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Delinquent taxes:			
Current year levy	\$ 2,232,751	\$ 687,000	\$ 2,919,751
Prior year levy	5,634,328	1,092,731	6,727,059
Total delinquent taxes	<u>7,867,079</u>	<u>1,779,731</u>	<u>9,646,810</u>
Less allowance for uncollectible taxes	(1,180,062)	(266,960)	(1,447,022)
Net property taxes receivable	<u>\$ 6,687,017</u>	<u>\$ 1,512,771</u>	<u>\$ 8,199,788</u>

Note 6 - Receivables Due From Other Governments

Receivables due from other governments at August 31, 2009, 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	\$ 15,678	\$ 7,081,055	\$ 66,750	\$ 7,163,483
State	2,909,150	394,405		3,303,555
Other governments (Local governments, universities and other)		44,548		44,548
Total due from other governments	<u>\$ 2,924,828</u>	<u>\$ 7,520,008</u>	<u>\$ 66,750</u>	<u>\$ 10,511,586</u>

Note 7 - Amounts Due To/From Other Funds

Amounts due to/from other funds at August 31, 2009, consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
Governmental Activities			
General Fund	\$ 5,731,327	\$ 5,573,782	\$ 157,545
Debt Service Fund	386,762		386,762
Capital Projects Fund	5,149,946	56,194	5,093,752
Governmental Funds	634,331	6,452,162	(5,817,831)
Enterprise Funds		33,126	(33,126)
Internal Service Funds	212,898		212,898
Total Governmental Activities	<u>\$ 12,115,264</u>	<u>\$ 12,115,264</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	\$ 5,000,000
General Fund	Governmental Funds	94,923
General Fund	Internal Service Funds	3,000,000
		<u>\$ 8,094,923</u>

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

- Capital projects to finance the District's capital improvement plan.
- Governmental funds to account for grant management costs.
- Internal service funds for an additional contribution to increase net asset balances in the Health Insurance Fund.

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, 2009, are as follows:

	<u>Balance</u> <u>August 31, 2008</u>	<u>Additions</u>	<u>(Retirements)</u> <u>and Transfers</u>	<u>Balance</u> <u>August 31, 2009</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 60,242,392	\$	\$	\$ 60,242,392
Construction in progress	60,068,183	102,685,350	(71,913,295)	90,840,238
Total Capital assets, not being depreciated	<u>120,310,575</u>	<u>102,685,350</u>	<u>(71,913,295)</u>	<u>151,082,630</u>
Capital assets, being depreciated:				
Land improvements	22,600,455	101,138	5,531,470	28,233,063
Buildings and improvements	562,665,744	3,081,069	59,051,902	624,798,715
Furniture and equipment	86,957,535	10,393,877	6,378,110	103,729,522
Total Capital assets, being depreciated	<u>672,223,734</u>	<u>13,576,084</u>	<u>70,961,482</u>	<u>756,761,300</u>
Less accumulated depreciation for:				
Land improvements	(6,371,010)	(1,499,093)		(7,870,103)
Buildings and improvements	(166,841,233)	(17,870,832)		(184,712,065)
Furniture and Equipment	(46,845,850)	(9,583,539)	851,417	(55,577,972)
Total Accumulated depreciation	<u>(220,058,093)</u>	<u>(28,953,464)</u>	<u>851,417</u>	<u>(248,160,140)</u>
Governmental Capital Assets	<u>\$ 572,476,216</u>	<u>\$ 87,307,970</u>	<u>\$ (100,396)</u>	<u>\$ 659,683,790</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$	\$ 449,042	\$	\$ 449,042
Total Capital assets, not being depreciated	<u></u>	<u>449,042</u>	<u></u>	<u>449,042</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 126,535	\$	\$	\$ 126,535
Furniture and equipment	1,127,589	558,079		1,685,668
Total Capital assets, being depreciated	<u>1,254,124</u>	<u>558,079</u>	<u></u>	<u>1,812,203</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,415)	(19,658)		(39,073)
Furniture and Equipment	(233,787)	(112,864)		(346,651)
Total Accumulated depreciation	<u>(253,202)</u>	<u>(132,522)</u>	<u></u>	<u>(385,724)</u>
Business-type Capital Assets	<u>\$ 1,000,922</u>	<u>\$ 874,599</u>	<u>\$</u>	<u>\$ 1,875,521</u>

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>
Governmental Activities:	
Instruction	\$ 18,965,042
Instructional resources and media services	490,566
Curriculum and staff development	372,797
Instructional leadership	309,358
School leadership	1,848,128
Guidance, counseling and evaluation services	944,559
Social work services	30,589
Health services	275,774
Student transportation	1,062,367
Extracurricular activities	635,669
General administration	697,657
Plant maintenance and operations	2,484,909
Security and monitoring services	288,634
Data processing services	537,259
Community services	10,156
Total Governmental Activities	<u>28,953,464</u>
Business-type Activities:	
Food Services	132,522
Total Business-type Activities:	<u>132,522</u>
Total	<u>\$ 29,085,986</u>

A summary of capital projects having construction in progress as of August 31, 2009, 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	\$ 73,381,064	\$ 60,473,129	\$ 12,907,935
Construction and Improvements - District Intermediate	35,237,389	28,771,949	6,465,440
Construction and Improvements - District Elementary Schools	4,661,668		4,661,668
Construction and Improvements - Roofing Project	1,608,505	1,292,617	315,888
Construction of Child Nutrition Addition	1,768,932	449,042	1,319,890
Various District-wide Projects	654,651	302,543	352,108
	<u>\$ 117,312,209</u>	<u>\$ 91,289,280</u>	<u>\$ 26,022,929</u>

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.

On May 1, 2009, the District issued Unlimited Tax School Building Bonds totaling \$65,670,000.

A summary of general long-term debt transactions of the District for the fiscal year ended August 31, 2009, follows:

	Balance September 1, 2008	Additions	Retirements	Balance August 31, 2009	Due Within One Year
General obligation bonds	\$ 626,425,000	\$ 65,670,000	\$ (12,030,978)	\$ 680,064,022	\$ 10,444,564
Less deferred amounts:					
For issuance premiums/discounts	22,321,856	770,212	(1,337,889)	21,754,179	
Gain or (loss) on refunding bonds	(15,653,953)		2,587,236	(13,066,717)	
Total Bonds and Notes Payable	<u>633,092,903</u>	<u>66,440,212</u>	<u>(10,781,631)</u>	<u>688,751,484</u>	<u>10,444,564</u>
Accreted interest on premium					
compound interest bonds	14,019,351	987,955	(3,455,000)	11,552,306	6,235,000
Compensated absences payable	3,364,526	682,311	(324,692)	3,722,145	479,927
Total Other Liabilities	<u>\$ 650,476,780</u>	<u>\$ 68,110,478</u>	<u>\$ (14,561,323)</u>	<u>\$ 704,025,935</u>	<u>\$ 17,159,491</u>

Bonds Payable

Bonded debt, at August 31, 2009, is comprised of the following individual issues:

Issue	Original issuance amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax Refunding Bonds - Series 1991-A (CAB)	\$ 13,379,556	6.40% to 7.00%	2011	\$ 2,714,022
Unlimited Tax Refunding Bonds - Series 1998	59,239,418	4.25% to 5.125%	2016	9,855,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2000 (CAB)	139,122,906	5.00% to 6.00%	2022	4,770,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2002	104,118,437	2.00% to 5.00%	2022	79,410,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2004-A (CAB)	203,370,097	2.00% to 5.00%	2026	199,470,000
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	107,500,000
Unlimited Tax Schoolhouse Bonds - Series 2006	27,885,000	4.25% to 5.50%	2029	27,135,000
Unlimited Tax Schoolhouse Bonds - Series 2007	37,135,000	4.00% to 5.00%	2033	37,110,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2008	95,430,000	4.00% to 5.00%	2033	95,430,000
Unlimited Tax School Building Bonds - Series 2009	65,670,000	3.00% to 5.25%	2033	65,670,000
		Total Bonds Payable		<u>680,064,022</u>
		Less Unamortized Refunding Loss		(13,066,717)
		Plus Unamortized Premiums on Issuance		21,754,179
		Net Bonds Payable		<u>688,751,484</u>
		Less Current Portion		(10,444,564)
		Long-term Portion of Bonds Payable		<u>\$ 678,306,920</u>

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, 2009, the District did not have any authorized, unissued bonds.

Annual Debt Service Requirements

Annual requirements to amortize all bonded debt outstanding as of August 31, 2009, follow:

Year Ending August 31,	Principal	Interest	Totals
2010	\$ 10,444,564	\$ 38,972,745	\$ 49,417,309
2011	14,759,458	36,363,016	51,122,474
2012	19,990,000	31,146,061	51,136,061
2013	20,905,000	30,181,155	51,086,155
2014	22,555,000	28,531,018	51,086,018
2015	23,675,000	27,695,386	51,370,386
2016	24,835,000	26,534,036	51,369,036
2017	26,070,000	25,299,376	51,369,376
2018	27,395,000	23,972,934	51,367,934
2019	28,785,000	22,587,307	51,372,307
2020	30,225,000	21,144,901	51,369,901
2021	31,750,000	19,621,595	51,371,595
2022	33,290,000	18,080,725	51,370,725
2023	30,970,000	16,586,200	47,556,200
2024	32,495,000	15,059,450	47,554,450
2025	34,115,000	13,441,006	47,556,006
2026	35,785,000	11,769,775	47,554,775
2027	37,445,000	10,088,469	47,533,469
2028	39,125,000	8,368,144	47,493,144
2029	40,810,000	6,641,519	47,451,519
2030	26,515,000	5,117,663	31,632,663
2031	27,910,000	3,725,000	31,635,000
2032	29,355,000	2,276,875	31,631,875
2033	30,860,000	771,500	31,631,500
	<u>680,064,022</u>	<u>\$ 443,975,856</u>	<u>\$ 1,124,039,878</u>
	(10,444,564)	Less Current Portion	
	<u>\$ 669,619,458</u>	Long-term Portion of Bonds Payable	

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 ranging from 3.18% to 4.31%.

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 \$2,720,000 and a maturity value of \$10,670,000. The 2000 obligations have a principal value of \$320,000 and a maturity value of \$1,480,000. The 2004-A obligations have a principal value of \$255,000 and a maturity value of \$3,660,000. 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 \$11,552,306 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, 2009, are as follows:

Capital Appreciation Bonds	Maturity	Maturity Value of Bonds	Original Bond Principal Amount	Accreted Interest on Bonds	Accreted Value of Bonds at Year End
1991-A	2009-2011	\$ 10,670,000	\$ 2,720,000	\$ 7,248,378	\$ 9,968,378
2000	2009-2011	1,480,000	320,000	1,083,203	1,403,203
2004-A	2009-2013	3,660,000	255,000	3,220,725	3,475,725
		<u>\$ 15,810,000</u>	<u>\$ 3,295,000</u>	<u>\$ 11,552,306</u>	<u>\$ 14,847,306</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, 2009.

The imputed interest on the leases is not readily determinable.

Rental expenditures during the year ended August 31, 2009 amounted to \$1,580,159 .

Note 10 - Refunding of General Long-Term Debt

In 1991, 1998, 2000, 2002, 2004 and 2008 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, 2009, \$198,745,000 of previously refunded bonds outstanding are considered defeased.

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	\$ 6,415,384	\$ 1,431,252	\$	\$ 7,846,636
State Aid	19,565,345			19,565,345
Proceeds - Expenditure driven grants:				
State		825,161	107,099	932,260
Local			259,780	259,780
Deferred Revenue	<u>\$ 25,980,729</u>	<u>\$ 2,256,413</u>	<u>\$ 366,879</u>	<u>\$ 28,604,021</u>

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred property taxes:			
General Fund	\$ 6,415,384	\$	\$ 6,415,384
Debt Service Fund	1,431,252		1,431,252
Grant funds received prior to meeting eligibility requirements		20,757,385	20,757,385
Total	<u>\$ 7,846,636</u>	<u>\$ 20,757,385</u>	<u>\$ 28,604,021</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, 2009, for all governmental fund types follows:

	<u>General Fund</u>
Designated fund balance:	
Sick leave benefits	\$ 3,691,515
Special education	750,000
Disaster recovery	2,500,000
Total designated fund balance	<u><u>\$ 6,941,515</u></u>

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, 2009, follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 156,413,452	\$ 48,097,008	\$	\$	\$ 204,510,460
Penalties, interest and other tax related revenue	1,487,025	381,067			1,868,092
Investment Income	1,399,209	169,018	1,736,759	29,195	3,334,181
Co-curricular student activities	491,799			2,529,579	3,021,378
Donations	4,250		22,500	661,080	687,830
Facility rentals	647,161				647,161
SSA - Member Districts	43,242			1,392,787	1,436,029
Tuition and fees	487,516				487,516
Advertising	395,879				395,879
Other	485,974		369,619	158,999	1,014,592
	<u>\$ 161,855,507</u>	<u>\$ 48,647,093</u>	<u>\$ 2,128,878</u>	<u>\$ 4,771,640</u>	<u>\$ 217,403,118</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, 2009, follows:

<u>Program or Grant</u>	<u>CFDA #</u>	<u>Amount Recorded in General Fund</u>
Indirect costs:		
ESEA, Title I, Part A - Improving Basic Education	84.010A	\$ 36,670
Adult Education ABE	84.002A	1,239
IDEA B - Preschool	84.173A	2,446
ESEA, Title II, Part A - Training and Recruiting	84.367A	9,831
ESEA, Title II, Part D, Enhancing Education	84.318X	336
Teaching American History	84.215X	3,851
Clean Living Encouragement and Responsibility	84.184D	1,906
Drug Free Community Support	93.276	876
IDEA B - Formula, ARRA	84.391A	3,890
Foreign Language Assistance	84.293B	2,306
ESEA, title I, Part A, ARRA	84.389A	1,217
Homeless Education Disaster Assistance	84.383A	10,036
Total indirect costs		<u>74,604</u>
Direct costs:		
Medicaid (SHARS)	93.000	418,158
FEMA Hurricane Reimbursement - Hurricane Rita	97.036	69,598
ROTC	12.000	214,817
Impact Aid	84.041	10,742
Total direct costs		<u>713,315</u>
Total Indirect and Direct Costs		<u>\$ 787,919</u>

Note 15 - Retirement Plan

Plan Description.

The Clear Creek Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of the employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 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.

Funding Policy.

State law provides for a member contribution rate of 6.4% for fiscal years 2009, 2008 and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. In certain instances, the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal years 2009 and 2008 and 6.00% for fiscal year 2007. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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 already exceeds 31 years, the period would be increased by such action.

Contributions.

Staff members of the District are required to pay 6.4% of their eligible gross earnings to the TRS pension plan. The State of Texas contributes 6.58% for fiscal years 2009 and 2008 (6.0% for fiscal year 2007) of all employees' eligible gross earnings, except for those staff members subject to statutory minimum requirements and those staff members being paid from and participating in federally funded programs. State statutes establish these rates. The statutory minimum requirements are based on the State of Texas teacher schedule adjusted based on local tax rates. For staff members funded by federal programs, the federal programs are required to contribute 6.58% for fiscal years 2009 and 2008 (6.00% for fiscal year 2007).

Note 15 - Retirement Plan (continued)

Contributions made by the State, District and staff members to TRS for the years ended August 31, 2009, 2008, 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>
2007	\$ 8,522,415	\$ 2,680,557	\$ 10,717,228	\$ 137,183,860
2008	10,007,977	2,160,329	11,835,571	184,931,690
2009	10,597,811	2,553,047	12,791,105	199,861,097

For the current fiscal year and each of the past two years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

TRS - Care Health Insurance Benefits for Retirees

Plan Description. The Clear Creek Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, or 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.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and .65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at .55% for fiscal years 2009, 2008, and 2007. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than .25% or greater than .75% of the salary of each active employee of the public school. For staff members funded by federal programs, the federal programs are required to contribute 1.0%.

Note 15 - Retirement Plan (continued)

Contributions made by the State, District, and staff members, for the years ended August 31, 2009, 2008, 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>
2007	\$ 1,420,900	\$ 965,517	\$ 1,088,455
2008	1,804,903	1,061,104	1,202,057
2009	1,950,617	1,147,237	1,299,086

For the current fiscal year and each of the past two years, the District’s actual contributions were equal to 100 percent of the required contributions. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2009, 2008, and 2007, the subsidy payments received by TRS-Care on-behalf of the District were \$451,326, \$421,925, and \$355,115, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

TRS-Care consists 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.

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

Note 15 - Retirement Plan (continued)

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).

