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CLEAR CREEK ISD

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended August 31, 2011

League City, Texas | www.ccisd.net

Comprehensive
Annual Financial Report

For the Fiscal Year Ended
August 31, 2011

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

2425 East Main Street, League City, Texas 77573

Prepared By The Department Financial Services:

Paul McLarty, RSBA, RTSBA
Deputy Superintendent of Business & Support Services

Jeff Kohlenberg, CPA, RTSBA
Director of Financial Services

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
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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
Dee Scott	President	6	2012	Business Owner
Ken Baliker	Vice President	4	2014	Engineer
Ann Hammond	Secretary	4	2013	Consultant
Robert Allan Davee	Trustee	10	2013	Attorney
Page Rander	Trustee	1	2012	Human Resources
Charles Pond	Trustee	2	2012	Consultant
Winifred Weber	Trustee	3	2014	Attorney

Administrative Officials

Official	Position	Years of Service	
		Total	District
Dr. Greg Smith	Superintendent	30	4
Dr. Steven Ebell	Deputy Superintendent of Curriculum and Instruction	19	3
Paul McLarty	Deputy Superintendent of Business & Support Services	11	8
Vickie McCarthy	Chief Technology Officer	22	1
Dr. Alex Torrez	Assistant Superintendent - Secondary Education	24	6
Holly Hughes	Assistant Superintendent - Elementary Education	20	18
Jeff Kohlenberg	Director of Financial Services	15	13
Elaina Polsen	Director of Public Information	5	5

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	Harris & Galveston	084-910
Name of School District	County	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, 2011, at a meeting of the Board of Trustees of such school district on the 23rd day of January, 2012.

Signature of Board Secretary
Ann Hammond

Signature of Board President
Dee Scott

Greg Smith, Ph.D.
Superintendent of Schools

2425 East Main Street
League City, Texas 77573-2799

(281) 284-0002
FAX (281) 284-0005
Email: grsmith@ccisd.net

January 23, 2012

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, 2011.

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, 2011 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, 2011, 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 27th largest of the 1,228 school districts in Texas, encompasses 103 square miles and is located 20 miles south of Houston along Interstate 45/Gulf Freeway. The District was created in 1948 when schools in League City, Seabrook, Webster and Kemah consolidated to form the Clear Creek Independent School District. At the time the schools were unified, there were fewer than 1,000 students in four schools. The district now employs over 4,850 persons, 2,700 of which are teachers. We are proud that more than 38% of the faculty members have a master's degree. The District now serves over 39,000 students and operates twenty-six elementary schools, ten intermediate schools, five comprehensive high schools, two alternative secondary campuses, and one early college high school. 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 thirteen of the fifteen years ending with 2010 - 2011. The District received an "Exemplary" rating from the TEA in 2009 - 2010. 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. Overall, 15 campuses earned the "Exemplary" status (the highest rating in Texas), 22 campuses earned a "Recognized" status, 6 campuses were rated "Acceptable", and no campuses were rated "Low Performing". This is an indication of the rigorous standards established under the Texas Assessment of Knowledge and Skills (TAKS). Student SAT scores are routinely well above local, state and national averages. Approximately 80 percent of graduating seniors plan to attend college or technical schools. Our student body reflects the cultural diversity of Texas with over 60 home languages spoken. Of the approximately 39,000 students enrolled, 52.3% are Anglo, 26.0% are Hispanic, 9.7% are Asian and 8.3% 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 stable economic environment and local indicators point to continued growth and recovery. 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 station project, is an important part of the Clear Lake area economy, both as an employer of almost 3,000 civil service employees and more than 11,000 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 2010 census population of 4,092,459, an increase of approximately 20.4% 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 291,309 in 2010, an increase of 16.5%. According to the Texas Almanac, League City is the largest city with a population of 81,998 and Galveston, the county seat, is the second largest city with a population of 47,743.

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 3,500 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 provided 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 also provided 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 Deputy Superintendent of Business and Support Services 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 January. 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.

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 56% 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 unassigned 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.

During the 2011 Legislative Session, the Legislature enacted a budget that cut $4.0 billion from the Foundation School Program for the 2011–2013 State fiscal biennium, as compared to the funding level school districts were entitled to under the current formulas, including Target Revenue, and also cut approximately $1.3 billion in various grants (i.e., pre-kindergarten grant program, student success initiative, etc.) that were previously available. Such cuts were made in light of a projected State deficit of up to $27 billion for the 2011–2013 State fiscal biennium. In order to reduce formula funding, a Regular Program Adjustment Factor ("RPAF") was applied to the formula that determines a district's regular program allotment. RPAF is multiplied by a school district's count of students in ADA (not counting the time a student spends in special education and career & technology education) and it's Adjusted Allotment, which is the $4,765 Basic Allotment adjusted for the cost of education index and the small and mid-sized district adjustments. The RPAF is set at 0.9239 for the 2011-2012 fiscal year and 0.98 for the 2012–2013 fiscal year. By applying the RPAF only to the Adjusted Allotment, other Tier One allotments, such as special education, career and technology, gifted and talented, bilingual and compensatory education, were not affected. The State Board of Education however, was directed to decrease funding for these programs in proportion to the reductions to the Basic Allotment. The Legislature also established an RPAF value of 0.98 for the 2013–2015 State fiscal biennium, subject to increases by subsequent legislative appropriation not to exceed an RPAF value of 1.0. The RPAF factor and its related provisions are scheduled to expire on September 1, 2015. The RPAF is the primary mechanism for formula reductions in the 2011–2012 fiscal year. In the 2012–2013 fiscal year, the RPAF of 0.98 is combined with a percentage reduction in each school district's Target Revenue per WADA to 92.35% of its formula amount. For the 2013–2014 and subsequent fiscal years, the

percentage reduction will be set by legislative appropriation. With regard to this adjustment, the ASATR relief that funds the Target Revenue system is phased out between the 2013–2014 and 2017–2018 fiscal years.

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, 2010. This was the fifth 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, 2010. This was the fifth 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, 2010. This award has been received for six 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, 2010. This award has been received for four 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, 2010. This is the ninth year of the State's financial accountability rating system for school districts (School FIRST) and Clear Creek ISD has maintained the "Superior Achievement" rating for all nine years. The rating is based upon an analysis of staff and student data reported for the 2009-2010 school year and budgetary and actual financial data for the fiscal year ended August 31, 2010.

For the second consecutive year the District received a "Gold" designation (the highest designation available) in the Texas Comptroller Leadership Circle. This is a program started by the Texas Comptroller of Public Accounts and recognizes local governments across Texas that strive to meet a high standard for financial transparency online. This program spotlights local governments that are opening their books to the public; providing clear, consistent pictures of spending; and sharing information in a user-friendly format that lets taxpayers easily drill down for more information.

For the last two years, the District has received a 4.5 star or better rating from the Texas Comptroller's office on the Financial Allocation Study for Texas (FAST) which examines how school districts and campuses spend their money and how spending translates into student achievement. FAST ratings began in 2010 and each district is assigned a FAST rating of one to five stars, indicating its success in combining cost-effective spending with the

achievement of measurable student academic progress. Five stars reflects the strongest relative progress combined with the lowest relative spending.

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
Deputy Superintendent of Business
& Support Services

Jeff Kohlenberg, CPA, RTSBA
Director of Financial Services

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, 2010

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)

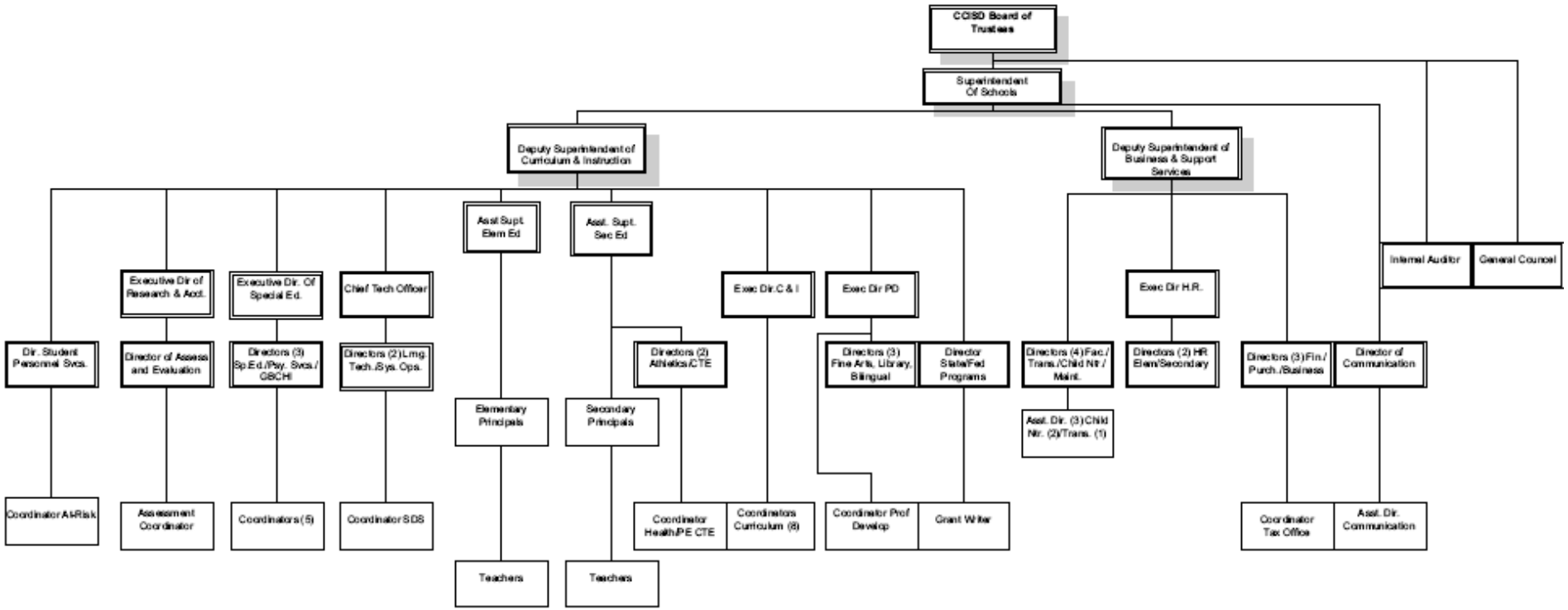
For the Fiscal Year Ended August 31, 2010

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 ISD Organization Chart



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Financial Section

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Null-Lairson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2011, 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 23, 2012, 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 13 and 68 through 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, Texas Education Agency ("TEA") required schedules as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, TEA required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Null-Lairson, PC

Null Lairson, PC

Texas City, Texas
January 23, 2012

Management's Discussion and Analysis

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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, 2011. 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 $105,073,085 (net assets). Of this amount, $26,814,081 was invested in capital assets net of related debt, $6,935,824 was restricted for debt service, $2,881,826 was restricted for food service, $528,509 was restricted for federal and state grants and $67,912,845 was unrestricted.

- The District's net assets decreased by $1,214,650 as a result of this year's operations.

- The District's governmental funds reported combined ending fund balances of $102,733,296 as of August 31, 2011. Of this amount, $3,634,443 is non-spendable in the form of 1) inventory in the amount of $1,181,336 and 2) prepaid expenditures in the amount of $2,453,107. Fund balance of $19,437,947 is restricted for 1) capital acquisitions and contracts in the amount of $11,516,555, 2) debt service in the amount of $7,006,196, and 3) federal and state grants in the amount of $915,196. Fund balance of $30,812,421 is committed for 1) construction in the amount of $24,718,523, 2) capital equipment in the amount of $331,866, and 3) other committed in the amount of $5,762,032. The remaining amount in fund balance of $45,205,115 is classified as unassigned and is available for spending at the government's discretion.

- The General Fund ended the year with unassigned fund balance of $45,205,115, an increase of $702,377 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 17 to 19), 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.

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.

The District also maintains four internal service funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses internal service funds to account for its self-funded health insurance, workers compensation insurance, disability insurance and property insurance. Because these services predominantly benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

Fund Financial Statements

Fund financial statements (starting on page 20) 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).

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 50 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 three business-type activities (enterprise funds), which consist of Child Nutrition (National School Breakfast and Lunch), Athletic Concessions, and Advertising. 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 27 to 29 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 30. 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.

Notes to the Financial Statements

The notes to the financial statements (starting on page 31) 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 68 to 69 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 76 to 108 and 113 to 114 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, 2011 and August 31, 2010, are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets exceeded total liabilities by $105,073,085 as of August 31, 2011, a decrease of $1,214,650 over August 31, 2010. The District's total unrestricted net assets, which are the total net assets of the District reduced by restricted net assets of $10,346,159 and net assets invested in capital assets of $26,814,081, totaled $67,912,845 on August 31, 2011.

Table I - Net Assets Summary

	Governmental Activities		Business-Type Activities		Totals	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current and other assets	$ 144,917,301	$ 155,785,810	$ 4,858,866	$ 3,271,006	$ 149,776,167	$ 159,056,816
Capital assets	648,354,492	672,597,397	3,083,075	3,198,526	651,437,567	675,795,923
Total Assets	793,271,793	828,383,207	7,941,941	6,469,532	801,213,734	834,852,739
Current liabilities	26,263,364	38,897,126	299,080	354,730	26,562,444	39,251,856
Long term liabilities	669,578,205	689,313,148			669,578,205	689,313,148
Total Liabilities	695,841,569	728,210,274	299,080	354,730	696,140,649	728,565,004
Net Assets						
Invested in capital assets net of related debt	23,731,005	29,359,470	3,083,076	3,198,526	26,814,081	32,557,996
Restricted	7,464,333	9,838,187	2,881,826	2,768,595	10,346,159	12,606,782
Unrestricted	66,234,886	60,975,276	1,677,959	147,681	67,912,845	61,122,957
Total Net Assets	$ 97,430,224	$ 100,172,933	$ 7,642,861	$ 6,114,802	$ 105,073,085	$ 106,287,735

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 $26,814,081 as of August 31, 2011. 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 $67,912,845, which represents amounts available for the District to meet on-going obligations.

As shown in Table II, the net assets of the District's governmental activities decreased $2,742,709 for the year ended August 31, 2011. The total cost of all governmental activities this year was $365,483,139, a decrease of $13,809,012 over the previous year, resulting primarily from savings generated by switching from a self funded health plan to a fully insured health plan and fewer federal grants from FEMA and stimulus funds. The amount that the District's taxpayers paid for governmental activities through property taxes was $204,610,537 or 56 percent. State funding of $103,117,554 and federal and state grants and contributions of $42,904,888 accounted for 40 percent of the resources used to cover expenses, with the remainder of $12,107,451 from user charges, insurance proceeds, interest and other income.

Table II - Change in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for services	$ 6,830,184	$ 7,442,692	$ 8,613,083	$ 8,084,057	$ 15,443,267	$ 15,526,749
Operating grants	42,904,888	44,784,882	5,208,686	4,691,212	48,113,574	49,476,094
General Revenues:						
Property taxes	204,610,537	205,912,407			204,610,537	205,912,407
State Aid - Formula Grants	103,117,554	101,445,031			103,117,554	101,445,031
Grants and contributions not restricted		121,083				121,083
Interest earnings	643,253	1,029,358	11,484	38,087	654,737	1,067,445
Other	4,634,014	880,825			4,634,014	880,825
Total Revenues	362,740,430	361,616,278	13,833,253	12,813,356	376,573,683	374,429,634
Expenses						
Instruction	203,798,409	213,790,742			203,798,409	213,790,742
Instructional resources and media services	5,219,802	5,536,773			5,219,802	5,536,773
Curriculum and staff development	9,124,040	10,144,345			9,124,040	10,144,345
Instructional leadership	3,462,106	3,561,884			3,462,106	3,561,884
School leadership	20,090,249	20,348,345			20,090,249	20,348,345
Guidance, counseling, and evaluation services	12,451,570	12,512,092			12,451,570	12,512,092
Social work services	686,719	689,255			686,719	689,255
Health services	3,007,249	3,113,393			3,007,249	3,113,393
Student transportation	10,587,783	10,836,560			10,587,783	10,836,560
Food service	349,623	553,491			349,623	553,491
Extracurricular activities	10,638,844	9,978,113			10,638,844	9,978,113
General administration	6,647,671	7,348,090			6,647,671	7,348,090
Facilities maintenance and operations	28,320,945	32,624,068			28,320,945	32,624,068
Security and monitoring services	2,904,272	3,084,381			2,904,272	3,084,381
Data processing services	7,125,667	5,493,064			7,125,667	5,493,064
Community services	532,150	612,711			532,150	612,711
Interest on long-term debt	31,318,953	33,372,449			31,318,953	33,372,449
Bond issuance costs and fees		23,370				23,370
Payments related to shared services arrangements	5,387,509	2,528,443			5,387,509	2,528,443
Payments to Juvenile Justice Alternative Education Programs	56,850	28,472			56,850	28,472
Payments to Tax Increment Fund	2,138,848	1,544,485			2,138,848	1,544,485
Other governmental charges	1,633,880	1,567,625			1,633,880	1,567,625
Child Nutrition			12,208,026	11,348,883	12,208,026	11,348,883
Athletic Concessions			97,144	80,996	97,144	80,996
Advertising			24		24	
Total Expenses	365,483,139	379,292,151	12,305,194	11,429,879	377,788,333	390,722,030
Excess (deficiency) before special items and transfers	(2,742,709)	(17,675,873)	1,528,059	1,383,477	(1,214,650)	(16,292,396)
Special items		366,904				366,904
Increase (Decrease) in Net Assets	(2,742,709)	(17,308,969)	1,528,059	1,383,477	(1,214,650)	(15,925,492)
Net Assets - Beginning	100,172,933	117,481,902	6,114,802	4,731,325	106,287,735	122,213,227
Net Assets - Ending	$ 97,430,224	$ 100,172,933	$ 7,642,861	$ 6,114,802	$ 105,073,085	$ 106,287,735

The District's combined property tax rate remained unchanged at $1.36 and the assessed valuation decreased $102.3 million. This resulted in a tax levy of approximately $203.6 million in 2011, a decrease of $1.4 million over the 2010 fiscal year.

Total expenses as shown in Table II include depreciation of $33,962,057 but do not include additions to capital assets of $9,493,540. 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 $1,528,059 for the year ended August 31, 2011.

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, 2011, the District's governmental funds reported:

- Combined ending fund balances of $102,733,296, increased $856,656 from the year ended August 31, 2010. This increase resulted primarily from revenues exceeding expenditures in the general and special revenue funds.

- Approximately 44% of ending fund balance ($45,205,115) constitutes unassigned fund balance. The remainder of fund balance is classified as required by GASB 54, to indicate that it is not available for new spending because it is either in non-spendable form, or it is restricted, committed or assigned as follows:

  (1) Non-spendable - inventory $1,181,336
  (2) Non-spendable - prepaid expenditures $2,453,107
  (3) Restricted for federal or state grants $915,196
  (4) Restricted for capital acquisitions and contractual obligations $11,516,555
  (5) Restricted for retirement of long-term debt $7,006,196
  (6) Committed for construction $24,718,523
  (7) Committed for capital expenditures for equipment $331,866
  (8) Other committed - disaster recovery $2,500,000
  (9 Other committed - special education $750,000
  (10) Other assigned - sick leave benefits $3,636,828
  (11) Other assigned - encumbrances $6,542

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $45,205,115 while the total fund balance was $55,732,928. During the current fiscal year, the fund balance of the general fund increased by $451,838 primarily due to payroll costs less than the amounts budgeted.

The debt service fund has a total fund balance of $7,006,196, all of which is reserved for the payment of debt. The planned reduction in the fund balance during the period in the debt service fund was $2,607,348 and resulted from required debt service expenditures in excess of property tax revenue.

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 $36,566,944 on August 31, 2011. The capital projects fund began the year with $34,325,194 in fund balance as a result of unspent bond funds, bond interest and operating transfers from the general fund. The capital projects fund had expenditures of $11,563,362 during the year, which included the construction of a compressed natural gas ("CNG") fueling station and related CNG buses and bus conversions, priority maintenance replacements, and furniture and equipment for secondary campuses. Of remaining capital projects fund balance of $36,566,944, $11,516,555 is restricted for future construction projects and encumbrances and $25,050,389 is committed for construction, equipment and encumbrances.

General Fund Budgetary Highlights

Over the course of the year, District administration recommended, and the Board of Trustees approved, four 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 2011, the District had $651.4 million (net of accumulated depreciation of $313.8 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	
	2011	2010	2011	2010	2011	2010
Land	$ 60,242,392	$ 60,242,392	$	$	$ 60,242,392	$ 60,242,392
Land improvements	28,738,847	28,435,487			28,738,847	28,435,487
Buildings and improvements	749,858,120	746,573,756	1,820,449	1,804,061	751,678,569	748,377,817
Furniture and equipment	122,431,069	116,986,858	2,085,718	1,956,727	124,516,787	118,943,585
Construction in progress	55,164	249,424			55,164	249,424
Total	961,325,592	952,487,917	3,906,167	3,760,788	965,231,759	956,248,705
Accumulated depreciation	(312,971,100)	(279,890,520)	(823,092)	(562,262)	(313,794,192)	(280,452,782)
Net capital assets	$ 648,354,492	$ 672,597,397	$ 3,083,075	$ 3,198,526	$ 651,437,567	$675,795,923

Additional information on the District's capital assets can be found in Note 8 on pages 50 and 51 of this report.

