

# Clear Creek Independent School District

## EXECUTIVE SUMMARY

Fiscal Year 2010-2011



2425 E. Main St. • League City, TX 77573

Galveston & Harris Counties

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# **CLEAR CREEK INDEPENDENT SCHOOL DISTRICT**

League City, Texas

## **FISCAL YEAR 2010-2011 BUDGET**

### **EXECUTIVE SUMMARY**

September 1, 2010 to August 31, 2011  
As Adopted August 23, 2010

### **BOARD OF TRUSTEES**

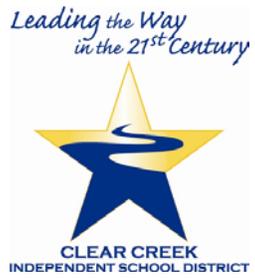
Dee Scott, President  
Ken Baliker, Vice President  
Ann Hammond, Secretary  
Robert Davee  
Charles Pond  
Page Rander  
Winifred Weber

### **ADMINISTRATIVE STAFF**

Dr. Greg Smith, Superintendent of Schools

Dr. Steve Ebell	Deputy Superintendent – Curriculum & Instruction
Paul McLarty	Deputy Superintendent – Business & Support Services
Dr. Tina Farrell	Assistant Superintendent – Curriculum & Instruction
Alex Torrez	Assistant Superintendent – Secondary Education
Holly Hughes	Assistant Superintendent – Elementary Education
Dr. David O'Neill	Assistant Superintendent – Human Resources
Vickie McCarthy	Chief Technology Officer
Elaina Polsen	Director of Public Information

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September, 2010

Board of Trustees  
Clear Creek Independent School District  
2425 East Main St.  
League City, TX 77573

Dear Board Members:

We are proud to publish the Fiscal Year 2010–2011 Budget to the Board of Trustees and to the community. We welcome the opportunity to present and discuss operational plans and related financial impact with all interested parties. Interaction among interested groups consistently leads to operational and educational improvements, which become available to students of the Clear Creek Independent School District (CCISD).

The development, review, and consideration of the FY 2010-2011 Governmental Fund Budgets (the General Fund, the Special Revenue Funds, the Capital Projects Funds, and the Debt Service Funds) were completed with a detailed and exhaustive review of every revenue and expenditure item within the context of the District's Mission Statement, Strategic Goals, Operational Goals, Performance Objectives, and Board Policy. Information on each of the fund budgets is provided in this budget document.

We have also included financial information on the District's Proprietary Funds for comparative purposes. The largest fund in this group is the Food Service Fund which is treated as an Enterprise Fund at Clear Creek ISD. The Food Service Fund, along with the General and Debt Service Funds, are the only budgets that must be legally adopted by the Board of Trustees.

The information included in the budget document is structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO) and the Distinguished Budget Presentation Award (Budget Awards Program) of the Government Finance Officers Association (GFOA).

To receive these awards, a school entity must publish a budget document as a policy document, as an operations guide, as a financial plan, and as a communications medium. We believe our current budget conforms to the requirements of both programs. We are submitting this document to ASBO and GFOA to determine its eligibility for these awards.

These awards represent the highest level of recognition in budgeting for school entities. Their attainment represents a significant accomplishment by a school entity and its management. The awards are made after comprehensive review by a panel of independent budget professionals. Using extensive criteria, the reviewers not only evaluate the effectiveness of the budget in meeting the program criteria, but also provide commentary and feedback to the submitting entity as a basis for improving the presentation of the District's financial and operational plan.

While these awards would be a great accomplishment for the District, our most important concern in the presentation of the budget data is to improve the quality of information provided to our community concerning the District's financial plan for the educational programs and services for the 2010-2011 fiscal year.

## ◆ **Mission Statement and Strategic Goals**

As part of the budget development process the Board of Trustees and Administration reviewed the District's Mission Statement, Vision, Core Values, and Strategic Goals. Based on this foundation, operational goals and performance objectives were developed and reviewed with the Board of Trustees. The budget is an instructionally driven process. It is a balance of policy choices. It also represents a responsive balance between the educational needs of students and the ability of the community and the state to provide the necessary financial support to serve them.



### **Mission Statement**

The mission of the Clear Creek Independent School District, a diverse community unified by a spirit of exploration and excellence, is to develop students who will lead the way to the future by educating and equipping them with the skills necessary to excel in the 21st century through a system characterized by meaningful community relationships and a comprehensive curriculum facilitated by a highly qualified team committed to Courage, Collaboration, Innovation, and Self-Direction.

## ◆ **Strategic Goals**

The Strategic Goals that guided the preparation of this year's budget include:

1. We will provide rigorous learning opportunities and curricula that transcend state and national standards to improve the achievement of each student while meeting their individual needs and aspirations.
2. We will enhance the character development of each student with an emphasis on creating a sense of personal responsibility and a commitment to community.
3. We will recruit, develop, and retain compassionate, effective, innovative and highly motivated staff.
4. We will focus our use of resources to accelerate learning for all students and eliminate the achievement gap.
5. We will provide learning environments that are physically safe and emotionally secure for students, faculty, and staff.
6. We will lead, develop, and implement a robust parent and community involvement program to successfully achieve the district mission and objectives.
7. We will nurture, support, and develop collaborative leadership at all levels throughout the learning community.

## ◆ **District Achievements**

Clear Creek Independent School District is a leader in the field of education in Texas. This is evident by the many academic, financial, operational and administrative awards that the District has earned over the last few years. A partial list of these achievements is provided below:

Academic Success:

- The District has been named an Exemplary school district for the first time in its history. Clear Creek Independent is now the second largest Exemplary district in the State of Texas. An Exemplary rating is the highest academic rating in Texas' accountability rating system. Before

this year, the District had been named a Recognized District for twelve of the previous thirteen years. No other large school district in Texas can make that claim. A Recognized rating is the second highest academic rating in Texas' accountability system. A large district is defined as one with more than 25,000 students. Texas has more than 1,037 school districts.

- All but one of the District's forty three campuses are rated either Exemplary – the highest academic rating in Texas' accountability system – or Recognized.
- Seventy eight percent (78%) of all CCISD campuses are rated Exemplary.
- Clear Lake High School, with an enrollment in excess of 3,400 students, is the second largest Exemplary high school in the State of Texas.
- The Early Childhood Program was expanded to include eligible pre kindergarten children who are three years of age.

#### Financial Success:

- The District is one of only forty three school districts in the State to receive a "5-Star" rating from the Texas Comptroller of Public Accounts. This rating is a measure of Clear Creek's ability to improve student performance while maintaining cost effective programs.
- The District received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the fifth consecutive year.
- The District received the Meritorious Budget Award from the Association of School Business Officials, International for the third consecutive year.
- The District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the fourth consecutive year.
- The District also received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for the fourth consecutive year.
- The District achieved a rating of Superior Achievement under the standards set by the Texas State Legislature for the eighth consecutive year.
- The District's underlying credit rating continues to be AA as rated by both Standard and Poor's Investor Service and Fitch Ratings Service.
- The District was recently awarded the Gold Leadership Circle Award award by the Texas Comptroller of Public Accounts for its financial transparency.
- The District maintains a very low administrative cost ratio in comparison to the Texas Education Agency's standard benchmark. For a large school district, 25,000 students or more, the Agency benchmark is an administrative cost ratio of 11%. Clear Creek's administrative cost ratio is 4.7%.

#### Administrative and Operational Success:

- Dr. Greg Smith, Clear Creek's superintendent of schools, is the Chairman of the Fast Growth Coalition of Public Schools.
- CCISD completed \$450 million in new school construction and renovations over the last six years.
- The District is still recovering from a direct hit by a Category 2 hurricane on September 13, 2008. Hurricane Ike's hit the District with winds in excess of 100 miles per hour and a twelve to fourteen foot tidal surge. Damages were in excess of \$18 million. Despite major damage to thirty eight of the District's forty plus buildings, school resumed on September 29, 2008.
- Staff continues to work closely with the Federal Emergency Management Agency (FEMA), and the State of Texas to recoup funds spent on out hurricane recovery efforts. It is projected that Clear Creek will be reimbursed 100% of it's out of pocket costs once all the funding sources have been tapped.

## ◆ *The Budget Process*

### **The Planning Cycle**

The budget process covers the entire financial cycle starting with budget planning and ending with the audited financial statements. The seven steps are:

- |                                  |                     |           |
|----------------------------------|---------------------|-----------|
| • Budget Planning                | November – December | 2009      |
| • Budget Preparation             | January – August    | 2010      |
| • Board of Trustee Budget Review | March – August      | 2010      |
| • Budget Adoption                | August              | 2010      |
| • Tax Rate Adoption              | September           | 2010      |
| • Budget Amendments              | Monthly             | 2010-2011 |
| • Audited Financial Statements   | January             | 2011      |

### **Budget Planning**

The District budget process is instructionally driven. District budget planning begins with the senior administrative staff and the Board of Trustees holding goal-setting sessions in December. The Budget Calendar is also reviewed with the Board of Trustees. In addition, campuses prepare the required annual Campus Improvement Plans which is integrated into the budget process.

### **Budget Preparation**

Budget Preparation begins with a training session with principals and program managers. At that time the Budget Manual and budget worksheets are distributed. The District utilizes the Pentamation software to allow for on-line budget preparation instead of strictly paper submissions. Therefore, annual software training is provided.

The District uses site-based budgeting to enhance the ability of principals to serve as effective instructional leaders. Site-based budgeting places the principal at the center of the budget preparation process.

The Campus Budget Worksheet reflects the initial campus funding allocations. These allocations address equity issues between campuses. The initial campus funding allocation is based on projected enrollment. These funds are allocated to campus programs by the Principal and Campus Improvement Council per the Campus Improvement Plan. The allocation is adjusted in January based on actual enrollment and staff on hand at the end of the first six weeks.

After the completed campus and program budget packages have been returned, the Superintendent's Budget Committee reviews them in detail with the principal or program manager. The review focuses on instructional needs and includes discussions on the reallocation of existing funds as well as any additional funding requests from the campus.

### **Board of Trustee Budget Review**

The Board of Trustees regularly receives budget updates that include revisions to the long range financial forecast, the long range staffing plan, the preliminary budget, the compensation & salary plan, and the capital projects/capital improvement plan. Since Clear Creek ISD is a growing district, staff asks the Board to approve a number of additional teaching units (fifty or more) in March or April of each year to accommodate growth needs. If funds are available, the compensation & salary plan for teachers is adopted at the May Board of Trustees meeting. Adopting the plan early in the budget process provides Clear Creek ISD with a competitive advantage in recruiting new teachers and retaining existing staff. During a legislative session, in odd numbered years, teacher salary plans are



not adopted until after the session is over in June. A compensation & salary plan for support staff is generally adopted in July.

### **Budget Adoption**

Once the District receives preliminary property value information from the appraisal districts, the Board is asked to approve the budget. The required legal notice for the FY 2010 – 2011 Budget was published on August 12, 2010. The Board of Trustees held the public hearing and adopted the budget on August 23, 2010.

### **Tax Rate Adoption**

Historically, the Galveston Central Appraisal District (CAD) certified all District property. This was true even though a high percentage of district property was located in Harris County. Recent legislation ended this process in 2008 and now appraisal districts cannot cross county lines to appraise property. As a result, the District did not receive its final certified values from the Harris County CAD until the first week of September. In years past, our property values were certified in July by the Galveston CAD. After receiving its certified property value rolls, the Clear Creek ISD Tax Office calculates the effective and rollback tax rate in early August. The required legal notice of the District's effective and roll-back tax rates was published on August 12, 2010. The Board of Trustees held the public hearing on the proposed tax rate on August 23, 2010 and adopted the tax rate on September 27, 2010.