On-Behalf Payments

The amounts recognized for state revenues and expenditures for on-behalf payments relating to fring benefits for the year ended August 31, 2009 was as follows:

Contributions to pension plan	\$ 10,597,811
Insurance contributions (TRS Care)	1,950,617
Medicare Part D	451,326
	\$ 12,999,754

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 \$350,000 with a maximum lifetime benefit of \$2,000,000. 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:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2008	\$ 2,650,000	\$ 18,939,525	\$ (18,539,525)	\$ 3,050,000
2009	3,050,000	23,683,254	(23,133,254)	3,600,000

Workers Compensation

During the year ended August 31, 2009, 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 \$500,000 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:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2008	\$ 815,468	\$ 822,105	\$ (822,105)	\$ 815,468
2009	815,468	922,980	(922,980)	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 as expenditures in the General Fund. The District also records a liability in the General Fund based on employees that terminated prior to year end. This liability amounted to \$30,630 as of August 31, 2009. Additionally, \$449,297 in current compensated absences payable are recorded in the government-wide financial statements.

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 \$3,242,218 as of August 31, 2009. 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, 2009 was as follows:

	Balance September 1, 2008	Additions	Deductions - Payments to Participants	Balance August 31, 2009
Compensated absences payable	<u>\$ 3,364,526</u>	<u>\$ 682,311</u>	<u>\$ (324,692)</u>	<u>\$ 3,722,145</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.

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 26.7% of the total SSA expenditures 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.

Revenues	
5700 Local revenue from member districts	\$ 109,357
	<u>\$ 109,357</u>
Expenditures	
6100 Payroll costs	\$ 105,469
6200 Contracted services	2,832
6300 Supplies and materials	624
6400 Miscellaneous operating costs	432
	<u>\$ 109,357</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 29.4% of the total SSA expenditures 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	\$ 442,820
	<u>\$ 442,820</u>
Expenditures	
6100 Payroll costs	\$ 352,050
6200 Contracted services	65,057
6300 Supplies and materials	16,750
6400 Miscellaneous operating costs	8,963
	<u>\$ 442,820</u>

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:

	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	\$ 12,894	\$ 7,666	\$ 1,616	\$ 239
Clear Creek Independent School District	25,182	14,973	3,158	465
Dickinson Independent School District	7,762	4,615	973	143
Friendswood Independent School District	2,533	1,506	318	47
Galveston Independent School District	5,067	3,013	635	93
Hitchcock Independent School District	1,948	1,158	244	36
La Marque Independent School District	1,900	1,130	238	35
Pearland Independent School District	10,201	6,065	1,279	188
Santa Fe Independent School District	5,700	3,389	715	105
Texas City Independent School District	4,441	2,641	558	81
	<u>\$ 77,628</u>	<u>\$ 46,156</u>	<u>\$ 9,734</u>	<u>\$ 1,432</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	\$ 55,186
	<u>\$ 55,186</u>
Expenditures	
6100 Payroll costs	\$ 55,186
	<u>\$ 55,186</u>

Note 19 - Shared Service Arrangements (continued)

The District participates in a Shared Service Arrangement (SSA) for the Energy for Schools Program with more than seventy other school districts. Approximately 10.8% of the utility costs paid 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, Deer Park 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.

Revenues	
5700 Local revenue from member districts	\$ 9,518,685
	<u>\$ 9,518,685</u>
Expenditures	
6200 Contracted services	\$ 9,518,685
	<u>\$ 9,518,685</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, 2009, was \$142,454.

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 - Special Item - Disaster Recovery

In September 2008, Hurricane Ike impacted the upper Texas Gulf Coast causing approximately \$16.5 million in damage to District facilities. In addition, a storm in April 2009 caused water damage to several District facilities totaling approximately \$500,000. Between FEMA, insurance proceeds and grants the District does not anticipate having any “out-of-pocket” costs associated with Hurricane Ike. Insurance proceeds covered substantially all costs associated with the April storm with minimal “out-of-pocket” costs being charged to the District Capital Replacement Plan.

	<u>Actual 2008-09</u>	<u>Estimated 2009-10</u>	<u>Total</u>
Insurance proceeds - Hurricane Ike	\$ 8,133,105	\$ 259,637	\$ 8,392,742
Insurance proceeds - April Storm	495,481		495,481
	<u>8,628,586</u>	<u>259,637</u>	<u>8,888,223</u>
Public Assistant Grants - FEMA Aid	6,609,209	415,772	7,024,981
TEA Disaster Recovery Grant	1,045,644	62,675	1,108,319
	<u>\$ 16,283,439</u>	<u>\$ 738,084</u>	<u>\$ 17,021,523</u>

The insurance proceeds are reported as Other Resources in the fund statements and as a special item in the government-wide statements.

Required Supplemental Information

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
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, 2009

Exhibit F-1

Data Control Codes		Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
		Original	Final		
Revenues					
5700	Local revenues	\$ 155,366,000	\$ 155,424,250	\$ 161,855,507	\$ 6,431,257
5800	State program revenues	114,233,000	114,233,000	110,735,067	(3,497,933)
5900	Federal program revenues	545,000	545,000	787,919	242,919
	Total revenues	<u>270,144,000</u>	<u>270,202,250</u>	<u>273,378,493</u>	<u>3,176,243</u>
Expenditures					
Current:					
0011	Instruction	165,899,064	165,837,320	164,769,140	1,068,180
0012	Instruction resources and media services	4,483,001	4,484,122	4,262,057	222,065
0013	Curriculum and instructional staff	3,022,749	3,488,135	3,238,876	249,259
0021	Instructional leadership	2,731,945	2,745,187	2,687,717	57,470
0023	School leadership	16,112,404	16,102,336	16,056,615	45,721
0031	Guidance, counseling and evaluation services	8,738,792	8,436,507	8,206,372	230,135
0032	Social work services	270,381	334,889	265,757	69,132
0033	Health services	2,531,683	2,517,535	2,395,937	121,598
0034	Student transportation	10,836,935	10,430,336	9,229,891	1,200,445
0035	Food services	318,525	298,025	277,417	20,608
0036	Extracurricular activities	5,686,614	5,633,039	5,522,722	110,317
0041	General administration	6,741,479	6,784,434	6,061,277	723,157
0051	Plant maintenance and operations	20,940,641	21,679,241	21,589,004	90,237
0052	Security and monitoring services	2,527,542	2,612,702	2,507,667	105,035
0053	Data processing services	4,872,086	5,029,456	4,667,727	361,729
0061	Community services	130,550	113,795	88,238	25,557
Intergovernmental:					
0093	Payments related to shared services arrangements	11,348,095	10,733,987	10,070,862	663,125
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	110,600	110,600	55,186	55,414
0097	Payments to tax increment fund	1,300,000	1,355,000	1,353,044	1,956
0099	Payments to tax increment fund	1,535,000	1,535,000	1,510,061	24,939
	Total Expenditures	<u>270,138,086</u>	<u>270,261,646</u>	<u>264,815,567</u>	<u>5,446,079</u>
1100	Excess (deficiency) of revenues over expenditures	<u>5,914</u>	<u>(59,396)</u>	<u>8,562,926</u>	<u>8,622,322</u>
Other Financing Sources (Uses):					
7912	Proceeds from the sale of assets			15,269	15,269
8911	Operating transfers out			(8,094,923)	(8,094,923)
	Total other financing sources (uses)			<u>(8,079,654)</u>	<u>(8,079,654)</u>
	Net change in fund balances	5,914	(59,396)	483,272	542,668
	Fund balances - beginning	<u>53,894,820</u>	<u>53,894,820</u>	<u>53,894,820</u>	
	Fund balances - ending	<u>\$ 53,900,734</u>	<u>\$ 53,835,424</u>	<u>\$ 54,378,092</u>	<u>\$ 542,668</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 1st, the Texas Education Code requires the budget to be prepared not later than August 20th and adopted by August 31st 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, 2009, 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	\$ 123,560	\$ 91,000	\$
Total	<u>\$ 123,560</u>	<u>\$ 91,000</u>	<u>\$</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, 2009, encumbrances outstanding were as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
Encumbrances Outstanding	\$ 58,228	\$ 25,717,476	\$	\$ 4,887

Expenditures over Appropriations

The District did not have any expenditures in excess of appropriations for the fiscal year ending August 31, 2009.

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Other Supplementary Information

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	ESEA, Title IV - SDSFC - supplements age-appropriate safety/violence and drug education, staff development, and safety/violence and drug abuse prevention programs for grades prekindergarten through 12.
211	ESEA, Title I, Part A - Basic - 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.
220	Adult Education - provide programs for adult education and literacy services to adults beyond compulsory school age attendance.
224	IDEA, Part B - Formula - salaries and supplies to aid children with disabilities with low reading achievement.
225	IDEA, Part B - Preschool - aids preschool students with disabilities.
226	IDEA - Part B, High Cost Risk Pool - assists with high need students with disabilities whose direct special education and related services costs exceed \$25,000 per school year.
243	Vocational Education - Technical Preparation - provides combined secondary and post-secondary programs in the areas of engineering, science, agriculture, health and business.
244	Vocational Education - Basic - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes.
255	ESEA, Title II, Part A - TPTR (Teacher and Principal Training and Recruiting) - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
258	Public Charter School Dissemination - funds granted to public charter schools for planning, program design, implementation, assisting other schools and/or to disseminate information about the charter school.
262	ESEA, Title II, Part D - Enhancing Education Through Technology - supplements and supports a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.
263	ESEA, Title III, Part A - English Language Acquisition - 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 challenging

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
265	Title IV, Part B 21st Century Community Learning Centers - 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.
272	Medicaid Administrative Claiming Program - provides the District with the ability to receive reimbursement for outreach and case management.
280	Teaching American History - funds granted to raise student achievement by improving teachers' knowledge and understanding of U.S. history.
281	C.L.E.A.R. Grant - 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	IDEA B Formula - ARRA - provides funds to implement innovative strategies for children with disabilities while stimulating the economy.
284	Foreign Language Assistance - provides grants to establish, improve or expand innovative foreign language programs for elementary and secondary school students.
285	ESEA, Title I, Part A - Improving Basic Ed. - ARRA - provides grants to strengthen education, drive reform and improve results for students.
287	Other Federally Funded Special Revenue Funds - supports and encourages the development of new, self-supporting, community anti-drug coalitions; early childhood summer programs, library grants and wetlands and water education.
288	Homeless Education Disaster Assistance - provides financial assistance to Districts whose enrollment of homeless students has increased as a result of a natural disaster that occurred in calendar year 2008.
289	Public Assistance Grants - FEMA Aid - provides funds for the instruction of displaced students.
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.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
340	SSA - IDEA C - Early Intervention (Deaf) - provides direct services to hearing impaired infants to toddlers, ages birth through two years of age.
385	Visually Impaired State - provides educational programs for visually impaired children.
397	Advanced Placement Incentives - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
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.
414	Texas Accelerated Science - provides funds to improve student achievement through the provision of materials, professional development and student instructional program.
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.
427	Beginning Teacher Mentoring Program - provides funds to administer mentoring programs designed to increase retention of beginning teachers.
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

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
429	Other State Funded Special Revenue Funds - provides funds to help schools fund various programs including mentors and campus awards.
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	Literacy Grants - funds received through Verizon Foundation for the advancement of education and literacy.
491	Barbara Bush Texas Fund - funds received to help create family literacy programs which build on existing programs to create complete family literacy programs.
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.
499	Let's Get Literate - provides funding to help stock book shelves and bring the District's libraries to Exemplary Status.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

	204	211	220
<u>Data Control Codes</u>	<u>ESEA, Title IV - Safe & Drug Free</u>	<u>ESEA, Title I, Pt A - Improving Basic Ed.</u>	<u>Adult Education</u>
Assets			
1110	Cash and cash equivalents	\$	\$
	Receivables:		
1240	Receivables from other governments	36,286	9,431
1260	Due from other funds		
1290	Other receivables		
1000	Total Assets	<u>\$ 36,286</u>	<u>\$ 9,431</u>
Liabilities and Fund Balances			
Liabilities:			
Current Liabilities:			
2110	Accounts payable	\$ 3,454	\$
2160	Accrued wages payable		
2170	Due to other funds	32,832	9,431
2180	Due to other governments		
2300	Deferred revenues		
2000	Total Liabilities	<u>36,286</u>	<u>9,431</u>
Fund Balance:			
Reserved for:			
3440	Encumbrances		
3490	Other purposes		
Unreserved, undesignated reported in:			
3610	Special revenue funds		
3620	Capital projects funds		
3640	Debt service		
3000	Total Fund Balance		
4000	Total liabilities and fund balance	<u>\$ 36,286</u>	<u>\$ 9,431</u>

224	225	226	243	244	255
<u>IDEA B - Formula</u>	<u>IDEA B - Preschool</u>	<u>IDEA-Part B High Cost Risk Pool</u>	<u>Vocational Ed - Tech Prep</u>	<u>Vocational Ed - Basic</u>	<u>ESEA, Title II, Pt A - Improving Teacher Quality</u>
\$	\$	\$	\$	\$	\$
144,019	6,160			27,998	53,475
<u>\$ 144,019</u>	<u>\$ 6,160</u>	<u>\$</u>	<u>\$</u>	<u>\$ 27,998</u>	<u>\$ 53,475</u>
\$ 125,554	\$ 1,150	\$	\$	\$	\$ 24,144
18,465	5,010			27,998	29,331
<u>144,019</u>	<u>6,160</u>	<u></u>	<u></u>	<u>27,998</u>	<u>53,475</u>
<u>\$ 144,019</u>	<u>\$ 6,160</u>	<u>\$</u>	<u>\$</u>	<u>\$ 27,998</u>	<u>\$ 53,475</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

	258	262	263
<u>Data Control Codes</u>	<u>Public Charter School Grant</u>	<u>ESEA, Title II, Pt D - Ed. Technology</u>	<u>ESEA, Title III, Pt A - BIL/ESL</u>
Assets			
1110	Cash and cash equivalents	\$	\$
Receivables:			
1240	Receivables from other governments	17,946	19,314
1260	Due from other funds		
1290	Other receivables		
1000	Total Assets	<u>\$ 17,946</u>	<u>\$ 19,314</u>
Liabilities and Fund Balances			
Liabilities:			
Current Liabilities:			
2110	Accounts payable	\$	\$
2160	Accrued wages payable		
2170	Due to other funds	17,946	19,314
2180	Due to other governments		
2300	Deferred revenues		
2000	Total Liabilities	<u>17,946</u>	<u>19,314</u>
Fund Balance:			
Reserved for:			
3440	Encumbrances		
3490	Other purposes		
Unreserved, undesignated reported in:			
3610	Special revenue funds	_____	_____
3620	Capital projects funds	_____	_____
3640	Debt service	_____	_____
3000	Total Fund Balance	_____	_____
4000	Total liabilities and fund balance	<u>\$ 17,946</u>	<u>\$ 19,314</u>

265	272	280	281	282	283
21st Century CASE	Medicaid Administrative Claiming Program	Teaching American History	C.L.E.A.R. Grant	Drug Free Community Support	IDEA B - Formula - ARRA
\$	\$	\$	\$ 251	\$	\$
				21,713	260,369
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 251</u>	<u>\$ 21,713</u>	<u>\$ 260,369</u>
\$	\$	\$	\$ 251	\$ 2,644	\$ 236,000
				19,069	24,369
			<u>251</u>	<u>21,713</u>	<u>260,369</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 251</u>	<u>\$ 21,713</u>	<u>\$ 260,369</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

Data Control Codes	284	285	287
	Foreign Language Assistance	ESEA, Title I, Pt A - Improving Basic Ed. - ARRA	Other Federally Funded Special Revenue Funds
	Assets		
1110	\$	\$	\$
	Receivables:		
1240		22,553	1,090
1260			
1290			
1000	Total Assets	\$ 22,553	\$ 1,090
	Liabilities and Fund Balances		
	Liabilities:		
	Current Liabilities:		
2110	\$	\$ 14,028	\$
2160			
2170		8,525	1,090
2180			
2300			
2000	Total Liabilities	22,553	1,090
	Fund Balance:		
	Reserved for:		
3440			
3490			
	Unreserved, undesignated reported in:		
3610			
3620			
3640			
3000	Total Fund Balance		
4000	Total liabilities and fund balance	\$ 22,553	\$ 1,090