Significant capital asset activity during the year included the following:

- Construction of a CNG fueling station for just over $1.8 million.
- Conversion of 44 diesel buses to CNG for just over $1.7 million.
- Purchase of 11 CNG buses for just over $1.4 million.
- Purchase of furniture and equipment for Clear Falls High School and Bayside Intermediate for almost $1.8 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 3.54%, as compared to 3.63% last year.

At year-end, the District had $665,840,613 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 Aa2 from Moody's, AA from Standard and Poor's, and AA+ from Fitch Ratings.

At August 31, 2011 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 52 through 55 of this report.

Table IV - District's Outstanding Debt

	Governmental Activities	
	2011	2010
General obligation bonds	$ 654,505,000	$ 669,599,458
Less deferred amounts:		
For issuance premiums/discounts	19,489,056	20,476,427
Gain or (loss) on refunding bonds	(9,317,326)	(10,650,026)
Accreted interest on premium compound interest bonds	1,163,883	5,982,606
	$ 665,840,613	$ 685,408,465

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 8.3% and 9.3%, respectively, while the state and national averages are 8.1% and 8.9%, respectively. Increases in the unemployment rate have not resulted 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 2011-12 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 1.2% or approximately 450 students at the time the budget was adopted.

- General fund expenditures are budgeted to decrease by approximately $7.7 million from the 2010-11 original budget. Major factors that resulted in this decrease include:

    - Staffing reductions of $4.8 million driven by net reductions in state and federal funding.
    - Budget reductions and other operational savings of $2.9 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 Deputy Superintendent of Business and Support Services, 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, 2011

Data Control Codes		Governmental Activities	Business-type Activities	Total
	Assets			
1110	Cash and cash equivalents	$ 47,454,042	$ 4,615,546	$ 52,069,588
1120	Current Investments	50,503,924		50,503,924
1225	Property taxes receivables, net	7,933,096		7,933,096
1240	Due from other governments	30,624,110	174,957	30,799,067
1250	Accrued interest	32,245		32,245
1260	Internal balances	230,576	(230,576)	
1290	Other receivables, net	135,426	379	135,805
1300	Inventories	1,181,336	298,560	1,479,896
1410	Deferred expenses	2,461,807		2,461,807
1420	Capital bond and other debt issuance costs	4,360,739		4,360,739
	Capital assets not subject to depreciation:			
1510	Land	60,242,392		60,242,392
1580	Construction in progress	55,164		55,164
	Capital assets net of depreciation:			
1520	Buildings and improvements, net	541,215,655	1,699,718	542,915,373
1530	Furniture and equipment, net	46,841,281	1,383,357	48,224,638
1000	**Total Assets**	793,271,793	7,941,941	801,213,734
	Liabilities			
2110	Accounts payable	3,780,416	38,119	3,818,535
2140	Interest payable	1,467,318		1,467,318
2150	Payroll deductions and withholdings	152,284		152,284
2160	Accrued wages payable	15,821,863	260,961	16,082,824
2180	Due to other governments	2,540,252		2,540,252
2190	Due to student groups	83,669		83,669
2200	Accrued expenses	1,182,468		1,182,468
2300	Unearned revenue	1,235,094		1,235,094
	Noncurrent Liabilities:			
2501	Due within one year	20,474,449		20,474,449
2502	Due in more than one year	649,103,756		649,103,756
2000	**Total Liabilities**	695,841,569	299,080	696,140,649
	Net Assets			
3200	Invested in capital assets, net of related debt	23,731,005	3,083,076	26,814,081
	Restricted for:			
3820	Federal and state programs	528,509		528,509
3840	Food service		2,881,826	2,881,826
3850	Debt service	6,935,824		6,935,824
3900	Unrestricted	66,234,886	1,677,959	67,912,845
3000	**Total net assets**	$ 97,430,224	$ 7,642,861	$ 105,073,085

See Notes to the Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2011

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions
	Governmental activities:			
11	Instruction	$ 203,798,409	$ 1,478,819	$ 24,623,534
12	Instructional resources and media services	5,219,802		375,852
13	Curriculum and staff development	9,124,040	13,484	3,648,201
21	Instructional leadership	3,462,106	175,289	324,822
23	School leadership	20,090,249		1,640,144
31	Guidance, counseling, and evaluation services	12,451,570	107,871	2,679,913
32	Social work services	686,719		26,296
33	Health services	3,007,249		1,800,971
34	Student transportation	10,587,783		972,436
35	Food service	349,623		103,856
36	Extracurricular activities	10,638,844	4,298,655	584,901
41	General administration	6,647,671		625,839
51	Facilities maintenance and operations	28,320,945	755,116	4,681,134
52	Security and monitoring services	2,904,272		48,223
53	Data processing services	7,125,667		366,492
61	Community services	532,150	950	402,274
72	Interest on long-term debt	31,318,953		
93	Payments related to shared services arrangements	5,387,509		
95	Payments to Juvenile Justice Alternative Education	56,850		
97	Payments to Tax Increment Fund	2,138,848		
99	Intergovernmental charges	1,633,880		
TG	**Total governmental activities**	365,483,139	6,830,184	42,904,888
	Business-type activities			
35	Child Nutrition	12,208,026	8,504,171	5,208,686
02	Athletic Concessions	97,144	105,982	
03	Advertising	24	2,930	
TB	**Total business-type activities**	12,305,194	8,613,083	5,208,686
TP	**Total primary government**	$ 377,788,333	$ 15,443,267	$ 48,113,574

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
IE	Investment earnings
MI	Miscellaneous
TR	**Total general revenues**
CN	Change in net assets
NB	**Net assets - beginning**
NE	**Net assets - ending**

See Notes to the Financial Statements

Exhibit B-1

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	**Business-type Activities**	**Total**
$ (177,696,056)	$	$ (177,696,056)
(4,843,950)		(4,843,950)
(5,462,355)		(5,462,355)
(2,961,995)		(2,961,995)
(18,450,105)		(18,450,105)
(9,663,786)		(9,663,786)
(660,423)		(660,423)
(1,206,278)		(1,206,278)
(9,615,347)		(9,615,347)
(245,767)		(245,767)
(5,755,288)		(5,755,288)
(6,021,832)		(6,021,832)
(22,884,695)		(22,884,695)
(2,856,049)		(2,856,049)
(6,759,175)		(6,759,175)
(128,926)		(128,926)
(31,318,953)		(31,318,953)
(5,387,509)		(5,387,509)
(56,850)		(56,850)
(2,138,848)		(2,138,848)
(1,633,880)		(1,633,880)
(315,748,067)		(315,748,067)
	1,504,831	1,504,831
	8,838	8,838
	2,906	2,906
	1,516,575	1,516,575
(315,748,067)	1,516,575	(314,231,492)
156,541,063		156,541,063
48,069,474		48,069,474
103,117,554		103,117,554
643,253	11,484	654,737
4,634,014		4,634,014
313,005,358	11,484	313,016,842
(2,742,709)	1,528,059	(1,214,650)
100,172,933	6,114,802	106,287,735
$ 97,430,224	$ 7,642,861	$ 105,073,085

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2011

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
	Assets			
1110	Cash and cash equivalents	$ 10,918,215	$ 6,544,140	$ 16,954,329
1120	Current investments	35,971,062	1,171,388	13,361,474
	Receivables:			
1220	Delinquent property taxes receivables	7,535,710	1,797,345	
1230	Allowance for uncollectible taxes (credit)	(1,130,357)	(269,602)	
1240	Receivables from other governments	22,461,733		16,328
1250	Accrued interest	13,689	1,493	17,063
1260	Due from other funds	7,700,192		7,756,531
1290	Other receivables			86,563
1300	Inventories, at cost	1,181,336		
1410	Deferred Expenditures	2,453,107		
1000	**Total Assets**	$ 87,104,687	$ 9,244,764	$ 38,192,288
	Liabilities and Fund Balances			
	Liabilities:			
2110	Accounts payable	$ 1,476,959	$ 20,347	$ 1,625,344
2150	Payroll deduction and withholdings	152,284		
2160	Accrued wages payable	15,673,092		
2170	Due to other funds	7,924,607	5,411	
2180	Payable to other governments	2,668		
2190	Due to student groups	83,669		
2200	Accrued expenditures/expenses	100,764		
2300	Deferred revenues	5,957,716	2,212,810	
2000	**Total Liabilities**	31,371,759	2,238,568	1,625,344
	Fund Balances:			
	Non-Spendable:			
3410	Inventories	1,181,336		
3430	Prepaid items	2,453,107		
	Restricted:			
3450	Federal/State funds grant restrictions			
3470	Capital acquisitions and contractual oblig.			11,516,555
3480	Retirement of long-term debt		7,006,196	
	Committed:			
3510	Construction			24,718,523
3531	Capital expenditures for equipment			331,866
3545	Other committed	3,250,000		
	Assigned:			
3590	Other purposes	3,643,370		
3600	**Unassigned**	45,205,115		
3000	**Total fund balances**	55,732,928	7,006,196	36,566,944
4000	**Total Liabilities and Fund Balances**	$ 87,104,687	$ 9,244,764	$ 38,192,288

See Notes to the Financial Statements.

Exhibit C-1

Other Governmental Funds	Total Governmental Funds
$ 6,175,644	$ 40,592,328
	50,503,924
	9,333,055
	(1,399,959)
8,146,049	30,624,110
	32,245
	15,456,723
2,363	88,926
	1,181,336
	2,453,107
$ 14,324,056	$ 148,865,795

$ 318,150	$ 3,440,800
	152,284
148,771	15,821,863
7,473,093	15,403,111
2,537,584	2,540,252
	83,669
	100,764
419,230	8,589,756
10,896,828	46,132,499
	1,181,336
	2,453,107
915,196	915,196
	11,516,555
	7,006,196
	24,718,523
	331,866
2,512,032	5,762,032
	3,643,370
	45,205,115
3,427,228	102,733,296
$ 14,324,056	$ 148,865,795

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit C-2***

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

August 31, 2011

Data Control Codes		
	Total fund balance, governmental funds (from C-1)	$ 102,733,296
	Amounts reported for governmental *activities* 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.	648,354,492
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.	7,354,662
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.	4,360,739
	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:	
4	General obligation bonds	(654,505,000)
5	Premiums on issuance	(19,489,056)
6	Deferred loss on refunding	9,317,326
7	Accreted interest on premium compound interest bonds	(1,163,883)
8	Accrued compensated absences	(3,636,828)
9	Accrued interest payable	(1,467,318)
10	Addition of Internal Service Fund net assets.	5,571,794
19	**Net assets of governmental activities**	$ 97,430,224

See Notes to the Financial Statements.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2011

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund
	Revenues			
5700	Local and intermediate sources	$ 159,353,610	$ 48,176,920	$ 4,523,157
5800	State program revenues	116,064,180		
5900	Federal program revenues	2,077,957		1,531,955
5020	**Total revenues**	277,495,747	48,176,920	6,055,112
	Expenditures			
	Current:			
0011	Instruction	166,119,313		192,744
0012	Instruction resources and media services	4,508,468		1,932
0013	Curriculum and staff development	5,316,471		
0021	Instructional leadership	2,750,866		
0023	School leadership	17,295,270		
0031	Guidance, counseling and evaluation services	9,013,079		28,665
0032	Social work services	603,251		
0033	Health services	2,609,870		290
0034	Student transportation	9,067,380		3,434,908
0035	Food services	258,021		29,134
0036	Extracurricular activities	6,397,415		5,901
0041	General administration	5,883,895		14,447
0051	Facilities maintenance and operations	20,919,202		2,264,615
0052	Security and monitoring services	2,548,237		44,329
0053	Data processing services	6,413,763		602,300
0061	Community services	85,612		
	Debt service:			
0071	Principal on long-term debt		14,854,458	
0072	Interest on long-term debt		35,929,809	
0073	Bond issuance costs and fees		273,059	
	Capital outlay:			
0081	Capital outlay			4,944,097
	Intergovernmental:			
0093	Payments related to shared services arrangements	5,387,509		
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	56,850		
0097	Payments to tax increment fund	2,138,848		
0099	Other intergovernmental charges	1,633,880		
6030	**Total Expenditures**	269,007,200	51,057,326	11,563,362
1100	Excess (deficiency) of revenues over expenditures	8,488,547	(2,880,406)	(5,508,250)
	Other Financing Sources (Uses)			
7901	Refunding bonds issued		21,270,000	
7912	Sale of real or personal property	29,732		
7915	Transfers in	183,559		7,750,000
7916	Premium or discount on issuance of bonds		1,278,621	
8911	Transfers out	(8,250,000)		
8949	Payment to Bond Refunding Escrow Agent		(22,275,563)	
7080	**Total other financing sources and uses**	(8,036,709)	273,058	7,750,000
1200	Net change in fund balances	451,838	(2,607,348)	2,241,750
0100	**Fund Balance - September 1 (Beginning)**	55,281,090	9,613,544	34,325,194
3000	**Fund Balance - August 31 (Ending)**	$ 55,732,928	$ 7,006,196	$ 36,566,944

See Notes to the Financial Statements.

Exhibit C-3

Other Governmental Funds	Total Governmental Funds
$ 5,164,937	$ 217,218,624
2,667,945	118,732,125
24,202,063	27,811,975
32,034,945	363,762,724
16,685,396	182,997,453
140,731	4,651,131
3,138,692	8,455,163
363,677	3,114,543
616,659	17,911,929
2,272,463	11,314,207
6,491	609,742
67,855	2,678,015
72,913	12,575,201
99,996	387,151
3,521,483	9,924,799
1,795	5,900,137
3,614,966	26,798,783
4,350	2,596,916
37,164	7,053,227
436,339	521,951
	14,854,458
	35,929,809
	273,059
	4,944,097
	5,387,509
	56,850
	2,138,848
	1,633,880
31,080,970	362,708,858
953,975	1,053,866
	21,270,000
	29,732
	7,933,559
	1,278,621
(183,559)	(8,433,559)
	(22,275,563)
(183,559)	(197,210)
770,416	856,656
2,656,812	101,876,640
$ 3,427,228	$ 102,733,296

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, 2011

Data Control Codes		
	Net change in fund balances - total governmental funds (from C-3)	$ 856,656
	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	9,493,540
2	Governmental activities depreciation expense	(33,701,226)
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.	(35,219)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(391,325)
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.	14,854,458
6	Proceeds from issuance of long-term debt ($21,270,000) and premium on long-term debt ($1,278,621) are reported as other financing sources in the governmental funds. Amounts paid to refunding agent ($22,275,563) are reported as other financing uses 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.	(273,058)
7	Bond issuance costs paid during the current year will be amortized over the life of the bonds.	273,059
	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	35,910
9	Decrease in long-term portion of accrued compensated absences	191,760
10	Accreted interest on capital appreciation bonds and amortization of bond issuance costs	4,818,723
11	Amortization of deferred charges including bond issuance costs as well as premiums and discounts on issuance of bonds	(243,777)
12	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported as governmental activities. (See D-2)	1,377,790
	Change in net assets of governmental activities (see B-1)	$ (2,742,709)

See Notes to the Financial Statements.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit D-1***

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

August 31, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Cash and cash equivalents	$ 4,615,546	$ 6,861,714
Receivables:		
Due from other governments	174,957	
Due from other funds		176,964
Other receivables	379	46,500
Inventories, at cost	298,560	
Other current assets		8,700
Total current assets	5,089,442	7,093,878
Land, Buildings and Equipment:		
Building and improvements	1,820,449	
Furniture and equipment	2,085,718	
Accumulated depreciation - Buildings	(120,731)	
Accumulated depreciation - Furniture and Equipment	(702,361)	
Total non-current assets	3,083,075	
Total Assets	8,172,517	7,093,878
Liabilities		
Current Liabilities:		
Accounts payable	38,119	339,616
Accrued wages payable	260,961	
Due to other funds	230,576	
Accrued expenses		1,182,468
Total current liabilities	529,656	1,522,084
Total Liabilities	529,656	1,522,084
Net Assets		
Invested in capital assets	3,083,075	
Restricted for food service	4,398,141	
Unrestricted net assets	161,644	5,571,794
Total Net Assets	$ 7,642,860	$ 5,571,794

See Notes to the Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit D-2***

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended August 31, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services	$ 8,613,083	$ 14,740,473
Total Operating Revenues	8,613,083	14,740,473
Operating Expenses		
Payroll costs	5,019,876	
Purchased and contracted services	169,484	1,144,788
Supplies and materials	6,563,884	2,990
Other operating costs	291,121	
Claims expense and other operating expenses		12,738,947
Depreciation	260,829	
Total Operating Expenses	12,305,194	13,886,725
Operating Income (Loss)	(3,692,111)	853,748
Non-Operating Revenues (Expenses)		
Investment earnings	11,484	24,042
National School Breakfast Program	966,842	
National School Lunch Program	3,440,372	
Donated Commodities	637,639	
Operating grants and contributions	163,833	
Total Nonoperating Revenues (Expenses)	5,322,967	24,042
Income (Loss) before Transfers	1,630,856	877,790
Transfers		
Transfers in		500,000
Change in Net Assets	1,630,856	1,377,790
Net Assets - September 1 (Beginning)	6,012,004	4,194,004
Net Assets - August 31 (Ending)	$ 7,642,860	$ 5,571,794

See Notes to the Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Exhibit D-3*

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended August 31, 2011

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	$ 8,613,366	$ 739,951
Cash receipts from interfund services provided		14,963,274
Cash payments for insurance claims		(11,150,035)
Cash payments to suppliers for goods and services	(6,458,044)	(6,554,047)
Cash payments to employees	(5,003,532)	
Net Cash Provided by (Used for) Operating Activities	(2,848,210)	(2,000,857)
Cash Flows from Non-Capital Financing Activities:		
Advances from other funds		500,000
Federal and state assistance - Food service and related	4,529,235	
Net Cash Provided by Non-Capital Financing Activities	4,529,235	500,000
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(145,379)	
Net Cash (Used for) Capital and Related Financing Activities	(145,379)	
Cash Flows from Investing Activities:		
Purchase of investments		3,807,242
Interest on investments	11,484	24,042
Net Cash Provided by (Used for) Investing Activities	11,484	3,831,284
Net Increase in Cash and Cash Equivalents	1,547,130	2,330,427
Cash and Cash Equivalents at Beginning of Year	3,068,416	4,531,287
Cash and Cash Equivalents at End of Year	$ 4,615,546	$ 6,861,714
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating (Loss)	$ (3,692,111)	$ 853,748
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	260,829	
Donated commodities	637,639	
Change in Assets and Liabilities:		
(Increase) in Receivables	283	(46,500)
Decrease in Interfund Receivables		1,009,252
(Increase) in Inventories	55,452	
Decrease (increase) in Deferred Expenses		24,730
Increase in Accounts Payable	(71,994)	(344,087)
Increase in Accrued Wages Payable	16,344	
(Decrease) in Interfund Payables	(54,652)	
Increase in Accrued Expenses		(3,498,000)
Net Cash Provided by (Used for) Operating Activities	$ (2,848,210)	$ (2,000,857)
Supplemental information:		
Non-cash transaction - Donated commodities received	$ 637,639	$
Total non-cash transactions	$ 637,639	$

See Notes to the Financial Statements

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit E-1***

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended August 31, 2011

	Agency Fund
Assets	
Cash and cash equivalents	$ 3,213,241
Total Assets	$ 3,213,241
Liabilities	
Accounts payable	$ 24,751
Due to other governments	1,641,862
Due to student groups	1,546,628
Total Liabilities	$ 3,213,241

See Notes to the 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 activitie*s 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 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 and fiduciary 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
c. Advertising

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 or other 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", "Texas Class", and "Texas Term"), 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. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method of accounting.

6. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

6. Capital Assets (continued)

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

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

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

7. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

8. 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.

9. 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.

10. Fund Balance

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The fund balances for grant funds are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.

Note 1 - Summary of Significant Accounting Policies (continued)

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

10. Fund Balance

Unassigned fund balance – amounts that are available for any purpose.

The Board will utilize funds in the following spending order: restricted, committed, assigned and unassigned.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Per Policy CE local, assigned fund balance amounts are established by the Superintendent or his designee.

11. 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.

12. 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.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

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 Required TEA Schedules of the School District’s Annual Financial and Compliance Report in Exhibit J-4 and J-5.

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 assignments 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, 2011, the carrying amount of the District’s cash on deposit was $28,867,163 and the bank balance was $33,564,523. The District deposits are with Wells Fargo Bank and were secured with $42,755,926 of pledged collateral and $250,000 of FDIC coverage.

In addition, cash equivalents in the District’s governmental and enterprise funds include external investment pools of $23,202,425.

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, 2011, are shown below.