### **Budget Amendments**

Initial campus budget allocations are based on projected enrollment and are modified after the October Public Education Information Management System (PEIMS) snapshot. Budget amendments, if necessary, are taken to the Board monthly for consideration and approval.

The Final Amended Budget for the Year Ending August 31, 2010, was submitted at the August 23, 2010, Board meeting. It reflects all amendments previously approved by the Board of Trustees plus any final amendments. The Final Amended Budget for the Year Ending August 31, 2010, will be used by the District's external auditors in compiling the annual financial statements.

### **Audited Financial Statements**

The final step in the budget cycle is the approval of the audited financial statements. This document includes budget to actual comparisons and highlights the District's ability to manage its \$358 million governmental funds budget. Audited Financial Statements are scheduled for review and approval by the Board on January 24, 2011.

### **Capital Projects Budget Process**

Clear Creek Independent School District is meeting the challenge of a fast growth school district by proactively analyzing facility needs and placing bond issues for taxpayer approval.

A \$183.1 million bond election was held on May 12, 2007. Voters approved this bond proposition by the largest margin in Clear Creek's long history. Over 72% of our voters were in favor of the projects included in the bond proposition. This bond program included funding for new schools, capital additions, roofs, and school buses. The District subsequently sold \$37.1 million in July 2007, \$80 million in April 2008 and \$66 million in April 2009. These bond proceeds were being used to build the State's first "Educational Village" which includes an elementary, intermediate and high school campus with shared facilities. This one-of-a-kind educational facility will house over 4,500 students in a single location when all four grades of the high school are in place in 2012. The elementary campus associated with this campus was completed in July of 2009 and opened in August of 2009. The intermediate and high school campuses were completed in July of 2010 and opened in August of 2010. The bond program also included an additional 900 student elementary campus which opened in August of 2009. All of these facilities are located in the District's fast-growing League City area.

During the FY 2006 budget process, the District developed a separate Capital Replacement Fund to provide monies for major maintenance and capital needs. This fund was capitalized with \$14 million in seed money from the FY 2005 budget. The District added an additional \$12 million to this fund in FY 2006, \$15 million in FY 2007, \$2 million in FY 2008, and \$5 million in 2009. At the same time, the District transferred its entire annual capital replacement appropriation budget (\$4 million) to the fund the in the FY 2006 and FY 2007 budgets. The District plans on transferring an additional \$3.5 million to the capital plan from excess fund balance in the FY 2010 budget year.

By taking a proactive approach to capital replacement, future bond issues will include fewer major maintenance needs. The operating impact of the capital projects is integrated annually into the budget and is highlighted in the Informational Section of this document within our financial forecasts.

## Balanced Budget & Fund Balance



Legal requirements for school district budgets are formulated by the state, the Texas Education Agency (TEA) and the local district. However, according to the TEA, case law is where the definition of a balanced budget is found for all Texas school districts. A balanced budget is framed by case law as a budget with total expenditures not greater than the sum of total revenues plus fund balance. *Crystal City Independent School District, Appellant v. Bank of Dallas, Appellee, Court of Appeals of Texas, Dallas, March 24, 1987.*

Fund Balance occurs when revenues exceed expenses in a given year. In fund accounting, this excess carries over to the next fiscal year and is available for any lawful purpose. By policy, Clear Creek's goal is to maintain an undesignated fund balance equal to a minimum of two months operating expenses. The District currently meets this goal.

## ◆ Budget Issues

The Clear Creek Independent School District (CCISD), situated just south of Houston, lies within one of the fastest growing regions in Texas. This year, the District is expected to grow by no more than 500 students. While this is a slight reduction over our historical enrollment growth patterns which have averaged about 800 students per year; it is consistent with growth in 2009 – 2010 which was just under 500 students. This reduction is largely due to the devastating after effects of Hurricane Ike combined with a general economic downturn in the Houston area. Growth is expected to soften over the next few years due to a downturn in the economy. Recent projections place future enrollment gains at around 500 students each year for the next five plus years.

While our enrollment growth has slowed a bit, this growth continues to be a major budgetary concern. In order to manage growth, the district has developed long range facility plans through the Long Range Facility Master Plan Committee. This group of sixty local citizens and District staff reviewed enrollment trends and facility needs for the next 15 years. This group was tasked with developing a facility master plan that meets the growth needs of the District and predicts the cost and tax rate impact of future growth. Their work provided the framework for bond programs through the year 2020. In addition, the District has used this work to develop long range major maintenance programs to meet the needs of aging facilities. These plans are currently being reviewed to ensure prior committee recommendations are still valid in today's growth environment.

The District also developed a five year staffing plan to proactively manage enrollment growth. This plan uses the long range facility plan as a template to estimate the need for staff at new campuses. Since the cost to fully staff a new 2500 student high school in the first year of operation could exceed \$3.5 million, it is essential to include those costs in long range budget projections. This plan provides the Board with vital expenditure forecasts in support of student growth. The plan is updated each year

to include new data assumptions. As a result the District is able to keep this plan in tune with growth projections. The revised five year plan incorporates the impact of our expected slower enrollment growth projections.



Clear Creek Independent School District is just one year removed from one of its most trying school years ever. On the night of September 13, 2008, southeast Texas and Clear Creek ISD suffered a direct hit from a major hurricane. Hurricane Ike came ashore on the east end of Galveston Island with its eye passing directly over the District's administration building. The entire district sustained winds in excess of 100 mile per hour as the storm made its way into east Texas. Damage was substantial and impacted virtually all of the District's forty plus facilities. Damages totaled almost \$18 million and required the balance of the year to fully correct.

Clear Creek was able to fund this disaster through its strong financial position and the District's proactive response to the potential of a devastating storm. In 2005 the Board saw the need to provide funding to cover the impact of a major hurricane. The District developed a disaster recovery designated reserve and capitalized it with \$2.5 million. In addition, the District built up a healthy fund balance over the last five years that would provide the cash needed to fund this type of emergency. Board policy sets a goal of two months operating expenses to be held in undesignated unreserved fund balance to meet unexpected contingencies. This fund balance has proved invaluable to our building repair and reconstruction activities after the storm.

Two years later, our district emerged even stronger academically than ever before. Our State test scores were at historic highs and our children are learning at an even faster pace. In fact the District achieved its first Exemplary rating from the Texas Education Agency in 2010. Clear Creek ISD met the challenge of a major natural disaster and a community in ruins to become a district that is stronger academically than ever before. Teachers, administrators and staff worked hand in hand to help the community recover and thrive academically.

Past hurricane disasters on the Gulf Coast of Texas and Louisiana (Hurricanes Katrina and Rita, 2005) combined to create tremendous increases in property and casualty insurance premiums. As a result, most coastal districts experienced drastic increases in insurance premiums with a corresponding drop in total insured value. Clear Creek experienced a 300% increase in premiums. At the same time, total insured values dropped from \$500 million to \$50 million. This immediate surge in premiums subsided somewhat over the next two years; however, the District's premiums are still twice what they were in 2005 while total insured values are still less than 10% of actual building values. Policies renewed in May 2009 and premiums again jumped dramatically. After Hurricane Ike, premiums jumped almost 40% or just under \$1 million. Policies remained high when we renewed our coverage in May 2010. The 2010 hurricane season was rather mild by past standards so we do expect property and casualty insurance premiums to drop somewhat when we renew policies in May 2011.

In order to mitigate fluctuations in the property and casualty insurance market, the District developed an insurance reserve fund in 2006 and capitalized it with \$4.5 million. This fund has been tapped over the last three years to help offset the sharp increase in premiums. This fund will be tapped again in

2010-2011 to meet the \$1 million premium increase. As a result of this fund, the general fund budget was not impacted this year.

Utility and fuel costs have also been a major cost driver the last several years. Softening oil prices gave the District a substantial savings on fuel costs in 2009-2010. We are again projecting minimal movement in oil prices for the 2010 – 2011 budget so fuel costs will remain largely steady for the coming year. One step the District has taken to mitigate fuel costs is to access grant opportunities to convert many older buses in our fleet to compressed natural gas. The long term savings of these retrofits and new buses will create several hundred thousand dollars in savings on an annual basis. Utility costs are also projected to be lower in 2010-2011 than in previous years. This is the impact of an employee based energy committee that is reviewing all facilities for energy efficiency and recommending solutions to reduce energy demand.



The Texas State Legislature, which meets in odd years, will meet in general session from January until June of 2011. The coming state budget deficit is projected at between \$18 billion and \$25 billion. This is due to several factors. First, the State of Texas utilized federal stimulus funds to balance their 2009 – 2011 biennial budget. As a result, virtually all of the funds dedicated to school districts in Texas came from short term stimulus funds. These funds were only guaranteed for two years. This places a burden on the State and districts that are forced to use short term non-recurring funds to pay for long term recurring expenditures. This is bad public financial policy and will require the State and districts to fund a huge budget gap during the 2011 legislative session.

The second concern with funds allocated during the last legislative session is that more than 80% of these funds are mandated for teacher salary increases. The concern with this action is that the current school funding system has not provided sufficient funds to cover inflation since 2006! As a result, districts have had to raise property taxes and dip into fund balance to meet inflationary pressures for the last three years without funding help from the State.

Finally, the State is suffering from the same economic downturn that is impacting the rest of the nation. While Texas is in much better shape than almost every state in the union, the slump in sales taxes combined with the reduction in business taxes has created a billion dollar problem that will need to be fixed in the coming legislative session. The State has indicated it will meet these challenges by reducing expenses – not through any increased taxation. As a result, there is discussion of cutting public education funding by \$3 billion to \$6 billion in the next biennium. If that is true, then the State will have to cut school funding and districts will be in the precarious position of having to ask local taxpayers to raise school taxes.

## ◆ ***FY 2010-2011 Budget Goals, Assumptions, Priorities, and Risks***

The approval of a district-wide strategic plan facilitated the development of Board budget goals for the FY 2011 budget. This year's budget season began when the Board met in December 2009 to discuss budget priorities for the coming year. These priorities were used to build the District's 2010-2011 budget. Board approved goals, assumptions and priorities are as follows:

### ➤ ***Budget Goal***

To adopt a budget that is both consistent with CCISD's mission and strategic plan and with its aspirations to become nationally recognized for excellence in academics and school administration.

### ➤ ***Budget Assumptions***

CCISD's 2011 Budget will:

- Be a balanced budget with no deficits;
- Retain the 5% local homestead exemption;
- At a minimum, comply with all federal and state mandates;
- Meet CCISD's capacity and growth needs;
- Manage the District's resources efficiently and effectively; and,
- Maintain an adequate fund balance as defined in board policy.

### ➤ ***Budget Priorities***

- Provide optimal and targeted levels of funding for improved student achievement including identified priorities within the Strategic Plan;
- Maintain competitive salaries, stipends and benefits for all employees;
- Fund requirements of the CCISD Strategic Plan;
- Develop alternative revenue streams;
- Continue optimal funding for the comprehensive plan for safe and secure schools;
- Maintain staffing plans to address optimal staffing at all levels;
- Maintain designated disaster recovery reserves; and
- Continue capital replacement reserves consistent with other budget priorities .

### ➤ ***Budget Risks***

- Increased spending due to unfunded state or federal mandates.
- Changes in student enrollment.
- Inflationary impact of fuel, property & casualty insurance and other commodities

The District's approach to coping with explosive student growth, a restricted funding environment, and increasing academic standards has been to ensure that the budget process is driven by the District's Strategic Plan and budget priorities.