288	289	315	316	317	340
Homeless Education Disaster Assistance	Public Assistance Grants - FEMA Aid	SSA - IDEA B - Discretionary (Deaf)	SSA - IDEA B - Formula (Deaf)	SSA - IDEA B - Preschool (Deaf)	SSA - IDEA C - Early Intervention (Deaf)
\$ 3,069	\$	\$	\$	\$	\$
	6,459,842 56,194				859
<u>\$ 3,069</u>	<u>\$ 6,516,036</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 859</u>
\$ 3,069	\$ 642,011	\$	\$	\$	\$ 13
	5,874,025				846
<u>3,069</u>	<u>6,516,036</u>	<u></u>	<u></u>	<u></u>	<u>859</u>
<u>\$ 3,069</u>	<u>\$ 6,516,036</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 859</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

		385	397	404
<u>Data Control Codes</u>		<u>Visually Impaired State</u>	<u>Advanced Placement Incentive</u>	<u>Student Success Initiative</u>
	Assets			
1110	Cash and cash equivalents	\$	\$ 109,956	\$
	Receivables:			
1240	Receivables from other governments			37,026
1260	Due from other funds			
1290	Other receivables			
1000	Total Assets	<u>\$</u>	<u>\$ 109,956</u>	<u>\$ 37,026</u>
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$	\$ 4,107	\$
2160	Accrued wages payable			
2170	Due to other funds			37,026
2180	Due to other governments			
2300	Deferred revenues		105,849	
2000	Total Liabilities		<u>109,956</u>	<u>37,026</u>
	Fund Balance:			
	Reserved for:			
3440	Encumbrances			
3490	Other purposes			
	Unreserved, undesignated reported in:			
3610	Special revenue funds			
3620	Capital projects funds			
3640	Debt service			
3000	Total Fund Balance			
4000	Total liabilities and fund balance	<u>\$</u>	<u>\$ 109,956</u>	<u>\$ 37,026</u>

409	411	414	423	425	426
Texas High School Completion and Success, Cycle 3	Technology Allotment	Texas Accelerated Science	Read To Succeed	Tobacco Compliance Grant	TX Abuse Prevention Grant
\$ 69,610	\$ 226,521	\$	\$	\$	\$
	20,543				105,334
<u>\$ 69,610</u>	<u>\$ 247,064</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 105,334</u>
\$ 1,642	\$ 139,427	\$	\$	\$	\$ 7,059
66,718					98,275
1,250					
<u>69,610</u>	<u>139,427</u>				<u>105,334</u>
	4,887				
	<u>102,750</u>				
	107,637				
<u>\$ 69,610</u>	<u>\$ 247,064</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 105,334</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

Data Control Codes		427	428	429
		Beg Teacher Mentoring Program	High School Allotment	Other State Funded Special Revenue Funds
	Assets			
1110	Cash and cash equivalents	\$	\$ 750	\$
	Receivables:			
1240	Receivables from other governments			161,892
1260	Due from other funds			
1290	Other receivables			
1000	Total Assets	\$	\$ 750	\$ 161,892
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$	\$ 750	\$
2160	Accrued wages payable			
2170	Due to other funds			161,892
2180	Due to other governments			
2300	Deferred revenues			
2000	Total Liabilities	\$	\$ 750	\$ 161,892
	Fund Balance:			
	Reserved for:			
3440	Encumbrances			
3490	Other purposes			
	Unreserved, undesignated reported in:			
3610	Special revenue funds	_____	_____	_____
3620	Capital projects funds	_____	_____	_____
3640	Debt service	_____	_____	_____
3000	Total Fund Balance	_____	_____	_____
4000	Total liabilities and fund balance	\$	\$ 750	\$ 161,892

435	458	461	481	484	491
<u>SSA - Regional Day School Deaf (State)</u>	<u>SSA - Regional Day School Deaf (Local)</u>	<u>Campus Activity Funds</u>	<u>Indirect Cost Recovery</u>	<u>Literacy Grants</u>	<u>Barbara Bush Texas Fund</u>
\$	\$ 167,675	\$ 1,573,573	\$ 246,131	\$ 8,496	\$
	44,548	578,137			
		25,619			
<u>\$</u>	<u>\$ 212,223</u>	<u>\$ 2,177,329</u>	<u>\$ 246,131</u>	<u>\$ 8,496</u>	<u>\$</u>
\$	\$ 22,411	\$ 204,554	\$ 103	\$ 996	\$
	100,863				
	88,949			7,500	
	212,223	204,554	103	8,496	
		1,972,775	246,028		
		1,972,775	246,028		
<u>\$</u>	<u>\$ 212,223</u>	<u>\$ 2,177,329</u>	<u>\$ 246,131</u>	<u>\$ 8,496</u>	<u>\$</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

August 31, 2009

	492	493	494
<u>Data Control Codes</u>	<u>Exxon Staff Development Grant</u>	<u>CCISD Education Foundation</u>	<u>Music Enrichment</u>
Assets			
1110	\$ 11,045	\$ 92,038	\$ 51,904
Receivables:			
1240			
1260			
1290		72,823	
1000	<u>\$ 11,045</u>	<u>\$ 164,861</u>	<u>\$ 51,904</u>
Liabilities and Fund Balances			
Liabilities:			
Current Liabilities:			
2110	\$	\$ 72,793	\$ 13,712
2160			
2170			
2180		39	
2300	11,045	92,029	
2000	<u>11,045</u>	<u>164,861</u>	<u>13,712</u>
Fund Balance:			
Reserved for:			
3440			
3490			38,192
Unreserved, undesignated reported in:			
3610			
3620			
3640			
3000			<u>38,192</u>
4000	<u>\$ 11,045</u>	<u>\$ 164,861</u>	<u>\$ 51,904</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, 2009

	204	211	220
Data Control Codes	ESEA, Title IV - Safe & Drug Free	ESEA, Title I, Pt A - Improving Basic Ed.	Adult Education
Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$
5800	State Program Revenues		
5900	Federal Program Revenues	61,495	91,773
5020	Total Revenues	<u>61,495</u>	<u>91,773</u>
Expenditures			
Current:			
0011	Instruction		1,623,733
0012	Instructional Resources and Media Services		
0013	Curriculum and Instructional Staff Development		374,075
0021	Instructional Leadership	1,000	59,770
0023	School Leadership		3,184
0031	Guidance, Counseling and Evaluation Services	60,495	25,920
0032	Social work services		
0033	Health Services		
0034	Student Transportation		
0035	Food Services		
0036	Cocurricular/Extracurricular Activities		
0041	General Administration		
0051	Plant Maintenance and Operations		
0052	Security and Monitoring Services		
0053	Data Processing Services		
0061	Community Services		63,286
6030	Total Expenditures	<u>61,495</u>	<u>91,773</u>
1100	Excess (deficiency) of revenues over expenditures		
Other Financing Sources (Uses)			
7915	Transfers in		
7949	Other resources		
	Total Other Financing Sources (Uses)		
1200	Net change in fund balances		
0100	Fund Balance - September 1 (Beginning)		
3000	Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>

224	225	226	243	244	255
<u>IDEA B - Formula</u>	<u>IDEA B - Preschool</u>	<u>IDEA-Part B High Cost Risk Pool</u>	<u>Vocational Ed - Tech Prep</u>	<u>Vocational Ed - Basic</u>	<u>ESEA, Title II, Pt A - Improving Teacher Quality</u>
\$	\$	\$	\$	\$	\$
5,167,340	170,516	5,407	13,949	282,836	736,327
<u>5,167,340</u>	<u>170,516</u>	<u>5,407</u>	<u>13,949</u>	<u>282,836</u>	<u>736,327</u>
3,427,894	129,889	5,407		180,083	11,284
127,970	34,728		2,080	101,029	725,043
28,819				1,724	
1,530,658	5,899		11,869		
51,999					
<u>5,167,340</u>	<u>170,516</u>	<u>5,407</u>	<u>13,949</u>	<u>282,836</u>	<u>736,327</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, 2009

	258	262	263
Data Control Codes	Public Charter School Grant	ESEA, Title II, Pt D - Ed. Technology	ESEA, Title III, Pt A - BIL/ESL
Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$
5800	State Program Revenues		
5900	Federal Program Revenues	58,758	19,050
5020	Total Revenues	<u>58,758</u>	<u>255,402</u>
Expenditures			
Current:			
0011	Instruction	36,827	107,086
0012	Instructional Resources and Media Services		7,208
0013	Curriculum and Instructional Staff Development	21,322	135,459
0021	Instructional Leadership		4,000
0023	School Leadership	314	
0031	Guidance, Counseling and Evaluation Services		
0032	Social work services		
0033	Health Services		
0034	Student Transportation		
0035	Food Services		
0036	Cocurricular/Extracurricular Activities		
0041	General Administration		
0051	Plant Maintenance and Operations		
0052	Security and Monitoring Services	295	
0053	Data Processing Services		
0061	Community Services		1,649
6030	Total Expenditures	<u>58,758</u>	<u>255,402</u>
1100	Excess (deficiency) of revenues over expenditures		
Other Financing Sources (Uses)			
7915	Transfers in		
7949	Other resources		
	Total Other Financing Sources (Uses)		
1200	Net change in fund balances		
0100	Fund Balance - September 1 (Beginning)		
3000	Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>

265	272	280	281	282	283
<u>21st Century CASE</u>	<u>Medicaid Administrative Claiming Program</u>	<u>Teaching American History</u>	<u>C.L.E.A.R. Grant</u>	<u>Drug Free Community Support</u>	<u>IDEA B - Formula - ARRA</u>
\$	\$	\$	\$	\$	\$
118,748	32,389	253,296	154,205	124,659	256,479
<u>118,748</u>	<u>32,389</u>	<u>253,296</u>	<u>154,205</u>	<u>124,659</u>	<u>256,479</u>
60,854			20,433		236,000
127		253,296	60,582		
57,377			49,347		20,479
	32,389		23,843		
390				124,659	
<u>118,748</u>	<u>32,389</u>	<u>253,296</u>	<u>154,205</u>	<u>124,659</u>	<u>256,479</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, 2009

Data Control Codes		284	285	287
		Foreign Language Assistance	ESEA, Title I, Pt A - Improving Basic Ed. - ARRA	Other Federally Funded Special Revenue Funds
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	130,760	82,032	77,448
5020	Total Revenues	130,760	82,032	77,448
	Expenditures			
	Current:			
0011	Instruction	23,032	37,335	24,268
0012	Instructional Resources and Media Services	9,998		44,420
0013	Curriculum and Instructional Staff Development	69,635	44,697	1,090
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services	1,389		
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Plant Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	26,706		7,670
6030	Total Expenditures	130,760	82,032	77,448
1100	Excess (deficiency) of revenues over expenditures			
	Other Financing Sources (Uses)			
7915	Transfers in			
7949	Other resources			
	Total Other Financing Sources (Uses)			
1200	Net change in fund balances			
0100	Fund Balance - September 1 (Beginning)			
3000	Fund Balance - August 31 (Ending)	\$	\$	\$

288	289	315	316	317	340
Homeless Education Disaster Assistance	Public Assistance Grants - FEMA Aid	SSA - IDEA B - Discretionary (Deaf)	SSA - IDEA B - Formula (Deaf)	SSA - IDEA B - Preschool (Deaf)	SSA - IDEA C - Early Intervention (Deaf)
\$	\$	\$	\$	\$	\$
743,957	6,609,209	77,628	46,156	9,734	1,432
<u>743,957</u>	<u>6,609,209</u>	<u>77,628</u>	<u>46,156</u>	<u>9,734</u>	<u>1,432</u>
666,401	12,641	77,628	46,156	9,734	1,432
4,285	194,464				
	34,656				
5,377					
41,471					
26,423					
	908				
	374,957				
	161,435				
	64,115				
	13,384,392				
	514,746				
<u>743,957</u>	<u>14,742,314</u>	<u>77,628</u>	<u>46,156</u>	<u>9,734</u>	<u>1,432</u>
	<u>(8,133,105)</u>				
	8,133,105				
	<u>8,133,105</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, 2009

	385	397	404
<u>Data Control Codes</u>	<u>Visually Impaired State</u>	<u>Advanced Placement Incentive</u>	<u>Student Success Initiative</u>
Revenues			
5700 Local, Intermediate and Out-of-State	\$	\$	\$
5800 State Program Revenues	17,500	104,226	365,159
5900 Federal Program Revenues			
5020 Total Revenues	<u>17,500</u>	<u>104,226</u>	<u>365,159</u>
Expenditures			
Current:			
0011 Instruction	17,500	79,231	228,247
0012 Instructional Resources and Media Services			
0013 Curriculum and Instructional Staff Development		24,995	136,912
0021 Instructional Leadership			
0023 School Leadership			
0031 Guidance, Counseling and Evaluation Services			
0032 Social work services			
0033 Health Services			
0034 Student Transportation			
0035 Food Services			
0036 Cocurricular/Extracurricular Activities			
0041 General Administration			
0051 Plant Maintenance and Operations			
0052 Security and Monitoring Services			
0053 Data Processing Services			
0061 Community Services			
6030 Total Expenditures	<u>17,500</u>	<u>104,226</u>	<u>365,159</u>
1100 Excess (deficiency) of revenues over expenditures			
Other Financing Sources (Uses)			
7915 Transfers in			
7949 Other resources			
Total Other Financing Sources (Uses)			
1200 Net change in fund balances			
0100 Fund Balance - September 1 (Beginning)			
3000 Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>	<u>\$</u>

409	411	414	423	425	426
Texas High School Completion and Success, Cycle 3	Technology Allotment	Texas Accelerated Science	Read To Succeed	Tobacco Compliance Grant	TX Abuse Prevention Grant
\$ 400,352	\$ 1,030,486	\$ 28,884	\$ 374	\$ 7,881	\$ 281,825
<u>400,352</u>	<u>1,030,486</u>	<u>28,884</u>	<u>374</u>	<u>7,881</u>	<u>281,825</u>
284,939	592,605	27,619		5,517	
9,429	575,351 8,229	1,265	374		
44,140					
56,808					
	38,216				
				2,364	
5,036					281,825
<u>400,352</u>	<u>1,214,401</u>	<u>28,884</u>	<u>374</u>	<u>7,881</u>	<u>281,825</u>
	(183,915)				
	(183,915)				
	291,552				
<u>\$</u>	<u>\$ 107,637</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, 2009

Data Control Codes		427	428	429
		Beg Teacher Mentoring Program	High School Allotment	Other State Funded Special Revenue Funds
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues	304,492	2,783,230	1,208,896
5900	Federal Program Revenues			
5020	Total Revenues	<u>304,492</u>	<u>2,783,230</u>	<u>1,208,896</u>
	Expenditures			
	Current:			
0011	Instruction		1,898,608	955
0012	Instructional Resources and Media Services			13,989
0013	Curriculum and Instructional Staff Development	304,492	716,687	3,903
0021	Instructional Leadership			
0023	School Leadership		174,914	
0031	Guidance, Counseling and Evaluation Services		98,689	
0032	Social work services		244,381	
0033	Health Services		140	
0034	Student Transportation			106
0035	Food Services			26,918
0036	Cocurricular/Extracurricular Activities		2,355	11,552
0041	General Administration			4,557
0051	Plant Maintenance and Operations			1,109,930
0052	Security and Monitoring Services			
0053	Data Processing Services			36,986
0061	Community Services			
6030	Total Expenditures	<u>304,492</u>	<u>3,135,774</u>	<u>1,208,896</u>
1100	Excess (deficiency) of revenues over expenditures		<u>(352,544)</u>	
	Other Financing Sources (Uses)			
7915	Transfers in			
7949	Other resources			
	Total Other Financing Sources (Uses)			
1200	Net change in fund balances		(352,544)	
0100	Fund Balance - September 1 (Beginning)		<u>352,544</u>	
3000	Fund Balance - August 31 (Ending)	<u>\$</u>	<u>\$</u>	<u>\$</u>

435	458	461	481	484	491
<u>SSA - Regional Day School Deaf (State)</u>	<u>SSA - Regional Day School Deaf (Local)</u>	<u>Campus Activity Funds</u>	<u>Indirect Cost Recovery</u>	<u>Literacy Grants</u>	<u>Barbara Bush Texas Fund</u>
\$ 830,045	\$ 1,395,614 110,500	\$ 2,627,808	\$	\$ 1,663	\$ 20,000
<u>830,045</u>	<u>1,506,114</u>	<u>2,627,808</u>		<u>1,663</u>	<u>20,000</u>
830,045	1,159,577			1,663	
	5,080				
	202,826				
	124,369				
		2,681,360			
	4,752		181,546		
	9,510				
<u>830,045</u>	<u>1,506,114</u>	<u>2,681,360</u>	<u>181,546</u>	<u>1,663</u>	<u>20,000</u>
		<u>(53,552)</u>	<u>(181,546)</u>		
			94,923		
			<u>94,923</u>		
		<u>(53,552)</u>	<u>(86,623)</u>		
		<u>2,026,327</u>	<u>332,651</u>		
<u>\$</u>	<u>\$</u>	<u>\$ 1,972,775</u>	<u>\$ 246,028</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, 2009