	Cash on Deposit	External Investment Pools	Federal Agency Securities	Municipal Bonds	Commercial Paper	Total
Governmental Activities:						
General Fund	$ 10,750,500	$ 167,715	$ 7,992,336		$ 27,978,726	$ 46,889,277
Debt Service Fund	5,956,575	587,565		1,171,388		7,715,528
Capital Projects Fund		16,954,329	11,159,024	2,202,450		30,315,803
Nonmajor Governmental Funds	5,864,218	311,426				6,175,644
Nonmajor Internal Service Funds	1,807,633	5,054,081				6,861,714
Total Governmental Activities	24,378,926	23,075,116	19,151,360	3,373,838	27,978,726	97,957,966
Business-type Activities:						
Nonmajor Enterprise Funds	4,488,237	127,309				4,615,546
Total Business-type Activities	4,488,237	127,309				4,615,546
Fiduciary Funds:						
Agency Funds	2,616,997	596,244				3,213,241
Total Fiduciary Funds	2,616,997	596,244				3,213,241
Total	$ 31,484,160	$ 23,798,669	$ 19,151,360	$ 3,373,838	$ 27,978,726	$ 105,786,753

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 2011.

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:

	Fair Value	Credit Quality Rating	Percentage of Investments
Investment Type:			
Local Government Investment Pools:			
Lone Star	$ 16,149,529	AAAf	21.7%
Texas CLASS	6,268,996	AAAm	8.4%
Texas Term	79,793	AAAf	0.107%
Texpool	1,300,351	AAAm	1.8%
Total Local Government Investment Pools	23,798,669		32.0%
Investment Securities:			
Federal Home Loan Mortgage Corp.	6,159,024	AA+	8.3%
Federal Home Loan Bank	5,000,000	AAA	6.7%
Federal Farm Credit Bank	7,992,336	AA+	10.8%
Municipal Bonds	3,373,838	AA	4.5%
Commercial Paper	27,978,726	A-1/P-1	37.7%
Total Investment Securities	50,503,924		68.0%
	$ 74,302,593		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 Value	Percentage of Investments	Weighted Average Maturity (Days)
Governmental Activities:			
Investments:			
Local Government Investment Pools:			
Lone Star	$ 16,149,529	21.7%	52
Texas CLASS	6,268,996	8.4%	30
Texas Term	79,793	0.107%	49
TexPool	576,798	0.8%	29
Total Local Government Investment Pools	23,075,116	31.0%	45
Investment Securities:			
Federal Home Loan Mortgage Corp.	6,159,024	8.2%	240
Federal Home Loan Bank	5,000,000	6.7%	10
Federal Farm Credit Bank	7,992,336	10.8%	282
Municipal Bonds	3,373,838	4.5%	168
Commercial Paper	27,978,726	37.7%	95
Total Investment Securities	50,503,924	68.0%	139
Total Governmental Activities	73,579,040	99.0%	109
Business-type Activities:			
Investments:			
Local Government Investment Pools:			
TexPool	127,309	0.2%	29
Total Investments	127,309	0.2%	29
Total Business-type Activities	127,309	0.2%	29
Fiduciary Funds			
Investments:			
Local Government Investment Pools:			
TexPool	596,244	0.8%	29
Total Investments	596,244	0.8%	29
Total Fiduciary Funds	596,244	0.8%	29
Total	$ 74,302,593	100.0%	109

Local Government Investment Pools

As of August 31, 2011, the District's investments included the Texas Local Pool ("TexPool"), Texas Class Government Class Investment Pool ("Texas Class"), Texas Association of School Boards Lone Star Investment Pool ("Lone Star"), and Texas Term local government investment pool. 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.

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

B. Investments (continued)

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. Texas Class 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. Texas Term is a local government investment pool created by Texas local governments to provide investment programs tailored to the needs of local governments. PFM Asset Management acts as the investment advisor/administrator of the pool. The program administrator is Cutwater Investor Services Corp.

The fair value of District portions in TexPool, Lone Star, Texas Class 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

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.

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

B. Investments (continued)

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	$ 643,253	$ 11,484	$ 654,737
Total Investment Earnings	$ 643,253	$ 11,484	$ 654,737

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.

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 $15.0 billion resulting in an adjusted tax levy of approximately $203.6 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.

Note 5 - Property Taxes (continued)

Governmental funds net property taxes receivable at August 31, 2011, consisted of the following:

	General Fund	Debt Service Fund	Total
Delinquent taxes:			
Current year levy	$ 1,605,155	$ 493,894	$ 2,099,049
Prior year levy	5,930,555	1,303,451	7,234,006
Total delinquent taxes	7,535,710	1,797,345	9,333,055
Less allowance for uncollectible taxes	(1,130,357)	(269,602)	(1,399,959)
Net property taxes receivable	$ 6,405,353	$ 1,527,743	$ 7,933,096

Note 6 - Receivables Due From Other Governments

Receivables due from other governments at August 31, 2011, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Total
Due from other governments:				
Federal	$ 22,857	$ 7,347,274	$ 174,957	$ 7,545,088
State	22,438,876	798,775		23,237,651
Other governments (Local governments, universities and other)				
Total due from other governments	$ 22,461,733	$ 8,146,049	$ 174,957	$ 30,782,739

Note 7 - Amounts Due To/From Other Funds

Amounts due to/from other funds at August 31, 2011, consisted of the following:

	Interfund Receivable	Interfund Payable	Net
Governmental Activities			
General Fund	$ 7,700,192	$ 7,924,607	$ (224,415)
Debt Service Fund		5,411	(5,411)
Capital Projects Fund	7,756,531		7,756,531
Non Major Governmental Funds		7,473,093	(7,473,093)
Internal Service Funds	176,964	230,576	(53,612)
Total Governmental Activities	$ 15,633,687	$ 15,633,687	$

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.

Transfer Out	Transfer In	Amount
General Fund	Capital Projects	$ 7,750,000
Governmental Funds	General Fund	183,559
General Fund	Internal Service Funds	500,000
		$ 8,433,559

Note 7 - Amounts Due To/From Other Funds (continued)

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, 2011, are as follows:

	Balance August 31, 2010	Additions	(Retirements) and Transfers	Balance August 31, 2011
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 60,242,392	$	$	$ 60,242,392
Construction in progress	249,424	2,176,069	(2,370,329)	55,164
Total Capital assets, not being depreciated	60,491,816	2,176,069	(2,370,329)	60,297,556
Capital assets, being depreciated:				
Land improvements	28,435,487	5,661	297,699	28,738,847
Buildings and improvements	746,573,756	1,211,734	2,072,630	749,858,120
Furniture and equipment	116,986,858	6,100,076	(655,865)	122,431,069
Total Capital assets, being depreciated	891,996,101	7,317,471	1,714,464	901,028,036
Less accumulated depreciation for:				
Land improvements	(9,500,225)	(1,337,698)		(10,837,923)
Buildings and improvements	(204,524,250)	(22,019,139)		(226,543,389)
Furniture and Equipment	(65,866,045)	(10,344,389)	620,646	(75,589,788)
Total Accumulated depreciation	(279,890,520)	(33,701,226)	620,646	(312,971,100)
Governmental Capital Assets	$ 672,597,397	$ (24,207,686)	$ (35,219)	$ 648,354,492
Business-type Activities:				
Capital assets, being depreciated:				
Buildings and improvements	$ 1,804,061	$	$ 16,388	$ 1,820,449
Furniture and equipment	1,956,727	145,379	(16,388)	2,085,718
Total Capital assets, being depreciated	3,760,788	145,379		3,906,167
Less accumulated depreciation for:				
Buildings and improvements	(76,402)	(60,679)	16,350	(120,731)
Furniture and Equipment	(485,860)	(200,151)	(16,350)	(702,361)
Total Accumulated depreciation	(562,262)	(260,830)		(823,092)
Business-type Capital Assets	$ 3,198,526	$ (115,451)	$	$ 3,083,075

Note 8 - Capital Assets (continued)

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

Function	Depreciation Expense
Governmental Activities:	
Instruction	$ 21,570,891
Instructional resources and media services	585,433
Curriculum and staff development	690,353
Instructional leadership	357,205
School leadership	2,245,822
Guidance, counseling and evaluation services	1,170,365
Social work services	78,333
Health services	338,896
Student transportation	1,177,416
Extracurricular activities	830,716
General administration	764,034
Plant maintenance and operations	2,716,396
Security and monitoring services	330,893
Data processing services	833,356
Community services	11,117
Total Governmental Activities	33,701,226
Business-type Activities:	
Food Services	260,830
Total Business-type Activities:	260,830
Total	$ 33,962,056

A summary of capital projects having construction in progress as of August 31, 2011, is scheduled as follows:

Project	Approved Construction Budget	Construction in Progress	Estimated Remaining Commitment
Land Improvement at Eastside Ag Center	$ 73,368	$ 36,684	$ 36,684
Greenhouse at Clear Falls High School	360,757	18,480	342,277
	$ 434,125	$ 55,164	$ 378,961

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 November 1, 2010, the District issued Unlimited Tax Refunding Bonds, Series 2010A totaling $21,270,000 which resulted in an economic gain of $1,403,303. Interest rates on the bonds range from 3.00 percent to 5.00 percent. Premiums on the bonds totaled $1,278,621. The District paid $273,059 in bond issuance costs. The reacquisition price exceeded the net carrying amount of the old debt by $722,490. This amount is being netted against and amortized over the life the new debt.

A summary of general long-term debt transactions of the District for the fiscal year ended August 31, 2011, follows:

	Balance September 1, 2010	Additions	Retirements	Balance August 31, 2011	Due Within One Year
General obligation bonds	$ 669,599,458	$ 21,270,000	$ (36,364,458)	$ 654,505,000	$ 19,740,000
Less deferred amounts:					
For issuance premiums/discounts	20,476,427	1,278,621	(2,265,992)	19,489,056	
Gain or (loss) on refunding bonds	(10,650,026)	(722,490)	2,055,190	(9,317,326)	
Total Bonds and Notes Payable	679,425,859	21,826,131	(36,575,260)	664,676,730	19,740,000
Accreted interest on premium compound interest bonds	5,982,606	251,277	(5,070,000)	1,163,883	600,000
Compensated absences payable	3,904,683	543,205	(710,296)	3,737,592	134,449
Total Other Liabilities	$ 689,313,148	$ 22,620,613	$ (42,355,556)	$ 669,578,205	$ 20,474,449

Note 9 - Long-Term Debt and Debt Service Requirements (continued)

Bonds Payable

Bonded debt, at August 31, 2011, is comprised of the following individual issues:

Issue	Original issuance amount	Interest Rate (%)	Maturity Date	Debt Outstanding
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2002	104,118,437	2.00% to 5.00%	2022	$ 67,585,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2004-A (CAB)	203,370,097	2.00% to 5.00%	2026	198,220,000
Unlimited Tax Schoolhouse Adjustable Rate Bonds - Series 2004-B	51,000,000	Adjustable	2029	34,750,000
Unlimited Tax Schoolhouse Bonds - Series 2005	109,000,000	4.00% to 5.00%	2029	106,250,000
Unlimited Tax Schoolhouse Bonds - Series 2006	27,885,000	4.25% to 5.50%	2029	26,435,000
Unlimited Tax Schoolhouse Bonds - Series 2007	37,135,000	4.00% to 5.00%	2033	36,985,000
Unlimited Tax Schoolhouse and Refunding Bonds - Series 2008	95,430,000	4.00% to 5.00%	2033	95,095,000
Unlimited Tax School Building Bonds - Series 2009	65,670,000	3.00% to 5.25%	2033	63,465,000
Unlimited Tax Refunding Bonds- Series 2010	4,780,000	2.50% to 4.00%	2022	4,780,000
Unlimited Tax Refunding Bonds - Series 2010A	21,270,000	3.00% to 5.00%	2027	20,940,000
		Total Bonds Payable		654,505,000
		Less Unamortized Refunding Loss		(9,317,326)
		Plus Unamortized Premiums on Issuance		19,489,056
		Net Bonds Payable		664,676,730
		Less Current Portion		(19,740,000)
		Long-term Portion of Bonds Payable		$ 644,936,730

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

As of August 31, 2011, the District did not have any authorized, unissued bonds.

Note 9 - Long-Term Debt and Debt Service Requirements (continued)

Annual Debt Service Requirements

Annual requirements to amortize all bonded debt outstanding as of August 31, 2011, follow:

Year Ending August 31,	Principal	Interest	Totals
2012	$ 19,740,000	$ 30,951,151	$ 50,691,151
2013	20,980,000	30,044,945	51,024,945
2014	22,625,000	28,398,683	51,023,683
2015	23,745,000	27,567,164	51,312,164
2016	24,900,000	26,410,664	51,310,664
2017	26,080,000	25,186,551	51,266,551
2018	27,385,000	23,882,751	51,267,751
2019	28,745,000	22,521,357	51,266,357
2020	30,170,000	21,097,019	51,267,019
2021	31,675,000	19,593,212	51,268,212
2022	33,200,000	18,069,356	51,269,356
2023	30,970,000	16,581,200	47,551,200
2024	32,495,000	15,054,450	47,549,450
2025	34,115,000	13,436,006	47,551,006
2026	35,785,000	11,764,775	47,549,775
2027	37,320,000	10,085,969	47,405,969
2028	39,125,000	8,368,144	47,493,144
2029	40,810,000	6,641,519	47,451,519
2030	26,515,000	5,117,662	31,632,662
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
	654,505,000	$ 367,545,953	$ 1,022,050,953
	(19,740,000)	Less Current Portion	
	$ 634,765,000	**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 of 4.00%.

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 $1,300,000 and a maturity value of $5,305,000. The 2000 obligations have a principal value of $155,000 and a maturity value of $740,000. The 2004-A obligations have a principal value of $120,000 and a maturity value of $1,810,000. 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 years ending August 31, 2012 and 2013. The accreted interest of $1,163,883 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, 2011, 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
2004-A	2012-2013	1,810,000	120,000	1,163,883	1,283,883
		$ 1,810,000	$ 120,000	$ 1,163,883	$ 1,283,883

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, 2011.

The imputed interest on the leases is not readily determinable.

Rental expenditures during the year ended August 31, 2011 amounted to $1,344,218 .

Note 10 - Refunding of General Long-Term Debt

In 1991, 1998, 2000, 2002, 2004, 2008, 2010 and 2010A 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, 2011, $189,725,000 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:

	General Fund	Debt Service Fund	Nonmajor Governmental and Proprietary Funds	Total
Net property taxes receivable	$ 5,957,716	$ 1,396,946	$	$ 7,354,662
Proceeds - Expenditure driven grants:				
Federal			1,904	1,904
State		815,864	326,362	1,142,226
Local			90,964	90,964
Deferred Revenue	$ 5,957,716	$ 2,212,810	$ 419,230	$ 8,589,756

	Unavailable	Unearned	Total
Deferred property taxes:			
General Fund	$ 5,957,716	$	$ 5,957,716
Debt Service Fund	1,396,946	815,864	2,212,810
Grant funds received prior to meeting eligibility requirements		419,230	419,230
Total	$ 7,354,662	$ 1,235,094	8,589,756

Note 12 - Fund Equity

Fund Balance

In the fund financial statements, the District records classifications of fund balance as described in Note 1. A summary of the commitments and assignments of fund balances follows:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed Fund Balances				
Disaster recovery	$ 2,500,000	$	$	$ 2,500,000
Special education	750,000			750,000
Construction		24,718,523		24,718,523
Capital Equipment		331,866		331,866
Campus Activies			2,472,400	2,472,400
Music Enrichment			39,632	39,632
Total Commited Fund Balances	$ 3,250,000	$ 25,050,389	$ 2,512,032	$ 30,812,421
Assigned Fund Balances				
Sick leave benefits	$ 3,636,828	$	$	$ 3,636,828
Encumbrances	6,542			6,542
Total Assigned Fund Balances	$ 3,643,370	$	$	$ 3,643,370

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, 2011, follows:

	General Fund	Debt Service Fund	Capital Projects	Other Governmental Funds	Total
Property Taxes	$ 155,410,706	$ 47,772,018	$	$	$ 203,182,724
Penalties, interest and other tax related revenue	1,241,725	331,481			1,573,206
Investment Income	392,764	73,421	143,042	9,984	619,211
Co-curricular student activities	564,685			3,665,164	4,229,849
Donations	48,358			684,418	732,776
Facility rentals	693,274				693,274
SSA - Member Districts	53,317				53,317
Tuition and fees	421,052				421,052
Advertising	243,275				243,275
Other	284,454		4,380,115	805,371	5,469,940
	$ 159,353,610	$ 48,176,920	$ 4,523,157	$ 5,164,937	$ 217,218,624

Note 14 - 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.

Note 14 - Retirement Plan (continued)

Funding Policy.

State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010 and 2009, and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal year 2009. In certain instances, the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% from September through December of 2009 and increasing to 6.644% after January 2010 . 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 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal year 2009 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 6.644% for fiscal years 2011 and 2010 (6.58% for fiscal year 2009).

Contributions made by the State, District and staff members to TRS for the years ended August 31, 2011, 2010, and 2009, are as follows:

Fiscal Year	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	Employee Contributions to TRS	District's Annual Covered Payroll
2009	$ 10,597,811	$ 2,553,047	$ 12,791,105	$ 199,861,097
2010	11,233,554	2,717,964	13,619,687	212,807,586
2011	11,394,140	2,742,881	13,695,446	213,991,242

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.

Note 14 - Retirement Plan (continued)

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 2011, 2010, and 2009. 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%.

Contributions made by the State, District, and staff members, for the years ended August 31, 2011, 2010, and 2009 are as follows:

Fiscal Year	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	Employee Contributions to TRS	District's Annual Covered Payroll
2009	$ 1,950,617	$ 1,147,237	$ 1,299,086	$ 199,861,097
2010	2,067,676	1,244,861	1,383,251	212,807,586
2011	1,757,476	1,588,581	1,390,953	213,991,242

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, 2011, 2010, and 2009, the subsidy payments received by TRS-Care on-behalf of the District were $496,610, $536,146, and $451,326, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 14 - Retirement Plan (continued)

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.

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, 2011 was as follows:

Contributions to pension plan	$	11,394,140
Insurance contributions (TRS Care)		1,757,476
Medicare Part D		496,610
	$	13,648,226

Note 15 - 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

Prior to January 1, 2011, the District sponsored a modified risk management program for health insurance. The District contributed a minimum of $225.00 per month per employee that participated in the plan; employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. Premiums were paid into the Health Insurance internal service fund by all other funds and were available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are reported as revenue in the internal service fund.

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 $375,000 with a maximum lifetime benefit of $1,625,000. 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
2010	$ 3,600,000	$ 26,479,381	$ (26,029,381)	$ 4,050,000
2011	4,050,000	6,314,643	(9,814,643)	550,000

The claims liability at year end represents amount due for runoff medical claims in the discontinued self-funded health insurance plan and dental plan claims liabilities.

At August 31, 2011, $275,000 of the $550,000 end of year accrual represented healthcare claims that were reported but not paid and is included in the Health Insurance Fund accounts payable balance (Exhibit E-6).

In order to maximize cost savings and limit liability, the District switched employee health care coverage from the self-funded plan described above to the Teacher Retirement System health care plan; TRS-ActiveCare. The TRS-ActiveCare plan became effective January 1, 2011.

Note 15 - Risk Management (continued)

Workers Compensation

During the year ended August 31, 2011, 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 coverage 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
2010	$ 815,468	$ 675,795	$ (675,795)	$ 815,468
2011	815,468	788,544	(788,544)	815,468

Note 16 - 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 $100,764 as of August 31, 2011. Additionally, $33,685 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 $3,603,143 as of August 31, 2011. The management of the District has designated a portion of the fund balance in the General Fund to pay the accrued sick leave liability.

Note 16 - Compensated Absences (continued)

Sick Leave Policy (continued)

Changes in the sick leave liability for the year ended August 31, 2011 was as follows:

	Balance September 1, 2010	Additions	Deductions - Payments to Participants	Balance August 31, 2011
Compensated absences payable	$ 3,904,683	$ 543,205	$ (710,296)	$ 3,737,592

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 17 - 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 18 - 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 33% 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 capital 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.

Note 18 - Shared Service Arrangements (continued)

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

Revenues		
5700 Local revenue from member districts	$	173,769
	$	173,769
Expenditures		
6100 Payroll costs	$	126,851
6300 Supplies and materials		45,180
6400 Miscellaneous operating costs		1,738
	$	173,769

The District participates in a Shared Service Arrangement (SSA) for the Galveston-Brazoria Co-op for the Hearing Impaired with nine other school districts. Approximately 32.6% 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	$	458,245
	$	458,245
Expenditures		
6100 Payroll costs	$	346,141
6200 Contracted services		95,922
6300 Supplies and materials		8,786
6400 Miscellaneous operating costs		7,396
	$	458,245

Note 18 - 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	$ 12,785	$ 7,948	$ 1,654	$ 143
Clear Creek Independent School District	25,841	16,063	3,345	288
Dickinson Independent School District	7,143	4,440	925	80
Friendswood Independent School District	2,095	1,302	271	23
Galveston Independent School District	4,190	2,605	543	47
Hitchcock Independent School District	1,397	868	181	16
La Marque Independent School District	4,190	2,605	543	47
Pearland Independent School District	15,433	9,593	1,998	172
Santa Fe Independent School District	2,805	1,744	363	31
Texas City Independent School District	5,588	3,474	722	61
	$ 81,467	$ 50,642	$ 10,545	$ 908

The District participates in a Shared Service Arrangement (SSA) for the Energy for Schools Program with more than seventy other school districts. Approximately 12.3% 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 capital 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. During the year, utility costs of $3,590,146 paid to Deer Park Independent School District under this SSA were charged to Function 51 in Fund 266 rather than function 93 due to federal stimulus funding requirements.