## ◆ *Recent Legislative Changes to the School Funding System*

In response to many years of litigation, the Texas Legislature (the Legislature) enacted House Bill 1 (HB 1), which made substantive changes in the way the Finance System is funded. The Legislature also passed legislation which, among other things, established a special fund in the Texas state treasury to be used to collect new tax revenues that are dedicated under certain conditions for appropriation by the Legislature to reduce M&O Tax rates, broadened the State business franchise tax, modified the procedures for assessing the State motor vehicle sales and use tax and increased the State tax on tobacco products. HB 1 and other described legislation are collectively referred to as the Reform Legislation. The Reform Legislation became effective with the 2006-2007 fiscal year of each district.

## ◆ *Accounting for School District Operations*

School districts in Texas manage their multi-million dollar budgets through funds that have been designated to manage school operations. These funds are separated into distinct categories. The major category of funds is called Governmental Funds. These funds represent the core educational activities of the district.

Districts also collect costs in a series of proprietary funds that capture such diverse items as the National School Lunch Program, athletic concessions, and the district's self funded employee insurance programs.

One unique feature of school funding is that the Board of Trustees is only obligated to approve budgets for three sets of funds. Budgets for the General Fund, Debt Service Funds, and Food Service Fund (an Enterprise Fund) must be included in the official district budget and approved by the Board. These budgets are approved on a fiscal year basis from September 1<sup>st</sup> through August 31<sup>st</sup>.



## Governmental Funds

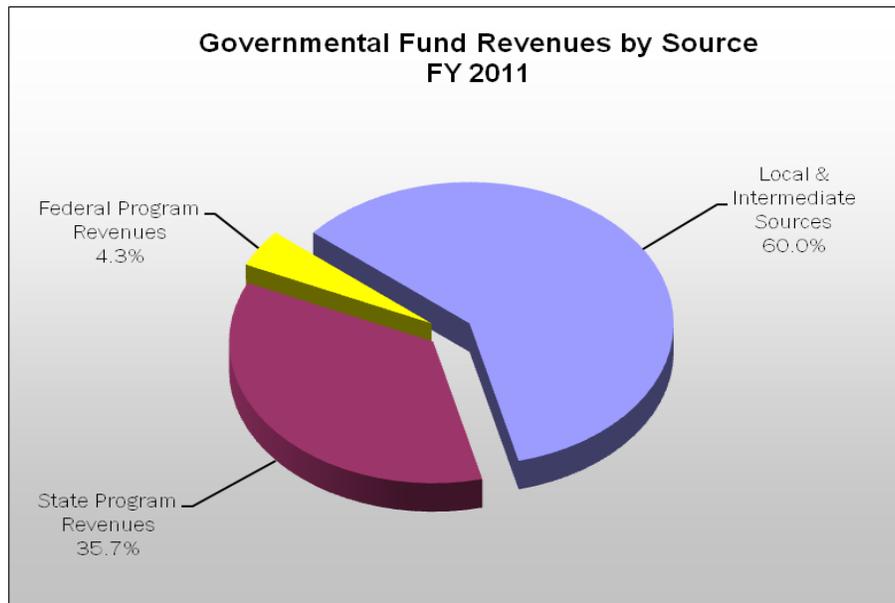
The following presents a comparison of revenues and expenditures for all Governmental Funds. Governmental Funds include the General, Special Revenue, Debt Service, and Capital Projects Funds. Most of the District's basic services are included in Governmental Funds.



The General Fund is the engine that drives all District activity. This fund pays teacher salaries, utilities, maintenance and other routine District activities. The Debt Service Fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. Special revenue funds account for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Finally, Capital Project Funds are used to build and maintain facilities and purchases buses.

## Governmental Funds Revenues

The General Fund is the largest single governmental fund and comprises 79.8% of total revenue. Revenues in this fund class are mainly derived from the general taxing authority of the District. However, a large share of revenue is also derived from State funding under the reform legislation of 2006. The State's funding as a percentage of total General Fund revenue is now 43.5%. This is up from a low several years ago of 15%. This is a direct result of the Reform Legislation passed in 2006 which lowered local property taxes and substituted a new business tax to raise the revenue needed to operate schools.

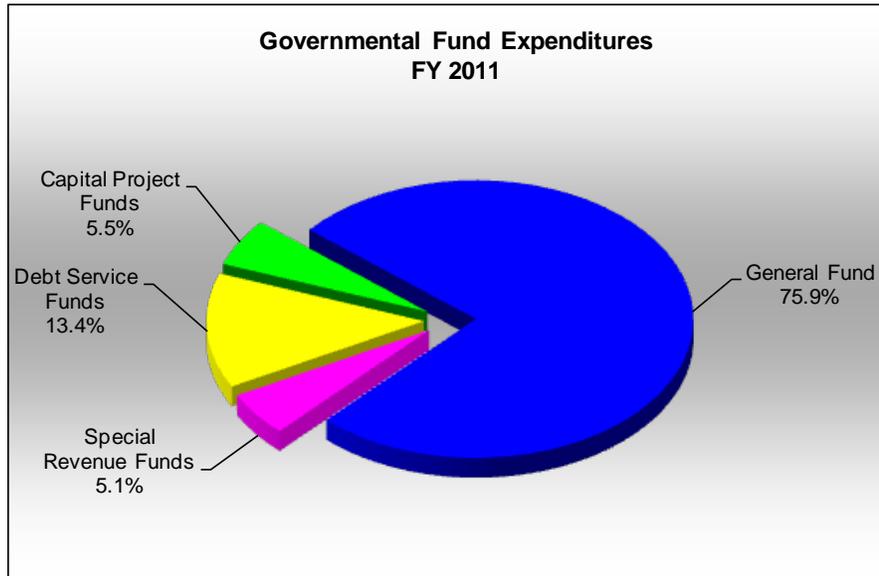


## Total Governmental Fund Revenues

Description	FY 2007	FY 2008	FY 2009	Budget FY 2010	Budget FY 2011
General Fund	\$ 239,673,883	\$ 252,612,232	\$ 273,378,493	\$ 284,300,000	\$ 284,966,000
Special Revenue Funds	18,369,723	21,040,060	29,976,443	23,364,170	19,548,477
Debt Service Funds	38,793,335	43,786,430	48,647,093	49,200,000	47,830,000
Capital Projects Funds	4,831,501	4,897,962	2,128,878	870,000	5,988,528
<b>Total Revenues</b>	<b>\$ 301,668,442</b>	<b>\$322,336,684</b>	<b>\$354,130,907</b>	<b>\$357,734,170</b>	<b>\$358,363,005</b>

## Governmental Funds Expenditures

General Fund expenditures dominate Governmental Fund activities as well with almost 75.9% of the total. However, since the District has been experiencing rapid enrollment growth, the Capital Projects Funds and Debt Service Funds continues to have a major impact on expenditures. The challenge of large enrollment gains can only be met with new facilities. These facilities are funded through taxpayer authorized bond issues that are managed through the Capital Project Funds. The District anticipates this growth to continue for the next 10 - 15 years.

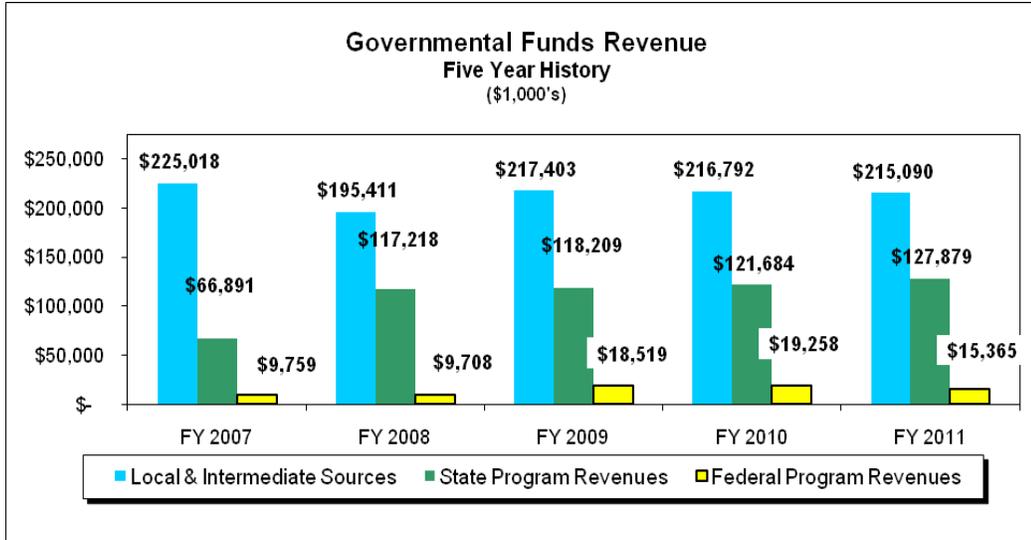


### Total Governmental Fund Expenditures

Description	FY 2007	FY 2008	FY 2009	Budget FY 2010	Budget FY 2011
General Fund	\$ 220,344,156	\$ 249,119,499	\$ 264,815,567	\$ 285,531,163	\$ 288,347,391
Special Revenue Funds	18,595,321	20,571,456	38,875,871	23,364,170	19,548,477
Debt Service Funds	38,578,792	40,409,897	45,602,776	49,475,000	50,830,000
Capital Projects Funds	65,455,829	72,960,213	118,873,423	45,875,000	20,984,039
<b>Total Expenditures</b>	<b>\$ 342,974,098</b>	<b>\$383,061,065</b>	<b>\$468,167,637</b>	<b>\$404,245,333</b>	<b>\$379,709,907</b>

### Major Sources of Funds

District programs are primarily supported by local real and personal property taxes and state funding. Local taxes are budgeted at \$199.9 million which is divided between the General Fund at \$152.4 million and the Debt Service Funds at \$47.8 million. This is down from last year's total of \$205.6 million.



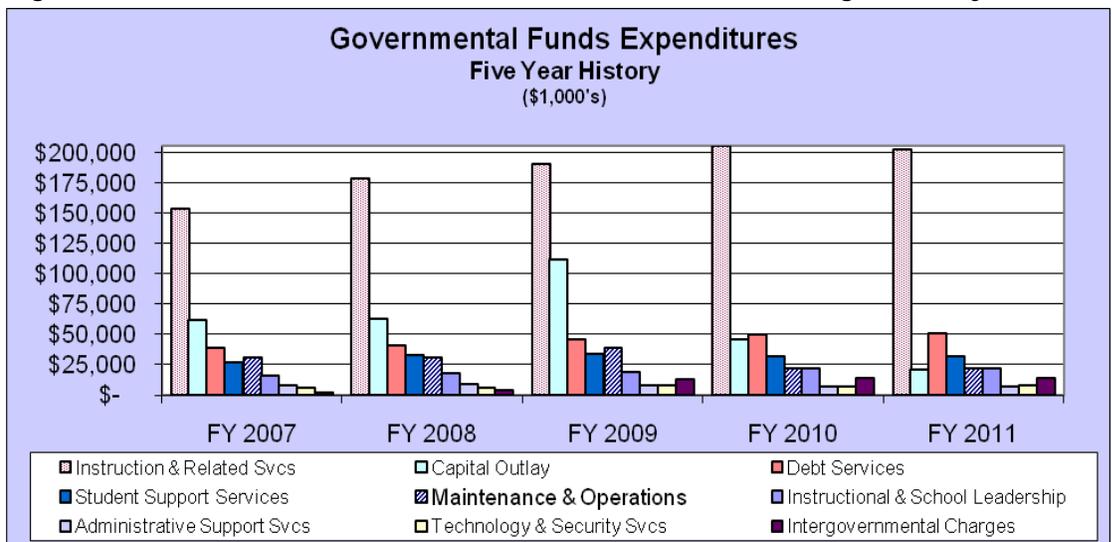
State program revenues are the next largest revenue source at almost \$125.6 million. This includes \$7.8 million from the Available School Fund, \$102.9 million from the Foundation School Program, and \$14.8 million for Teacher Retirement / TRS Care-On-Behalf Payments.