	492	493	494
Data Control Codes	Exxon Staff Development Grant	CCISD Education Foundation	Music Enrichment
Revenues			
5700	\$ 2,427	\$ 188,609	\$ 446,520
5800			
5900			
5020	2,427	188,609	446,520
Expenditures			
Current:			
0011		154,781	
0012			
0013	2,427		
0021			
0023			
0031			
0032			
0033			
0034			
0035			
0036			441,286
0041			
0051			
0052			
0053			
0061		33,828	
6030	2,427	188,609	441,286
1100			5,234
Other Financing Sources (Uses)			
7915			
7949			
Total Other Financing Sources (Uses)			
1200			5,234
0100			32,958
3000	\$	\$	\$ 38,192

495	496	497	499	
Ctr Agriculture Science and Engineering	NASA Grant	Science Donations	Lets Get Literate	Total Nonmajor Governmental Funds
\$ 3,597	\$ 45,590	\$ 20,766	\$ 19,046	\$ 4,771,640
				7,473,850
				17,730,953
<u>3,597</u>	<u>45,590</u>	<u>20,766</u>	<u>19,046</u>	<u>29,976,443</u>
3,132		20,766		12,043,302
			19,046	293,784
				3,785,380
				311,745
				235,789
				2,014,725
				327,612
				56,372
				53,013
				401,875
	45,590			3,381,794
				254,970
				14,503,832
				2,659
				551,732
465				657,287
<u>3,597</u>	<u>45,590</u>	<u>20,766</u>	<u>19,046</u>	<u>38,875,871</u>
				<u>(8,899,428)</u>
				94,923
				8,133,105
				<u>8,228,028</u>
				(671,400)
				<u>3,036,032</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,364,632</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, 2009

Exhibit H-1

Data Control Codes		National School Breakfast and Lunch			Variance with Final Budget - Positive (Negative)
		Budgeted Amounts		Actual Amounts, Budgetary Basis	
		Original	Final		
	Operating Revenues				
5700	Local revenues	\$ 8,990,000	\$ 8,990,000	\$ 7,986,956	\$(1,003,044)
	Total operating revenues	<u>8,990,000</u>	<u>8,990,000</u>	<u>7,986,956</u>	<u>(1,003,044)</u>
	Operating Expenses				
0035	Food services	12,512,187	12,512,187	11,121,318	1,390,869
0036	Extracurricular activities	295,000	295,000	227,565	67,435
	Total operating expenses	<u>12,807,187</u>	<u>12,807,187</u>	<u>11,348,883</u>	<u>1,458,304</u>
1100	Operating income (loss)	<u>(3,817,187)</u>	<u>(3,817,187)</u>	<u>(3,361,927)</u>	<u>455,260</u>
	Non-Operating Revenues (Expenses)				
7020	Investment earnings	140,000	140,000	38,087	(101,913)
7952	National School Breakfast	750,000	750,000	843,779	93,779
7953	National School Lunch	2,630,000	2,630,000	3,204,591	574,591
7954	U.S.D.A. donated commodities	490,000	490,000	582,779	92,779
5800	State program revenues	60,000	60,000	60,063	63
	Total non-operating revenues (expenses)	<u>4,070,000</u>	<u>4,070,000</u>	<u>4,729,299</u>	<u>659,299</u>
	Change in net assets	252,813	252,813	1,367,372	1,114,559
	Net assets - September 1 (beginning)	<u>3,971,133</u>	<u>3,971,133</u>	<u>3,971,133</u>	
	Net assets - August 31 (ending)	<u>\$ 4,223,946</u>	<u>\$ 4,223,946</u>	<u>\$ 5,338,505</u>	<u>\$ 1,114,559</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, 2009

Exhibit H-2

		Debt Service			
		<u>Budgeted Amounts</u>		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
Data Control Codes		Original	Final		
Revenues					
5700	Local revenues	<u>\$ 46,400,000</u>	<u>\$ 46,491,000</u>	<u>\$ 48,647,093</u>	<u>\$ 2,156,093</u>
	Total revenues	<u>46,400,000</u>	<u>46,491,000</u>	<u>48,647,093</u>	<u>2,156,093</u>
Expenditures					
Debt Service:					
0071	Principal on long-term debt	12,060,000	12,060,000	12,030,978	29,022
0072	Interest on long-term debt	33,700,000	33,791,000	33,536,713	254,287
0073	Bond issuance costs and fees	40,000	40,000	35,085	4,915
	Total expenditures	<u>45,800,000</u>	<u>45,891,000</u>	<u>45,602,776</u>	<u>288,224</u>
1100	Excess (deficiency) of revenues over expenditures	<u>600,000</u>	<u>600,000</u>	<u>3,044,317</u>	<u>2,444,317</u>
	Net change in fund balances/net assets	600,000	600,000	3,044,317	2,444,317
	Fund balances/net assets - beginning	<u>7,346,226</u>	<u>7,346,226</u>	<u>7,346,226</u>	
	Fund balances/net assets - ending	<u><u>\$ 7,946,226</u></u>	<u><u>\$ 7,946,226</u></u>	<u><u>\$ 10,390,543</u></u>	<u><u>\$ 2,444,317</u></u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
August 31, 2009

Exhibit I-1

	Enterprise Funds		
	National Breakfast and Lunch	Athletic Concessions	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,863,754	\$ 138,222	\$ 4,001,976
Receivables:			
Due from other governments	66,750		66,750
Other receivables	106		106
Inventories, at cost	268,601		268,601
Total current assets	4,199,211	138,222	4,337,433
Land, Buildings and Equipment:			
Building and improvements	126,535		126,535
Furniture and equipment	1,670,950	14,718	1,685,668
Construction in progress	449,042		449,042
Accumulated depreciation - buildings	(39,073)		(39,073)
Accumulated depreciation - furniture and equipment	(341,506)	(5,145)	(346,651)
Total non-current assets	1,865,948	9,573	1,875,521
Total Assets	6,065,159	147,795	6,212,954
Liabilities			
Current Liabilities:			
Accounts payable	499,297	2,874	502,171
Accrued wages payable	194,230		194,230
Due to other funds	33,126		33,126
Payable to other governments	1		1
Total current liabilities	726,654	2,874	729,528
Total Liabilities	726,654	2,874	729,528
Net Assets			
Invested in capital assets	1,865,948	9,573	1,875,521
Restricted for construction	1,319,890		1,319,890
Restricted for food service	2,152,667		2,152,667
Unrestricted net assets		135,348	135,348
Total Net Assets	\$ 5,338,505	\$ 144,921	\$ 5,483,426

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT*Exhibit I-2***COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS****NONMAJOR ENTERPRISE FUNDS***For the Year Ended August 31, 2009*

	National Breakfast and Lunch	Athletic Concessions	Total
Operating Revenues			
Charges for services	\$ 7,986,956	\$ 97,101	\$ 8,084,057
Total Operating Revenues	<u>7,986,956</u>	<u>97,101</u>	<u>8,084,057</u>
Operating Expenses			
Payroll costs	4,682,269	17,724	4,699,993
Purchased and contracted services	86,381	14,576	100,957
Supplies and materials	6,345,152	46,476	6,391,628
Other operating costs	104,779		104,779
Depreciation	130,302	2,220	132,522
Total operating expenses	<u>11,348,883</u>	<u>80,996</u>	<u>11,429,879</u>
Operating income (loss)	<u>(3,361,927)</u>	<u>16,105</u>	<u>(3,345,822)</u>
Non-Operating Revenues (Expenses)			
Investment earnings	38,087		38,087
National School Breakfast Program	843,779		843,779
National School Lunch Program	3,204,591		3,204,591
Donated Commodities	582,779		582,779
State program revenue	60,063		60,063
Total Non-operating revenues (expenses)	<u>4,729,299</u>		<u>4,729,299</u>
Change in Net Assets	1,367,372	16,105	1,383,477
Net assets - September 1 (beginning)	<u>3,971,133</u>	<u>128,816</u>	<u>4,099,949</u>
Net assets - August 31 (ending)	<u>\$ 5,338,505</u>	<u>\$ 144,921</u>	<u>\$ 5,483,426</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For The Year Ended August 31, 2009

Exhibit I-3

	701	711	
	National	Athletic	
	Breakfast and	Concessions	Total
	Lunch		
	<u> </u>	<u> </u>	<u> </u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash received from user charges	\$ 8,021,410	\$ 97,101	\$ 8,118,511
Cash payments to suppliers for goods and services	(5,865,969)	(70,599)	(5,936,568)
Cash payments to employees	(4,658,460)	(17,724)	(4,676,184)
Net Cash Provided by (Used for) Operating Activities	<u>(2,503,019)</u>	<u>8,778</u>	<u>(2,494,241)</u>
Cash Flows from Non-Capital Financing Activities:			
Federal and state assistance - Food service and related	4,103,456		4,103,456
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>4,103,456</u>		<u>4,103,456</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(1,007,121)		(1,007,121)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,007,121)</u>		<u>(1,007,121)</u>
Cash Flows from Investing Activities:			
Interest on investments	38,087		38,087
Net Cash Provided by Investing Activities	<u>38,087</u>		<u>38,087</u>
Net Increase in Cash and Cash Equivalents	631,403	8,778	640,181
Cash and Cash Equivalents at Beginning of Year	3,232,351	129,444	3,361,795
Cash and Cash Equivalents at End of Year	<u>\$ 3,863,754</u>	<u>\$ 138,222</u>	<u>\$ 4,001,976</u>
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (3,361,927)	\$ 16,105	\$ (3,345,822)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	130,302	2,220	132,522
Donated commodities	582,779		582,779
Change in Assets and Liabilities:			
Decrease (increase) in Receivables	1,328		1,328
Decrease (increase) in Inventories	(50,209)		(50,209)
Increase (decrease) in Accounts Payable	137,773	(9,547)	128,226
Increase (decrease) in Accrued Wages Payable	23,809		23,809
Increase (decrease) in Interfund Payables	33,126		33,126
Net Cash Provided by (Used for) Operating Activities	<u>\$ (2,503,019)</u>	<u>\$ 8,778</u>	<u>\$ (2,494,241)</u>
Supplemental information:			
Non-cash transaction - Donated commodities received	\$ 582,779	\$	\$ 582,779
Total non-cash transactions	<u>\$ 582,779</u>	<u>\$</u>	<u>\$ 582,779</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Exhibit I-4

COMBINING STATEMENT OF NET ASSETS

NONMAJOR INTERNAL SERVICE FUNDS

August 31, 2009

	753	771	772	773	
	Health	Workers	Disability	Property	Total
	Insurance	Comp	Insurance	Insurance	
	Insurance	Insurance	Insurance	Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,681,369	\$ 1,144,965	\$ 316,802	\$ 4,344,813	\$ 13,487,949
Receivables:					
Due from other funds		212,898			212,898
Other receivables	391,691				391,691
Deferred expenses			40,000		40,000
Total Current Assets	8,073,060	1,357,863	356,802	4,344,813	14,132,538
Total Assets	8,073,060	1,357,863	356,802	4,344,813	14,132,538
Liabilities					
Current Liabilities:					
Accounts payable	732,737	9,048	42,156		783,941
Accrued expenses	3,000,000	815,468	76,500		3,891,968
Total current liabilities	3,732,737	824,516	118,656		4,675,909
Total Liabilities	3,732,737	824,516	118,656		4,675,909
Net Assets					
Unrestricted net assets	4,340,323	533,347	238,146	4,344,813	9,456,629
Total Net Assets	\$ 4,340,323	\$ 533,347	\$ 238,146	\$ 4,344,813	\$ 9,456,629

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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, 2009

Exhibit I-5

	753	771	772	773	
	Health Insurance	Workers Comp Insurance	Disability Insurance	Property Insurance	Total
Operating Revenues					
Charges for services	\$ 21,029,428	\$ 1,135,984	\$ 551,488	\$ 3,581,048	\$ 26,297,948
Total operating revenues	<u>21,029,428</u>	<u>1,135,984</u>	<u>551,488</u>	<u>3,581,048</u>	<u>26,297,948</u>
Operating Expenses					
Purchased and contracted services	1,614,793	142,557	56,733		1,814,083
Supplies and materials	30	10,364			10,394
Claims expense and other operating expenses	<u>23,393,677</u>	<u>1,001,019</u>	<u>434,846</u>	<u>3,781,049</u>	<u>28,610,591</u>
Total operating expenses	<u>25,008,500</u>	<u>1,153,940</u>	<u>491,579</u>	<u>3,781,049</u>	<u>30,435,068</u>
Operating Income (Loss)	<u>(3,979,072)</u>	<u>(17,956)</u>	<u>59,909</u>	<u>(200,001)</u>	<u>(4,137,120)</u>
Non-Operating Revenues (Expenses)					
Earnings - temporary deposits and investments	<u>126,457</u>	<u>17,042</u>		<u>70,716</u>	<u>214,215</u>
Total non-operating revenues (expenses)	<u>126,457</u>	<u>17,042</u>		<u>70,716</u>	<u>214,215</u>
Income (loss) before transfers	(3,852,615)	(914)	59,909	(129,285)	(3,922,905)
Transfers					
Transfers in	<u>3,000,000</u>				<u>3,000,000</u>
Change in Net Assets	(852,615)	(914)	59,909	(129,285)	(922,905)
Net Assets - September 1 (Beginning)	<u>5,192,938</u>	<u>534,261</u>	<u>178,237</u>	<u>4,474,098</u>	<u>10,379,534</u>
Net Assets - August 31 (Ending)	<u>\$ 4,340,323</u>	<u>\$ 533,347</u>	<u>\$ 238,146</u>	<u>\$ 4,344,813</u>	<u>\$ 9,456,629</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
For The Year Ended August 31, 2009

	753	771	772
	Health Insurance	Workers Comp Insurance	Disability Insurance
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash received from user charges	\$ 7,879,399	\$	\$ 551,488
Cash received from interfund services provided	13,150,030	923,086	
Cash payments for insurance claims	(23,133,254)	(922,980)	(434,846)
Cash payments to suppliers for goods and services	(1,526,107)	(229,214)	(104,857)
Net Cash Provided by (Used for) Operating Activities	<u>(3,629,932)</u>	<u>(229,108)</u>	<u>11,785</u>
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds	3,000,000		
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>3,000,000</u>		
Cash Flows from Investing Activities:			
Proceeds from sale/maturities of investments	4,599,162		
Interest on investments	144,832	17,042	
Net Cash Provided by Investing Activities	<u>4,743,994</u>	<u>17,042</u>	
Net Increase in Cash and Cash Equivalents	4,114,062	(212,066)	11,785
Cash and Cash Equivalents at Beginning of Year	3,567,307	1,357,031	305,017
Cash and Cash Equivalents at End of Year	<u>\$ 7,681,369</u>	<u>\$ 1,144,965</u>	<u>\$ 316,802</u>
Reconciliation of Operating Income to Net Cash Provided by operating Activities:			
Operating Income (Loss)	\$ (3,979,072)	\$ (17,956)	\$ 59,909
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
Decrease (increase) in Receivables	(291,691)		
Decrease (increase) in Interfund Receivables		(212,898)	
Increase (decrease) in Accounts Payable	90,831	1,746	(48,124)
Increase (decrease) in Accrued Expenses	550,000		
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,629,932)</u>	<u>\$ (229,108)</u>	<u>\$ 11,785</u>

Exhibit I-6

773

<u>Property Insurance</u>	<u>Total</u>
\$	\$ 8,430,887
3,581,048	17,654,164
	(24,491,080)
<u>(3,781,049)</u>	<u>(5,641,227)</u>
<u>(200,001)</u>	<u>(4,047,256)</u>
	<u>3,000,000</u>
	<u>3,000,000</u>
2,952,799	7,551,961
70,716	232,590
<u>3,023,515</u>	<u>7,784,551</u>
2,823,514	6,737,295
1,521,299	6,750,654
<u>\$ 4,344,813</u>	<u>\$ 13,487,949</u>
\$ (200,001)	\$ (4,137,120)
	(291,691)
	(212,898)
	44,453
	<u>550,000</u>
<u>\$ (200,001)</u>	<u>\$ (4,047,256)</u>

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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, 2009