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

Revenues	
5700 Local revenue from member districts	$ 8,531,177
	$ 8,531,177
Expenditures	
6200 Contracted services	$ 8,531,177
	$ 8,531,177

Note 19 - 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 no estimated arbitrage liability as of August 31, 2011.

Note 20 - 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 21 - 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.

Required Supplementary Information

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit G-1***

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

For the Year Ended August 31, 2011

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local revenues	$ 158,755,000	$ 158,799,108	$ 159,353,610	$ 554,502
5800	State program revenues	125,561,000	126,066,000	116,064,180	(10,001,820)
5900	Federal program revenues	650,000	825,000	2,077,957	1,252,957
5000	**Total revenues**	284,966,000	285,690,108	277,495,747	(8,194,361)
	Expenditures				
	Current:				
0011	Instruction	176,556,533	175,105,690	166,119,313	8,986,377
0012	Instructional resources and media services	4,838,071	4,836,316	4,508,468	327,848
0013	Curriculum and staff development	5,623,672	5,676,860	5,316,471	360,389
0021	Instructional leadership	2,829,495	2,834,624	2,750,866	83,758
0023	School leadership	18,322,266	18,296,332	17,295,270	1,001,062
0031	Guidance, counseling and evaluation services	9,272,064	9,209,133	9,013,079	196,054
0032	Social work services	610,430	635,430	603,251	32,179
0033	Health services	2,831,093	2,828,406	2,609,870	218,536
0034	Student transportation	10,045,065	10,042,452	9,067,380	975,072
0035	Food services	290,400	290,400	258,021	32,379
0036	Extracurricular activities	6,635,051	6,569,991	6,397,415	172,576
0041	General administration	6,347,579	6,571,579	5,883,895	687,684
0051	Facilities maintenance and operations	21,885,323	21,871,323	20,919,202	952,121
0052	Security and monitoring services	2,725,087	2,747,085	2,548,237	198,848
0053	Data processing services	5,071,978	6,597,453	6,413,763	183,690
0061	Community services	73,509	101,059	85,612	15,447
	Intergovernmental:				
0093	Payments related to shared services arrangements	10,964,245	11,006,836	5,387,509	5,619,327
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	106,000	71,000	56,850	14,150
0097	Payments to tax increment fund	1,645,000	2,140,000	2,138,848	1,152
0099	Other governmental charges	1,674,530	1,639,530	1,633,880	5,650
6030	**Total Expenditures**	288,347,391	289,071,499	269,007,200	20,064,299
1100	Excess (deficiency) of revenues over expenditures	(3,381,391)	(3,381,391)	8,488,547	11,869,938
	Other Financing Sources (Uses):				
7912	Sale of real or personal property			29,732	29,732
7915	Transfers in			183,559	183,559
8911	Transfers out	(3,400,000)	(3,400,000)	(8,250,000)	(4,850,000)
7080	**Total other financing sources (uses)**	(3,400,000)	(3,400,000)	(8,036,709)	(4,636,709)
1200	Net change in fund balances	(6,781,391)	(6,781,391)	451,838	7,233,229
0100	**Fund balances - beginning**	55,281,090	55,281,090	55,281,090	
3000	**Fund balances - ending**	$ 48,499,699	$ 48,499,699	$ 55,732,928	$ 7,233,229

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, 2011, the Board of Trustees approved budget amendments increasing expenditures and operating transfers as follows:

	General Fund	Debt Service	Child Nutrition
Expenditure amendments approved	$ 724,108	$ 273,000	$
Total	$ 724,108	$ 273,000	$

The District did not have any expenditures in excess of appropriations for the fiscal year ending August 31, 2011.

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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
206	**McKinney - Vento Homeless Education** - to ensure the enrollment, attendance and success of homeless children and youth in school.
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.
240	**Best Practices in Nutrition -** provides funds to combat childhood obesity and promote healthy eating habits among Texas Children.
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.
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
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.
266	**State Fiscal Stabilization Funds -** provides funding for the support of elementary, secondary, and post-secondary education, and, as applicable, early childhood education and other services designed to improve student achievement.
272	**Medicaid Administrative Claiming Program -** provides the District with the ability to receive reimbursement for outreach and case management.

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
279	**ESEA, Title II, Pt. D - ARRA -** funds granted to improve student academic achievement through the use of technology in schools.
283	**IDEA B Formula - ARRA** - provides funds to implement innovative strategies for children with disabilities while stimulating the economy.
284	**IDEA-B - ARRA -** provides funds to implement innovative strategies for preschool children with disabilities while stimulating the economy.
285	**ESEA, Title I, Part A - Improving Basic Ed. - ARRA -** provides grants to strengthen education, drive reform and improve results for students.
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	**Other Federally Funded Special Revenue Funds -** upports and encourages the development of new, self-supporting, community anti-drug coalitions; early childhood summer programs, library grants and wetlands and water education.
315	**SSA - IDEA B - Discretionary (Deaf) -** provides basic special education component and Regional Day
316	**SSA - IDEA B - Formula (Deaf) -** provides educational programs for children with disabilities.
317	**SSA - IDEA B - Preschool (Deaf) -** provides funds for preschool children with disabilities.
340	**SSA - IDEA C - Early Intervention (Deaf) -** provides direct services to hearing impaired infants to toddlers, ages birth through two years of age.
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
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.

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Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
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.
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.
492	**Exxon Staff Development Grant -** funds provided by Exxon to be used for staff development.
493	**CCISD Education Foundation -** provides innovative grant funds for District teachers.
494	**Music Enrichment -** funds received for music programs within the District.
495	**Center Agriculture Science and Engineering** - provides funds for the Longhorn project
496	**NASA Grant -** provides funding for robotic competition.
497	**Science Donations -** supports various District science projects.
498	**After School Achievement -** allows students to participate in supervised fun and safe activities, including acedemic help in reading and math, social activites, and recreational activities.
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, 2011

Data Control Codes		206 McKinney Vento Homeless Education	211 ESEA, Title I, Pt A - Improving Basic Ed.	220 Adult Education
	Assets			
1110	Cash and cash equivalents	$	$	$
	Receivables:			
1240	Receivables from other governments	23,431	820,521	65,560
1290	Other receivables			
1000	**Total Assets**	$ 23,431	$ 820,521	$ 65,560
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	$	$ 2,989	$
2160	Accrued wages payable			
2170	Due to other funds	23,431	817,532	65,560
2180	Due to other governments			
2300	Deferred revenues			
2000	**Total Liabilities**	23,431	820,521	65,560
	Fund Balance:			
	Restricted:			
3450	Federal/State funds grant restrictions			
3490	Other restricted			
	Committed:			
3545	Other committed			
3600	**Unassigned**			
	Total Fund Balance			
4000	**Total liabilities and fund balance**	$ 23,431	$ 820,521	$ 65,560

224	225	240	243
IDEA B - Formula	**IDEA B - Preschool**	**Best Practices in Nutrition**	**Vocational Ed - Tech Prep**
$	$	$	$
1,596,896	46,543	13,060	
$ 1,596,896	$ 46,543	$ 13,060	$
$ 189,034	$ 9,792	$	$
1,407,862	36,751	13,060	
1,596,896	46,543	13,060	
$ 1,596,896	$ 46,543	$ 13,060	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2011

Data Control Codes		244 Vocational Ed - Basic	255 ESEA, Title II, Pt A - Improving Teacher Quality
	Assets		
1110	Cash and cash equivalents	$	$
	Receivables:		
1240	Receivables from other governments	1,520	279,667
1290	Other receivables		
1000	**Total Assets**	$ 1,520	$ 279,667
	Liabilities and Fund Balances		
	Liabilities:		
	Current Liabilities:		
2110	Accounts payable	$	$ 5,995
2160	Accrued wages payable		
2170	Due to other funds	1,520	273,672
2180	Due to other governments		
2300	Deferred revenues		
2000	**Total Liabilities**	1,520	279,667
	Fund Balance:		
	Restricted:		
3450	Federal/State funds grant restrictions		
3490	Other restricted		
	Committed:		
3545	Other committed		
3600	**Unassigned**		
	Total Fund Balance		
4000	**Total liabilities and fund balance**	$ 1,520	$ 279,667

263	265	266	272	279	283
ESEA, Title III, Pt A - BIL/ESL	**21st Century CASE**	**ESEA, Title XIV - SFSF ARRA**	**Medicaid Administrative Claiming Program**	**ESEA, Title II, Pt. D - ARRA**	**IDEA - B Preschool - ARRA**
$	$	$	$	$	$
143,933		3,327,756		11,985	491,365
$ 143,933	$	$ 3,327,756	$	$ 11,985	$ 491,365
$	$	$	$	$	$ 20,320
143,933		3,327,756		11,985	471,045
143,933		3,327,756		11,985	491,365
$ 143,933	$	$ 3,327,756	$	$ 11,985	$ 491,365

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2011

Data Control Codes		284 Foreign Language Assistance	285 ESEA, Title I, Pt A - Improving Basic Ed. - ARRA
	Assets		
1110	Cash and cash equivalents	$	$
	Receivables:		
1240	Receivables from other governments	12,427	50,951
1290	Other receivables		
1000	**Total Assets**	$ 12,427	$ 50,951
	Liabilities and Fund Balances		
	Liabilities:		
	Current Liabilities:		
2110	Accounts payable	$ 2,832	$
2160	Accrued wages payable		
2170	Due to other funds	9,595	50,951
2180	Due to other governments		
2300	Deferred revenues		
2000	**Total Liabilities**	12,427	50,951
	Fund Balance:		
	Restricted:		
3450	Federal/State funds grant restrictions		
3490	Other restricted		
	Committed:		
3545	Other committed		
3600	**Unassigned**		
	Total Fund Balance		
4000	**Total liabilities and fund balance**	$ 12,427	$ 50,951

288 Other Federally Funded Special Revenue Funds	289 Other Federally Funded Special Revenue Funds	315 SSA - IDEA B - Discretionary (Deaf)	316 SSA - IDEA B - Formula (Deaf)	317 SSA - IDEA B - Preschool (Deaf)	340 SSA - IDEA C - Early Intervention (Deaf)
$	$ 2,382,280	$	$	$	$
294,272	167,387	4,379	22,379		
$ 294,272	$ 2,549,667	$ 4,379	$ 22,379	$	$
$ 2,527	$ 10,179	$	$	$	$
291,745		4,379	22,379		
	2,537,584				
	1,904				
294,272	2,549,667	4,379	22,379		
$ 294,272	$ 2,549,667	$ 4,379	$ 22,379	$	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2011

Data Control Codes		385 Visually Impaired State	397 Advanced Placement Incentive	404 Student Success Initiative
	Assets			
1110	Cash and cash equivalents	$ 14,000	$ 19,399	$
	Receivables:			
1240	Receivables from other governments			85,143
1290	Other receivables			
1000	**Total Assets**	$ 14,000	$ 19,399	$ 85,143
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	$	$ 1,405	$
2160	Accrued wages payable			
2170	Due to other funds			85,143
2180	Due to other governments			
2300	Deferred revenues	14,000	17,994	
2000	**Total Liabilities**	14,000	19,399	85,143
	Fund Balance:			
	Restricted:			
3450	Federal/State funds grant restrictions			
3490	Other restricted			
	Committed:			
3545	Other committed			
3600	**Unassigned**			
	Total Fund Balance			
4000	**Total liabilities and fund balance**	$ 14,000	$ 19,399	$ 85,143

411	423	425	429	435
Technology Allotment	**Read To Succeed**	**Tobacco Compliance Grant**	**Other State Funded Special Revenue Funds**	**SSA - Regional Day School Deaf (State)**
$ 545,475	$ 439	$	$ 348,484	$
21,477	96	103,426		399,050
$ 566,952	$ 535	$ 103,426	$ 348,484	$ 399,050
$ 240	$	$ 22,988	$	$
		80,438		323,341
	535			75,709
240	535	103,426		399,050
566,712			348,484	
566,712			348,484	
$ 566,952	$ 535	$ 103,426	$ 348,484	$ 399,050

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
August 31, 2011

Data Control Codes		458 SSA - Regional Day School Deaf (Local)	461 Campus Activity Funds	481 Indirect Cost Recovery
	Assets			
1110	Cash and cash equivalents	$ 248,327	$ 2,512,234	$
	Receivables:			
1240	Receivables from other governments	118,835		
1290	Other receivables		2,213	
1000	**Total Assets**	$ 367,162	$ 2,514,447	$
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	$ 2,701	$ 42,047	$
2160	Accrued wages payable	146,337		
2170	Due to other funds			
2180	Due to other governments			
2300	Deferred revenues	218,124		
2000	**Total Liabilities**	367,162	42,047	
	Fund Balance:			
	Restricted:			
3450	Federal/State funds grant restrictions			
3490	Other restricted			
	Committed:			
3545	Other committed		2,472,400	
3600	**Unassigned**			
	Total Fund Balance		2,472,400	
4000	**Total liabilities and fund balance**	$ 367,162	$ 2,514,447	$

484	492	493	494	495	496
Literacy Grants	**Exxon Staff Development Grant**	**CCISD Education Foundation**	**Music Enrichment**	**Center for Ag Science and Engineering**	**NASA Grant**
$ 18,628	$ 8,250	$ 3,541	$ 39,967	$ 30,574	$
		29,210			14,780
			150		
$ 18,628	$ 8,250	$ 32,751	$ 40,117	$ 30,574	$ 14,780
$	$	$ 4,616	$ 485	$	$
					2,434
					11,015
18,628	8,250	28,135		30,574	1,331
18,628	8,250	32,751	485	30,574	14,780
			39,632		
			39,632		
$ 18,628	$ 8,250	$ 32,751	$ 40,117	$ 30,574	$ 14,780

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Data Control Codes		497 Science Donations	498 After School Achievement	499 Lets Get Literate	Total Nonmajor Governmental Funds
	Assets				
1110	Cash and cash equivalents	$ 2,270	$	$ 1,776	$ 6,175,644
	Receivables:				
1240	Receivables from other governments				8,146,049
1290	Other receivables				2,363
1000	**Total Assets**	$ 2,270	$	1,776	$ 14,324,056
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$	$		318,150
2160	Accrued wages payable				148,771
2170	Due to other funds				7,473,093
2180	Due to other governments				2,537,584
2300	Deferred revenues	2,270		1,776	419,230
2000	**Total Liabilities**	2,270		1,776	10,896,828
	Fund Balance:				
	Restricted:				
3450	Federal/State funds grant restrictions				915,196
3490	Other restricted				
	Committed:				
3545	Other committed				2,512,032
3600	**Unassigned**				
	Total Fund Balance				3,427,228
4000	**Total liabilities and fund balance**	$ 2,270	$	$ 1,776	$ 14,324,056

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

Data Control Codes		206 McKinney Vento Homeless Education	211 ESEA, Title I, Pt A - Improving Basic Ed.
	Revenues		
5700	Local and Intermediate Sources	$	$
5800	State Program Revenues		
5900	Federal Program Revenues	27,631	2,669,066
5020	**Total Revenues**	27,631	2,669,066
	Expenditures		
	Current:		
0011	Instruction	7,793	1,513,189
0012	Instructional Resources and Media Services		15,597
0013	Curriculum and Instructional Staff Development		866,655
0021	Instructional Leadership	18,631	96,678
0023	School Leadership		4,876
0031	Guidance, Counseling and Evaluation Services	1,207	91,120
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		80,951
6030	**Total Expenditures**	27,631	2,669,066
1100	Excess (deficiency) of revenues over expenditures		
	Other Financing Sources (Uses)		
8911	Transfers out		
	Total Other Financing Sources (Uses)		
1200	Net change in fund balances		
0100	**Fund Balance - September 1 (Beginning)**		
3000	**Fund Balance - August 31 (Ending)**	$	$

220	224	225	240	243
Adult Education	**IDEA B - Formula**	**IDEA B - Preschool**	**Best Practices in Nutrition**	**Vocational Ed - Tech Prep**
$	$	$	$	$
112,566	5,092,650	157,269	99,996	19,607
112,566	5,092,650	157,269	99,996	19,607
	3,513,022	109,115		
	95,463	35,648		8,915
				85
	1,411,252	12,506		10,607
	72,913			
			99,996	
112,566				
112,566	5,092,650	157,269	99,996	19,607
$	$	$	$	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

Data Control Codes		244 Vocational Ed - Basic	255 ESEA, Title II, Pt A - Improving Teacher Quality
	Revenues		
5700	Local, Intermediate and Out-of-State	$	$
5800	State Program Revenues		
5900	Federal Program Revenues	269,953	699,816
5020	**Total Revenues**	269,953	699,816
	Expenditures		
	Current:		
0011	Instruction	169,056	
0012	Instructional Resources and Media Services		
0013	Curriculum and Instructional Staff Development	99,357	699,816
0021	Instructional Leadership	1,540	
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	Facilities Maintenance and Operations		
0052	Security and Monitoring Services		
0053	Data Processing Services		
0061	Community Services		
6030	**Total Expenditures**	269,953	699,816
1100	Excess (deficiency) of revenues over expenditures		
	Other Financing Sources (Uses)		
8911	Transfers out		
	Total Other Financing Sources (Uses)		
1200	Net change in fund balances		
0100	**Fund Balance - September 1 (Beginning)**		
3000	**Fund Balance - August 31 (Ending)**	$	$

263	265	266	272	279	283
ESEA, Title III, Pt A - BIL/ESL	**21st Century CASE**	**ESEA, Title XIV - SFSF ARRA**	**Medicaid Administrative Claiming Program**	**ESEA, Title II, Pt. D - ARRA**	**IDEA - B Preschool - ARRA**
$	$	$	$	$	$
403,652	85,200	9,875,859	25,775	13,975	3,098,526
403,652	85,200	9,875,859	25,775	13,975	3,098,526
249,515	23,216	5,262,057			2,687,457
7,666		111,019			
131,577				9,993	84,662
5,577					28,603
	61,984	549,799			
		321,397			297,804
		41,441	25,775		
		3,590,146			
				3,982	
9,317					
403,652	85,200	9,875,859	25,775	13,975	3,098,526
$	$	$	$	$	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

Data Control Codes		284 Foreign Language Assistance	285 ESEA, Title I, Pt A - Improving Basic Ed. - ARRA
	Revenues		
5700	Local, Intermediate and Out-of-State	$	$
5800	State Program Revenues		
5900	Federal Program Revenues	109,812	589,437
5020	**Total Revenues**	109,812	589,437
	Expenditures		
	Current:		
0011	Instruction	79,454	411,003
0012	Instructional Resources and Media Services		
0013	Curriculum and Instructional Staff Development	30,358	172,306
0021	Instructional Leadership		
0023	School Leadership		
0031	Guidance, Counseling and Evaluation Services		
0032	Social work services		
0033	Health Services		639
0034	Student Transportation		
0035	Food Services		
0036	Cocurricular/Extracurricular Activities		
0041	General Administration		
0051	Facilities Maintenance and Operations		
0052	Security and Monitoring Services		
0053	Data Processing Services		
0061	Community Services		5,489
6030	**Total Expenditures**	109,812	589,437
1100	Excess (deficiency) of revenues over expenditures		
	Other Financing Sources (Uses)		
8911	Transfers out		
	Total Other Financing Sources (Uses)		
1200	Net change in fund balances		
0100	**Fund Balance - September 1 (Beginning)**		
3000	**Fund Balance - August 31 (Ending)**	$	$

288 Other Federally Funded Special Revenue Funds	289 Other Federally Funded Special Revenue Funds	315 SSA - IDEA B - Discretionary (Deaf)	316 SSA - IDEA B - Formula (Deaf)	317 SSA - IDEA B - Preschool (Deaf)	340 SSA - IDEA C - Early Intervention (Deaf)
$	$	$	$	$	$
498,754	208,955	81,467	50,642	10,547	908
498,754	208,955	81,467	50,642	10,547	908
11,047	21,733	81,467	50,642	10,547	908
6,449					
447,092	4,096				
2,399					
1,029					
6,491					
	8,700				
	33,182				
24,247	141,244				
498,754	208,955	81,467	50,642	10,547	908
$	$	$	$	$	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2011

		385	397	404
Data Control Codes		**Visually Impaired State**	**Advanced Placement Incentive**	**Student Success Initiative**
	Revenues			
5700	Local, Intermediate and Out-of-State	$	$	$
5800	State Program Revenues		69,873	116,177
5900	Federal Program Revenues			
5020	**Total Revenues**		69,873	116,177
	Expenditures			
	Current:			
0011	Instruction		48,481	115,427
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development		21,392	750
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	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services			
6030	**Total Expenditures**		69,873	116,177
1100	Excess (deficiency) of revenues over expenditures			
	Other Financing Sources (Uses)			
8911	Transfers out			
	Total Other Financing Sources (Uses)			
1200	Net change in fund balances			
0100	**Fund Balance - September 1 (Beginning)**			
3000	**Fund Balance - August 31 (Ending)**	$	$	$