The available school fund consists of the distributions from the

total return on all investment assets of the permanent school fund, the taxes authorized by this constitution or general law to be part of the available school fund, and appropriations made to the available school fund by the legislature. The On-Behalf revenues equal state payments of matching teacher retirement paid for active members of the school district in accordance with GASB Statement No. 24.

### Major Uses of Funds

The Board places a high priority on funding direct classroom instruction. Clear Creek spends 68.7% of its General Fund budget on Instruction and Related Services. These dollars go directly into the classroom and pay for teacher salaries and classroom/campus supplies. Almost eighty five percent (84.9%) of spending in the General Fund is for personnel, as a result a large part of this budget goes toward personnel and benefits associated with our classroom teachers. The



second largest expenditure class in Governmental Funds is debt service. Since it has been a fast growth district, Clear Creek has issued almost \$450 million in bonds over the last seven years and thirteen percent (13.3%) of its governmental fund monies in the Debt Service Funds.

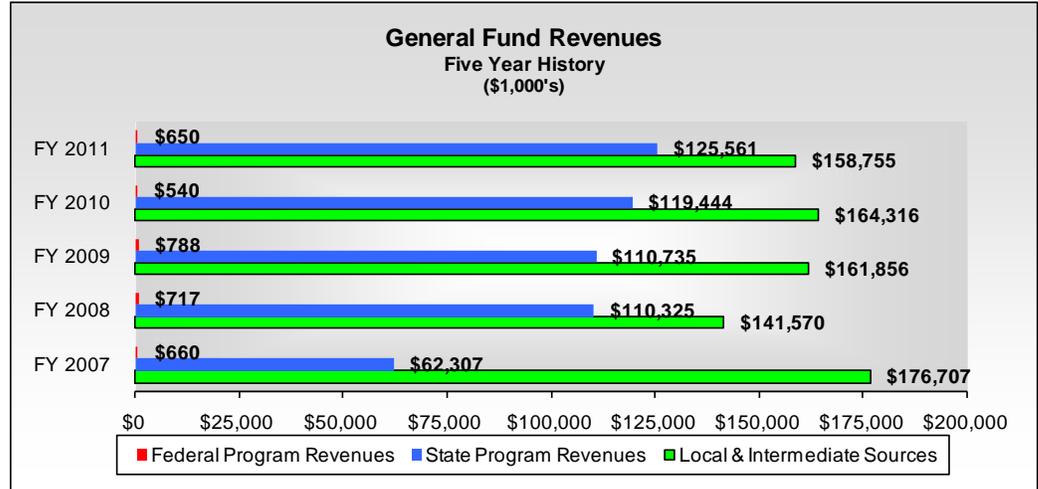
## ◆ Analysis of Governmental Fund Budgets

### General Fund

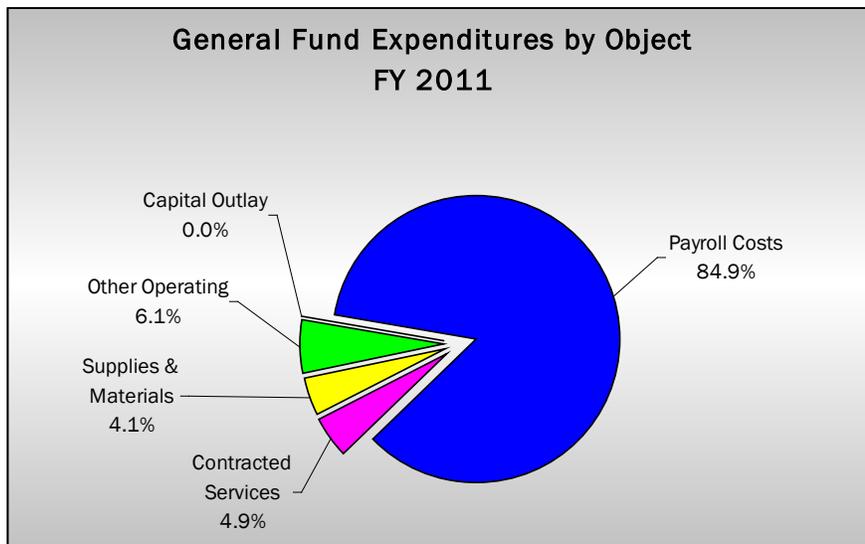
Revenue in this fund is estimated at \$284,966,000 while expenditures are budgeted at \$288,347,391. The 2010–2011 General Fund budget is balanced with a proposed operating transfer from the capital replacement fund of \$3,400,000. This provides a very small increase in fund balance (\$18,609).

This fund is established to account for resources financing the fundamental operations of the District.

All revenues and expenditures that are not required to be accounted for in other funds are included here. Since this is a budgeted fund, any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.

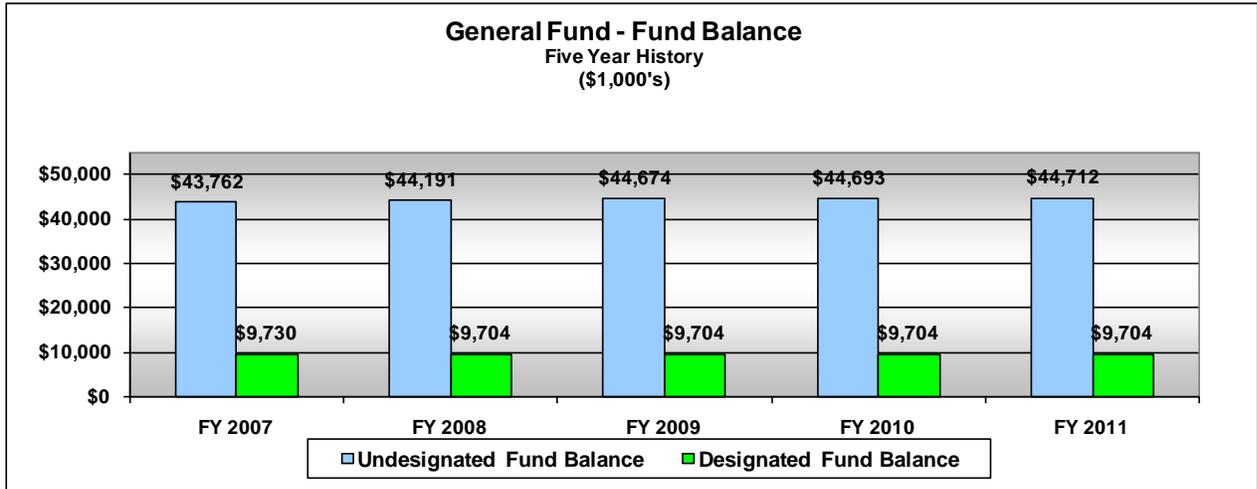


The education of students is labor intensive. This is reflected in the large portion of the District's budget for payroll costs. The composition of the District's workforce is determined by the staffing policies and guidelines of the Board of Trustees on the basis of projected student enrollment and curriculum requirements. For the 2010–2011 fiscal year, payroll costs are budgeted at \$244,890,527 (84.9%) percent of the General Fund current operating expenditures.



## Fund Balance

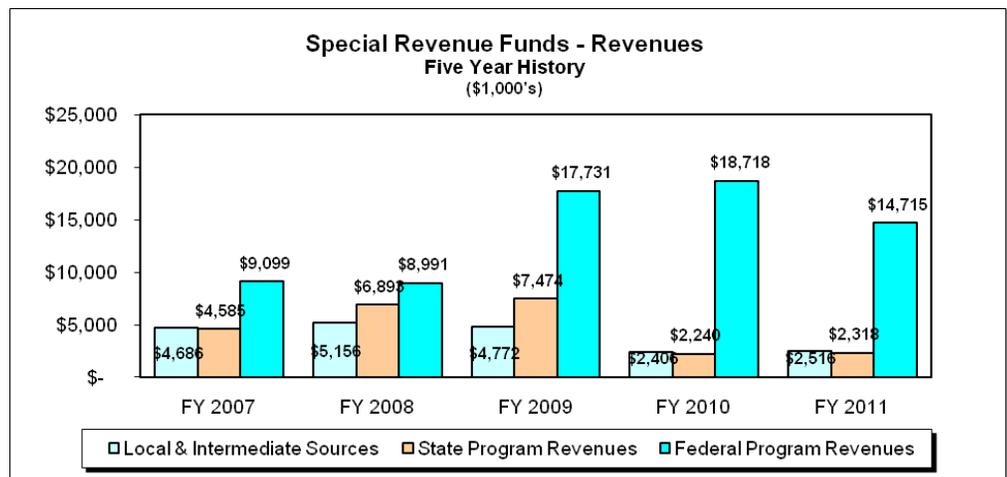
Over the last eight years the Board of Trustees has placed a very high priority on building the District's General Fund, fund balance to an acceptable level. The Board set fund balance objectives in policy CE (Local) to reflect the need to keep undesignated fund balance at a minimum of two months of operating expenses. As a result of this focus, the District now has a fund balance of \$54.4 million and an undesignated, unreserved fund balance of \$44.7 million. This will ensure the District has adequate undesignated reserves to meet contingencies.



## Special Revenue Funds

These funds are budgeted at \$19,548,477. The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in a special revenue fund. In some cases, unused balances must be returned to the grantor at the close of the specified project periods. The Board of Trustees is not required to approve special revenue funds.

Special revenue funds include several large federal programs. Title I funds cover the Elementary and Secondary Education Act (ESEA) and provide funds for the District's at risk and disadvantaged children. The Individuals with Disabilities in Education Act (IDEA) provides funds for the District's special education programs.

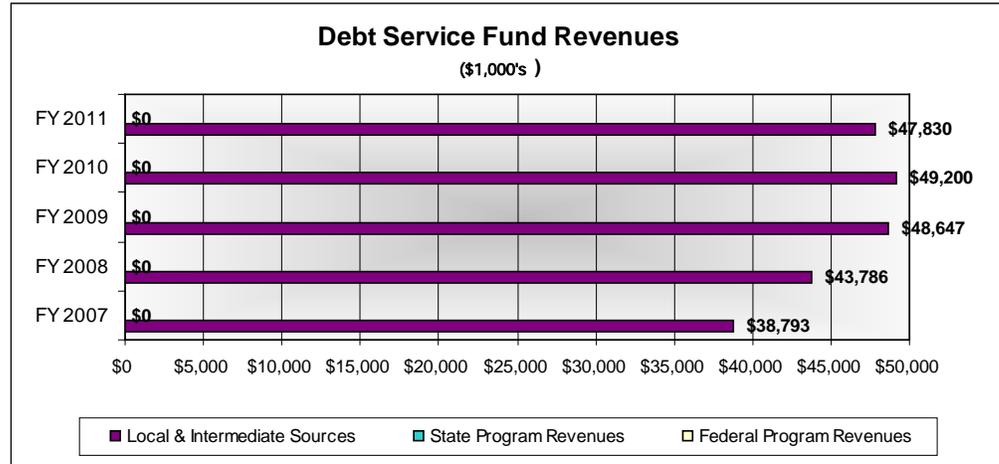


Other large programs captured in special revenue funds are IDEA B and Title I, Part A Federal Stimulus Funds (\$3.8 million combined) and the Technology Allotment from the State (\$1.1 million). Expenditures in these funds are primarily for instruction and instruction related services. Over eighty percent (80.2%) of total spending is in this area. Student support services are the next largest expenditure in this fund class with just over thirteen percent (13.1%).

## Debt Service Funds

These funds are established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. They are budgeted at \$47,830,000. The graph below highlights the steady growth in Debt Service Fund revenue over the last five years. Growth in this fund is due to the passage of several large bond propositions over the last four years.