<u>Last Ten Fiscal Years</u>	1		2	3	10
	<u>Tax Rates</u>		<u>Debt Service</u>	<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 9/1/2008</u>
	<u>Maintenance</u>				
2000 and prior	Various		Various		\$ 674,708
2001	1.454310		0.246530	\$8,267,869,817	151,254
2002	1.485000		0.240000	8,973,961,391	217,107
2003	1.500000		0.240000	9,593,862,525	195,561
2004	1.500000		0.230000	10,344,295,202	262,069
2005	1.500000		0.245000	10,894,418,266	312,875
2006	1.500000		0.275000	11,589,893,442	795,411
2007	1.330000		0.300000	12,659,468,894	598,533
2008	1.000000		0.320000	13,434,501,591	2,020,684
2009	1.040000		0.320000	15,128,641,636	
1000 TOTALS					<u><u>\$ 5,228,202</u></u>
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code				<u><u>\$ 157,784,960</u></u>	<u><u>\$</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 8/31/2009</u>
\$	\$ 84,368	\$ 11,083	\$ (196)	\$ 579,061
	4,268	723	(104)	146,159
	4,699	759	(105)	211,544
	7,530	1,205	(125)	186,701
	10,553	1,618	(170)	249,728
	28,303	4,623	(776)	279,173
	37,105	6,803	(1,857)	749,646
	204,872	46,212	52,408	399,857
	936,431	299,658	(165,283)	619,312
<u>205,749,526</u>	<u>155,174,506</u>	<u>47,746,002</u>	<u>90,733</u>	<u>2,919,751</u>
<u>\$ 205,749,526</u>	<u>\$ 156,492,635</u>	<u>\$ 48,118,686</u>	<u>\$ (25,475)</u>	6,340,932
				<u>3,305,878</u>
				<u>\$ 9,646,810</u>
<u>\$ 1,353,044</u>	<u>\$ 1,353,044</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF
INDIRECT COSTS FOR 2010-2011
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended August 31, 2009

Exhibit J-2

	(1) 702	(2) 703	(3) 701	(4) 750	(5) 720	(6) (other)	(7)
Account Number	School Board	Tax Collection	Supt's Office	Indirect Cost	Direct Cost	Misc.	Total
6100 Payroll Costs	\$ 11,288	\$ 212,025	\$ 323,653	\$ 4,335,859	\$	\$	\$ 4,882,825
6149 Leave for Separating in Functions 41 and 53				7,245			7,245
6149 Leave for Separating not in Functions 41 and 53				339,297			339,297
6211 Legal Services	167,886				4,752		172,638
6212 Audit Services				75,300			75,300
6213 Tax Appraisal / Collection Other Professional Services		1,510,061					1,510,061
6230 Education Service Centers						5,500	5,500
6240 Maintenance and Repairs					118,123		118,123
6250 Utilities							
6260 Rentals			269	6,309		124,017	130,595
6290 Miscellaneous Contracts		10,973		48,974		111,746	171,693
6320 Textbooks and Reading	160		2,237	3,155		6,736	12,288
63XX Other Supplies	758	8,754	3,113	43,706		355,737	412,068
6410 Travel, Subsistence and Stipends	23,095	1,284	8,641	26,194		60,871	120,085
6420 Insurance and Bonding						131,914	131,914
6430 Election Expense	38,825						38,825
6490 Miscellaneous Operating	1,575	1,279	12,823	8,176		97,759	121,612
6600 Capital Outlay						13,890	13,890
Total	<u>\$ 243,587</u>	<u>\$ 1,744,376</u>	<u>\$ 350,736</u>	<u>\$ 4,894,215</u>	<u>\$ 122,875</u>	<u>\$ 908,170</u>	<u>\$ 8,263,959</u>

Other Information:

Total expenditures for General, Special Revenue and Food Service Enterprise Fund (Exhibits C-3 and D-2) (9) \$ 315,040,321

Less: Deductions of Unallowable Costs:

Fiscal Year

Total Capital Outlay (6600) (10) \$ 1,649,370

Total Debt & Lease (6500) (11)

Plant Maintenance (Function 51, 6100-6400) (12) 36,001,004

Food (Function 35, 6341 and 6499) (13) 4,721,378

Stipends (6413) (14)

Column 5 above - Total Indirect Cost

4,894,215

Subtotal

47,265,967

Net Allowable Direct Cost

\$ 267,774,354

Cumulative:

Total Cost of Buildings before Depreciation (1520) (15) \$ 624,798,715

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) 103,729,522

Historical Cost of Furniture & Equipment over 16 years old (19) 3,643,542

Amount of Federal Money in Furniture & Equipment (Net of #19) (20) 1,999,325

(8) Note A - \$98,354 in Function 53 expenditures are included in this report on administrative costs.
 \$1,510,061 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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.

	Page
Financial Trends	120
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	130
The schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	138
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.	
Demographic and Economic Information	146
The schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	152
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.	

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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 37,450 students in grades pre-kindergarten through twelfth. The District operates twenty-six elementary schools, nine middle schools, four comprehensive high schools, and two alternative secondary campuses. Clear Creek ISD is now the 28th largest of the 1,025 school districts in Texas. The District currently employs approximately 5,000 persons with over 2,750 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 EIGHT FISCAL YEARS *

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 47,739,276	\$ 57,918,010	\$ 71,589,986
Restricted	9,206,330	12,100,811	9,361,244
Unrestricted	60,536,296	55,467,592	55,060,277
Total Governmental Activities Net Assets	<u>117,481,902</u>	<u>125,486,413</u>	<u>136,011,507</u>
Business-type Activities			
Invested in Capital Assets, Net of Related Debt	1,875,521	1,000,922	1,070,736
Restricted	3,472,557	1,793,511	1,711,904
Unrestricted	135,348	1,305,516	150,581
Total Business-type Activities Net Assets	<u>5,483,426</u>	<u>4,099,949</u>	<u>2,933,221</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	49,614,797	58,918,932	72,660,722
Restricted	12,678,887	13,894,322	11,073,148
Unrestricted	60,671,644	56,773,108	55,210,858
Total Primary Government Net Assets	<u>\$ 122,965,328</u>	<u>\$ 129,586,362</u>	<u>\$ 138,944,728</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

2006	2005	2004	2003	2002
\$ 16,425,310	\$ 26,156,986	\$ 22,827,283	\$ 28,501,275	\$ 17,530,974
45,239,128	25,567,205	13,406,975	8,611,020	18,937,957
56,087,164	50,979,730	48,325,352	30,059,167	28,761,527
<u>117,751,602</u>	<u>102,703,921</u>	<u>84,559,610</u>	<u>67,171,462</u>	<u>65,230,458</u>
569,825				
1,627,328	1,534,251	1,282,015	1,006,509	722,079
159,915	152,231	122,523	134,409	126,846
<u>2,357,068</u>	<u>1,686,482</u>	<u>1,404,538</u>	<u>1,140,918</u>	<u>848,925</u>
16,995,135	26,156,986	22,827,283	28,501,275	17,530,974
46,866,456	27,101,456	14,688,990	9,617,529	19,660,036
56,247,079	51,131,961	48,447,875	30,193,576	28,888,373
<u>\$ 120,108,670</u>	<u>\$ 104,390,403</u>	<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 EIGHT FISCAL YEARS *

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses:			
Governmental Activities:			
Instruction	\$ 199,989,421	\$ 187,005,283	\$ 158,776,037
Instructional Resources and Media Services	5,118,220	4,786,735	4,496,393
Curriculum and Instructional Staff Development	7,480,771	5,748,866	4,223,454
Instructional Leadership	3,346,734	2,999,697	2,560,644
School Leadership	18,428,231	16,600,181	14,543,396
Guidance, Counseling, and Evaluation Services	11,299,053	10,643,162	9,235,319
Social Work Services	629,239	525,220	363,705
Health Services	2,772,164	2,818,871	2,354,294
Student (Pupil) Transportation	10,651,835	10,267,937	8,281,296
Food Services	693,144	372,793	367,913
Cocurricular/Extracurricular Activities	9,343,429	8,990,389	8,275,702
General Administration	7,920,709	9,143,299	7,977,884
Plant Maintenance and Operations	40,108,623	31,929,711	31,436,161
Security and Monitoring Services	2,895,446	2,408,461	2,210,648
Data Processing Services	4,915,794	4,160,802	4,193,126
Community Services	762,277	774,094	474,027
Debt Service - Interest on Long-term Debt	33,059,584	29,190,482	27,101,812
Debt Service - Bond Issuance Costs and Fees	35,085	5,247	20,559
Facilities Acquisition and Construction		443,381	381,582
Payments Related to Shared Service Arrangements	10,070,862	2,809,460	502,515
Payments to Juvenile Justice Alternative Ed. Prog.	55,186	98,641	102,381
Payments to Tax Increment Fund	1,353,044	1,107,151	1,002,481
Intergovernmental Charges	1,510,061		
Total Governmental Activities Expenses	<u>372,438,912</u>	<u>332,829,863</u>	<u>288,881,329</u>
Business-type Activities:			
Enterprise Fund - National School Breakfast and Lunch	11,348,883	11,199,566	9,997,102
Enterprise Fund - Athletic Concessions	80,996	114,653	89,901
Total Business-type Activities Expenses	<u>11,429,879</u>	<u>11,314,219</u>	<u>10,087,003</u>
Total Primary Government Expenses	<u>383,868,791</u>	<u>344,144,082</u>	<u>298,968,332</u>
Program Revenues:			
Governmental Activities:			
Charges for Services:			
Instruction	1,645,603	1,644,473	1,447,335
Cocurricular/Extracurricular Activities	3,582,522	3,770,335	3,588,428
Plant Maintenance and Operations	661,549	607,878	400,656
Other Activities	345,064	381,099	262,733
Operating Grants and Contributions	36,785,403	26,578,931	22,515,267
Total Governmental Activities Program Revenues	<u>\$ 43,020,141</u>	<u>\$ 32,982,716</u>	<u>\$ 28,214,419</u>

Table 2
Page 1 of 2

2006	2005	2004	2003	2002
\$ 151,777,860	\$ 138,338,317	\$ 129,440,871	\$ 128,301,863	\$ 116,470,050
4,271,647	3,492,488	3,220,364	3,374,354	3,477,255
4,059,134	2,696,095	1,748,826	1,544,374	1,054,227
2,240,055	3,026,525	2,575,088	2,423,079	2,522,511
13,482,018	12,146,337	10,961,631	10,822,382	9,750,163
8,527,125	7,579,493	7,222,723	7,266,766	6,732,154
485,510	519,442	500,143	434,030	318,052
2,323,136	2,032,943	1,995,399	2,064,297	1,790,758
8,190,311	7,242,908	5,989,494	6,602,429	5,557,007
384,798	339,600	83,310	261,058	27,210
7,556,005	6,862,976	6,417,187	6,176,200	5,370,002
7,364,736	6,311,067	6,347,059	6,465,639	6,198,548
26,636,699	23,134,308	20,882,919	21,386,378	21,323,180
1,912,352	1,395,374	909,847	793,078	767,640
4,329,087	4,116,333	4,104,658	3,614,915	2,841,553
374,454	245,918	198,985	149,787	123,523
26,449,372	23,542,304	18,002,038	16,340,811	17,647,312
7,500	20,543	16,169	19,533	
1,022,684	779,514		364,097	1,830,453
486,530	54,120	48,494	51,085	50,124
13,713	83,322	39,592	89,440	48,824
746,969	647,256	447,857	195,347	48,767
272,641,695	244,607,183	221,152,654	218,740,942	203,949,313
9,668,104	9,443,723	8,437,387	7,985,293	8,130,552
54,896	66,567	62,316	45,874	52,377
9,723,000	9,510,290	8,499,703	8,031,167	8,182,929
282,364,695	254,117,473	229,652,357	226,772,109	212,132,242
1,485,154	1,368,823	1,452,575	1,259,601	872,143
3,270,386	3,082,950	2,785,236	2,623,893	2,241,302
377,452	350,734	349,805	366,332	372,288
264,450	234,457	206,239	336,057	249,903
28,965,039	23,096,323	20,418,934	22,628,115	18,404,312
\$ 34,362,481	\$ 28,133,287	\$ 25,212,789	\$ 27,213,998	\$ 22,139,948

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS *

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues (Continued):			
Business-type Activities:			
Charges for Services:			
Enterprise Fund - National School Breakfast and Lunch	\$ 7,986,956	\$ 8,705,582	\$ 7,319,075
Enterprise Fund - Athletic Concessions	97,101	92,888	80,567
Operating Grants and Contributions:			
Enterprise Fund - National School Breakfast and Lunch	4,691,212	3,542,340	3,110,564
Total Business-type Activities Program Revenues	<u>12,775,269</u>	<u>12,340,810</u>	<u>10,510,206</u>
Total Primary Government Program Revenues	<u>55,795,410</u>	<u>45,323,526</u>	<u>38,724,625</u>
Net (Expense) / Revenue:			
Governmental Activities	(329,418,771)	(299,847,147)	(260,666,910)
Business-type Activities	<u>1,345,390</u>	<u>1,026,591</u>	<u>423,203</u>
Total Primary Government Net (Expense) / Revenue	<u>(328,073,381)</u>	<u>(298,820,556)</u>	<u>(260,243,707)</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes	\$ 208,182,750	\$ 178,981,504	\$ 210,879,647
Gifts and Bequests			
State Aid - Formula Grants	100,081,124	100,415,037	54,161,494
Unrestricted Grants and Contributions	64,621	130,370	113,352
Investment Earnings	3,652,497	8,559,284	11,373,275
Miscellaneous Income	804,682	1,235,858	345,633
Gain (Loss) on Asset Disposition			
Disaster Recovery	8,628,586		
Gain on Escrow Swap			
Total Governmental Activities	<u>321,414,260</u>	<u>289,322,053</u>	<u>276,873,401</u>
Business-type Activities:			
Unrestricted Grants and Contributions			
Investment Earnings	<u>38,087</u>	<u>140,137</u>	<u>152,950</u>
Total Business-type Activities:	<u>38,087</u>	<u>140,137</u>	<u>152,950</u>
Total Primary Government	<u>321,452,347</u>	<u>289,462,190</u>	<u>277,026,351</u>
Change in Net Assets			
Governmental Activities	(8,004,511)	(10,525,094)	16,206,491
Business-type Activities	<u>1,383,477</u>	<u>1,166,728</u>	<u>576,153</u>
Total Primary Government	<u>\$ (6,621,034)</u>	<u>\$ (9,358,366)</u>	<u>\$ 16,782,644</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.

** Increase in Plant Maintenance and Operations expenses and disaster recovery revenue were caused by damages from hurricane Ike.