411	423	425	429	435
Technology Allotment	**Read To Succeed**	**Tobacco Compliance Grant**	**Other State Funded Special Revenue Funds**	**SSA - Regional Day School Deaf (State)**
$ 1,024,564	$	$ 135,244	$ 350,279	$ 861,926
1,024,564		135,244	350,279	861,926
287,428		10,150		861,926
306,056		120,744		
6,728				
37,665				
			1,795	
		4,350		
637,877		135,244	1,795	861,926
386,687			348,484	
386,687			348,484	
180,025				
$ 566,712	$	$	$ 348,484	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

Data Control Codes		458 SSA - Regional Day School Deaf (Local)	461 Campus Activity Funds	481 Indirect Cost Recovery
	Revenues			
5700	Local, Intermediate and Out-of-State	$ 1,295,071	$ 3,444,841	$
5800	State Program Revenues	109,882		
5900	Federal Program Revenues			
5020	**Total Revenues**	1,404,953	3,444,841	
	Expenditures			
	Current:			
0011	Instruction	1,057,866		
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	1,990		
0021	Instructional Leadership	203,436		
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services	125,541		
0032	Social work services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities		3,148,794	
0041	General Administration			
0051	Facilities Maintenance and Operations	16,120		
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services			
6030	**Total Expenditures**	1,404,953	3,148,794	
1100	Excess (deficiency) of revenues over expenditures		296,047	
	Other Financing Sources (Uses)			
8911	Transfers out			(183,559)
	Total Other Financing Sources (Uses)			(183,559)
1200	Net change in fund balances		296,047	(183,559)
0100	**Fund Balance - September 1 (Beginning)**		2,176,353	183,559
3000	**Fund Balance - August 31 (Ending)**	$	$ 2,472,400	$

484	492	493	494	495	496
Literacy Grants	**Exxon Staff Development Grant**	**CCISD Education Foundation**	**Music Enrichment**	**Center for Ag Science and Engineering**	**NASA Grant**
$ 16,512	$	$ 109,437	$ 220,323	$ 1,302	$ 74,809
16,512		109,437	220,323	1,302	74,809
136		63,617		973	37,351
			297,566		37,458
16,376		45,820		329	
16,512		109,437	297,566	1,302	74,809
			(77,243)		
			(77,243)		
			116,875		
$	$	$	$ 39,632	$	$

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2011

Data Control Codes		497 Science Donations	498 After School Achievement	499 Lets Get Literate	Total Nonmajor Governmental Funds
	Revenues				
5700	Local, Intermediate and Out-of-State	$ 2,021	$ 621	$	$ 5,164,937
5800	State Program Revenues				2,667,945
5900	Federal Program Revenues				24,202,063
5020	**Total Revenues**	2,021	621		32,034,945
	Expenditures				
	Current:				
0011	Instruction	820			16,685,396
0012	Instructional Resources and Media Services				140,731
0013	Curriculum and Instructional Staff Development	1,201	621		3,138,692
0021	Instructional Leadership				363,677
0023	School Leadership				616,659
0031	Guidance, Counseling and Evaluation Services				2,272,463
0032	Social work services				6,491
0033	Health Services				67,855
0034	Student Transportation				72,913
0035	Food Services				99,996
0036	Cocurricular/Extracurricular Activities				3,521,483
0041	General Administration				1,795
0051	Facilities Maintenance and Operations				3,614,966
0052	Security and Monitoring Services				4,350
0053	Data Processing Services				37,164
0061	Community Services				436,339
6030	**Total Expenditures**	2,021	621		31,080,970
1100	Excess (deficiency) of revenues over expenditures				953,975
	Other Financing Sources (Uses)				
8911	Transfers out				(183,559)
	Total Other Financing Sources (Uses)				(183,559)
1200	Net change in fund balances				770,416
0100	**Fund Balance - September 1 (Beginning)**				2,656,812
3000	**Fund Balance - August 31 (Ending)**	$	$	$	$ 3,427,228

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*

COMBINING STATEMENT OF NET ASSETS

NONMAJOR ENTERPRISE FUNDS

August 31, 2011

	Enterprise Funds			
	Child Nutrition	Athletic Concessions	Advertising	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 4,452,532	$ 160,084	$ 2,930	$ 4,615,546
Receivables:				
Due from other governments	174,957			174,957
Other receivables	379			379
Inventories, at cost	298,560			298,560
Total current assets	4,926,428	160,084	2,930	5,089,442
Land, Buildings and Equipment:				
Building and improvements	1,820,449			1,820,449
Furniture and equipment	2,071,000	14,718		2,085,718
Construction in progress				
Accumulated depreciation - buildings	(120,731)			(120,731)
Accumulated depreciation - furniture and equipment	(692,778)	(9,583)		(702,361)
Total non-current assets	3,077,940	5,135		3,083,075
Total Assets	8,004,368	165,219	2,930	8,172,517
Liabilities				
Current Liabilities:				
Accounts payable	36,749	1,346	24	38,119
Accrued wages payable	260,961			260,961
Due to other funds	230,576			230,576
Total current liabilities	528,286	1,346	24	529,656
Total Liabilities	528,286	1,346	24	529,656
Net Assets				
Invested in capital assets	3,077,940	5,135		3,083,075
Restricted for food service	4,398,141			4,398,141
Unrestricted net assets		158,738	2,906	161,644
Total Net Assets	$ 7,476,081	$ 163,873	$ 2,906	$ 7,642,860

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit H-4***

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended August 31, 2011

	Child Nutrition	Athletic Concessions	Advertising	Total
Operating Revenues				
Charges for services	$ 8,504,171	$ 105,982	$ 2,930	$ 8,613,083
Total Operating Revenues	8,504,171	105,982	2,930	8,613,083
Operating Expenses				
Payroll costs	5,000,981	18,895		5,019,876
Purchased and contracted services	149,804	19,680		169,484
Supplies and materials	6,507,534	56,350		6,563,884
Other operating costs	291,097		24	291,121
Depreciation	258,610	2,219		260,829
Total operating expenses	12,208,026	97,144	24	12,305,194
Operating income (loss)	(3,703,855)	8,838	2,906	(3,692,111)
Non-Operating Revenues (Expenses)				
Investment earnings	11,484			11,484
National School Breakfast Program	966,842			966,842
National School Lunch Program	3,440,372			3,440,372
Donated Commodities	637,639			637,639
Federal program revenue	102,797			102,797
State program revenue	61,036			61,036
Total Non-operating revenues (expenses)	5,220,170			5,220,170
Change in Net Assets	1,516,315	8,838	2,906	1,528,059
Net assets - September 1 (beginning)	5,959,766	155,035		6,114,801
Net assets - August 31 (ending)	$ 7,476,081	$ 163,873	$ 2,906	$ 7,642,860

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Exhibit H-5*

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For The Year Ended August 31, 2011

	701 Child Nutrition	711 Athletic Concessions	712 Advertising	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash received from user charges	$ 8,504,454	$ 105,982	$ 2,930	$ 8,613,366
Cash payments to suppliers for goods and services	(6,371,520)	(86,524)		(6,458,044)
Cash payments to employees	(4,984,637)	(18,895)		(5,003,532)
Net Cash Provided by (Used for) Operating Activities	(2,851,703)	563	2,930	(2,848,210)
Cash Flows from Non-Capital Financing Activities:				
Federal and state assistance - Food service and related	4,529,235			4,529,235
Net Cash Provided by (Used for) Non-Capital Financing Activities	4,529,235			4,529,235
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(145,379)			(145,379)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(145,379)			(145,379)
Cash Flows from Investing Activities:				
Interest on investments	11,484			11,484
Net Cash Provided by Investing Activities	11,484			11,484
Net Increase (Decrease) in Cash and Cash Equivalents	1,543,637	563	2,930	1,547,130
Cash and Cash Equivalents at Beginning of Year	2,908,895	159,521		3,068,416
Cash and Cash Equivalents at End of Year	$ 4,452,532	$ 160,084	$ 2,930	$ 4,615,546
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ (3,703,855)	$ 8,838	$ 2,906	$ (3,692,111)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	258,610	2,219		260,829
Donated commodities	637,639			637,639
Change in Assets and Liabilities:				
Decrease (increase) in Receivables	283			283
Decrease (increase) in Inventories	55,452			55,452
Increase (decrease) in Accounts Payable	(61,524)	(10,494)	24	(71,994)
Increase (decrease) in Accrued Wages Payable	16,344			16,344
Increase (decrease) in Interfund Payables	(54,652)			(54,652)
Net Cash Provided by (Used for) Operating Activities	$ (2,851,703)	$ 563	$ 2,930	$ (2,848,210)
Supplemental information:				
Non-cash transaction - Donated commodities received	$ 637,639	$	$	$ 637,639
Total non-cash transactions	$ 637,639	$	$	$ 637,639

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit H-6***

COMBINING STATEMENT OF NET ASSETS

NONMAJOR INTERNAL SERVICE FUNDS

August 31, 2011

	753 Health Insurance	771 Workers Comp Insurance	772 Disability Insurance	773 Property Insurance	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 2,547,380	$ 1,216,636	$ 429,423	$ 2,668,275	$ 6,861,714
Receivables:					
Due from other funds		176,964			176,964
Other receivables	46,500				46,500
Deferred expenses			8,700		8,700
Total Current Assets	2,593,880	1,393,600	438,123	2,668,275	7,093,878
Total Assets	2,593,880	1,393,600	438,123	2,668,275	7,093,878
Liabilities					
Current Liabilities:					
Accounts payable	288,519	6,000	45,097		339,616
Accrued expenses	275,000	815,468	92,000		1,182,468
Total current liabilities	563,519	821,468	137,097		1,522,084
Total Liabilities	563,519	821,468	137,097		1,522,084
Net Assets					
Unrestricted net assets	2,030,361	572,132	301,026	2,668,275	5,571,794
Total Net Assets	$ 2,030,361	$ 572,132	$ 301,026	$ 2,668,275	$ 5,571,794

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit H-7***

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

NONMAJOR INTERNAL SERVICE FUNDS

For the Year Ended August 31, 2011

	753 Health Insurance	771 Workers Comp Insurance	772 Disability Insurance	773 Property Insurance	Total
Operating Revenues					
Charges for services	$ 9,017,427	$ 983,357	$ 663,067	$ 4,076,622	$ 14,740,473
Total operating revenues	9,017,427	983,357	663,067	4,076,622	14,740,473
Operating Expenses					
Purchased and contracted services	977,745	107,819	59,224		1,144,788
Supplies and materials	333	2,657			2,990
Claims expense and other operating expenses	6,340,168	873,310	548,848	4,976,621	12,738,947
Total operating expenses	7,318,246	983,786	608,072	4,976,621	13,886,725
Operating Income (Loss)	1,699,181	(429)	54,995	(899,999)	853,748
Non-Operating Revenues (Expenses)					
Earnings - temporary deposits and investments	14,444	1,450		8,148	24,042
Total non-operating revenues (expenses)	14,444	1,450		8,148	24,042
Income (loss) before transfers	1,713,625	1,021	54,995	(891,851)	877,790
Transfers					
Transfers in				500,000	500,000
Change in Net Assets	1,713,625	1,021	54,995	(391,851)	1,377,790
Net Assets - September 1 (Beginning)	316,736	571,111	246,031	3,060,126	4,194,004
Net Assets - August 31 (Ending)	$ 2,030,361	$ 572,132	$ 301,026	$ 2,668,275	$ 5,571,794

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR INTERNAL SERVICE FUNDS
For The Year Ended August 31, 2011

	753 Health Insurance	771 Workers Comp Insurance	772 Disability Insurance
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash received from user charges	$ 76,884	$	$ 663,067
Cash received from interfund services provided	9,894,043	992,609	
Cash payments for insurance claims	(9,814,643)	(788,544)	(546,848)
Cash payments to suppliers for goods and services	(1,282,696)	(189,325)	(105,405)
Net Cash Provided by (Used for) Operating Activities	(1,126,412)	14,740	10,814
Cash Flows from Non-Capital Financing Activities:			
Advances from other funds			
Net Cash Provided by (Used for) Non-Capital Financing Activities			
Cash Flows from Investing Activities:			
Proceeds from sale/maturities of investments	802,000		
Interest on investments	14,444	1,450	
Net Cash Provided by Investing Activities	816,444	1,450	
Net Increase (decrease) in Cash and Cash Equivalents	(309,968)	16,190	10,814
Cash and Cash Equivalents at Beginning of Year	2,857,348	1,200,446	418,609
Cash and Cash Equivalents at End of Year	$ 2,547,380	$ 1,216,636	$ 429,423
Reconciliation of Operating Income to Net Cash Provided by operating Activities:			
Operating Income (Loss)	$ 1,699,181	$ (429)	$ 54,995
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Change in Assets and Liabilities:			
Decrease (increase) in Receivables	(46,500)		
Decrease (increase) in Interfund Receivables	1,000,000	9,252	
Decrease (increase) in Deferred Expenses	24,730		
Increase (decrease) in Accounts Payable	(303,823)	5,917	(46,181)
Increase (decrease) in Accrued Expenses	(3,500,000)		2,000
Net Cash Provided by (Used for) Operating Activities	$ (1,126,412)	$ 14,740	$ 10,814

773

Property Insurance	Total
$	$ 739,951
4,076,622	14,963,274
	(11,150,035)
(4,976,621)	(6,554,047)
(899,999)	(2,000,857)
500,000	500,000
500,000	500,000
3,005,242	3,807,242
8,148	24,042
3,013,390	3,831,284
2,613,391	2,330,427
54,884	4,531,287
$ 2,668,275	$ 6,861,714
$ (899,999)	$ 853,748
	(46,500)
	1,009,252
	24,730
	(344,087)
	(3,498,000)
$ (899,999)	$ (2,000,857)

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit H-9***

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

August 31, 2011

Data Control Codes		865 Student Activity Fund	899 Coastal Alternative Program	Total Agency Funds
	Assets			
1110	Cash and cash equivalents	$ 1,571,379	$ 1,641,862	$ 3,213,241
	Total Assets	$ 1,571,379	$ 1,641,862	$ 3,213,241
	Liabilities			
2110	Accounts payable	$ 24,751	$	$ 24,751
2180	Due to other governments		1,641,862	1,641,862
2190	Due to others	1,546,628		1,546,628
2000	**Total Liabilities**	$ 1,571,379	$ 1,641,862	$ 3,213,241

Required TEA Schedules

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended August 31, 2011

	1	2	3	10
Last Ten Fiscal Years	**Tax Rates**		**Net Assessed/Appraised Value For School Tax Purposes**	**Beginning Balance 9/1/2010**
	Maintenance	**Debt Service**		
2002 and prior	Various	Various	Various	$ 770,278
2003	1.500000	0.240000	$9,593,862,525	176,233
2004	1.500000	0.230000	10,344,295,202	238,623
2005	1.500000	0.245000	10,894,418,266	258,943
2006	1.500000	0.275000	11,589,893,442	695,292
2007	1.330000	0.300000	12,659,468,894	324,678
2008	1.000000	0.320000	13,434,501,591	376,230
2009	1.040000	0.320000	15,128,641,636	867,707
2010	1.040000	0.320000	15,071,586,235	2,083,673
2011	1.040000	0.320000	14,969,325,074	
1000 **TOTALS**				$ 5,791,657
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			$ 203,278,898	$

20	31	32	40	50
Current Year's Total Levy	**Maintenance Total Collections**	**Debt Service Total Collections**	**Entire Year's Adjustments**	**Ending Balance 8/31/2011**
$	$ 92,985	$ 14,767	$ (933)	$ 661,593
	1,660	266	(187)	174,120
	3,009	461	(201)	234,952
	6,800	1,111	(202)	250,830
	292,061	53,545	(112,932)	236,754
	25,866	5,834	182,217	475,195
	52,522	16,807	(6,464)	300,437
	90,282	27,779	(145,432)	604,214
	381,873	117,499	(706,783)	877,518
203,582,821	154,142,956	47,428,602	87,786	2,099,049
$ 203,582,821	$ 155,090,014	$ 47,666,671	$ (703,131)	5,914,662
	Penalty and interest receivable on taxes			3,418,393
	Total taxes receivable per Exhibit C-1			$ 9,333,055
$ 2,138,848	$ 2,138,848	$	$	$

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Exhibit J-2***

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF
INDIRECT COSTS FOR 2012-2013
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended August 31, 2011

Account Number		(1) 702 School Board	(2) 703 Tax Collection	(3) 701 Supt's Office	(4) 750 Indirect Cost	(5) 720 Direct Cost	(6) (other) Misc.	(7) Total
6100	Payroll Costs	$ 1,875	$ 227,502	$ 321,693	$ 4,113,184	$	$	$ 4,664,254
6149	Leave for Separating in Functions 41 and 53							
6149	Leave for Separating not in Functions 41 and 53							
6211	Legal Services					246,669		246,669
6212	Audit Services				81,480			81,480
6213	Tax Appraisal / Collection		1,633,880					1,633,880
621X	Other Professional Services		19,100	707				19,807
6230	Education Service Centers						3,675	3,675
6240	Maintenance and Repairs					10,593		10,593
6250	Utilities							
6260	Rentals				7,060		139,516	146,576
6290	Miscellaneous Contracts				34,000		144,483	178,483
6320	Textbooks and Reading	50		236	2,626		1,173	4,085
63XX	Other Supplies		8,239	1,102	24,409		228,151	261,901
6410	Travel, Subsistence and Stipends	2,219	1,203	1,775	9,016		29,027	43,240
6420	Insurance and Bonding		400				118,523	118,923
6430	Election Costs							
6490	Miscellaneous Operating	2,239	1,410	14,121	24,202		78,479	120,451
6600	Capital Outlay							
	Total	$ 6,383	$ 1,891,734	$ 339,634	$ 4,295,977	$ 257,262	$ 743,027	$ 7,534,017

Other Information:

Total expenditures for General, Special Revenue and Food Service Enterprise Fund (Exhibits C-3 and D-2)			(9) $ 312,196,199
Less: Deductions of Unallowable Costs:			
Fiscal Year			
Total Capital Outlay (6600)	(10)	$ 502,647	
Total Debt & Lease (6500)	(11)		
Plant Maintenance (Function 51, 6100-6400)	(12)	24,403,535	
Food (Function 35, 6341 and 6499)	(13)	5,075,356	
Stipends (6413)	(14)		
Column 5 above - Total Indirect Cost		4,295,977	
Subtotal			34,277,515
Net Allowable Direct Cost			$ 277,918,684

Cumulative:

Total Cost of Buildings before Depreciation (1520)	(15)	$ 749,858,120
Historical Cost of Buildings over 50 years old	(16)	10,427,392
Amount of Federal Money in building Cost (Net of #16)	(17)	2,846,613
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	(18)	122,431,069
Historical Cost of Furniture & Equipment over 16 years old	(19)	3,287,889
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	2,341,272

(8) Note A - $0 in Function 53 expenditures are included in this report on administrative costs.
$1,633,880 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Exhibit J-4*

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - CHILD NUTRITION

For the Year Ended August 31, 2011

		Child Nutrition			
		Budgeted Amounts			
Data Control Codes		Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Operating Revenues				
5700	Local revenues	$ 9,066,000	$ 9,066,000	$ 8,504,171	$ (561,829)
	Total operating revenues	9,066,000	9,066,000	8,504,171	(561,829)
	Operating Expenses				
0035	Food services	13,204,500	13,119,500	11,733,302	1,386,198
0036	Extracurricular activities	280,500	280,500	175,566	104,934
0051	Facilities maintenance and operations	85,000	145,000	113,622	31,378
0093	Payments related to shared services arrangements	200,000	225,000	185,536	39,464
	Total operating expenses	13,770,000	13,770,000	12,208,026	1,561,974
1100	Operating income (loss)	(4,704,000)	(4,704,000)	(3,703,855)	1,000,145
	Non-Operating Revenues (Expenses)				
7020	Investment earnings	9,000	9,000	11,484	2,484
7952	National School Breakfast	951,000	951,000	966,842	15,842
7953	National School Lunch	3,319,000	3,319,000	3,440,372	121,372
7954	U.S.D.A. donated commodities	553,000	553,000	637,639	84,639
5800	State program revenues	70,000	70,000	61,036	(8,964)
5900	Federal program revenues			102,797	102,797
	Total non-operating revenues (expenses)	4,902,000	4,902,000	5,220,170	318,170
1200	Net change in fund balances/net assets	198,000	198,000	1,516,315	1,318,315
0100	**Net assets - September 1 (beginning)**	5,959,767	5,959,766	5,959,766	
3000	**Net assets - August 31 (ending)**	$ 6,157,767	$ 6,157,766	$ 7,476,081	$ 1,318,315

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Exhibit J-5*

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - DEBT SERVICE FUND

For the Year Ended August 31, 2011

		Debt Service			
		Budgeted Amounts			
Data Control Codes		Original	Final	Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local revenues	$ 47,830,000	$ 47,380,000	$ 48,176,920	$ 796,920
	Total revenues	47,830,000	47,380,000	48,176,920	796,920
	Expenditures				
	Debt Service:				
0071	Debt service expenditures	14,524,458	14,854,458	14,854,458	
0072	Interest on long-term debt	36,264,214	35,934,214	35,929,809	4,405
0073	Bond issuance costs and fees	41,328	314,328	273,059	41,269
	Total expenditures	50,830,000	51,103,000	51,057,326	45,674
1100	Excess (deficiency) of revenues over expenditures	(3,000,000)	(3,723,000)	(2,880,406)	842,594
	Other Financing Sources (Uses)				
7901	Refunding bonds issued		21,270,000	21,270,000	
7916	Premium or discount on issuance of bonds		1,006,000	1,278,621	272,621
8949	Payment to Bond Refunding Escrow Agent		(22,276,000)	(22,275,563)	437
	Total other financing sources (uses)			273,058	273,058
1200	Net change in fund balances/net assets	(3,000,000)	(3,723,000)	(2,607,348)	1,115,652
0100	**Fund balances/net assets - beginning**	9,613,544	9,613,544	9,613,544	
3000	**Fund balances/net assets - ending**	$ 6,613,544	$ 5,890,544	$ 7,006,196	$ 1,115,652

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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	118
Revenue Capacity The schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	128
Debt Capacity 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.	136
Demographic and Economic Information The schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	144
Operating Information 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.	150

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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 39,000 students in grades pre-kindergarten through twelfth. The District operates twenty-six elementary schools, ten intermediate schools, five comprehensive high schools, two alternative secondary campuses, and one early college high school. Clear Creek ISD is now the 27th largest of the 1,228 school districts in Texas. The District currently employs approximately 4,830 persons with over 2,450 teachers.