In February 2004 voters passed a \$264 million bond issue. Funds were earmarked for new schools, campus additions, capital improvements, land acquisitions, student computers and technology. This building program is complete. A \$183.1 million bond election was held in May 2007. Over 72% of voters were in favor of



the projects included in the bond proposition. It included funding for new schools, capital additions, roofs, and school buses. The District has sold its entire authorization of \$183.1 million and is nearing completion on many of the projects included in the program.

The Debt Service Fund fund balance is adequate and in line with the District's goal to have at least ten percent (10%) of the annual debt service payment in undesignated fund balance.

## Capital Projects Funds

The District has experienced tremendous enrollment growth over the last 8 years that created the need for additional classroom space. Bond issues are essential to managing this growth. Taxpayers have approved almost \$450 million in bond programs over the last seven years.



In addition to normal enrollment growth, the District has a continuing need to fund capital projects and/or capital replacements that were not included in a bond program. In order to meet this need the District set aside and transferred \$52 million from the General Fund to a special capital projects fund over the last several years. This fund is helping the District meet capital needs without adding additional funding requests for major maintenance items in future bond programs.

Below is a listing of recent bond programs approved by voters. A detailed listing of recently completed and in-progress capital projects is included in the Financial Section of this document.

## Capital Projects – 2004 Bond Issue

<b>Description</b>	<b>Projects</b>	<b>Funding</b>
New Schools	New High School (1) Clear Creek High School Re-build New Elementary Schools (2)	\$118,899,000
Campus Additions	High Schools - Band Halls, Dance Studios Intermediate Schools – Band Halls, Choir Rooms Elementary Schools – Gymnasiums & Classrooms New Agriculture Facility	27,565,000
Capital Improvements	Energy Systems, Roofs, Security Surveillance, School Bus Replacement, Centralized Phone System, Network Infrastructure & Cabling, Future Site Infrastructure	63,523,000
Land Acquisition	Future High School Site, Intermediate Sites (2), and Elementary Sites (5), Future Expansion Site	29,064,000
Student Computers, Technology & Financing	Classroom Technology, Student Computers and Projection Devices, Science/Math/Library Peripherals, and Distance Learning	24,949,000
Total		\$264,000,000

## Capital Projects – 2007 Bond Issue

<b>Description</b>	<b>Projects</b>	<b>Funding</b>
New Schools	New High School (1) New Intermediate School (1) New Elementary Schools (2)	\$154,167,000
Campus Conversions	Convert 9 <sup>th</sup> Grade Centers to Intermediate Schools (2)	7,629,000
Capital Improvements & Replacements	Roofs, Major Mechanical Systems, Security Systems, School Bus Replacement	21,329,000
Total		\$183,125,000

## Proprietary Funds

Proprietary funds include those funds for which the District charges customers a fee. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Clear Creek's proprietary funds are further broken down into Enterprise Funds and Internal Service Funds.

### Enterprise Funds

Enterprise Funds are used to report business-type activities. The District has two business-type activities within this fund class; the National Breakfast and Lunch Program and athletic concessions. The Child Nutrition Fund budget must be approved by the Board of Trustees. Over \$14 million in revenue is generated in these funds. Enterprise funds grow gradually as student enrollment increases. As we enroll more students and as our number of at-risk students increases, the Child Nutrition Fund budget will also increase.



### Internal Service Funds

Internal Service Funds include activities in the District's employee self-funded insurance programs. This includes the Health Insurance Fund, Worker's Compensation Fund, Disability Insurance Fund and a new Property and Casualty Insurance Fund created to help manage fluctuating costs in property and casualty insurance premiums. Over \$22.5 million in revenue is generated by all of these funds. Growth in the Internal Service Funds is due to increases in our self-funded employee health fund and the addition of the property and casualty insurance fund. Inflation naturally takes a toll on school district operations; however, inflation in medical costs far exceeds normal inflation. Experts suggest that this inflation could exceed 15% each year. This trend is expected to continue for the foreseeable future. The property and casualty insurance fund will help the district manage the sometimes wild swings in insurance premiums that result from damaging major hurricanes along the Gulf Coast.

### Total Proprietary Fund Revenues

Description	FY 2007	FY 2008	FY 2009	Budget FY 2010	Budget FY 2011
Enterprise Fund	\$10,636,334	\$14,996,696	\$ 12,813,356	\$14,356,000	\$ 14,076,000
Internal Service Funds	<u>\$25,907,004</u>	<u>\$25,198,234</u>	<u>\$ 26,297,948</u>	<u>\$25,774,000</u>	<u>\$ 22,520,000</u>
Total	\$36,543,338	\$40,194,930	\$39,111,304	\$40,130,000	\$36,596,000

### Total Proprietary Fund Expenditures

Description	FY 2007	FY 2008	FY 2009	Budget FY 2010	Budget FY 2011
Enterprise Fund	\$10,060,181	\$11,314,219	\$ 11,429,879	\$13,993,000	\$ 13,878,000
Internal Service Funds	<u>\$25,061,086</u>	<u>\$26,300,382</u>	<u>\$ 30,435,068</u>	<u>\$25,774,000</u>	<u>\$ 22,520,000</u>
Total	\$35,121,267	\$37,614,601	\$41,864,947	\$39,767,000	\$36,398,000

## ◆ Analysis of Local Taxes

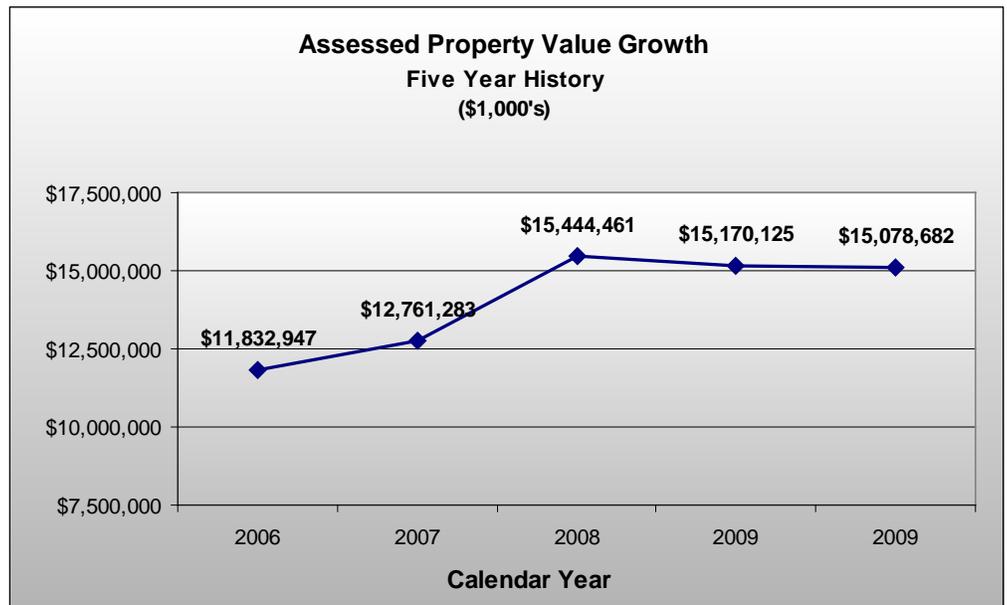
### Assessed Values

Recent legislation created a change in the appraisal process for school districts with property in more than one county. Since Clear Creek ISD has property in both Harris and Galveston counties our appraisal and budget process was impacted.

In prior years, districts with property in more than one county could chose one appraisal district to appraise all properties. Now these school districts are required to have split appraisals. Therefore, the Galveston County Central Appraisal District (GCAD) appraises property in Galveston County while the Harris County Central Appraisal District (HCAD) appraised property in Harris County for Clear Creek ISD.

While this legislation is logical, it has impacted our tax rate approval timeline and cash flow. The GCAD always certifies values on or before the state mandated deadline of July 25<sup>th</sup>. The HCAD, however, cannot meet this deadline and does not provide a certified tax roll until early September.

When the District used the GCAD to appraise all properties it was able to approve a tax rate in August and mail tax bills by early October. Due to delays from the HCAD, we cannot approve a tax rate until late September. This means tax bills cannot be mailed until late November or early December.



All properties are assessed at 100% of market value as of January 1, 2010. The Certified and Under Protest Appraisal Totals were used for the September 27<sup>th</sup> tax rate adoption. The District's fiscal year runs from September 1<sup>st</sup> to August 31<sup>st</sup>. Therefore, our projected 2010 Certified and Under Protest Appraisal Totals, which were \$15,078,682, were used for the August 23<sup>rd</sup> budget adoption. This equates to an average growth rate in assessed values of more than 6.9% per year over the last four years. However, appraised values decreased over two percent (2.4%) the last two years, \$365.8 million, due to the impact of an economic recession and damage created by Hurricane Ike in September of 2008.

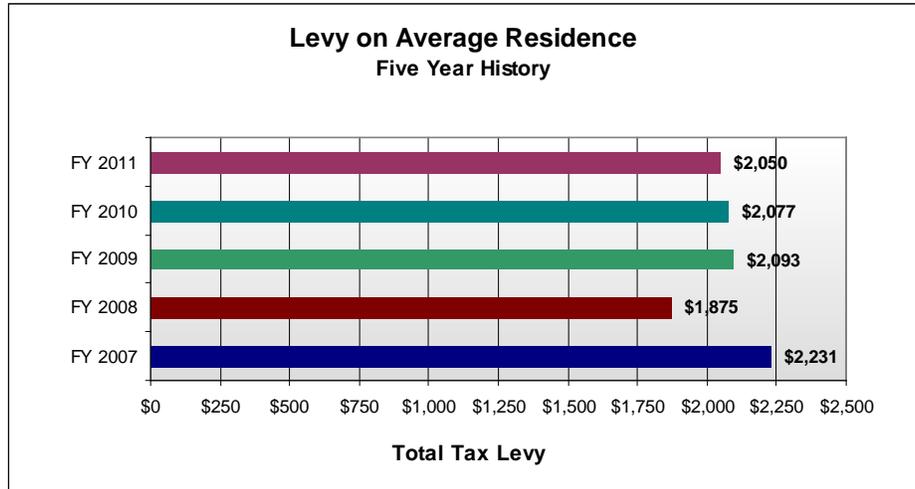
The Texas Comptroller of Public Accounts annually certifies the final property values on or before July 1<sup>st</sup> of the following year. The Commissioner of Education uses the final values in the process of allocating state funds to school districts.

## Levy on the Average Residence

Clear Creek's tax base is heavily weighted towards residential property. Almost fifty three percent (52.85%) of our total general fund is derived from local property taxes. Homeowners fund a majority of the costs of operating our schools.

Clear Creek's levy on its average residence decreased for the second year in a row. This is due to a decrease in local property values. The chart to the right highlights this movement over the last five years.

The impact of a general recession lowered property values in FY 2011 for the second year. The average taxable value of a home in the Clear Creek Independent School District dropped from \$152,726 in 2009 to \$150,752 in 2010. As a result, the levy due on the average residence dropped from \$2,077 in 2009 to \$2,050 in 2010.



## Distribution of Tax Base

Clear Creek is literally a district of roof-tops. Our community is primarily residential in nature. Almost \$12.2 billion in value is residential in nature (64.1% of total market value). This is up slightly from two years ago when values were at \$12.1 billion in 2008. This is a positive move since residential property values were flat in the previous year. This presents hope for a quick economic recovery in the Houston area. The next highest distribution is in commercial and industrial property at over \$3.1 billion (16.6% of total market value). This property value is also higher than 2009 and in line with the growth of residential property values. The District also has a large portion of its property in the form of acreage and platted lots/tracts which are available for development. This indicates that there is an abundance of land for future development. This raw land will eventually become land for new homes. As a result, we believe that the distribution of our tax base will continue to be heavily weighted in residential property.