Table 2
Page 2 of 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 7,250,418	\$ 6,815,731	\$ 6,444,969	\$ 6,202,051	\$ 6,297,264
62,580	96,275	50,430	53,437	68,766
<u>2,920,514</u>	<u>2,829,656</u>	<u>2,251,716</u>	<u>2,050,044</u>	<u>1,834,239</u>
<u>10,233,512</u>	<u>9,741,662</u>	<u>8,747,115</u>	<u>8,305,532</u>	<u>8,200,269</u>
<u>44,595,993</u>	<u>37,874,949</u>	<u>33,959,904</u>	<u>35,519,530</u>	<u>30,340,217</u>
(238,279,214)	(216,473,896)	(195,939,865)	(191,526,944)	(181,809,365)
<u>510,512</u>	<u>231,372</u>	<u>247,412</u>	<u>274,365</u>	<u>17,340</u>
<u>(237,768,702)</u>	<u>(216,242,524)</u>	<u>(195,692,453)</u>	<u>(191,252,579)</u>	<u>(181,792,025)</u>
\$ 207,770,478	\$ 190,768,866	\$ 180,166,106	\$ 167,731,742	\$ 156,032,994
	9,377,814	91,320	487,957	
31,828,105	27,866,853	24,552,844	22,401,038	25,522,986
49,594	1,535,363	3,221,040	1,409,392	759,947
10,717,858	6,099,032	2,128,834	1,631,834	5,307,814
210,223		55,894	14,887	396,080
34,354	(1,029,721)	(224,675)	(208,902)	
		<u>3,336,651</u>		
<u>250,610,612</u>	<u>234,618,207</u>	<u>213,328,014</u>	<u>193,467,948</u>	<u>188,019,821</u>
15,000				
<u>78,155</u>	<u>50,572</u>	<u>16,208</u>	<u>17,628</u>	<u>18,407</u>
<u>93,155</u>	<u>50,572</u>	<u>16,208</u>	<u>17,628</u>	<u>18,407</u>
<u>250,703,767</u>	<u>234,668,779</u>	<u>213,344,222</u>	<u>193,485,576</u>	<u>188,038,228</u>
12,331,398	18,144,311	17,388,149	1,941,004	6,210,456
<u>603,667</u>	<u>281,944</u>	<u>263,620</u>	<u>291,993</u>	<u>35,747</u>
<u>\$ 12,935,065</u>	<u>\$ 18,426,255</u>	<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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund				
Reserved	\$ 3,875,518	\$ 3,204,142	\$ 3,822,154	\$ 3,948,090
Unreserved	50,502,574	50,690,678	49,669,792	47,325,075
Total General Fund	<u>\$ 54,378,092</u>	<u>\$ 53,894,820</u>	<u>\$ 53,491,946</u>	<u>\$ 51,273,165</u>
All Other Governmental Funds				
Reserved	\$ 86,207,679	\$ 128,048,716	\$ 110,342,617	\$ 116,097,334
Unreserved, Reported in:				
Special Revenue Funds	2,075,525	2,670,423	2,009,725	2,053,396
Total All Other Governmental Funds	<u>\$ 88,283,204</u>	<u>\$ 130,719,139</u>	<u>\$ 112,352,342</u>	<u>\$ 118,150,730</u>

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

Table 3

2005	2004	2003	2002	2001	2000
\$ 2,754,344	\$ 3,719,962	\$ 3,488,866	\$ 5,357,745	\$ 1,400,258	\$ 3,410,712
46,243,541	42,027,225	25,607,440	21,440,237	26,673,943	25,127,229
<u>\$ 48,997,885</u>	<u>\$ 45,747,187</u>	<u>\$ 29,096,306</u>	<u>\$ 26,797,982</u>	<u>\$ 28,074,201</u>	<u>\$ 28,537,941</u>
\$ 183,368,901	\$ 151,074,534	\$ 55,584,365	\$ 47,845,520	\$ 75,950,035	\$ 130,431,471
1,624,195	1,250,567	1,160,714	996,995	985,686	
<u>\$ 184,993,096</u>	<u>\$ 152,325,101</u>	<u>\$ 56,745,079</u>	<u>\$ 48,842,515</u>	<u>\$ 76,935,721</u>	<u>\$ 130,431,471</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues				
Local and Intermediate Sources	\$ 217,403,118	\$ 195,410,604	\$ 225,018,438	\$ 223,904,073
State Program Revenues	118,208,917	117,235,466	66,891,490	45,891,803
Federal Program Revenues	18,518,872	9,690,614	9,758,514	14,872,547
Total Revenues	<u>354,130,907</u>	<u>322,336,684</u>	<u>301,668,442</u>	<u>284,668,423</u>
Expenditures				
Instruction	178,408,782	168,459,350	145,235,904	139,655,684
Instructional Resources and Media Services	4,591,841	4,279,149	4,088,796	3,902,016
Curriculum and Instructional Staff Development	7,045,811	5,425,103	3,996,978	3,862,979
Instructional Leadership	2,999,462	2,711,747	2,369,510	2,088,390
School Leadership	16,292,404	14,820,274	13,209,344	12,292,513
Guidance, Counseling, and Evaluation Services	10,221,097	9,678,602	8,511,801	7,902,511
Social Work Services	593,369	498,265	348,814	454,798
Health Services	2,452,309	2,608,443	2,140,439	2,129,324
Student (Pupil) Transportation	11,022,962	10,884,603	8,449,346	8,275,315
Food Services	679,292	953,636	431,083	510,947
Cocurricular/Extracurricular Activities	8,963,133	8,555,247	8,001,470	7,285,229
General Administration	7,160,530	8,285,538	7,248,738	6,735,013
Plant Maintenance and Operations	38,511,837	30,587,146	30,116,882	25,557,286
Security and Monitoring Services	2,715,208	2,498,028	2,042,964	1,857,613
Data Processing Services	5,259,441	3,813,707	3,984,284	3,967,154
Community Services	745,525	756,534	460,466	359,636
Debt Service - Principal on Long-term Debt	12,030,978	14,920,000	13,735,000	11,226,741
Debt Service - Interest on Long-term Debt	33,536,713	25,361,102	24,843,792	25,689,024
Debt Service - Bond Issue Costs and Fees	611,987	867,689	404,408	116,644
Facilities Acquisition and Construction	111,335,803	63,081,650	61,746,702	108,040,542
Payments to Fiscal Agent/Member Districts of SSA	10,070,862	2,809,460	502,515	486,530
Payments to Juvenile Justice Alternative Ed. Prog.	55,186	98,641	102,381	13,713
Payments to Tax Increment Fund	1,353,044	1,107,151	1,002,481	746,969
Other Intergovernmental Charges	1,510,061			
Total Expenditures	<u>468,167,637</u>	<u>383,061,065</u>	<u>342,974,098</u>	<u>373,156,571</u>
Excess of Revenue Over (Under) Expenditures	<u>(114,036,730)</u>	<u>(60,724,381)</u>	<u>(41,305,656)</u>	<u>(88,488,148)</u>
Other Financing Sources (Uses)				
Transfers in	5,094,923	2,101,162	17,116,355	12,253,267
Transfers (Out)	(8,094,923)	(3,101,162)	(17,116,355)	(16,820,187)
Bonds Issued	65,670,000	78,925,000	37,135,000	27,885,000
Refunding Bonds Issued		16,505,000		
Premium or Discount on Issuance of Bonds	770,212	2,601,073	585,640	139,425
Payments to Refunded Bonds Escrow Agent		(17,548,324)		
Other Resources	8,628,586			
Escrow Swap				
Capital Leases				
Sale of Real and Personal Property	15,269	11,303	5,409	34,354
Total Other Financing Sources (Uses)	<u>72,084,067</u>	<u>79,494,052</u>	<u>37,726,049</u>	<u>23,491,859</u>
Net Change in Fund Balances	<u>\$ (41,952,663)</u>	<u>\$ 18,769,671</u>	<u>\$ (3,579,607)</u>	<u>\$ (64,996,289)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.9%	12.9%	13.9%	14.0%

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

Table 4

	2005	2004	2003	2002	2001	2000
\$	211,931,434	\$ 187,569,425	\$ 174,298,744	\$ 165,703,383	\$ 154,436,089	\$ 133,775,135
	42,796,507	40,545,960	39,678,117	38,487,185	36,468,527	33,744,535
	9,197,133	7,337,974	6,749,976	5,743,137	4,062,182	3,380,646
	<u>263,925,074</u>	<u>235,453,359</u>	<u>220,726,837</u>	<u>209,933,705</u>	<u>194,966,798</u>	<u>170,900,316</u>
	127,794,854	120,494,359	119,453,826	110,363,005	103,038,367	95,209,708
	3,265,247	2,996,790	3,115,619	3,277,224	2,799,336	3,039,162
	2,696,407	1,756,129	1,551,545	1,164,200	949,669	742,310
	2,811,039	2,406,275	2,270,826	2,365,945	2,282,421	1,893,066
	11,133,385	10,174,034	9,991,154	9,077,638	8,466,722	7,703,359
	7,020,521	6,754,177	6,791,116	6,284,248	5,772,204	5,506,556
	490,041	471,226	408,784	296,682	299,694	198,580
	1,864,308	1,847,273	1,903,312	1,669,851	1,598,510	1,373,378
	10,539,421	6,642,008	7,391,393	5,174,038	5,538,955	4,981,502
	987,688	83,310	241,394			
	6,633,115	6,353,066	6,031,796	5,251,923	5,142,217	4,841,639
	6,318,991	6,276,596	6,827,056	9,244,338	13,628,788	7,296,964
	21,581,641	19,475,064	19,974,363	19,999,396	19,176,035	19,353,721
	1,430,206	953,836	888,523	716,549	618,303	603,505
	3,930,244	3,835,431	3,862,372	3,373,885	2,301,381	1,012,768
	234,760	187,168	140,925	108,504	107,218	101,158
	11,382,719	9,958,867	10,291,692	8,825,743	4,346,722	6,930,230
	19,083,042	18,208,938	16,846,086	15,787,524	20,560,015	10,464,346
	702,186	1,975,766	1,015,104		24,340	1,339,716
	97,744,450	32,565,930	23,292,438	36,891,513	53,206,774	16,297,424
	54,120	48,494	51,085	50,124	40,710	34,388
	83,322	39,592	89,440	48,824	29,293	
	647,256	447,857	195,347	48,767		
	<u>338,428,963</u>	<u>253,952,186</u>	<u>242,625,196</u>	<u>240,019,921</u>	<u>249,927,674</u>	<u>188,923,480</u>
	<u>(74,503,889)</u>	<u>(18,498,827)</u>	<u>(21,898,359)</u>	<u>(30,086,216)</u>	<u>(54,960,876)</u>	<u>(18,023,164)</u>
	14,269,730	14,017	164,337	121,338	5,130,012	
	(14,269,730)	(14,017)	(164,337)	(121,338)	(5,130,012)	
	109,000,000	125,000,000	27,600,000			135,037,531
		129,370,097	76,518,415			5,613,790
	1,015,982	16,052,389	7,369,015			
		(143,145,471)	(80,981,619)			(4,858,720)
		3,336,651				
			1,399,754			
	32,972	26,212	29,962		14,700	43,340
	<u>110,048,954</u>	<u>130,639,878</u>	<u>31,935,527</u>		<u>14,700</u>	<u>135,835,941</u>
\$	<u>35,545,065</u>	<u>\$ 112,141,051</u>	<u>\$ 10,037,168</u>	<u>\$ (30,086,216)</u>	<u>\$ (54,946,176)</u>	<u>\$ 117,812,777</u>
	12.9%	13.6%	12.8%	12.1%	12.7%	10.9%

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS *

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues from Local and Intermediate Sources:				
Ad Valorem Penalties, Interest and Other Related Income	\$ 1,868,092	\$ 1,598,625	\$ 1,733,490	\$ 1,637,354
Ad Valorem Taxes	204,510,460	177,365,022	205,873,271	205,901,407
Cocurricular / Student Activities	3,021,378	3,223,531	3,063,790	3,246,734
Donations	687,830	734,330	714,749	175,458
Facility Rental	647,161	593,186	389,781	364,940
Investment Income	3,334,181	8,550,600	11,231,859	10,652,075
SSA - Member Districts	1,436,029	1,466,955	1,084,571	1,249,008
Tuition	487,516	469,629	435,030	437,465
Other Revenues from Local and Intermediate Sources	1,410,471	1,408,726	491,897	239,632
Total Revenue from Local and Intermediate Sources	<u>217,403,118</u>	<u>195,410,604</u>	<u>225,018,438</u>	<u>223,904,073</u>
State Program Revenues:				
Available School Fund (Per Capita)	8,774,291	9,229,409	12,024,795	10,548,480
Debt Allotment				807,756
Foundation School Formula	92,215,374	92,316,256	42,385,551	21,534,637
SSA - Regional Day School for the Deaf	939,810	869,362	895,289	732,580
Student Success Initiative	365,159	328,977	449,732	476,897
Technology Allotment	1,030,486	1,199,757	690,783	977,551
Telecommunications Infrastructure Program				
Texas Reading Initiative				21,843
Disaster Aid Grant	1,045,644			
TRS Employee Health Insurance				1,752,542
TRS On-behalf Revenue	12,999,754	12,234,805	9,943,316	8,663,499
Other State Program Revenues **	838,399	1,056,900	502,024	376,018
Total State Program Revenues	<u>118,208,917</u>	<u>117,235,466</u>	<u>66,891,490</u>	<u>45,891,803</u>
Federal Program Revenues:				
ESEA Title I A, Improving Basic Education	2,149,968	963,694	910,456	912,924
ESEA Title II A, Training and Recruiting	736,327	584,501	642,182	615,981
ESEA Title III A, English Language Acquisition	255,402	398,060	344,618	271,203
ESEA, Title VI, Class Size Reduction				
IDEA Part B, Formula	5,167,340	5,230,481	5,043,116	5,801,646
Smaller Learning Communities Grant		199,398	476,570	495,078
Public Charter School Grant	58,758	162,386	463,415	
Temporary Emergency Impact Aid	6,609,209			3,959,045
Homeless Education Disaster Assistance	743,957			
Medicaid MAC and SHARS	418,158	415,310	341,485	708,365
Other Federal Program Revenue **	2,379,753	1,736,784	1,536,672	2,108,305
Total Federal Program Revenues	<u>18,518,872</u>	<u>9,690,614</u>	<u>9,758,514</u>	<u>14,872,547</u>
Total Revenues for Governmental Funds	<u>\$ 354,130,907</u>	<u>\$ 322,336,684</u>	<u>\$ 301,668,442</u>	<u>\$ 284,668,423</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.

**** Disaster assistance grants received are the result of damage from hurricane Ike.

Table 5

2005	2004	2003	2002	2001	2000
\$ 1,543,651	\$ 1,491,168	\$ 1,271,325	\$ 1,184,573	\$ 1,043,555	\$ 923,882
189,407,505	178,697,255	166,313,580	154,718,131	138,755,090	121,088,841
1,938,023	1,994,844	1,952,740	1,728,793	1,096,116	2,923,500
9,882,710	490,789	405,477	423,835	444,205	361,193
329,163	339,493	348,997	358,840	329,204	337,566
6,060,605	2,091,049	1,625,112	5,245,128	11,491,059	6,877,723
1,056,227	1,019,331	866,734	647,548	504,408	291,190
459,987	506,201	455,612	315,740	307,656	299,706
1,253,563	939,295	1,059,167	1,080,795	464,796	671,534
<u>211,931,434</u>	<u>187,569,425</u>	<u>174,298,744</u>	<u>165,703,383</u>	<u>154,436,089</u>	<u>133,775,135</u>
12,009,187	10,290,787	10,910,725	6,650,832	7,314,269	6,930,721
853,729	2,915,073	2,888,350	3,846,318	3,332,967	2,356,252
17,679,472	16,099,126	11,490,313	16,756,266	16,181,225	15,906,417
746,287	730,185	723,106	715,813	666,249	719,269
260,220	216,492	413,350	221,745	146,168	
906,097	936,749	894,673	860,906	864,234	750,765
		460,682	1,340,306	491,903	
28,157		13,760	334,264		
1,645,835	1,678,000	3,735,750			
8,243,859	7,408,594	7,472,087	7,183,385	6,762,596	6,319,755
423,664	270,954	675,321	577,350	708,916	761,356
<u>42,796,507</u>	<u>40,545,960</u>	<u>39,678,117</u>	<u>38,487,185</u>	<u>36,468,527</u>	<u>33,744,535</u>
967,836	1,017,540	1,004,125	870,035	927,967	923,076
679,824	606,883	651,137			
202,340	152,768	130,597	741,109		
			313,680	306,305	
5,312,614	3,998,538	3,365,601	2,260,940	1,291,655	1,060,794
390,702	141,823				
<u>1,643,817</u>	<u>1,420,422</u>	<u>1,598,516</u>	<u>1,557,373</u>	<u>1,536,255</u>	<u>1,396,776</u>
<u>9,197,133</u>	<u>7,337,974</u>	<u>6,749,976</u>	<u>5,743,137</u>	<u>4,062,182</u>	<u>3,380,646</u>
<u>\$ 263,925,074</u>	<u>\$ 235,453,359</u>	<u>\$ 220,726,837</u>	<u>\$ 209,933,705</u>	<u>\$ 194,966,798</u>	<u>\$ 170,900,316</u>

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

Fiscal Year Ended August 31,	Real Property		Personal Property	Less: Value of Frozen Accounts
	Land	Improvements		
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)
2008	3,691,611,579	11,998,808,995	1,681,991,763	(285,214,937)
2009	4,289,181,572	12,548,632,636	1,864,532,759	(349,299,705)

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

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

Table 6

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Total Direct Tax Rate (1)</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ (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%
(3,652,695,809)	13,434,501,591	1.32000	17,372,412,297	77%
(3,224,405,626)	15,128,641,636	1.36000	18,702,346,967	81%