Economy

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

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

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

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2011	2010	2009	2008
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 23,731,005	$ 29,359,470	$ 47,739,276	$ 57,918,010
Restricted	7,464,333	9,838,187	9,206,330	12,100,811
Unrestricted	66,234,886	60,975,276	60,536,296	55,467,592
Total Governmental Activities Net Assets	97,430,224	100,172,933	117,481,902	125,486,413
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	3,083,076	3,198,526	1,875,521	1,000,922
Restricted	2,881,826	2,768,595	3,472,557	1,793,511
Unrestricted	1,677,959	147,681	135,348	1,305,516
Total Business-type Activities Net Assets	7,642,861	6,114,802	5,483,426	4,099,949
Primary Government				
Invested in Capital Assets, Net of Related Debt	26,814,081	32,557,996	49,614,797	58,918,932
Restricted	10,346,159	12,606,782	12,678,887	13,894,322
Unrestricted	67,912,845	61,122,957	60,671,644	56,773,108
Total Primary Government Net Assets	$ 105,073,085	$ 106,287,735	$ 122,965,328	$ 129,586,362

Table 1

2007	2006	2005	2004	2003	2002
$ 71,589,986	$ 16,425,310	$ 26,156,986	$ 22,827,283	$ 28,501,275	$ 17,530,974
9,361,244	45,239,128	25,567,205	13,406,975	8,611,020	18,937,957
55,060,277	56,087,164	50,979,730	48,325,352	30,059,167	28,761,527
136,011,507	117,751,602	102,703,921	84,559,610	67,171,462	65,230,458
1,070,736	569,825				
1,711,904	1,627,328	1,534,251	1,282,015	1,006,509	722,079
150,581	159,915	152,231	122,523	134,409	126,846
2,933,221	2,357,068	1,686,482	1,404,538	1,140,918	848,925
72,660,722	16,995,135	26,156,986	22,827,283	28,501,275	17,530,974
11,073,148	46,866,456	27,101,456	14,688,990	9,617,529	19,660,036
55,210,858	56,247,079	51,131,961	48,447,875	30,193,576	28,888,373
$ 138,944,728	$ 120,108,670	$ 104,390,403	$ 85,964,148	$ 68,312,380	$ 66,079,383

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2011	2010	2009	2008
Expenses:				
Governmental Activities:				
Instruction	$ 203,798,409	$ 213,790,742	$ 199,989,421	$ 187,005,283
Instructional Resources and Media Services	5,219,802	5,536,773	5,118,220	4,786,735
Curriculum and Instructional Staff Development	9,124,040	10,144,345	7,480,771	5,748,866
Instructional Leadership	3,462,106	3,561,884	3,346,734	2,999,697
School Leadership	20,090,249	20,348,345	18,428,231	16,600,181
Guidance, Counseling, and Evaluation Services	12,451,570	12,512,092	11,299,053	10,643,162
Social Work Services	686,719	689,255	629,239	525,220
Health Services	3,007,249	3,113,393	2,772,164	2,818,871
Student (Pupil) Transportation	10,587,783	10,836,560	10,651,835	10,267,937
Food Services	349,623	553,491	693,144	372,793
Cocurricular/Extracurricular Activities	10,638,844	9,978,113	9,343,429	8,990,389
General Administration	6,647,671	7,348,090	7,920,709	9,143,299
Plant Maintenance and Operations *	28,320,945	32,624,068	40,108,623	31,929,711
Security and Monitoring Services	2,904,272	3,084,381	2,895,446	2,408,461
Data Processing Services	7,125,667	5,493,064	4,915,794	4,160,802
Community Services	532,150	612,711	762,277	774,094
Debt Service - Interest on Long-term Debt	31,318,953	33,372,449	33,059,584	29,190,482
Debt Service - Bond Issuance Costs and Fees		23,370	35,085	5,247
Facilities Acquisition and Construction				443,381
Payments Related to Shared Service Arrangements	5,387,509	2,528,443	10,070,862	2,809,460
Payments to Juvenile Justice Alternative Ed. Prog.	56,850	28,472	55,186	98,641
Payments to Tax Increment Fund	2,138,848	1,544,485	1,353,044	1,107,151
Intergovernmental Charges	1,633,880	1,567,625	1,510,061	
Total Governmental Activities Expenses	365,483,139	379,292,151	372,438,912	332,829,863
Business-type Activities:				
Enterprise Fund - Child Nutrition	12,208,026	12,328,575	11,348,883	11,199,566
Enterprise Fund - Athletic Concessions	97,144	113,680	80,996	114,653
Enterprise Fund - Advertising	24			
Total Business-type Activities Expenses	12,305,194	12,442,255	11,429,879	11,314,219
Total Primary Government Expenses	377,788,333	391,734,406	383,868,791	344,144,082
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instruction	1,478,819	1,753,806	1,645,603	1,644,473
Cocurricular/Extracurricular Activities	4,298,655	4,432,362	3,582,522	3,770,335
Plant Maintenance and Operations	755,116	895,594	661,549	607,878
Other Activities	297,594	360,930	345,064	381,099
Operating Grants and Contributions	42,904,888	44,784,882	36,785,403	26,578,931
Total Governmental Activities Program Revenues	$ 49,735,072	$ 52,227,574	$ 43,020,141	$ 32,982,716

2007	2006	2005	2004	2003	2002
$ 158,776,037	$ 151,777,860	$ 138,338,317	$ 129,440,871	$ 128,301,863	$ 116,470,050
4,496,393	4,271,647	3,492,488	3,220,364	3,374,354	3,477,255
4,223,454	4,059,134	2,696,095	1,748,826	1,544,374	1,054,227
2,560,644	2,240,055	3,026,525	2,575,088	2,423,079	2,522,511
14,543,396	13,482,018	12,146,337	10,961,631	10,822,382	9,750,163
9,235,319	8,527,125	7,579,493	7,222,723	7,266,766	6,732,154
363,705	485,510	519,442	500,143	434,030	318,052
2,354,294	2,323,136	2,032,943	1,995,399	2,064,297	1,790,758
8,281,296	8,190,311	7,242,908	5,989,494	6,602,429	5,557,007
367,913	384,798	339,600	83,310	261,058	27,210
8,275,702	7,556,005	6,862,976	6,417,187	6,176,200	5,370,002
7,977,884	7,364,736	6,311,067	6,347,059	6,465,639	6,198,548
31,436,161	26,636,699	23,134,308	20,882,919	21,386,378	21,323,180
2,210,648	1,912,352	1,395,374	909,847	793,078	767,640
4,193,126	4,329,087	4,116,333	4,104,658	3,614,915	2,841,553
474,027	374,454	245,918	198,985	149,787	123,523
27,101,812	26,449,372	23,542,304	18,002,038	16,340,811	17,647,312
20,559	7,500	20,543	16,169	19,533	
381,582	1,022,684	779,514		364,097	1,830,453
502,515	486,530	54,120	48,494	51,085	50,124
102,381	13,713	83,322	39,592	89,440	48,824
1,002,481	746,969	647,256	447,857	195,347	48,767
288,881,329	272,641,695	244,607,183	221,152,654	218,740,942	203,949,313
9,997,102	9,668,104	9,443,723	8,437,387	7,985,293	8,130,552
89,901	54,896	66,567	62,316	45,874	52,377
10,087,003	9,723,000	9,510,290	8,499,703	8,031,167	8,182,929
298,968,332	282,364,695	254,117,473	229,652,357	226,772,109	212,132,242
1,447,335	1,485,154	1,368,823	1,452,575	1,259,601	872,143
3,588,428	3,270,386	3,082,950	2,785,236	2,623,893	2,241,302
400,656	377,452	350,734	349,805	366,332	372,288
262,733	264,450	234,457	206,239	336,057	249,903
22,515,267	28,965,039	23,096,323	20,418,934	22,628,115	18,404,312
$ 28,214,419	$ 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 TEN FISCAL YEARS

(Accrual Basis of Accounting)

	2011	2010	2009	2008
Program Revenues (Continued):				
Business-type Activities:				
Charges for Services:				
Enterprise Fund - Child Nutrition	$ 8,504,171	$ 8,381,191	$ 7,986,956	$ 8,705,582
Enterprise Fund - Athletic Concessions	105,982	123,794	97,101	92,888
Enterprise Fund - Advertising	2,930			
Operating Grants and Contributions:				
Enterprise Fund - Child Nutrition	5,208,686	4,560,138	4,691,212	3,542,340
Total Business-type Activities Program Revenues	13,821,769	13,065,123	12,775,269	12,340,810
Total Primary Government Program Revenues	63,556,841	65,292,697	55,795,410	45,323,526
Net (Expense) / Revenue:				
Governmental Activities	(315,748,067)	(327,064,577)	(329,418,771)	(299,847,147)
Business-type Activities	1,516,575	622,868	1,345,390	1,026,591
Total Primary Government Net (Expense) / Revenue	(314,231,492)	(326,441,709)	(328,073,381)	(298,820,556)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	$ 204,610,537	$ 205,912,407	$ 208,182,750	$ 178,981,504
Gifts and Bequests				
State Aid - Formula Grants	103,117,554	101,445,031	100,081,124	100,415,037
Unrestricted Grants and Contributions		121,083	64,621	130,370
Investment Earnings	643,253	1,029,358	3,652,497	8,559,284
Miscellaneous Income	4,634,014	880,825	804,682	1,235,858
Gain (Loss) on Asset Disposition				
Disaster Recovery		366,904	8,628,586	
Gain on Escrow Swap				
Total Governmental Activities	313,005,358	309,755,608	321,414,260	289,322,053
Business-type Activities:				
Unrestricted Grants and Contributions				
Investment Earnings	11,484	8,508	38,087	140,137
Total Business-type Activities:	11,484	8,508	38,087	140,137
Total Primary Government	313,016,842	309,764,116	321,452,347	289,462,190
Change in Net Assets				
Governmental Activities	(2,742,709)	(17,308,969)	(8,004,511)	(10,525,094)
Business-type Activities	1,528,059	631,376	1,383,477	1,166,728
Total Primary Government	$ (1,214,650)	$ (16,677,593)	$ (6,621,034)	$ (9,358,366)

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

2007	2006	2005	2004	2003	2002
$ 7,319,075	$ 7,250,418	$ 6,815,731	$ 6,444,969	$ 6,202,051	$ 6,297,264
80,567	62,580	96,275	50,430	53,437	68,766
3,110,564	2,920,514	2,829,656	2,251,716	2,050,044	1,834,239
10,510,206	10,233,512	9,741,662	8,747,115	8,305,532	8,200,269
38,724,625	44,595,993	37,874,949	33,959,904	35,519,530	30,340,217
(260,666,910)	(238,279,214)	(216,473,896)	(195,939,865)	(191,526,944)	(181,809,365)
423,203	510,512	231,372	247,412	274,365	17,340
(260,243,707)	(237,768,702)	(216,242,524)	(195,692,453)	(191,252,579)	(181,792,025)
$ 210,879,647	$ 207,770,478	$ 190,768,866	$ 180,166,106	$ 167,731,742	$ 156,032,994
		9,377,814	91,320	487,957	
54,161,494	31,828,105	27,866,853	24,552,844	22,401,038	25,522,986
113,352	49,594	1,535,363	3,221,040	1,409,392	759,947
11,373,275	10,717,858	6,099,032	2,128,834	1,631,834	5,307,814
345,633	210,223		55,894	14,887	396,080
	34,354	(1,029,721)	(224,675)	(208,902)	
			3,336,651		
276,873,401	250,610,612	234,618,207	213,328,014	193,467,948	188,019,821
	15,000				
152,950	78,155	50,572	16,208	17,628	18,407
152,950	93,155	50,572	16,208	17,628	18,407
277,026,351	250,703,767	234,668,779	213,344,222	193,485,576	188,038,228
16,206,491	12,331,398	18,144,311	17,388,149	1,941,004	6,210,456
576,153	603,667	281,944	263,620	291,993	35,747
$ 16,782,644	$ 12,935,065	$ 18,426,255	$ 17,651,769	$ 2,232,997	$ 6,246,203

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2011	2010	2009	2008
General Fund				
Non-Spendable				
Inventories	$ 1,181,336	$ 1,009,585	$ 1,059,716	$ 1,086,029
Prepaid items	2,453,107	2,687,429	2,757,574	2,052,803
Restricted:				
Retirement of long-term debt				
Committed:				
Construction				
Other committed	3,250,000	3,250,000	3,250,000	3,250,000
Assigned:				
Other purposes	3,643,370	3,831,338	3,749,743	3,314,816
Unassigned	45,205,115	44,502,738	43,561,059	44,191,172
Total General Fund	$ 55,732,928	55,281,090	$ 54,378,092	$ 53,894,820
All Other Governmental Funds				
Non-Spendable				
Inventories				
Prepaid items				
Restricted:				
Federal/State funds grant restrictions	$ 915,196	$ 117,556	$ 2,075,525	$ 644,096
Capital acquisitions and contractual oblig.	11,516,555	31,879,559	49,810,553	84,819,475
Retirement of long-term debt	7,006,196	9,613,544	10,390,543	7,346,226
Other restricted	-	2,445,635	25,717,476	35,517,406
Committed:				
Construction	24,718,523			
Capital expenditures for equipment	331,866			
Other committed	2,512,032	2,293,228	2,010,967	2,059,285
Assigned:				
Other purposes		246,028	289,107	332,651
Unassigned				
Total All Other Governmental Funds	$ 47,000,368	$ 46,595,550	$ 88,283,204	$ 130,719,139

Table 3

2007	2006	2005	2004	2003	2002
$ 916,616	$ 937,991	$ 792,238	$ 829,946	$ 781,689	$ 627,983
2,810,865	2,865,700	1,068,631	988,458	1,065,166	1,307,389
		713,546	1,046,021	1,363,297	437,987
					193,499
3,250,000	3,250,000	2,500,000			
2,752,930	2,565,485	5,598,189	3,916,116	3,042,398	5,898,336
43,761,535	41,653,989	38,325,281	38,966,646	22,843,756	18,332,788
$ 53,491,946	$ 51,273,165	$ 48,997,885	$ 45,747,187	$ 29,096,306	$ 26,797,982
$	$ 2,053,396	$	$	$	$
82,848,702	69,606,090	117,955,586	119,011,169	30,149,835	32,190,984
4,225,838	4,011,295	6,622,128	8,696,155	7,247,723	6,741,841
22,811,536	41,957,836	58,397,878	23,241,419	18,074,905	8,838,007
2,037,071	40,949				
429,195	481,164	393,309	125,791	111,902	74,688
$ 112,352,342	$ 118,150,730	$ 183,368,901	$ 151,074,534	$ 55,584,365	$ 47,845,520

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

	2011	2010	2009	2008
Revenues				
Local and Intermediate Sources	$ 217,218,624	$ 215,374,908	$ 217,403,118	$ 195,410,604
State Program Revenues	118,732,125	118,536,171	118,208,917	117,235,466
Federal Program Revenues	27,811,975	27,635,421	18,518,872	9,690,614
Total Revenues	363,762,724	361,546,500	354,130,907	322,336,684
Expenditures				
Instruction	182,997,453	189,061,282	178,408,782	168,459,350
Instructional Resources and Media Services	4,651,131	4,879,384	4,591,841	4,279,149
Curriculum and Instructional Staff Development	8,455,163	9,339,222	7,045,811	5,425,103
Instructional Leadership	3,114,543	3,169,694	2,999,462	2,711,747
School Leadership	17,911,929	17,845,089	16,292,404	14,820,274
Guidance, Counseling, and Evaluation Services	11,314,207	11,250,267	10,221,097	9,678,602
Social Work Services	609,742	616,387	593,369	498,265
Health Services	2,678,015	2,739,684	2,452,309	2,608,443
Student (Pupil) Transportation	12,575,201	12,345,180	11,022,962	10,884,603
Food Services	387,151	249,391	679,292	953,636
Cocurricular/Extracurricular Activities	9,924,799	9,415,340	8,963,133	8,555,247
General Administration	5,900,137	6,496,907	7,160,530	8,285,538
Plant Maintenance and Operations	26,798,783	31,016,145	38,511,837	30,587,146
Security and Monitoring Services	2,596,916	2,830,484	2,715,208	2,498,028
Data Processing Services	7,053,227	5,734,635	5,259,441	3,813,707
Community Services	521,951	595,041	745,525	756,534
Debt Service - Principal on Long-term Debt	14,854,458	10,444,564	12,030,978	14,920,000
Debt Service - Interest on Long-term Debt	35,929,809	38,689,057	33,536,713	25,361,102
Debt Service - Bond Issue Costs and Fees	273,059	127,262	611,987	867,689
Facilities Acquisition and Construction	4,944,097	39,146,008	111,335,803	63,081,650
Payments to Fiscal Agent/Member Districts of SSA	5,387,509	2,528,443	10,070,862	2,809,460
Payments to Juvenile Justice Alternative Ed. Prog.	56,850	28,472	55,186	98,641
Payments to Tax Increment Fund	2,138,848	1,544,485	1,353,044	1,107,151
Other Intergovernmental Charges	1,633,880	1,567,625	1,510,061	
Total Expenditures	362,708,858	401,660,048	468,167,637	383,061,065
Excess of Revenue Over (Under) Expenditures	1,053,866	(40,113,548)	(114,036,730)	(60,724,381)
Other Financing Sources (Uses)				
Transfers in	7,933,559	3,892,711	5,094,923	2,101,162
Transfers (Out)	(8,433,559)	(4,892,711)	(8,094,923)	(3,101,162)
Bonds Issued			65,670,000	78,925,000
Refunding Bonds Issued	21,270,000	4,780,000		16,505,000
Premium or Discount on Issuance of Bonds	1,278,621	116,932	770,212	2,601,073
Payments to Refunded Bonds Escrow Agent	(22,275,563)	(4,951,841)		(17,548,324)
Other Resources		366,904	8,628,586	
Escrow Swap				
Capital Leases				
Sale of Real and Personal Property	29,732	16,897	15,269	11,303
Total Other Financing Sources (Uses)	(197,210)	(671,108)	72,084,067	79,494,052
Net Change in Fund Balances	$ 856,656	$ (40,784,656)	$ (41,952,663)	$ 18,769,671
Debt Service as a Percentage of Noncapital Expenditures	14.3%	13.6%	12.9%	12.9%

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

2007	2006	2005	2004	2003	2002
$ 225,018,438	$ 223,904,073	$ 211,931,434	$ 187,569,425	$ 174,298,744	$ 165,703,383
66,891,490	45,891,803	42,796,507	40,545,960	39,678,117	38,487,185
9,758,514	14,872,547	9,197,133	7,337,974	6,749,976	5,743,137
301,668,442	284,668,423	263,925,074	235,453,359	220,726,837	209,933,705
145,235,904	139,655,684	127,794,854	120,494,359	119,453,826	110,363,005
4,088,796	3,902,016	3,265,247	2,996,790	3,115,619	3,277,224
3,996,978	3,862,979	2,696,407	1,756,129	1,551,545	1,164,200
2,369,510	2,088,390	2,811,039	2,406,275	2,270,826	2,365,945
13,209,344	12,292,513	11,133,385	10,174,034	9,991,154	9,077,638
8,511,801	7,902,511	7,020,521	6,754,177	6,791,116	6,284,248
348,814	454,798	490,041	471,226	408,784	296,682
2,140,439	2,129,324	1,864,308	1,847,273	1,903,312	1,669,851
8,449,346	8,275,315	10,539,421	6,642,008	7,391,393	5,174,038
431,083	510,947	987,688	83,310	241,394	
8,001,470	7,285,229	6,633,115	6,353,066	6,031,796	5,251,923
7,248,738	6,735,013	6,318,991	6,276,596	6,827,056	9,244,338
30,116,882	25,557,286	21,581,641	19,475,064	19,974,363	19,999,396
2,042,964	1,857,613	1,430,206	953,836	888,523	716,549
3,984,284	3,967,154	3,930,244	3,835,431	3,862,372	3,373,885
460,466	359,636	234,760	187,168	140,925	108,504
13,735,000	11,226,741	11,382,719	9,958,867	10,291,692	8,825,743
24,843,792	25,689,024	19,083,042	18,208,938	16,846,086	15,787,524
404,408	116,644	702,186	1,975,766	1,015,104	
61,746,702	108,040,542	97,744,450	32,565,930	23,292,438	36,891,513
502,515	486,530	54,120	48,494	51,085	50,124
102,381	13,713	83,322	39,592	89,440	48,824
1,002,481	746,969	647,256	447,857	195,347	48,767
342,974,098	373,156,571	338,428,963	253,952,186	242,625,196	240,019,921
(41,305,656)	(88,488,148)	(74,503,889)	(18,498,827)	(21,898,359)	(30,086,216)
17,116,355	12,253,267	14,269,730	14,017	164,337	121,338
(17,116,355)	(16,820,187)	(14,269,730)	(14,017)	(164,337)	(121,338)
37,135,000	27,885,000	109,000,000	125,000,000	27,600,000	
			129,370,097	76,518,415	
585,640	139,425	1,015,982	16,052,389	7,369,015	
			(143,145,471)	(80,981,619)	
			3,336,651		
				1,399,754	
5,409	34,354	32,972	26,212	29,962	
37,726,049	23,491,859	110,048,954	130,639,878	31,935,527	
$ (3,579,607)	$ (64,996,289)	$ 35,545,065	$ 112,141,051	$ 10,037,168	$ (30,086,216)
13.9%	14.0%	12.9%	13.6%	12.8%	12.1%