## Top Twenty Taxpayers

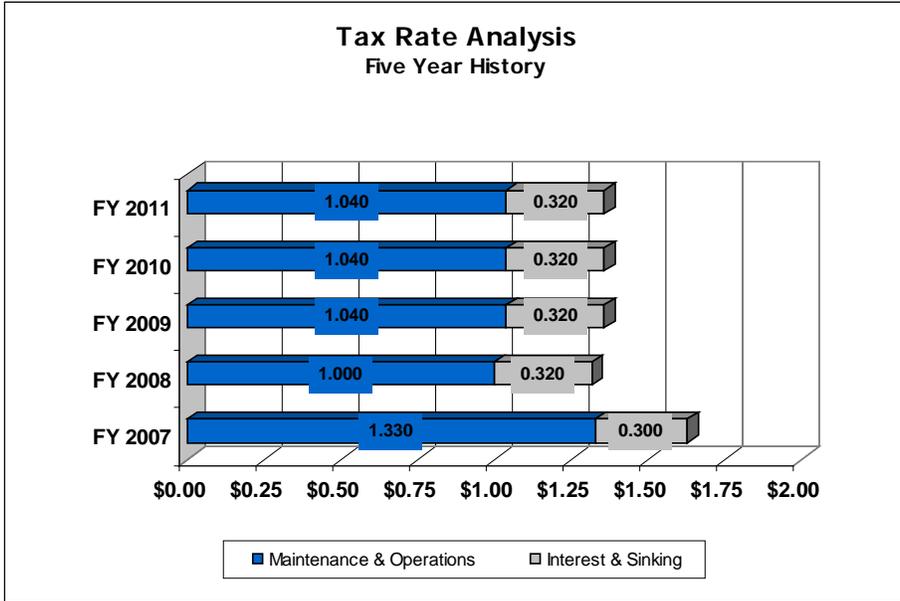
Clear Creek's top taxpayers are heavily weighted towards industrial and commercial operations. It should also be noted that even with a heavy weight of industrial taxpayers in our top twenty, the top taxpayer, Shell Energy North America, accounts for less than one percent (1.06%) of our total tax base. Our next largest taxpayer is Baybrook Mall LLP which is a very large regional shopping mall. They account for 0.84% of the tax base. Our twentieth largest taxpayer accounts for only 0.17% of our total tax base.

## Property Tax Rates

The Board of Trustees adopted tax rates on September 28<sup>th</sup> after giving appropriate public notice. School district tax rates consist of a Maintenance & Operations tax rate and an Interest & Sinking tax rate.

**Maintenance and Operations tax rate (M&O):** A local school district tax rate that raises revenue to be used to operate and maintain the district's schools. This rate is at \$1.04 per \$100 valuation.

**Interest and Sinking Tax (I&S):** A tax levied and money used by school districts to pay for voter approved bonded indebtedness, usually construction of facilities or other capital needs. This rate is at \$0.32 per \$100 valuation.



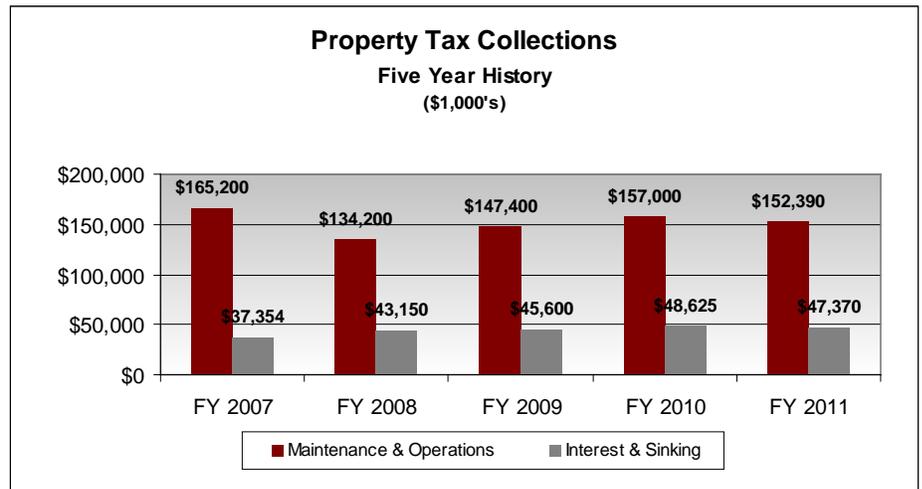
The total tax rate has decreased by thirty nine cents (\$0.27) over the last five years. The Maintenance and Operations tax rate decreased by forty six cents (\$0.29) over this period primarily due to the thirty three cent rate reduction included in the reform legislation of 2006.

The Interest and Sinking Fund tax rate increased by seven and a half cents (\$0.02) over the last five years from \$0.30 to \$0.32. This increase was planned due to the sale of \$183.1 million in bonds that were approved by voters in 2007.

## Property Tax Collections

Clear Creek has seen property tax collections declined significantly since FY 2007. This is due to the reform legislation that reduced the tax rate by fifty cents over the same period. Tax collections also dropped off considerably from FY 2010 to FY 2011. This is entirely due to the economic downturn that has been experienced in the Houston area.

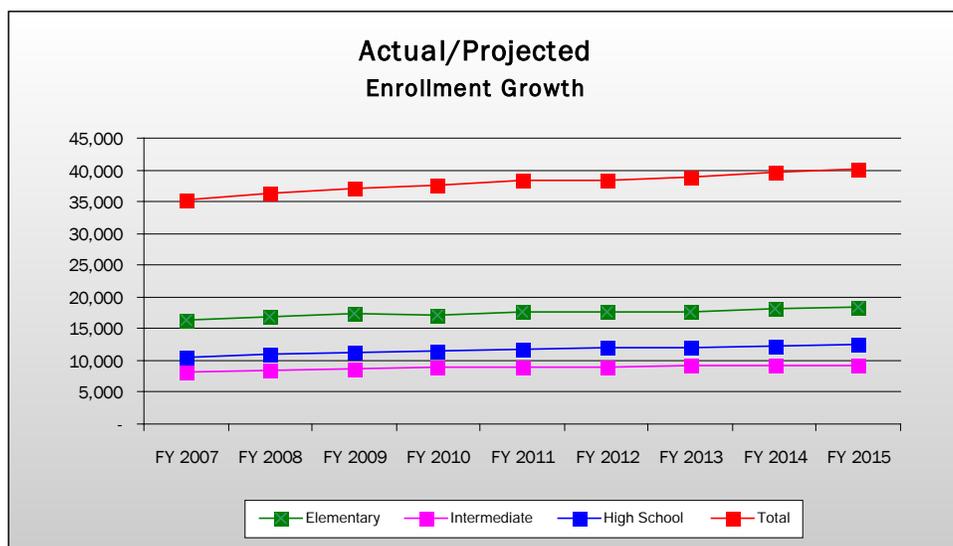
The worldwide recession has had an impact on values; however, our collection history remains high. Our home and business owners pay their taxes even in the worst economic climate in many years.



## ◆ *Student Enrollment Projections*

Enrollment projections were provided through a contract with MetroStudy, Inc. MetroStudy integrates school district information with its proprietary new home census information and specific neighborhood forecasts to create specific enrollment projections by attendance zone for the District.

MetroStudy was retained in early 2004 to provide enrollment projections to the Long Range Facility Master Plan Committee. They made an initial enrollment estimate in July 2004. These estimates are reviewed annually to determine if the estimates are still valid. Annual reviews allow the District to take a proactive stance with regard to new school locations. As a result, school sites can be established in advance of the expected influx of students. This early warning allows the District to negotiate land purchases while pricing is still affordable.



The District is growing steadily and has large areas of undeveloped land. Demographic changes will be a key data source for the District in the future. Current projections show student enrollment for the FY 2010-2011 school year to be 38,256. This number will grow to 40,600 over the next five years.

## ◆ *District-Wide Staffing*



The District has experienced tremendous enrollment growth over the last five years. In order to meet the challenges of a fast-growth school district, our teaching and support staff has grown as well. In the last five years, the District has added 843 new positions to meet growth. Teachers make up the vast majority of these new positions with the District adding 486 new positions.

The second largest growth areas involve campus staffing. This is to be expected since the District opened six new campuses in the last five years. As a result the District has created 211 new positions to operate new campuses. This includes Campus Clerical and office support as well as auxiliary support positions in maintenance, transportation and custodial services.

As Clear Creek's enrollment continues to grow, we anticipate teaching and support staff to increase in order to meet the needs of our District. This trend will continue for at least the next five to ten years. However we expect the growth to slow in the next two years due to a slower economy.

## ◆ Employee Resource Allocations

### CLEAR CREEK INDEPENDENT SCHOOL DISTRICT FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION

Description	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>Administrative / Professional</b>					
General Administration	6	7	7	7	7
Business / Finance	10	9	9	9	9
Human Resources	3	3	4	4	3
Instruction / Curriculum	19	19	23	23	22
Technology / Information Systems	6	6	6	6	5
Maintenance and Operations	5	4	4	4	3
Principals	37	38	38	41	43
Assistant Principals	54	54	57	64	66
Librarians	42	43	43	46	48
Counselors	67	76	86	102	105
Nurses	38	40	40	44	46
Diagnosticians	31	30	30	34	36
Licensed Specialist in School Psychology	3	4	4	5	5
Speech-Language Pathologists	25	23	23	23	23
	<u>346</u>	<u>356</u>	<u>374</u>	<u>412</u>	<u>421</u>
<b>Teachers</b>	<u>2,329</u>	<u>2,483</u>	<u>2,577</u>	<u>2,689</u>	<u>2,680</u>
<b>Technology</b>	<u>34</u>	<u>33</u>	<u>36</u>	<u>37</u>	<u>38</u>
<b>Campus Clerical / Office / Classroom Aides</b>					
Attendance Clerk	40	42	44	44	47
Secretary - Principal	36	37	37	40	43
Bookkeeper	3	4	4	5	7
Registrar	3	5	6	7	8
Classroom Teacher Aide	67	64	70	75	75
Special Education Aide	187	204	214	235	238
Library Aide	38	37	37	57	59
Other	23	24	27	27	32
	<u>397</u>	<u>417</u>	<u>439</u>	<u>490</u>	<u>508</u>
<b>Central Office Clerical / Office</b>					
Secretary	29	29	30	32	32
Accounts Payable Clerks	4	4	4	4	4
Payroll Clerks	6	6	6	6	6
Purchasing Clerk	2	2	2	2	2
Tax Office Clerk	4	4	4	4	4
Receptionist	1	1	1	1	1
PEIMS Data Specialist	1	1	1	1	1
Other	2	2	2	2	2
	<u>49</u>	<u>49</u>	<u>50</u>	<u>52</u>	<u>52</u>
<b>Auxiliary</b>					
Transportation	196	212	221	236	242
Food Service	235	235	250	260	280
Maintenance - Custodial	246	250	250	263	286
Maintenance - Other	56	51	57	64	64
Security	4	7	7	9	9
	<u>737</u>	<u>755</u>	<u>785</u>	<u>833</u>	<u>881</u>
<b>Other Part-time</b>	<u>235</u>	<u>273</u>	<u>273</u>	<u>273</u>	<u>273</u>
<b>Total</b>	<u>4,127</u>	<u>4,366</u>	<u>4,534</u>	<u>4,785</u>	<u>4,853</u>

## ◆ *Educational Performance Measures*

### **Texas Assessment of Knowledge and Skills (TAKS)**

The Texas Assessment of Knowledge and Skills (TAKS) measure the statewide curriculum of specific subjects at specific grade levels. TAKS includes a broad assessment of the Texas Essential Knowledge and Skills (TEKS), which is the statewide curriculum, and is a more rigorous assessment than previous testing programs.