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

Taxing Authority	2009	2008	2007	2006	2005
Overlapping Rates:					
Baybrook MUD #1	1.11000	1.11000	1.11000	1.11000	1.11000
Brazoria County MUD #18	0.57000	0.59000	0.61000	0.64000	0.65000
Clear Brook City MUD	0.67000	0.69000	0.71000	0.73000	0.76000
Clear Lake City Water Authority	0.28000	0.28000	0.28000	0.29000	0.29000
Clear Lake City Water Authority (HCMUD 181)	-	0.30000	0.41000	0.45000	0.45000
Clear Lake City Water Authority (HCWCID 75)	0.55000	0.55000	0.58000	0.61000	0.62000
Clear Lake Shores, City of	-	0.20475	0.21000	0.23860	0.23860
Friendswood, City of	0.57970	0.57640	0.58210	0.60400	0.63850
Galveston County	0.55860	0.56860	0.58735	0.61735	0.62795
Galveston County MUD #2	0.24000	0.25000	0.26000	0.30000	0.36500
Galveston County MUD #3	0.13000	0.14000	0.16000	0.21000	0.25000
Galveston County MUD #6	0.44000	0.46000	0.48000	0.64000	0.70000
Galveston County MUD #13	0.58500	0.61000	0.63000	0.71000	0.76000
Galveston County MUD #39	0.90000	0.90000	0.90000	0.90000	0.90000
Galveston County MUD #43	1.00000	1.00000	1.00000	1.00000	1.00000
Galveston WC&ID #12	0.30000	0.37000	0.37000	0.42000	0.42000
Harris County	0.38923	0.39239	0.40239	0.39986	0.39986
Harris County Dept of Education	0.00584	0.00585	0.00629	0.00629	0.00629
Harris County Flood Control District	0.03086	0.03106	0.03241	0.03320	0.03322
Harris County MUD #55	0.40000	0.52000	0.52000	0.52000	0.52000
Harris County MUD #373	0.41000	0.45000	0.50000	(1)	0.65000
Harris County Toll Road Authority	-	-	-	-	-
Harris County WC&ID #50	0.18450	0.18500	0.18700	(1)	0.19300
Harris County WC&ID #156	0.40000	0.40000	0.41000	0.45000	0.45000
Houston, City of	0.63875	0.64375	0.64500	0.64750	0.65000
Kemah, City of	0.26525	0.27000	0.25540	0.20860	0.17020
League City, City of	0.63000	0.60880	0.60880	0.62750	0.63000
Nassau Bay, City of	0.64212	0.63212	0.65657	0.65650	0.64157
Pasadena, City of	0.56200	0.56700	0.56700	0.56700	0.56700
Port of Houston Authority	0.01773	0.01437	0.01302	0.01474	0.01673
Seabrook, City of	0.58837	0.62025	0.62101	0.63070	0.61960
South Shore Harbour MUD #2	0.24000	0.29000	0.29000	0.34000	0.45000
South Shore Harbour MUD #3	0.16000	0.17000	0.18000	0.20000	0.22000
South Shore Harbour MUD #6	0.29000	0.30000	0.30000	0.31000	0.31000
South Shore Harbour MUD #7	0.75000	0.80000	0.82000	0.95000	1.00000
Tara Glen MUD	0.67000	0.67000	0.67000	0.67000	0.70000
Taylor Lake Village, City of	0.34490	0.36771	0.37300	0.38490	0.38500
Webster, City of	0.20600	0.24887	0.25750	0.25750	0.26800
Total	15.73885	16.78693	17.19484	17.34424	18.66052
District Direct Rates:					
Maintenance and Operations	1.04000	1.00000	1.33000	1.50000	1.50000
Debt Service	0.32000	0.32000	0.30000	0.27500	0.24500
Total District Direct Rates	1.36000	1.32000	1.63000	1.77500	1.74500

(1) Unable to obtain tax rate information.

(2) Taxing unit not formed

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

Table 7

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
1.11000	1.11000	1.11000	1.11000	(1)
0.65000	0.65000	0.65000	0.65000	(1)
0.76000	0.76000	0.76000	0.76000	(1)
0.29000	0.31000	0.33000	0.33000	(1)
0.50000	0.60000	0.68000	0.70000	(1)
0.62000	0.65000	0.65000	0.65000	(1)
0.24181	0.26263	0.32960	0.33951	0.33951
0.63850	0.63850	0.63850	0.63850	0.63850
0.62760	0.59390	0.55300	0.53260	(1)
0.39000	0.43000	0.46000	0.56000	0.61500
0.32000	0.39000	0.43000	0.45000	0.48000
0.70000	0.70000	0.75000	0.86000	0.86000
0.86000	0.91500	0.96500	0.96500	0.96500
0.90000	0.90000	(2)	(2)	(2)
(2)	(2)	(2)	(2)	(2)
0.47000	0.52000	0.52690	0.52690	0.56760
0.38803	0.38814	0.38393	0.35902	0.39483
0.00629	0.00629	0.00629	0.00629	0.00611
0.04170	0.04170	0.04750	0.06170	0.08000
0.52000	0.55000	0.58000	0.60500	(1)
0.65000	0.65000	0.65000	0.65000	(1)
-	-	-	-	(1)
0.19400	0.19500	0.20000	0.21000	0.25700
0.46500	(1)	0.56000	0.56000	(1)
0.65500	0.65500	0.65500	0.65500	0.66500
0.15000	0.07120	0.09260	0.09500	0.16379
0.64000	0.65000	0.66250	0.66750	0.67000
0.61957	0.59800	0.59406	0.59406	0.58543
0.56700	0.56700	0.57900	0.57900	0.57900
0.02000	0.01980	0.01830	0.01830	0.02040
0.60830	0.61160	0.60060	0.58410	0.55300
0.52000	0.57000	0.57000	0.60000	0.61000
0.24000	0.30000	0.30000	0.32500	0.33500
0.35000	0.38000	0.40000	0.46000	0.51000
1.00000	0.05000	(2)	(2)	(2)
0.70000	0.72500	0.75000	0.80000	0.80000
0.38500	0.38490	0.38490	0.38700	(1)
0.25100	0.24000	0.26000	0.26000	0.29000
<u>18.04880</u>	<u>17.08366</u>	<u>17.12768</u>	<u>17.54948</u>	<u>10.98517</u>
1.50000	1.50000	1.48500	1.45431	1.41203
0.23000	0.24000	0.24000	0.24653	0.18653
<u>1.73000</u>	<u>1.74000</u>	<u>1.72500</u>	<u>1.70084</u>	<u>1.59856</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
August 31, 2009

Table 8

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Coral Energy Resources	\$ 134,462,457	1	0.89%	Not Available		0.00%
Baybrook Mall, L.P.	133,746,678	2	0.88%	\$ 100,317,340	4	1.32%
Clear Lake Regional Medical Center	86,901,417	3	0.57%	Not Available		0.00%
American Acryl, L.P.	64,512,066	4	0.43%	Not Available		0.00%
Nova Chemical	62,364,877	5	0.41%	80,275,500	5	1.05%
Total Petrochemicals USA, Inc.	61,149,600	6	0.40%	Not Available		0.00%
LBC Houston, L.P.	58,515,508	7	0.39%	Not Available		0.00%
Tejas Gas Pipeline, L.L.C.	56,046,722	8	0.37%	153,762,010	2	2.02%
Centerpoint Energy Houston	50,719,323	9	0.34%	Not Available		0.00%
American National Insurance Company	44,915,590	10	0.30%	Not Available		0.00%
Exxon Corporation	Not Available		0.00%	168,996,870	1	2.22%
Fina, Inc.	Not Available		0.00%	123,282,540	3	1.62%
Houston Lighting and Power Company	Not Available		0.00%	79,467,470	6	1.04%
Baytank	Not Available		0.00%	49,945,860	7	0.66%
Gables Realty Ltd. Partnership	Not Available		0.00%	34,108,970	8	0.45%
Southwestern Bell Telephone Co.	Not Available		0.00%	32,324,400	9	0.42%
Celanese Ltd.	Not Available		0.00%	31,049,970	10	0.41%
	<u>\$ 753,334,238</u>		<u>4.98%</u>	<u>\$ 853,530,930</u>		<u>11.21%</u>

Source: Galveston Central Appraisal District and Harris County Appraisal District

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

Table 9

Fiscal Year Ended August 31,	Total Tax Levy * for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date (2)	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 123,740,302	\$ 120,348,890	97.26%	\$ 3,275,662	\$ 123,624,552	99.91%
2001	141,866,463	137,518,101	96.93%	4,202,203	141,720,304	99.90%
2002	154,732,613	153,085,717	98.94%	1,435,352	154,521,069	99.86%
2003	166,171,832	164,706,234	99.12%	1,248,491	165,954,725	99.87%
2004	178,804,335	176,929,162	98.95%	1,625,445	178,554,607	99.86%
2005	189,763,980	187,670,414	98.90%	1,814,393	189,484,807	99.85%
2006	206,582,625	203,947,992	98.72%	1,884,987	205,832,979	99.64%
2007	206,937,254	203,938,092	98.55%	2,599,505	206,537,597	99.81%
2008	177,261,497	175,406,096	98.95%	1,236,089	176,642,185	99.65%
2009	205,840,259	202,920,508	98.58%		202,920,508	98.58%

- (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

Fiscal Year	Governmental Activities				Total Primary Government
	Schoolhouse and Refunding Bonds	Loans Payable	Capital Leases	Retirement Incentive	
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
2008	647,112,254				647,112,254
2009	700,303,790				700,303,790

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 14 for population and income information.
- (3) See Table 17 for student enrollment information.

Table 10

Ratio of Debt to Assessed Value (1)	Debt per Capita (2)	Debt per Student (3)	Percentage of Personal Income (2)
3.93%	\$ 1,661	\$ 10,364	10.31%
3.59%	1,588	9,836	9.58%
3.30%	1,558	9,554	8.54%
3.23%	1,586	9,713	8.19%
3.96%	2,051	12,541	7.43%
4.70%	2,481	15,268	8.76%
4.76%	2,591	15,733	8.84%
4.59%	2,574	16,372	8.91%
4.82%	2,696	17,899	8.94%
4.63%	2,918	18,904	9.66%

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

Table 11

Fiscal Year	Schoolhouse and Refunding Bonds Outstanding	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Net Bonded Debt per Student (2)
2000	\$297,208,755	\$ 5,929,603	\$291,279,152	2.98%	\$ 10,098
2001	293,253,772	5,348,407	287,905,365	2.74%	9,637
2002	295,670,352	6,741,841	288,928,511	2.57%	9,322
2003	307,878,321	7,247,723	300,630,598	2.51%	9,442
2004	409,103,720	8,696,155	400,407,565	3.10%	12,243
2005	510,437,453	6,622,128	503,815,325	3.72%	15,049
2006	552,897,784	4,011,295	548,886,489	3.60%	15,619
2007	579,196,318	4,225,838	574,970,480	3.49%	16,252
2008	647,112,254	7,346,226	639,766,028	3.68%	17,696
2009	700,303,790	10,390,543	689,913,247	3.69%	18,624

(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, 2009

Table 12
Page 1 of 2

Governmental Unit	Net Debt		Percentage Overlapping	Amount of Overlapping Debt
	Amount	As Of		
Cities:				
Friendswood	\$ 16,310,000	3/1/09	24.36%	\$ 3,973,116
Houston	2,737,121,125	3/1/09	2.43%	66,512,043
Kemah	130,000	3/1/09	100.00%	130,000
League City	84,675,000	3/1/09	88.20%	74,683,350
Nassau Bay	2,837,077	3/1/09	100.00%	2,837,077
Pasadena	149,015,000	3/1/09	11.01%	16,406,552
Seabrook	18,925,000	3/1/09	100.00%	18,925,000
Texas City	36,065,000	3/1/09	0.11%	39,672
Webster	18,885,000	3/1/09	100.00%	18,885,000
Counties:				
Galveston	\$ 229,318,422	3/1/09	23.14%	\$ 53,064,283
Harris	1,895,251,222	3/1/09	3.78%	71,640,496
Municipal Utility Districts:				
Baybrook MUD 1	\$ 22,655,000	3/1/09	100.00%	\$ 22,655,000
Brazoria Co. MUD 18	32,455,000	3/1/09	48.68%	15,799,094
Clear Brook City MUD	54,650,000	3/1/09	44.68%	24,417,620
Galveston Co. MUD 2	5,130,000	3/1/09	100.00%	5,130,000
Galveston Co. MUD 3	5,760,000	3/1/09	100.00%	5,760,000
Galveston Co. MUD 6	20,825,000	3/1/09	100.00%	20,825,000
Galveston Co. MUD 13	8,230,000	3/1/09	100.00%	8,230,000
Galveston Co. MUD 39	20,290,000	3/1/09	100.00%	20,290,000
Galveston Co. MUD 43	14,180,000	3/1/09	100.00%	14,180,000
Harris Count MUD 55	17,610,000	3/1/09	100.00%	17,610,000
Harris Count MUD 373	5,255,000	3/1/09	100.00%	5,255,000
South Shore Harbour MUD 2	5,450,000	3/1/09	100.00%	5,450,000
South Shore Harbour MUD 3	2,415,000	3/1/09	100.00%	2,415,000
South Shore Harbour MUD 6	6,700,000	3/1/09	100.00%	6,700,000
South Shore Harbour MUD 7	21,785,000	3/1/09	100.00%	21,785,000
Tara Glenn MUD	3,460,000	3/1/09	100.00%	3,460,000
Water Control and Improvement Districts:				
Clear Lake Water Authority	\$ 63,965,000	3/1/09	79.45%	\$ 50,820,193
Clear Lake Water Authority - 75	1,515,000	3/1/09	0.50%	7,575
Galveston County WCID 12	16,125,000	3/1/09	100.00%	16,125,000
Harris County WCID 156	4,395,000	3/1/09	100.00%	4,395,000
Port of Houston Authority	563,015,000	3/1/09	3.78%	21,281,967

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
For the Year Ended August 31, 2009

Table 12
Page 2 of 2

Governmental Unit	Net Debt		Percentage Overlapping	Amount of Overlapping Debt
	Amount	As Of		
Other Governmental Entities:				
Harris County Flood Control District	\$ 108,980,834	3/1/09	3.78%	\$ 4,119,476
				Subtotal, overlapping debt 623,807,512
				Clear Creek Independent School District Direct Debt <u>700,303,790</u>
				Total Direct and Overlapping Debt <u><u>\$ 1,324,111,302</u></u>

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 1,835,304,726	\$ 1,708,719,740	\$ 1,619,934,163	\$ 1,504,013,507
Total Net Debt Applicable to Limit	<u>689,913,247</u>	<u>639,766,028</u>	<u>574,970,480</u>	<u>548,886,489</u>
Legal Debt Margin	<u>\$ 1,145,391,479</u>	<u>\$ 1,068,953,712</u>	<u>\$ 1,044,963,683</u>	<u>\$ 955,127,018</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	37.59%	37.44%	35.49%	36.49%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Taxable Value	\$ 15,128,641,636
Add back:	
Exempt Real Property	<u>3,224,405,626</u>
Total Assessed Value	18,353,047,262
Debt Limit (10% of total assessed value)	1,835,304,726
Debt Applicable to Limit:	
Schoolhouse and Refunding Bonds	700,303,790
Less: Amount set aside for repayment of bonds	<u>10,390,543</u>
Total Net Debt Applicable to Limit	<u>689,913,247</u>
Legal Debt Margin	<u>\$ 1,145,391,479</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.

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

Table 13

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 1,334,866,123	\$ 1,273,672,267	\$ 1,183,200,103	\$ 1,109,630,793	\$ 1,043,572,945	\$ 971,662,703
<u>503,815,325</u>	<u>400,407,565</u>	<u>300,630,598</u>	<u>288,928,511</u>	<u>287,905,365</u>	<u>291,279,152</u>
<u>\$ 831,050,798</u>	<u>\$ 873,264,702</u>	<u>\$ 882,569,505</u>	<u>\$ 820,702,282</u>	<u>\$ 755,667,580</u>	<u>\$ 680,383,551</u>
37.74%	31.44%	25.41%	26.04%	27.59%	29.98%

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

Fiscal Year	Population (1)	Median Annual Income (2)	Personal Income (1)	Per Capita Personal Income (1)	Median Age (2)
2000	180,000	\$ 42,950	\$ 2,899,125,000	\$ 16,106	33.1
2001	185,000	44,218	3,067,623,750	16,582	33.1
2002	190,000	48,647	3,466,098,750	18,243	33.1
2003	195,000	51,611	3,774,054,375	19,354	33.7
2004	200,000	73,584	5,518,800,000	27,594	34.9
2005	206,000	75,562	5,837,164,500	28,336	35.4
2006	213,400	78,129	6,252,273,225	29,298	35.5
2007	225,000	77,025	6,498,984,375	28,884	35.7
2008	240,000	80,467	7,242,030,000	30,175	35.7
2009	240,000	80,585	7,252,650,000	30,219	35.8

(1) Estimated - Since the District encompasses parts of two counties and all or part of twelve municipalities, no source is available.