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS *

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2011	2010	2009	2008
Revenues from Local and Intermediate Sources:				
Ad Valorem Penalties, Interest and Other Related Income	$ 1,573,206	$ 1,621,474	$ 1,868,092	$ 1,598,625
Ad Valorem Taxes	203,182,724	204,311,180	204,510,460	177,365,022
Cocurricular / Student Activities	4,229,849	4,411,750	3,021,378	3,223,531
Donations	732,776	179,404	687,830	734,330
Facility Rental	693,274	879,732	647,161	593,186
Investment Income	619,211	858,931	3,334,181	8,550,600
SSA - Member Districts	53,317	1,583,471	1,436,029	1,466,955
Tuition	421,052	458,944	487,516	469,629
Other Revenues from Local and Intermediate Sources	5,713,215	1,070,022	1,410,471	1,408,726
Total Revenue from Local and Intermediate Sources	217,218,624	215,374,908	217,403,118	195,410,604
State Program Revenues:				
Available School Fund (Per Capita)	11,718,020	4,245,683	8,774,291	9,229,409
Debt Allotment				
Foundation School Formula	90,427,726	97,048,351	92,215,374	92,316,256
SSA - Regional Day School for the Deaf	861,926	1,034,178	939,810	869,362
Student Success Initiative		149,463	365,159	328,977
Technology Allotment	1,024,564	1,061,043	1,030,486	1,199,757
Telecommunications Infrastructure Program				
Texas Reading Initiative				
Disaster Aid Grant			1,045,644	
TRS Employee Health Insurance				
TRS On-behalf Revenue	13,875,907	13,837,376	12,999,754	12,234,805
Other State Program Revenues **	823,982	1,160,077	838,399	1,056,900
Total State Program Revenues	118,732,125	118,536,171	118,208,917	117,235,466
Federal Program Revenues:				
ESEA Title I A, Improving Basic Education	2,704,364	2,429,299	2,149,968	963,694
ESEA Title I A, Improving Basic Education (ARRA)	596,985	1,488,142		
ESEA Title II A, Training and Recruiting	709,365	849,304	736,327	584,501
ESEA Title III A, English Language Acquisition	408,972	561,381	255,402	398,060
ESEA, Title VI, Class Size Reduction				
ESEA, Title XIV - SFSF (ARRA)	9,980,859	10,503,347		
IDEA Part B, Formula	5,092,650	5,137,330	5,167,340	5,230,481
IDEA Part B, Formula (ARRA)	3,144,760	3,149,929		
Teaching American History	369,565			
Smaller Learning Communities Grant				199,398
Public Charter School Grant		58,758	58,758	162,386
Temporary Emergency Impact Aid		395,841	6,609,209	
Homeless Education Disaster Assistance		743,957	743,957	
Medicaid MAC and SHARS	1,605,800	418,158	418,158	415,310
Clean Cities/Clean Vehicles Bus Grant	1,270,917			
Other Federal Program Revenue **	1,927,738	1,899,975	2,379,753	1,736,784
Total Federal Program Revenues	27,811,975	27,635,421	18,518,872	9,690,614
Total Revenues for Governmental Funds	$ 363,762,724	$ 361,546,500	$ 354,130,907	$ 322,336,684

* 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

Table 5

2007	2006	2005	2004	2003	2002
$ 1,733,490	$ 1,637,354	$ 1,543,651	$ 1,491,168	$ 1,271,325	$ 1,184,573
205,873,271	205,901,407	189,407,505	178,697,255	166,313,580	154,718,131
3,063,790	3,246,734	1,938,023	1,994,844	1,952,740	1,728,793
714,749	175,458	9,882,710	490,789	405,477	423,835
389,781	364,940	329,163	339,493	348,997	358,840
11,231,859	10,652,075	6,060,605	2,091,049	1,625,112	5,245,128
1,084,571	1,249,008	1,056,227	1,019,331	866,734	647,548
435,030	437,465	459,987	506,201	455,612	315,740
491,897	239,632	1,253,563	939,295	1,059,167	1,080,795
225,018,438	223,904,073	211,931,434	187,569,425	174,298,744	165,703,383
12,024,795	10,548,480	12,009,187	10,290,787	10,910,725	6,650,832
	807,756	853,729	2,915,073	2,888,350	3,846,318
42,385,551	21,534,637	17,679,472	16,099,126	11,490,313	16,756,266
895,289	732,580	746,287	730,185	723,106	715,813
449,732	476,897	260,220	216,492	413,350	221,745
690,783	977,551	906,097	936,749	894,673	860,906
				460,682	1,340,306
	21,843	28,157		13,760	334,264
	1,752,542	1,645,835	1,678,000	3,735,750	
9,943,316	8,663,499	8,243,859	7,408,594	7,472,087	7,183,385
502,024	376,018	423,664	270,954	675,321	577,350
66,891,490	45,891,803	42,796,507	40,545,960	39,678,117	38,487,185
910,456	912,924	967,836	1,017,540	1,004,125	870,035
642,182	615,981	679,824	606,883	651,137	
344,618	271,203	202,340	152,768	130,597	741,109
					313,680
5,043,116	5,801,646	5,312,614	3,998,538	3,365,601	2,260,940
476,570	495,078	390,702	141,823		
463,415					
	3,959,045				
341,485	708,365				
1,536,672	2,108,305	1,643,817	1,420,422	1,598,516	1,557,373
9,758,514	14,872,547	9,197,133	7,337,974	6,749,976	5,743,137
$ 301,668,442	$ 284,668,423	$ 263,925,074	$ 235,453,359	$ 220,726,837	$ 209,933,705

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		
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)
2010	4,439,579,946	12,584,611,166	1,602,311,012	(336,967,720)
2011	4,488,267,115	12,509,560,451	1,610,747,154	(329,113,676)

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

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

Table 6

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Total Direct Tax Rate (1)	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ (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%
(3,218,158,701)	15,071,375,703	1.36000	18,626,502,124	81%
(3,306,796,273)	14,972,664,771	1.36000	18,608,574,720	80%

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

PROPERTY TAX RATES - DIRECT AND OVERLAPPING* GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Taxing Authority	2011	2010	2009	2008	2007
Overlapping Rates:					
Baybrook MUD #1	1.11000	1.11000	1.11000	1.11000	1.11000
Brazoria County MUD #18	0.55000	0.56000	0.57000	0.59000	0.61000
Clear Brook City MUD	0.67000	0.67000	0.67000	0.69000	0.71000
Clear Lake City Water Authority	0.28000	0.28000	0.28000	0.28000	0.28000
Clear Lake City Water Authority (HCMUD 181)				0.30000	0.41000
Clear Lake City Water Authority (HCWCID 75)	0.55000	0.55000	0.55000	0.55000	0.58000
Clear Lake Shores, City of				0.20475	0.21000
Friendswood, City of	0.58510	0.57970	0.57970	0.57640	0.58210
Galveston County	0.61975	0.61860	0.55860	0.56860	0.58735
Galveston County MUD #2	0.24000	0.24000	0.24000	0.25000	0.26000
Galveston County MUD #3	0.12000	0.12000	0.13000	0.14000	0.16000
Galveston County MUD #6	0.40000	0.40000	0.44000	0.46000	0.48000
Galveston County MUD #13	0.55000	0.56000	0.58500	0.61000	0.63000
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	0.30000	0.30000	0.37000	0.37000
Harris County	0.38805	0.39224	0.38923	0.39239	0.40239
Harris County Dept of Education	0.00658	0.00605	0.00584	0.00585	0.00629
Harris County Flood Control District	0.02930	0.02922	0.03086	0.03106	0.03241
Harris County MUD #55	0.40000	0.40000	0.40000	0.52000	0.52000
Harris County MUD #373	0.35500	0.37000	0.41000	0.45000	0.50000
Harris County Toll Road Authority					
Harris County WC&ID #50	0.18289	0.18400	0.18450	0.18500	0.18700
Harris County WC&ID #156	0.39500	0.38000	0.40000	0.40000	0.41000
Houston, City of	0.63875	0.63875	0.63875	0.64375	0.64500
Kemah, City of	0.25000	0.28029	0.26525	0.27000	0.25540
League City, City of	0.61600	0.63000	0.63000	0.60880	0.60880
Nassau Bay, City of	0.69212	0.64212	0.64212	0.63212	0.65657
Pasadena, City of	0.59159	0.56200	0.56200	0.56700	0.56700
Port of Houston Authority	0.02054	0.01636	0.01773	0.01437	0.01302
Seabrook, City of	0.62681	0.61341	0.58837	0.62025	0.62101
South Shore Harbour MUD #2	0.17000	0.22000	0.24000	0.29000	0.29000
South Shore Harbour MUD #3		0.16000	0.16000	0.17000	0.18000
South Shore Harbour MUD #6	0.29000	0.29000	0.29000	0.30000	0.30000
South Shore Harbour MUD #7	0.65000	0.70000	0.75000	0.80000	0.82000
Tara Glen MUD	0.67000	0.67000	0.67000	0.67000	0.67000
Taylor Lake Village, City of	0.34860	0.34680	0.34490	0.36771	0.37300
Webster, City of	0.25750	0.23252	0.20600	0.24887	0.25750
Total	15.45358	15.65206	15.73885	16.78693	17.19484
District Direct Rates:					
Maintenance and Operations	1.04000	1.04000	1.04000	1.00000	1.33000
Debt Service	0.32000	0.32000	0.32000	0.32000	0.30000
Total District Direct Rates	1.36000	1.36000	1.36000	1.32000	1.63000

(1) Unable to obtain tax rate information.
(2) Taxing unit not formed
Source: Galveston Central Appraisal District and Harris County Appraisal District.
The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining portion of the overlapping tax authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Table 7

2006	2005	2004	2003	2002
1.11000	1.11000	1.11000	1.11000	1.11000
0.64000	0.65000	0.65000	0.65000	0.65000
0.73000	0.76000	0.76000	0.76000	0.76000
0.29000	0.29000	0.29000	0.31000	0.33000
0.45000	0.45000	0.50000	0.60000	0.68000
0.61000	0.62000	0.62000	0.65000	0.65000
0.23860	0.23860	0.24181	0.26263	0.32960
0.60400	0.63850	0.63850	0.63850	0.63850
0.61735	0.62795	0.62760	0.59390	0.55300
0.30000	0.36500	0.39000	0.43000	0.46000
0.21000	0.25000	0.32000	0.39000	0.43000
0.64000	0.70000	0.70000	0.70000	0.75000
0.71000	0.76000	0.86000	0.91500	0.96500
0.90000	0.90000	0.90000	0.90000	(2)
1.00000	1.00000	(2)	(2)	(2)
0.42000	0.42000	0.47000	0.52000	0.52690
0.39986	0.39986	0.38803	0.38814	0.38393
0.00629	0.00629	0.00629	0.00629	0.00629
0.03320	0.03322	0.04170	0.04170	0.04750
0.52000	0.52000	0.52000	0.55000	0.58000
(1)	0.65000	0.65000	0.65000	0.65000
(1)	0.19300	0.19400	0.19500	0.20000
0.45000	0.45000	0.46500	(1)	0.56000
0.64750	0.65000	0.65500	0.65500	0.65500
0.20860	0.17020	0.15000	0.07120	0.09260
0.62750	0.63000	0.64000	0.65000	0.66250
0.65650	0.64157	0.61957	0.59800	0.59406
0.56700	0.56700	0.56700	0.56700	0.57900
0.01474	0.01673	0.02000	0.01980	0.01830
0.63070	0.61960	0.60830	0.61160	0.60060
0.34000	0.45000	0.52000	0.57000	0.57000
0.20000	0.22000	0.24000	0.30000	0.30000
0.31000	0.31000	0.35000	0.38000	0.40000
0.95000	1.00000	1.00000	0.05000	(2)
0.67000	0.70000	0.70000	0.72500	0.75000
0.38490	0.38500	0.38500	0.38490	0.38490
0.25750	0.26800	0.25100	0.24000	0.26000
17.34424	18.66052	18.04880	17.08366	17.12768
1.50000	1.50000	1.50000	1.50000	1.48500
0.27500	0.24500	0.23000	0.24000	0.24000
1.77500	1.74500	1.73000	1.74000	1.72500

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 8*

PRINCIPAL TAXPAYERS

CURRENT YEAR & NINE YEARS AGO

	2011			2002		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Shell Energy North America	$ 263,825,767	1	1.76%	Not Available		0.00%
Baybrook Mall, L.P.	120,354,229	2	0.80%	$ 100,317,320	3	1.12%
Turbine Maintenance Group (Calpine)	88,596,020	3	0.59%	Not Available		0.00%
Clear Lake Regional Medical Center	83,632,384	4	0.56%	Not Available		0.00%
American Acryl, L.P.	81,351,337	5	0.54%	64,272,560	6	0.72%
Ineos Nova	62,035,125	6	0.41%	61,735,960	7	0.69%
Spacesub Apartments Ltd.	59,182,822	7	0.40%	Not Available		0.00%
Centerpoint Energy Houston	58,642,261	8	0.39%	Not Available		0.00%
LBC Houston, L.P.	56,882,846	9	0.38%	33,207,760	10	0.37%
Total Petrochemicals USA, Inc.	52,449,116	10	0.35%	Not Available		0.00%
Tejas Gas Marketing	Not Available		0.00%	154,017,860	1	1.71%
Atofina Petrochemicals	Not Available		0.00%	127,844,240	2	1.42%
Reliant Energy HL&P	Not Available		0.00%	76,655,830	4	0.85%
Tejas Gas Pipeline	Not Available		0.00%	72,784,870	5	0.81%
Odfjell Terminals (Baytank)	Not Available		0.00%	51,900,730	8	0.58%
South Shore Harbour Development	Not Available		0.00%	34,656,800	9	0.39%
	$ 926,951,907		6.19%	$ 777,393,930		8.66%

Source: Galveston Central Appraisal District and Harris County Appraisal District

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 9*

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL PERIODS

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
2002	$ 154,731,620	$ 153,805,717	99.40%	$ 264,370	$ 154,070,087	99.57%
2003	166,169,664	164,706,234	99.12%	1,289,310	165,995,544	99.90%
2004	178,802,165	176,929,162	98.95%	1,638,051	178,567,213	99.87%
2005	189,761,792	187,670,414	98.90%	1,840,548	189,510,962	99.87%
2006	206,465,703	203,947,992	98.78%	2,280,957	206,228,949	99.89%
2007	207,090,291	203,938,092	98.48%	2,677,004	206,615,096	99.77%
2008	177,207,776	175,406,096	98.98%	1,501,243	176,907,339	99.83%
2009	205,033,571	202,920,508	98.97%	1,508,849	204,429,357	99.71%
2010	204,247,539	202,909,151	99.34%	460,870	203,370,021	99.57%
2011	203,670,607	201,571,558	98.97%		201,571,558	98.97%

(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

	Governmental Activities				
Fiscal Year	**Schoolhouse and Refunding Bonds**	**Loans Payable**	**Capital Leases**	**Retirement Incentive**	**Total Primary Government**
2002	$295,670,352	$	$ 437,987	$ 12,058	$ 296,120,397
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
2010	685,408,465				685,408,465
2011	665,840,613				665,840,613

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)
3.30%	$ 1,559	$ 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%
4.55%	2,856	18,291	9.45%
4.45%	2,774	17,408	8.64%

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Table 11***

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

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)
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
2010	685,408,465	9,613,544	675,794,921	3.63%	18,035
2011	665,840,613	7,006,196	658,834,417	3.54%	17,224

(1) See Table 6 for assessed value information.

(2) See Table 17 for student enrollment.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 12*

COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT *Page 1 of 2*

For the Year Ended August 31, 2011

Governmental Unit	Net Debt Amount	Net Debt As Of	Percentage Overlapping (1)	Amount of Overlapping Debt
Cities:				
El Lago	$ 1,800,000	8/31/2011	100.00%	$ 1,800,000
Houston	3,371,775,000	8/31/2011	3.36%	113,291,640
League City	109,330,000	8/31/2011	84.37%	92,241,721
Nassau Bay	4,530,015	8/31/2011	100.00%	4,530,015
Pasadena	129,605,000	8/31/2011	11.01%	14,269,511
Seabrook	17,595,000	8/31/2011	100.00%	17,595,000
Texas City	35,710,000	8/31/2011	0.13%	46,423
Webster	15,485,000	8/31/2011	100.00%	15,485,000
Counties:				
Galveston	$ 338,288,422	8/31/2011	23.17%	$ 78,381,427
Harris	2,792,176,628	8/31/2011	3.45%	96,330,094
Municipal Utility Districts:				
Baybrook MUD 1	$ 19,915,000	8/31/2011	100.00%	$ 19,915,000
Brazoria Co. MUD 18	31,560,000	8/31/2011	55.20%	17,421,120
Clear Brook City MUD	61,850,000	8/31/2011	48.55%	30,028,175
Galveston Co. MUD 2	3,575,000	8/31/2011	100.00%	3,575,000
Galveston Co. MUD 3	4,045,000	8/31/2011	100.00%	4,045,000
Galveston Co. MUD 6	18,280,000	8/31/2011	100.00%	18,280,000
Galveston Co. MUD 13	5,910,000	8/31/2011	100.00%	5,910,000
Galveston Co. MUD 39	19,350,000	8/31/2011	100.00%	19,350,000
Galveston Co. MUD 43	22,290,000	8/31/2011	100.00%	22,290,000
Galveston Co. MUD 46	9,145,000	8/31/2011	100.00%	9,145,000
Harris Count MUD 55	20,900,000	8/31/2011	100.00%	20,900,000
Harris Count MUD 373	4,910,000	8/31/2011	100.00%	4,910,000
South Shore Harbour MUD 2	3,560,000	8/31/2011	100.00%	3,560,000
South Shore Harbour MUD 6	4,800,000	8/31/2011	100.00%	4,800,000
South Shore Harbour MUD 7	20,990,000	8/31/2011	100.00%	20,990,000
Tara Glenn MUD	2,965,000	8/31/2011	100.00%	2,965,000
Water Control and Improvement Districts:				
Clear Lake Water Authority	$ 62,095,000	8/31/2011	86.67%	$ 53,817,737
Clear Lake Water Authority - 75	1,150,000	8/31/2011	100.00%	1,150,000
Galveston County WCID 12	15,280,000	8/31/2011	100.00%	15,280,000
Harris County Road Imp Dist 1	2,000,000	8/31/2011	100.00%	2,000,000
Harris County WCID 156	3,465,000	8/31/2011	100.00%	3,465,000
Port of Houston Authority	763,619,397	8/31/2011	3.45%	26,344,869

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 12*

COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT *Page 2 of 2*

For the Year Ended August 31, 2011

Governmental Unit	Net Debt Amount	Net Debt As Of	Percentage Overlapping (1)	Amount of Overlapping Debt
Other Governmental Entities:				
Harris County Department of Education	$ 7,980,000	8/31/2011	3.45%	$ 275,310
Harris County Flood Control District	102,539,024	8/31/2011	3.45%	3,537,596
	Subtotal, overlapping debt			747,925,638
	Clear Creek Independent School District Direct Debt			665,840,613
	Total Direct and Overlapping Debt			$ 1,413,766,251

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.