Clear Creek now has the distinction of being the second largest Exemplary school district in the State of Texas. The district is also considered the highest performing large school district in Texas. This can be found in the fact that the District is the only large school district in the State of Texas, a district with more than 25,000 students, to be named a Recognized school district for twelve of the last thirteen years. Clear Creek ISD is also honored to have the second largest Exemplary high school in the State of Texas. That would be Clear Lake High School, with an enrollment of over 3,450 students.

### **Texas Accountability System**

Description	2005 – 2006	2006 - 2007	2007- 2008	2008- 2009	2009- 2010
Exemplary	11	15	18	25	32
Recognized	17	13	14	13	8
Acceptable	7	8	6	0	1
<b>District Rating</b>	<b>Recognized</b>	<b>Recognized</b>	<b>Recognized</b>	<b>Recognized</b>	<b>Exemplary</b>

### **Academic Performance and Per Pupil Spending**

Clear Creek ISD is committed to providing efficient and effective services to its students. This does not mean we spend more than other districts. It means we ensure that each dollar we spend is focused on student achievement. When Clear Creek’s per pupil spending is benchmarked to our Texas peers, we find that we do not rank at the top in per pupil spending. Yet we can still lay claim to being the highest performing large (enrollment in excess of 20,000) school district in the State of Texas and to having the largest Exemplary high school in the State of Texas.

There has been a nation-wide push to force districts to spend an arbitrary amount of its funds on direct classroom instruction. The percentage that is most often used as a benchmark is 65% of the total budget. Over the last several legislative sessions, Texas legislators made a push to implement the 65% rule. Their goal has been to require districts to spend at least 65% of their total budget on direct classroom instruction. While the goal of increased classroom spending is one that all districts strive for, it is equally true that there is no direct research that links higher levels of spending with student success.

The chart on the next page highlights this fact. Our General Fund per pupil spending in each major expense category is benchmarked against our peer districts across the State of Texas. We compare ourselves to the top thirty school districts across the state. As you will note, we rank 8<sup>th</sup> in overall per pupil spending in our peer group. In addition, we are 13<sup>th</sup> in Instruction and Related spending – often used as the benchmark for direct classroom spending, and 14<sup>th</sup> in Instructional and School Leadership which is campus and district based instructional support. You will also note that many Acceptable and Recognized districts spend much more than Clear Creek ISD on a per pupil basis.

These results support the idea that more is not better when it comes to per pupil spending. Student performance is a balance between direct classroom spending and having the very best teacher in each classroom and administrator on each campus.

## Clear Creek Independent School District

Expenditures per Student Enrolled Compared to District Academic Performance  
FY 2010 - 2011 Approved General Fund Budgets

School District	2010 Academic Rating	Enrollment	Instruction & Related	Instruction & School Leadership	Student Support Services	Administrative Support Services <sup>2</sup>	Plant Maintenance & Operations	Security & Monitoring	Technology Services	Community Services	Debt Services	Capital Outlay	Inter Governmental Charges	Total
Clear Creek ISD	38,256 Exemplary	\$ 4,889	\$ 553	\$ 776	\$ 166	\$ 572	\$ 71	\$ 133	\$ 2	\$ -	\$ -	\$ -	\$ 376	\$ 7,537
Alief ISD	45,934 Recognized	\$ 4,947	\$ 594	\$ 721	\$ 159	\$ 874	\$ 109	\$ 63	\$ 31	\$ -	\$ -	\$ 12	\$ 44	\$ 7,554
Allen ISD	18,715 Exemplary	\$ 4,732	\$ 511	\$ 678	\$ 224	\$ 964	\$ 75	\$ 102	\$ 1	\$ -	\$ -	\$ -	\$ 42	\$ 7,330
Arlington ISD	64,430 Recognized	\$ 4,665	\$ 469	\$ 698	\$ 101	\$ 651	\$ 79	\$ 120	\$ 1	\$ 11	\$ -	\$ -	\$ 86	\$ 6,881
Austin ISD	86,161 Acceptable	\$ 5,261	\$ 674	\$ 789	\$ 202	\$ 915	\$ 112	\$ 200	\$ 67	\$ 14	\$ 15	\$ 15	\$ 66	\$ 8,315
Birdville ISD	21,617 Acceptable	\$ 4,923	\$ 603	\$ 756	\$ 223	\$ 813	\$ 30	\$ 113	\$ 13	\$ 21	\$ -	\$ -	\$ 41	\$ 7,537
Carrollton Farmers-Branch ISD	25,475 Recognized	\$ 5,119	\$ 633	\$ 795	\$ 258	\$ 963	\$ 66	\$ 168	\$ 24	\$ -	\$ 4	\$ 4	\$ 679	\$ 8,708
Conroe ISD	49,629 Exemplary	\$ 4,324	\$ 510	\$ 907	\$ 111	\$ 784	\$ 79	\$ 98	\$ 0	\$ -	\$ -	\$ -	\$ 38	\$ 6,852
Cypress Fairbanks ISD	106,134 Recognized	\$ 4,542	\$ 444	\$ 739	\$ 105	\$ 638	\$ 51	\$ 37	\$ 24	\$ -	\$ -	\$ 1	\$ 46	\$ 6,628
Fort Bend ISD	69,687 Recognized	\$ 4,568	\$ 487	\$ 722	\$ 153	\$ 769	\$ 64	\$ 115	\$ 98	\$ 1	\$ 6	\$ 6	\$ 26	\$ 7,009
Fort Worth ISD	78,637 Acceptable	\$ 4,617	\$ 666	\$ 870	\$ 188	\$ 994	\$ 128	\$ 102	\$ 57	\$ -	\$ 8	\$ 8	\$ 78	\$ 7,708
Garland ISD	57,861 Recognized	\$ 4,091	\$ 570	\$ 663	\$ 191	\$ 673	\$ 65	\$ 181	\$ 34	\$ 10	\$ -	\$ -	\$ 17	\$ 6,486
Humble ISD	35,844 Recognized	\$ 4,305	\$ 582	\$ 804	\$ 202	\$ 786	\$ 66	\$ 63	\$ 24	\$ -	\$ -	\$ -	\$ 195	\$ 7,027
Hurst Euleless Bedford ISD	20,891 Recognized	\$ 4,906	\$ 517	\$ 756	\$ 240	\$ 740	\$ 38	\$ 119	\$ 8	\$ -	\$ -	\$ -	\$ 40	\$ 7,364
Inving ISD	34,289 Acceptable	\$ 4,985	\$ 654	\$ 700	\$ 214	\$ 627	\$ 89	\$ 116	\$ 13	\$ -	\$ 0	\$ 0	\$ 70	\$ 7,469
Katy ISD	60,857 Recognized	\$ 4,906	\$ 507	\$ 694	\$ 167	\$ 760	\$ 87	\$ 135	\$ 9	\$ -	\$ 12	\$ 12	\$ 82	\$ 7,358
Klein ISD	45,494 Recognized	\$ 4,122	\$ 527	\$ 719	\$ 163	\$ 731	\$ 82	\$ 128	\$ 7	\$ 1	\$ 0	\$ 0	\$ 46	\$ 6,526
Leander ISD	31,898 Recognized	\$ 4,828	\$ 454	\$ 873	\$ 159	\$ 767	\$ 41	\$ 193	\$ 52	\$ -	\$ -	\$ -	\$ 53	\$ 7,421
Lewisville ISD	51,202 Recognized	\$ 5,274	\$ 642	\$ 803	\$ 196	\$ 780	\$ 18	\$ 99	\$ 114	\$ -	\$ 0	\$ 0	\$ 75	\$ 8,002
Mansfield ISD	32,354 Recognized	\$ 4,356	\$ 528	\$ 825	\$ 148	\$ 750	\$ 77	\$ 69	\$ 3	\$ -	\$ 3	\$ 3	\$ 35	\$ 6,794
McKinney ISD	24,445 Recognized	\$ 4,853	\$ 591	\$ 899	\$ 178	\$ 797	\$ 33	\$ 117	\$ 10	\$ -	\$ -	\$ -	\$ 44	\$ 7,521
Mesquite ISD	36,687 Recognized	\$ 4,730	\$ 543	\$ 725	\$ 192	\$ 823	\$ 73	\$ 113	\$ 3	\$ -	\$ 9	\$ 9	\$ 104	\$ 7,315
North East ISD	66,772 Recognized	\$ 4,942	\$ 544	\$ 789	\$ 166	\$ 799	\$ 60	\$ 50	\$ 5	\$ -	\$ -	\$ -	\$ 47	\$ 7,403
Pasadena ISD	52,211 Acceptable	\$ 4,740	\$ 635	\$ 656	\$ 184	\$ 847	\$ 76	\$ 106	\$ 0	\$ 6	\$ 21	\$ 21	\$ 34	\$ 7,307
Plano ISD	55,355 Recognized	\$ 5,205	\$ 442	\$ 632	\$ 162	\$ 790	\$ 52	\$ 100	\$ 12	\$ -	\$ -	\$ -	\$ 137	\$ 7,534
Richardson ISD	34,740 Recognized	\$ 4,860	\$ 672	\$ 635	\$ 221	\$ 711	\$ 42	\$ 115	\$ 7	\$ 1	\$ -	\$ -	\$ 28	\$ 7,291
Round Rock ISD	42,683 Recognized	\$ 4,973	\$ 546	\$ 783	\$ 172	\$ 918	\$ 76	\$ 122	\$ 34	\$ 12	\$ 6	\$ 6	\$ 63	\$ 7,704
San Antonio ISD	55,086 Unacceptable	\$ 4,481	\$ 497	\$ 798	\$ 237	\$ 890	\$ 99	\$ 204	\$ 29	\$ -	\$ 1	\$ 1	\$ 24	\$ 7,260
Spring Branch ISD	32,628 Recognized	\$ 4,970	\$ 626	\$ 760	\$ 186	\$ 768	\$ 100	\$ 148	\$ 16	\$ 8	\$ 0	\$ 0	\$ 62	\$ 7,645
Spring ISD	36,242 Acceptable	\$ 4,477	\$ 538	\$ 752	\$ 244	\$ 830	\$ 94	\$ 98	\$ 13	\$ -	\$ -	\$ -	\$ 37	\$ 7,083
High		\$ 5,274	\$ 674	\$ 907	\$ 258	\$ 994	\$ 128	\$ 204	\$ 114	\$ 21	\$ 21	\$ 21	\$ 679	\$ 8,315
Average		\$ 4,753	\$ 559	\$ 757	\$ 184	\$ 791	\$ 71	\$ 118	\$ 24	\$ 3	\$ 3	\$ 3	\$ 90	\$ 7,352
Low		\$ 4,091	\$ 444	\$ 632	\$ 101	\$ 572	\$ 18	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 6,486
Clear Creek ISD Ranking	30 Districts	13th	14th	13th	20th	30th	17th	8th	26th	Last	Last	Last	2nd	8th

◆ **Financial Performance Measures**

**Financial Integrity Rating System of Texas**

During the 77<sup>th</sup> regular session of the Texas legislature (2001), Senate Bill 218 was passed and Governor Perry signed it into law shortly thereafter. This law requires each school district to prepare an annual financial accountability report within two months of the date of issuance of the final School FIRST ratings.

Many business-related issues are covered in this report. The primary reporting tool, however, is the Financial Accountability Ratings Worksheet. This worksheet was developed by representatives of the Texas Education Agency (TEA), the Texas Business & Education Council (TBEC) and the Texas Association of School Business Officials (TASBO). It is administered by the TEA and calculated on information submitted to the Agency via our PEIMS submission each year. The worksheet consists of 22 Indicators, each weighted equally with the exception of the Critical Indicators.