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

(3) Texas Workforce Commission

Table 14

Unemployment Rate (3)			
Galveston County	Harris County	Texas	United States
4.9%	4.3%	4.4%	4.0%
5.2%	4.7%	5.0%	4.7%
6.5%	6.1%	6.4%	5.8%
7.2%	6.8%	6.7%	6.0%
6.8%	6.3%	6.0%	5.5%
5.7%	5.7%	5.4%	5.1%
5.2%	5.1%	4.9%	4.6%
4.6%	4.3%	4.4%	4.6%
5.8%	4.8%	4.9%	5.8%
8.1%	7.6%	7.5%	9.3%

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Table 15

PRINCIPAL EMPLOYERS

For the Year Ended August 31, 2009

Taxpayer	2009			2000		
	Employees	Rank*	Percentage of Principal Employers	Employees	Rank*	Percentage of Principal Employers
Harris County						
Administaff, Inc.	22,475	1	1.23%			
Wal-Mart Stores, Inc.	17,260	2	0.94%			
Continental Airlines	15,522	3	0.85%	16,000	2	(1)
Exxon Mobil	15,340	4	0.84%			
Centerpoint Energy (Formerly Houston Ind)	8,568	5	0.47%	13,412	5	(1)
Baker Hughes, Inc.	8,500	6	0.47%			
National Oilwell Varco	7,400	7	0.40%			
AT&T, Inc. (Formerly SBC/SWB)	7,018	8	0.38%	7,600	10	(1)
Chevron / Texaco	7,011	9	0.38%			
JP Morgan Chase (Formerly Tx. Comm. Bk.)	5,900	10	0.32%			
Halliburton Companies				16,622	1	(1)
Shell Oil Company				14,000	3	(1)
Compaq Computer				13,778	4	(1)
Columbia/HCA				12,900	6	(1)
Kroger Food Stores				9,600	7	(1)
Randalls Food Markets, Inc.				8,900	8	(1)
Pappas Restaurants, Inc.				8,500	9	(1)
	<u>114,994</u>			<u>121,312</u>		
Total Harris County Employment	<u>1,827,409</u>			<u>(1)</u>		
Galveston County						
University of Texas Medical Branch	12,200	1	9.21%	13,998	1	(1)
Clear Creek Independent School District	4,606	2	3.48%	3,153	2	(1)
BP-Amoco Oil Company	2,000	3	1.51%	2,500	3	(1)
American National Insurance Company (ANICO)	1,485	4	1.12%	1,572	5	(1)
Galveston County	1,296	5	0.98%	1,279	6	(1)
Galveston Independent School District	1,285	6	0.97%	1,710	4	(1)
Landry's Seafood, Inc.	1,245	7	0.94%			
Texas City Independent School District	879	8	0.66%			
Moody Gardens	850	9	0.64%	1,100	8	(1)
Mainland Medical Center	750	10	0.57%			
Union Carbide Corporation				1,200	7	(1)
Gulf Greyhound				890	9	(1)
Dickinson Independent School District				770	10	(1)
	<u>26,596</u>			<u>28,172</u>		
Total Galveston County Employment	<u>132,431</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

LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Professional Staff					
Teachers	2,401	2,363	2,168	2,060	1,973
Professional Support	405	407	473	438	425
Campus Administration	99	101	100	96	84
Central Administration	51	50	37	37	34
Education Aides	111	110	102	98	96
Auxiliary Staff	<u>1,539</u>	<u>1,372</u>	<u>1,231</u>	<u>1,207</u>	<u>1,136</u>
Total	<u><u>4,606</u></u>	<u><u>4,403</u></u>	<u><u>4,111</u></u>	<u><u>3,936</u></u>	<u><u>3,748</u></u>

Source: Texas Education Agency AEIS

Table 16

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
1,996	2,034	1,983	1,891	1,785
333	322	219	191	172
88	91	73	71	61
38	29	31	27	24
124	153	94	158	130
<u>1,068</u>	<u>1,060</u>	<u>1,131</u>	<u>1,010</u>	<u>981</u>
<u><u>3,647</u></u>	<u><u>3,689</u></u>	<u><u>3,531</u></u>	<u><u>3,348</u></u>	<u><u>3,153</u></u>

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
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
2008	33,967	278,830,624	8,209	332,829,863	9,799
2009	34,904	310,652,156	8,900	332,829,863	9,536

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
	Professionals	Other	Total				
1,785	257	1,111	3,153	28,846	0.00%	16	3,872
1,891	289	1,168	3,348	29,875	3.57%	16	3,881
1,983	323	1,225	3,531	30,994	3.75%	16	4,408
2,034	442	1,213	3,689	31,839	2.73%	16	4,644
1,996	459	1,192	3,647	32,706	2.72%	16	5,196
1,973	543	1,232	3,748	33,479	2.36%	17	6,144
2,060	571	1,305	3,936	35,143 (2)	4.97%	17	7,367 (2)
2,168	610	1,333	4,111	35,378	0.67%	16	6,729
2,363	558	1,482	4,403	36,153	2.19%	15	7,374
2,401	555	1,650	4,606	37,045	2.47%	15	8,474

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

Table 18

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	Statewide Average (2)
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
2008	42,000	63,150	46,179
2009	43,500	65,900	47,159

(1) Source: District Records

(2) Source: Texas Education Agency AEIS

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			2008/2009 Ending Enrollment	Percentage of Capacity Used
			Building Capacity	Portable Capacity	Total Capacity		
High Schools							
Clear Brook	1988	21	2,286	150	2,436	2,602	107%
Clear Creek	2006	3	2,394	600	2,994	2,476	83%
Clear Lake	1972	37	2,538	50	2,588	2,552	99%
Clear Lake - 9th Grade Center	1978	31	1,000	0	1,000	905	91%
Clear Path	1938	71	150	0	150	90	60%
Clear Springs	2007	2	2,457	0	2,457	2,482	101%
Clear View Education Center	1939	70	350	0	350	218	62%
Intermediate Schools							
Brookside	1995	14	864	375	1,239	836	67%
Clear Creek	1982	27	1,104	175	1,279	784	61%
Clear Lake	1972	37	1,004	250	1,254	1,083	86%
Creekside	1991	18	864	50	914	812	89%
League City	1999	10	1,004	150	1,154	740	64%
Seabrook	1966	43	1,004	275	1,279	1,054	82%
Space Center	1999	10	1,004	200	1,204	1,255	104%
Victory Lakes	2002	7	1,004	0	1,004	1,019	101%
Westbrook	2005	4	1,004	200	1,204	1,255	104%
Elementary Schools							
Armand Bayou	1974	35	506	110	616	475	77%
Bauerschlag	2002	7	771	0	771	705	91%
Bay	1994	15	665	22	687	677	99%
Brookwood	1991	18	682	0	682	628	92%
Clear Lake	1965	44	498	110	608	594	98%
Falcon Pass	2002	7	771	0	771	614	80%
Ferguson	1990	19	682	44	726	730	101%
Gilmore	2005	4	771	132	903	893	99%
Goforth	2002	7	771	0	771	583	76%
Greene	1976	33	595	308	903	755	84%
Hall	1979	30	682	154	836	651	78%
Hyde	1995	14	682	44	726	552	76%
Landolt	1979	30	666	132	798	783	98%
League City	1961	48	528	110	638	430	67%
McWhirter	1970	39	909	0	909	855	94%
Mossman	2009	0	755	0	755	695	92%
North Pointe	1995	14	738	0	738	741	100%
Parr	2009	0	755	0	755	700	93%
Robinson	2006	3	544	0	544	519	95%

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			2008/2009 Ending Enrollment	Percentage of Capacity Used
			Building Capacity	Portable Capacity	Total Capacity		
Elementary Schools (Continued)							
Ross	1965	44	646	44	690	674	98%
Stewart	1996	13	544	44	588	559	95%
Ward	1990	19	682	0	682	663	97%
Weber	2002	7	771	0	771	880	114%
Wedgewood	1992	17	682	22	704	793	113%
White	1965	44	525	0	525	456	87%
Whitcomb	1967	42	682	44	726	633	87%
Other							
Clear Horizons Early College HS	**	**	400	0	400	325	81%
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

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

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
OPTIMUM FUND BALANCE CALCULATION SCHEDULE (UNAUDITED)
GENERAL FUND
For the Year Ended August 31, 2009

Table 20

1.	Total General Fund Balance as of For the Year Ended August 31, 2009 (Exhibit C-1 object 3000 for the General Fund only)	\$ 54,378,092
2.	Total Reserved Fund Balance as of For the Year Ended August 31, 2009 (from Exhibit C-1 - total of object 3400s for the General Fund only)	3,875,518
3.	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	6,941,515
4.	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	9,694,541
5.	Estimate of one month average cash disbursements during the regular school session (September 1, 2009 to May 31, 2010)	31,725,684
6.	Estimate of delayed payments from state sources (58xx) including August payment delays	
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/> 52,237,258 <hr/>
11.	Excess or (Deficit) Undesignated Unreserved General Fund Fund Balance (1- 10)	<hr/> \$ 2,140,834 <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. Having experienced the effects of Hurricane Ike, the District believes that it is also important to have sufficient fund balance to cover expenditure payments required prior to the receipt of insurance or federal assistance resulting from a disaster. The District is also planning for the opening of two new secondary 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.

Government Auditing Standards

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**Independent Auditors' 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, 2009 which collectively comprise the District's basic financial statements and have issued our report thereon dated January 22, 2010. 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 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 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated January 22, 2010.

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
Texas City, Texas
January 22, 2010

**Independent Auditors' 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, 2009. 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, 2009.

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
Texas City, Texas
January 22, 2010

Federal Awards Section

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2009

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?	None Noted
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

US Department of Education

Title I Cluster:

ESEA Title I, Part A	84.010A
ESEA Title I, Part A - ARRA	84.389A

Special Education Cluster:

IDEA Part B - Formula	84.027A
IDEA Part B - Preschool	84.173A
IDEA Part B - High Cost Risk Pool	84.027
IDEA Part B - Discretionary	84.027A
IDEA Part B - Formula (Deaf)	84.027A
IDEA Part B - Preschool (Deaf)	84.173A

Homeless Education Disaster Assistance 84.383A

US Department of Homeland Security

Public Assistance Grants - FEMA Aid 97.036

Dollar Threshold Considered Between Type A and Type B Federal Programs \$679,868
Auditee qualified as low risk auditee? Yes

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended August 31, 2009

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

No prior year findings.

V. Corrective Action Plan

N/A

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2009

Exhibit K-1
Page 1 of 2

Pass Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Defense				
Direct Programs:				
084-910	<i>ROTC</i>	199	12.000	\$ 214,817
Total Direct Programs				<u>214,817</u>
U.S. Department of Health and Human Services				
Direct Programs:				
084-910	<i>Medicaid Administrative Claims (MAC)</i>	272	93.778	32,389
5H79SP11356-04	<i>Drug Free Communities Support Program</i>	282	93.276	125,535
1H79SP13965-02	<i>Drug Free Communities Support Mentoring</i>	287	93.276	7,670
Total Direct Programs				<u>165,594</u>
U.S. Department of Homeland Security				
Passed Through Texas Department of Public Safety:				
PA-06-TX-1791	<i>Public Assistance Grants - FEMA Aid</i>	289	97.036	6,609,209
Total Passed Through Texas Department of Public Safety				<u>6,609,209</u>
U.S. Department of Education				
Direct Programs:				
084-910	<i>Impact Aid</i>	199	84.041	10,742
U215X080252	<i>Teaching American History</i>	280	84.215X	257,147
Q184D050016-07	<i>Clean Living Encouragement and Responsibility</i>	281	84.184D	156,111
T293B070067	<i>Foreign Language Assistance</i>	284	84.293B	133,066
S383A090043	<i>Homeless Education Disaster Assistance</i>	288	84.383A	753,993
Total Direct Programs				<u>1,311,059</u>
Passed Through Texas Education Agency:				
9691001084910	<i>ESEA, Title IV, Part A, Safe and Drug Free Schools</i>	204	84.186A	61,495
9610101084910	<i>ESEA, Title I, Part A *</i>	211	84.010A	2,150,352
10610101084910	<i>ESEA, Title I, Part A *</i>	211	84.010A	36,286
10551001084910	<i>ESEA, Title I, Part A - ARRA *</i>	285	84.389A	83,249
94100087110277	<i>Adult Education</i>	220	84.002A	89,345
104100087110344	<i>Adult Education</i>	220	84.002A	3,667
96600010849106600	<i>IDEA-B Formula *</i>	224	84.027A	5,023,321
10691001084910	<i>IDEA-B Formula *</i>	224	84.027A	144,019
96610010849106600	<i>IDEA-B Preschool *</i>	225	84.173A	141,122
106610010849106000	<i>IDEA-B Preschool *</i>	225	84.173A	2,096
9660006084910	<i>IDEA-B High Cost Risk Pool *</i>	226	84.027	5,407
10554001084910	<i>IDEA - B Formula - ARRA *</i>	283	84.391A	260,369
9420006084910	<i>Carl D. Perkins Basic Grant</i>	244	84.048A	279,980
10420006084910	<i>Carl D. Perkins Basic Grant</i>	244	84.048A	2,856
9694501084910	<i>Title II, Part A, Teacher/Principal Training</i>	255	84.367A	692,683
10694501084910	<i>Title II, Part A, Teacher/Principal Training</i>	255	84.367A	53,475
85900067110004	<i>Public Charter Schools</i>	258	84.282A	58,758
9630001084910	<i>Title II, Part D, Enhancing Education</i>	262	84.318X	19,386
9671001084910	<i>Title III, Part A, LEP</i>	263	84.365A	236,088
10671001084910	<i>Title III, Part A, LEP</i>	263	84.365A	19,314
69550802	<i>Early Childhood LEP Summer Program</i>	287	84.369A	24,268
96600020849106600	<i>IDEA B Discretionary *</i>	315	84.027A	77,628
96600010849106600	<i>IDEA-B Formula (Deaf) *</i>	316	84.027A	46,156
96610010849106600	<i>IDEA-B Preschool (Deaf) *</i>	317	84.173A	9,734
93911010849103900	<i>IDEA-C Early Intervention</i>	340	84.181	1,432
Total Passed Through Texas Education Agency				<u>9,522,486</u>

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2009

Exhibit K-1
Page 2 of 2

Pass Through Entity Identifying Number	Federal Grantor/ Pass-Through Grantor/ Program Title		Federal CFDA Number	Federal Expenditures
	Passed Through Texas Higher Education Coordinating Board to North Harris Montgomery Community College			
084-910	<i>Vocational Education - Tech. Prep.</i>	243	84.243A	\$ 13,949
	Total Passed Through North Harris Montgomery Community College			<u>13,949</u>
	Passed Through Harris County Department of Education:			
084-910	<i>Title IV, Part B, 21st Century Community Learning Centers</i>	265	84.287	118,748
	Total Passed Through Harris County Department of Education			<u>118,748</u>
	Passed Through Region IV Education Service Center:			
101-950	<i>IDEA-B Preschool *</i>	225	84.173A	29,744
	Total Passed Through Region IV Education Service Center			<u>29,744</u>
	Total Passed Through Programs			<u>9,684,927</u>
	Total Department of Education			<u>10,995,986</u>
	U.S. Institute of Museum and Library Services			
	Passed Through Texas State Library Archives Commission:			
477-09002	<i>Texas Responds</i>	287	45.31	44,420
	Total Passed Through Texas State Library Archives Commission			<u>44,420</u>
	U.S. Environmental Protection Agency			
	Passed Through Texas Commission on Environmental Quality:			
582-8-84971	<i>Wetlands and Water Education</i>	287	66.479	1,090
	Total Passed Through Texas Commission on Environmental Quality			<u>1,090</u>
	U.S. Department of Agriculture			
	Passed Through Texas Department of Agriculture:			
084-910	<i>Non Cash Assistance (Commodities) National School Lunch Program *</i>	701	10.555	582,779
	Total Passed Through Texas Department Department of Agriculture			<u>582,779</u>
	Passed Through Texas Education Agency:			
71300901	<i>National School Lunch Program *</i>	701	10.555	3,204,591
71400901	<i>National School Breakfast Program *</i>	701	10.553	843,779
	Total Passed Through Texas Education Agency			<u>4,048,370</u>
	Total Department of Agriculture			<u>4,631,149</u>
	Total Expenditures of Federal Awards			<u>\$ 22,662,265</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, 2009

Exhibit K-2

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	\$ 22,662,265
Federal Revenue Accounted for in the General Fund	
Medicaid SHARS	418,158
FEMA Hurricane Reimbursement - Hurricane Rita	69,598
	487,756
Less Federal Revenue Accounted for in Enterprise Funds	(4,631,149)
Total Federal Revenue - Exhibit C-3	\$ 18,518,872

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.

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 - June 2008.
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.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended August 31, 2009

Exhibit L-1

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? – Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$ 11,552,306