(1) The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining portion of the overlapping tax authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	2011	2010	2009	2008
Debt Limit	$ 1,827,946,104	$ 1,828,953,440	$ 1,835,304,726	$ 1,708,719,740
Total Net Debt Applicable to Limit	658,834,417	675,794,291	689,913,247	639,766,028
Legal Debt Margin	$ 1,169,111,687	$ 1,153,159,149	$ 1,145,391,479	$ 1,068,953,712
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	36.04%	36.95%	37.59%	37.44%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Taxable Value	$ 14,972,664,771
Add back:	
Exempt Real Property	3,306,796,273
Total Assessed Value	18,279,461,044
Debt Limit (10% of total assessed value)	1,827,946,104
Debt Applicable to Limit:	
Schoolhouse and Refunding Bonds	665,840,613
Less: Amount set aside for repayment of bonds	7,006,196
Total Net Debt Applicable to Limit	658,834,417
Legal Debt Margin	$ 1,169,111,687

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

2007	2006	2005	2004	2003	2002
$ 1,619,934,163	$ 1,504,013,507	$ 1,334,866,123	$ 1,273,672,267	$ 1,183,200,103	$ 1,109,630,793
574,970,480	548,886,489	503,815,325	400,407,565	300,630,598	288,928,511
$ 1,044,963,683	$ 955,127,018	$ 831,050,798	$ 873,264,702	$ 882,569,505	$ 820,702,282
35.49%	36.49%	37.74%	31.44%	25.41%	26.04%

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)
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
2010	240,000	80,585	7,252,650,000	31,294	35.7
2011	240,000	85,653	7,708,770,000	32,123	34.5

(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**
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%
5.1%	5.1%	4.9%	4.6%
4.6%	4.3%	4.4%	4.6%
5.8%	4.8%	4.9%	5.8%
8.2%	7.6%	7.6%	9.3%
9.2%	8.5%	8.2%	9.6%
9.3%	8.3%	8.1%	8.9%

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 15*

PRINCIPAL EMPLOYERS

CURRENT YEAR & NINE YEARS AGO

	2011			2002		
Taxpayer	**Employees**	**Rank***	**Percentage of Principal Employers**	**Employees**	**Rank***	**Percentage of Principal Employers**
Harris County						
Continental Airlines	14,792	1	0.79%	17,010	1	1.01%
Exxon Mobil	13,500	2	0.72%			
Shell Oil Company	12,700	3	0.68%	6,933	9	0.41%
National Oilwell Varco, Inc.	8,500	4	0.45%			
Chevron Companies	7,000	5	0.37%			
JP Morgan Chase	6,750	6	0.36%	6,295	10	0.37%
Jacobs Technology	6,500	7	0.35%			
AT&T	6,214	8	0.33%			
Halliburton	5,675	9	0.30%	15,704	2	0.93%
CenterPoint Energy	4,744	10	0.25%			
Compaq Computer				12,996	3	0.77%
Wal-Mart Stores, Inc.				9,700	4	0.57%
Kroger Food Stores				9,689	5	0.57%
Reliant Energy, Inc.				8,091	6	0.48%
Southwestern Bell				7,342	7	0.43%
Enron				7,311	8	0.43%
	86,375			101,071		
Total Harris County Employment	1,871,571			1,689,009		
Galveston County						
University of Texas Medical Branch	11,591	1	8.75%	13,321	1	10.66%
Clear Creek Independent School District	4,963	2	3.75%	3,530	2	2.82%
BP-Amoco Oil Company	2,300	3	1.74%	1,200	6	0.96%
Wal-Mart Stores, Inc.	1,450	4	1.09%			
Galveston County	1,334	5	1.01%	1,376	5	1.10%
Ineos Nova, LLC	1,150	6	0.87%			
Galveston Independent School District	1,044	7	0.79%	1,450	4	1.16%
Texas City Independent School District	879	8	0.66%	879	8	0.70%
American National Insurance Company (ANICO)	850	9	0.64%	1,601	3	1.28%
Moody Gardens	783	10	0.59%	1,024	7	0.82%
Dow Chemical				850	9	0.68%
City of Galveston				793	10	0.63%
	26,344			26,024		
Total Galveston County Employment	132,431			124,981		

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

	2011	2010	2009	2008	2007
Professional Staff					
Teachers	2,630	2,630	2,401	2,363	2,168
Professional Support	757	723	405	407	473
Campus Administration	132	125	99	101	100
Central Administration	49	50	51	50	37
Education Aides	245	273	111	110	102
Auxiliary Staff	1,150	1,065	1,539	1,372	1,231
Total	4,963	4,866	4,606	4,403	4,111

Source: Texas Education Agency AEIS

Table 16

2006	2005	2004	2003	2002
2,060	1,973	1,996	2,034	1,983
438	425	333	322	219
96	84	88	91	73
37	34	38	29	31
98	96	124	153	94
1,207	1,136	1,068	1,060	1,131
3,936	3,748	3,647	3,689	3,531

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
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	372,438,912	10,670
2010	35,361	313,253,157	8,859	379,292,151	10,726
2011	36,225	306,707,453	8,467	365,483,139	10,089

Source: District Records

(1) Operating expenditures include governmental fund expenditures less debt service and capital outlay expenditures

(2) Growth is higher than normal due to students displaced by Hurricanes Katrina and Rita.

Table 17

District Employees				Final		Percentage Increase	Student / Teacher	Students Participating in Free/Reduced	
Teachers	Professionals	Other	Total	Enrollment		in Enrollment	Ratio	Lunch Program	
1,983	323	1,225	3,531	30,994		0.00%	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	7,608	
2,401	555	1,650	4,606	37,045		2.47%	15	8,487	
2,630	898	1,338	4,866	37,472		1.15%	14	9,367	
2,630	938	1,395	4,963	38,250		2.08%	15	10,518	

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT ***Table 18***

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	Statewide Average (2)
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
2010	44,600	67,817	48,263
2011	44,800	68,735	48,638

(1) Source: District Records

(2) Source: Texas Education Agency AEIS

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 19*

SCHOOL BUILDING INFORMATION *Page 1 of 2*

LAST TEN FISCAL YEARS

School	Year Constructed	Building Age (Years)	Student Capacity: Building Capacity	Student Capacity: Portable Capacity	Student Capacity: Total Capacity	2010/2011 Ending Enrollment	Percentage of Capacity Used
High Schools							
Clear Brook	1988	23	2,728	150	2,878	2,534	88%
Clear Creek	2006	5	2,511	300	2,811	2,103	75%
Clear Falls	2010	1	2,640	0	2,640	1,735	66%
Clear Lake	1972	39	2,639	0	2,639	2,013	76%
Clear Lake - 9th Grade Center	1978	33	997	0	997	669	67%
Clear Path	1938	73	150	0	150	50	33%
Clear Springs	2007	4	2,712	0	2,712	2,371	87%
Clear View Education Center	1939	72	350	0	350	200	57%
Intermediate Schools							
Bayside	2010	1	1,028	0	1,028	625	61%
Brookside	1995	16	926	150	1,076	812	75%
Clear Creek	1982	29	1,183	75	1,258	824	66%
Clear Lake	1972	39	1,076	225	1,301	1,046	80%
Creekside	1991	20	926	100	1,026	847	83%
League City	1999	12	1,076	150	1,226	445	36%
Seabrook	1966	45	934	250	1,184	1,047	88%
Space Center	1999	12	1,076	200	1,276	1,149	90%
Victory Lakes	2002	9	1,076	0	1,076	884	82%
Westbrook	2005	6	1,076	250	1,326	1,349	102%
Elementary Schools							
Armand Bayou	1974	37	540	22	562	487	87%
Bauerschlag	2002	9	830	0	830	851	103%
Bay	1994	17	710	22	732	729	100%
Brookwood	1991	20	730	0	730	537	74%
Clear Lake	1965	46	530	66	596	591	99%
Falcon Pass	2002	9	830	0	830	626	75%
Ferguson	1990	21	730	0	730	645	88%
Gilmore	2005	6	830	66	896	891	99%
Goforth	2002	9	830	0	830	599	72%
Greene	1976	35	640	352	992	760	77%
Hall	1979	32	730	88	818	618	76%
Hyde	1995	16	790	0	790	570	72%
Landolt	1979	32	730	132	862	857	99%
League City	1961	50	570	22	592	449	76%
McWhirter	1970	41	970	0	970	973	100%
Mossman	2009	2	810	0	810	882	109%
North Pointe	1995	16	790	0	790	756	96%
Parr	2009	2	810	0	810	753	93%
Robinson	2006	5	580	0	580	575	99%

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT *Table 19*

SCHOOL BUILDING INFORMATION *Page 2 of 2*

LAST TEN FISCAL YEARS

School	Year Constructed	Building Age (Years)	Student Capacity: Building Capacity	Student Capacity: Portable Capacity	Student Capacity: Total Capacity	2010/2011 Ending Enrollment	Percentage of Capacity Used
Elementary Schools (continued)							
Ross	1965	46	690	44	734	689	94%
Stewart	1996	15	580	44	624	631	101%
Ward	1990	21	730	0	730	618	85%
Weber	2002	9	830	132	962	902	94%
Wedgewood	1992	19	730	0	730	782	107%
White	1965	46	560	0	560	461	82%
Whitcomb	1967	44	730	44	774	720	93%
Other							
Clear Horizons Early Colle	**	**	400	0	400	376	94%
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 ***Table 20***

OPTIMUM FUND BALANCE CALCULATION SCHEDULE (UNAUDITED)

GENERAL FUND

For the Year Ended August 31, 2011

Data Control Codes	Explanation	Amount
1.	Total General Fund Balance August 31, 2011 (Exhibit C-1 object 3000 for the General Fund only)	$ 55,732,928
2.	Total Non-Spendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	3,634,443
3.	Total Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	
4.	Total Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	3,250,000
5.	Total Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	3,643,370
6.	Estimated amount needed to cover fall cash flow defecits in the General Fund (net of borrowed funds and funds representing deferred revenues)	
7.	Estimated two months' average cash disbursements during the fiscal year	46,799,599
8.	Estimate of delayed payments from state sources (58XX)	
9.	Estimte of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calcluated earned state aid amount	
10.	Estimate of delayed payments from federal sources (59XX)	14,274,559
11.	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)	
12.	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9+10+11)	71,601,971
13.	Excess or (Deficit) Uassigned General Fund Fund Balance (1-12)	$ (15,869,043)

Government Auditing Standards

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Null-Lairson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011 which collectively comprise the District's basic financial statements and have issued our report thereon dated January 23, 2012. 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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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*.

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

Null-Lairson, PC
Texas City, Texas
January 23, 2012

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 Clear Creek Independent School District's (the "District") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Null-Lairson, PC
Texas City, Texas
January 23, 2012

Federal Awards Section

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CLEAR CREEK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDNGS AND QUESTIONED COSTS
For the Year Ended August 31, 2011

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 - Discretionary	84.027A
IDEA Part B - Formula (Deaf)	84.027A
IDEA Part B - Preschool (Deaf)	84.173A
IDEA Part B - Formula – ARRA	84.391A
IDEA Part B – Preschool - ARRA	84.392A
ESEA Title XIV State Fiscal Stabilization Fund - ARRA	84.394A
US Department of Transportation Federal Highway Administration	
Clean Cities/Clean Vehicles Grant	20.205

Dollar Threshold Considered Between Type A and Type B Federal Programs	$941,388
Auditee qualified as low risk auditee?	Yes

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

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Defense				
Direct Programs:				
ROTC	199	12.000	None	$ 270,482
Total U.S. Department of Defense				270,482
U.S. Department of Health and Human Services				
Direct Programs:				
Medicaid Administrative Claims (MAC)	272	93.778	None	25,775
Drug Free Communities Support Program	287	93.276	5H79SP011356-05	138,121
Drug Free Communities Support Mentoring	287	93.276	2H79SP011356-06	3,595
Total Direct Programs				167,491
Passed Through Texas Department of State Health Services:				
Strategic Prevention Framework State Incentive Funds	287	93.243	2010-033783	5,717
Total Passed Through Texas Department of State Health Services:				5,717
Total U.S. Department of Health and Human Services				173,208
U.S. Department of Education				
Direct Programs:				
Impact Aid	199	84.041	None	7,318
Teaching American History	288	84.215X	U215X080252	369,566
Foreign Language Assistance	288	84.293B	T293B100162	118,998
Homeless Education Disaster Assistance	288	84.383A	S383A090043	15,517
Total Direct Programs				511,399
Passed Through Texas Education Agency:				
*ESEA, Title I, Part A - Improving Basic Programs**	211	84.010A	10610101084910	251,644
*ESEA, Title I, Part A - Improving Basic Programs**	211	84.010A	11610101084910	2,452,720
*ESEA, Title I, Part A - ARRA **	285	84.389A	10551001084910	596,985
Adult Education	220	84.002A	114100087110382	114,306
*IDEA-B Formula **	224	84.027A	10660001084910660	237,174
*IDEA-B Formula **	224	84.027A	116600010849106600	4,855,476
*IDEA-B Preschool **	225	84.173A	106610010849106610	694
*IDEA-B Preschool **	225	84.173A	116610010849106610	135,076
*IDEA - B Formula - ARRA **	283	84.391A	10554001084910	3,144,760
Carl D. Perkins Basic Grant	244	84.048A	10420006084910	268,433
Carl D. Perkins Basic Grant	244	84.048A	11420006084910	1,520
ESEA Title II, Part A, Teacher/Principal Training	255	84.367A	10694501084910	25,697
ESEA Title II, Part A, Teacher/Principal Training	255	84.367A	11694501084910	683,669
Title III , Part A, LEP	263	84.365A	10671001084910	17,643
Title III , Part A, Immigrant	263	84.365A	10671003084910	8,085
Title III , Part A, LEP	263	84.365A	11671001084910	340,122
Title III , Part A, Immigrant	263	84.365A	11671003084910	43,123
Early Childhood LEP Summer Program	289	84.369A	69551002	21,734
SLDS - Classroom Link to ISDS	289	84.372A	10635002084910	33,181
ESEA, Title XIV - State Fiscal Stabilization Funds - ARRA	266	84.394A	11557001084910	9,980,859

(1) Federal Grantor/ Pass-Through Grantor/ Program Title		(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Education (continued)				
Passed Through Texas Education Agency: (continued)				
ESEA, Title II, Part D - ARRA Funds	279	84.386A	10553001084910	$ 9,993
*IDEA-B Formula (Deaf) **	316	84.027A	116600010849106601	50,642
*IDEA-B Preschool (Deaf) **	317	84.173A	116610010849106611	10,547
IDEA-C Early Intervention	340	84.181A	113911010849103911	908
IDEA-B Discretionary (Deaf)	315	84.027A	116600020849106673	81,467
*IDEA, Part B - Preschool - ARRA Funds**	284	84.392A	10555001084910	111,464
Total Passed Through Texas Education Agency				$ 23,477,922
Passed Through Lone Star College:				
Vocational Education - Technical Preparation	243	84.243	OGC-S-2009-22-111714	19,607
Total Passed Through Lone Star College				19,607
Passed Through Region X Education Service Center:				
McKinney Vento Homeless Education	206	84.387A	00-020	28,000
Total Passed Through Region X Education Service Center				28,000
Passed Through Harris County Depart. of Education:				
Title IV, Part B, 21st Century Community Learning Centers	265	84.287A	S287C090044	85,200
Total Passed Through Harris County Depart. of Education				85,200
Passed Through Region IV Education Service Center:				
*IDEA-B Preschool LRE**	225	84.173A	1166102271204	21,499
ESEA, Title II, Part D - ARRA Funds - 21st Century Target Grant	279	84.386A	1055300571204	3,982
Total Passed Through Region IV Education Service Center				25,481
Total Passed Through Programs				23,636,210
Total Department of Education				24,147,609
U.S. Department of Agriculture				
Direct Programs:				
Best Practices in Nutrition Education Grant Campus 101	240	10.574	BP-10-72	3,846
Best Practices in Nutrition Education Grant Campus 102	240	10.574	BP-10-52	3,846
Best Practices in Nutrition Education Grant Campus 103	240	10.574	BP-10-63	3,846
Best Practices in Nutrition Education Grant Campus 104	240	10.574	BP-10-58	3,846
Best Practices in Nutrition Education Grant Campus 105	240	10.574	BP-10-74	3,846
Best Practices in Nutrition Education Grant Campus 106	240	10.574	BP-10-57	3,846
Best Practices in Nutrition Education Grant Campus 107	240	10.574	BP-10-77	3,846
Best Practices in Nutrition Education Grant Campus 108	240	10.574	BP-10-53	3,846
Best Practices in Nutrition Education Grant Campus 110	240	10.574	BP-10-67	3,846
Best Practices in Nutrition Education Grant Campus 111	240	10.574	BP-10-76	3,846
Best Practices in Nutrition Education Grant Campus 112	240	10.574	BP-10-64	3,846
Best Practices in Nutrition Education Grant Campus 115	240	10.574	BP-10-66	3,846
Best Practices in Nutrition Education Grant Campus 116	240	10.574	BP-10-56	3,846

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Federal CFDA Number	2(A) Pass Through Entity Identifying Number	(3) Federal Expenditures
U.S. Department of Agriculture (continued)				
Direct Programs (continued):				
Best Practices in Nutrition Education Grant Campus 117	240	10.574	BP-10-70	$ 3,846
Best Practices in Nutrition Education Grant Campus 118	240	10.574	BP-10-73	3,846
Best Practices in Nutrition Education Grant Campus 119	240	10.574	BP-10-54	3,846
Best Practices in Nutrition Education Grant Campus 120	240	10.574	BP-10-65	3,846
Best Practices in Nutrition Education Grant Campus 121	240	10.574	BP-10-61	3,846
Best Practices in Nutrition Education Grant Campus 122	240	10.574	BP-10-68	3,846
Best Practices in Nutrition Education Grant Campus 123	240	10.574	BP-10-75	3,846
Best Practices in Nutrition Education Grant Campus 124	240	10.574	BP-10-71	3,846
Best Practices in Nutrition Education Grant Campus 125	240	10.574	BP-10-55	3,846
Best Practices in Nutrition Education Grant Campus 126	240	10.574	BP-10-59	3,846
Best Practices in Nutrition Education Grant Campus 127	240	10.574	BP-10-69	3,846
Best Practices in Nutrition Education Grant Campus 128	240	10.574	BP-10-60	3,846
Best Practices in Nutrition Education Grant Campus 129	240	10.574	BP-10-62	3,846
Total Direct Programs				99,996
Passed Through Texas Department of Agriculture				
Non-Cash Assistance (Commodities)				
*National School Lunch Program **	701	10.555	None	637,639
Cash-Assistance				
2010 NSLP Equipment Assistance Grant	701	10.579	6TX310385	102,797
Total Passed Through Texas Department of Agriculture				740,436
Passed Through Texas Education Agency:				
*National School Lunch Program **	701	10.555	71301101	3,440,372
*National School Breakfast Program **	701	10.553	71401101	966,842
Total Passed Through Texas Education Agency				4,407,214
Total Department of Agriculture				5,247,646
U.S. Department of Energy				
Passed Through Texas Comptroller's Office				
State Energy Conservation Office	289	81.041	DE-FG26-07NT43205	8,700
Total Department of Energy				8,700
U.S. Department of Housing and Urban Development				
Passed Through City of Houston Department of Housing & Community Development				
Community Development Block Grant - SPARK Park	620	14.218	B-2010-UC-48-0002	261,038
Total Department of Housing and Urban Development				261,038
U.S. Department of Transporation Federal Highway Administration				
Passed Through Houston-Galveston Area Council				
Clean Cities/Clean Vehicles Grant	620	20.205	TS8707-51	1,270,917
Total Department of Transportation Federal Highway Administration				1,270,917
Total Expenditures of Federal Awards				$ 31,379,600

* Clustered programs under OMB Circular A-133.

Note 1 Basis of Presentation

The District accounts for all awards under federal programs in the General and Certain Special Revenue and Enterprise Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide.* These programs are accounted for using a current financial resources measurement focus.
The modified accrual basis of accounting is used for the General and Special Revenue funds. 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 liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is used for the Enterprise Fund. This basis of accounting recognizes revenue 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.

Federal grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such amounts are received, they are recorded as deferred revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

Note 3 - Reconciliation of Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	$	31,379,600
Federal Revenue Accounted for in the General Fund		
Medicaid SHARS		1,580,025
Less Federal Revenue Accounted for in Enterprise Funds		(5,147,650)
Total Federal Revenue - Exhibit C-3	$	27,811,975

Note 4 - General Fund Federal Program Revenues

For purposes of regulatory requirement of the Texas Education Agency, a summary of federal program awards reported in the general fund are summarized as follows:

Program or Grant	CFDA #	Amount Recorded in General Fund
Indirect costs:		
McKinney Vento Homeless Education	84.387A	$ 369
ESEA, Title I, Part A	84.010A	35,298
Adult Education	84.002A	1,740
Title II Part A - Teacher/Principal Training	84.367A	9,550
Title III, Part A, LEP	84.365A	4,566
Title III, Part A, Immigrant	84.365A	755
IDEA B - Formula, ARRA	84.391A	46,235
IDEA B - Preschool, ARRA	84.392A	1,652
ESEA Title I, Part A ARRA	84.389A	7,548
Homeless Education Disaster Assistance	84.383A	236
Teaching American History	84.215X	3,770
Foreign Language Assistance	84.293B	1,320
ESEA, Title XIV - State Fiscal Stabilization Funds , ARRA	84.394A	105,000
Drug Free Communities Support Mentoring	93.276	2,006
Strategic Prevention Framework State Incentive Funds	93.243	87
Total indirect costs		220,132
Direct costs:		
Medicaid (SHARS)	93.000	1,580,025
ROTC	12.000	270,482
Impact Aid	84.041	7,318
Total direct costs		1,857,825
Total Indirect and Direct Costs		$ 2,077,957

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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.	$ 1,163,883