The District received official notification of the 2009 Final School FIRST rating on August 30, 2010 for the 2008-2009 fiscal year. Clear Creek has a rating of **“Superior Achievement”**, scoring a perfect 22 out of a possible 22 on this external financial performance measure.

**Bond Ratings**

In order to ensure the lowest interest rates on bonds issued by the District, it is important to maintain a high credit rating. The District’s underlying credit rating was upgraded in April 2008 from AA- to AA by both Standard and Poor’s Investor Service and Fitch Ratings Service. As a result, the District issued its bonds at very favorable interest rates in 2008, 2009, and 2010.

◆ **Budget Highlights**

The following is presented as a brief overview of significant items and issues contained in the 2010-2011 budget. Due to uncertainties in school finance, campus leaders and budget managers were asked to provide a no increase budget. As a result, major impacts on the budget reflect projects or expenditures that are critical to student success. As discussed earlier in this document, the Administration performed a detailed review of all revenues and expenditures which was focused on aligning the allocation of resources with the accomplishment of District goals and objectives. The Strategic Plan reference to the District’s Strategic and Performance Goals and Performance Objectives is included for all cost increases where appropriate.

**Major Impacts  
FY 2011 General Fund Budget**

<u>Description</u>	<u>Strategic Plan Alignment</u>	<u>Amount</u>
Prior Year Adopted General Fund Budget 2009-2010		<b><u>\$ 285,531,163</u></b>
<b><u>Major Changes to the Budget</u></b>		
<b>Salaries &amp; Benefits</b>		
• Teacher Salary Plan (1.0% increase)	Goal # 1, 3, 4	1,500,000
• Support Staff Salary to Market Plan (includes a 1.0% base increase)	Goal # 1, 3, 4	<u>500,000</u>
<b>Total Salaries &amp; Benefits</b>		<b>\$ 2,000,000</b>

**Staffing Plans – New Positions**

• Elementary & Secondary Teachers – 4.0 FTE's	Goal # 1, 3, 4	\$ 204,000
• Clear Springs Special Education Teachers – 7.0 FTE's	Goal # 1, 3, 4	300,000
• New School Start-up Staffing		
o Bayside Intermediate School – 36.5 FTE's	Goal # 1, 3, 4	1,487,762
o Clear Falls High School – 22.0 FTE's	Goal # 1, 3, 4	2,313,036
• District-wide 5 year Staffing Plan – 1.0 FTE's	Goal # 1, 3, 4	29,070
• Transportation Support Staff – 6.0 FTE's	Goal # 3	<u>107,900</u>

**Total New Staffing – 237.2 FTE's** **\$ 4,441,768**

**Staffing Plans – Reductions**

• Elementary Student Teacher Ratios – 47 FTE's	Goal # 4	(\$ 2,397,000)
• Support Services Departmental Reorganizations – 4 FTE's	Goal # 4	(250,000)
• Technology Department Reorganization	Goal # 4	(230,000)
• Human Resources & Nursing Department Reorganizations – 2 FTE	Goal # 4	<u>(175,000)</u>

**Total Staffing Reductions -** **(\$ 3,052,000)**

**Cost Reduction Strategies**

• Health Plan and Benefits Program Savings	Goal # 4	(\$ 2,033,000)
• Overtime and Substitute Reductions	Goal # 4	(475,000)
• Non-Campus Budget Reductions	Goal # 4	(630,000)
• Child Nutrition Program Charge Backs	Goal # 4	(250,000)
• Transportation Department Reductions	Goal # 4	(203,500)
• Custodial Cleaning Program Modifications	Goal # 4	(125,000)
• Eliminate Smaller Learning Community Program	Goal # 1, 4	<u>(120,000)</u>

**Total New Initiatives** **(\$ 3,836,500)**

**Instructional & Operating Expenses**

• New Campus Startup Costs	Goal # 4	
o Utilities/Operating Expenses at the Educational Village		\$ 1,324,953
o Instructional, Fine Arts, & Athletic Programs		771,007
o Educational & Athletic Stipends		250,000
• Technology Department Program Enhancements	Goal # 4	772,000
• TIRZ # 2 Increases	Goal # 4	<u>145,000</u>

**Total Instructional & Operating Expense Increases** **\$ 3,262,960**

**Total General Fund Budget Increase** **\$ 2,816,228**

**ADOPTED GENERAL FUND BUDGET 2010-2011** **\$ 288,347,391**

## ◆ *Long Range Compensation Plans*

Due to economic conditions in the Houston area, the FY 2010-2011 Compensation Plan included only minor adjustments to selected positions across the district.

Administration found that salaries were generally in line with competition when it performed its annual salary to market comparison in 2010. Consequently only a few selected positions required minor salary adjustments to bring them in line with the School Board's compensation philosophy. That compensation philosophy is to ensure that Clear Creek Independent School District pays its teachers, administrators and staff at the average market salary for each position. Also, as a result of an Attorney General opinion, all 1,037 school districts were required to give teachers, librarians, counselors and speech pathologists a 1% pay increase. This mandate added \$1.5 million to the payroll budget. CCISD elected to extend that 1% salary increase to all remaining staff which added another \$500,000 to the payroll budget.

## ◆ *Acknowledgements*

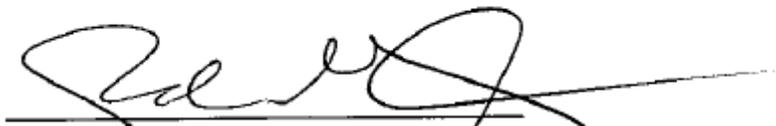
We appreciate the leadership and fiscal support provided by the Clear Creek Independent School District Board of Trustees and the Clear Creek community for development, implementation and maintenance of an excellent educational program for the children of the District.

We have presented the challenges, opportunities, and high expectations of the Clear Creek Independent School District. The Clear Creek Independent School District Board of Trustees, administration, and staff are committed to making the Clear Creek Independent School District one of the top districts in the state. With a focus on high expectations, a common curriculum meeting the needs of all students, quality teachers, parental involvement, and the full utilization of facilities, the Clear Creek Independent School District will meet this goal.



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Greg Smith, Ed.D  
Superintendent of Schools



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Paul McLarty  
Chief Financial Officer

# Clear Creek Independent School District 2010 – 2011 Board of Trustees



**Dr. Greg Smith**  
Superintendent of Schools



**Dee Scott**  
President  
District # 5  
Term Expires in May 2012



**Ken Baliker**  
Vice President  
District # 3  
Term Expires in May 2011



**Ann Hammond**  
Secretary  
At-Large Position B  
Term Expires May 2013



**Robert Davee**  
District # 1  
Term Expires in May 2013



**Charles Pond**  
At-Large Position A  
Term Expires May 2012



**Page Rander**  
District # 4  
Term Expires in May 2012



**Winifred Weber**  
District # 2  
Term Expires in May 2011



**Paul McLarty**  
Deputy Superintendent  
Business & Support Services



**Jeff Kohlenberg**  
Director of Finance

### ◆ ***Board Meetings***

All Clear Creek Independent School District board meetings and workshops are open to the public. Regular meetings will be held at 6:00 p.m. on the fourth Monday of each month in the board room located at the CCISD Education Support Center, 2425 East Main St., League City, Texas. Trustees hold monthly board workshops at 4:30 p.m. on the second Monday of each month in the large staff development room located at the CCISD Education Support Center. Other special meetings and work sessions are scheduled as needed.

### ◆ ***If You Wish to Address the Board***

The public may address the board during the community input participation portion of the board meeting. Remarks may be related to any topic, whether agenda items or non-agenda items, and are limited to three minutes. Requests to address the Board must be submitted in writing to the Superintendent by noon of the Thursday before a regular Board Meeting.

**[www.ccisd.net](http://www.ccisd.net)**

# Clear Creek Independent School District 2010 - 2011 Adopted Budget School Board and Administrators

## Board of Trustees

Dee Scott .....	President
Ken Baliker .....	Vice President
Ann Hammond .....	Secretary
Robert A. Davee .....	Member
Charles Pond .....	Member
Page Rander .....	Member
Winifred Weber .....	Member

## Administration

Dr. Greg Smith .....	Superintendent of Schools
Dr. Steven Ebell .....	Deputy Superintendent - Curriculum & Instruction
Paul McLarty .....	Deputy Superintendent – Business & Support Services
Dr. Tina Farrell .....	Assistant Superintendent for Instruction and Curriculum
Alex Torrez .....	Assistant Superintendent for Secondary Education
Holly Hughes .....	Assistant Superintendent for Elementary Education
Dr. David O’Neill .....	Assistant Superintendent of Human Resources
Vickie McCarthy .....	Chief Technology Officer
Elaina Polsen .....	Director of Public Information

## Principals

Scott Bockart .....	Clear Creek High School
Dr. Christopher Moran .....	Clear Lake High School
Michelle Staley .....	Clear Brook High School
Gail Love .....	Clear Springs High School
Dr. Jennifer Morrow .....	Clear Horizons Early College High School
Karen Engle .....	Education Village High School
Dr. Robert Branch .....	Clear View Education Center
Sandy Davenport .....	Clear Path Alternative School
Deanna Daws .....	Brookside Intermediate School
Brett Lemley .....	Clear Lake Intermediate School
Peter Caterina .....	Creekside Intermediate School
Kim Broulliard .....	League City Intermediate School
David Williams .....	Seabrook Intermediate School
Susan Carpenter .....	Space Center Intermediate School
Kristi Lamell .....	Victory Lakes Intermediate School
Dr. Lori Broughton .....	Westbrook Intermediate School
Jerry Herd .....	Clear Creek Intermediate School

Robin Williams..... Armand Bayou Elementary School  
 Trudy Knight ..... Henry Bauerschlag Elementary School  
 Erin Tite..... James F. Bay Elementary School  
 Ann Arrington..... Brookwood Elementary School  
 Jepsie Kimball ..... Clear Lake City Elementary School  
 Monica Giuffre ..... Falcon Pass Elementary School  
 Elaine Sanders ..... Lloyd R. Ferguson Elementary School  
 Suzanne Jones ..... Darwin L. Gilmore Elementary School  
 Kim Noel..... Art & Pat Goforth Elementary School  
 Dr. Susan Scurry ..... P.H. Greene Elementary School  
 Stephanie King ..... Walter Hall Elementary School  
 Kelly Chapman ..... I.W. and Eleanor Hyde Elementary School  
 Yolanda Jones ..... C.D. Landolt Elementary School  
 Cathy Homer..... League City Elementary School  
 Dr. Michael Marquez..... Margaret S. McWhirter Elementary School  
 Stephanie McBride ..... Sandra Mossman Elementary School  
 Kelly Mooney..... North Pointe Elementary School  
 Jane Kelling..... Ralph Parr Elementary School  
 Jim Stephens ..... G.W. Robinson Elementary School  
 Mark Smith ..... James H. Ross Elementary School  
 Dr. Brittani Moses ..... LaVace Stewart Elementary School  
 Kathy Gouger..... John F. Ward Elementary School  
 Teresa Snider..... Arlyne & Alan Weber Elementary School  
 Carla Massa ..... Wedgewood Elementary School  
 Gail Boyes..... G.H. Whitcomb Elementary School  
 Matt Paulson ..... Edward H. White II Elementary School

**Association of School Business Officials International**



This Meritorious Budget Award is presented to

**Clear Creek Independent School District**

for excellence in the preparation and issuance  
of its school system budget  
for the Fiscal Year 2009-2010.

The budget is judged to conform  
to the principles and standards of the  
ASBO International Meritorious Budget Awards Program.

*Erin Green*  
President

*John D. Musso*  
Executive Director



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Clear Creek Independent School District  
Texas**

For the Fiscal Year Beginning

**September 1, 2009**

President

Executive Director