

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
June 30, 2010**

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

955 Campbell Road, Houston, Texas 77024

Prepared By The Department of Financial Services:

**Karen Wilson
Associate Superintendent for Finance**

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Introductory Section		
Principal Officials and Advisors	i	
Certificate of Board	ii	
Transmittal Letter	iii	
Organizational Chart	vii	
GFOA Certificate of Achievement	viii	
Financial Section		
Independent Auditors' Report	1	
Management's Discussion and Analysis (Required Supplementary Information)	5	
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	17	A-1
Statement of Activities	18	B-1
Governmental Fund Financial Statements:		
Balance Sheet	20	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Assets	23	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	24	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26	C-4
Proprietary Fund Financial Statements:		
Statement of Net Assets	27	D-1
Statement of Revenues, Expenses and Changes in Fund Net Assets	28	D-2
Statement of Cash Flows	29	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	30	E-1
Statement of Changes in Fiduciary Net Assets	31	E-2
Notes to the Financial Statements	33	E-3
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Original Budget, Amended Final (GAAP Basis) and Actual - General Fund	68	G-1
Schedule of Revenues, Expenditures and Changes in Program Balances - Original Budget, Amended Final and Actual - Food Service Program	70	G-2
Notes to Required Supplementary Information	71	G-3

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Financial Section (continued)		
Other Supplementary Information:		
Individual Fund Statements and Budget Comparisons:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Original Budget, Amended Final and Actual - Debt Service Fund	75	H-1
Statement of Changes in Assets and Liabilities - Agency Funds	78	H-2
Required TEA Schedules		
Schedule of Delinquent Taxes Receivable	80	J-1
Schedule of Expenditures for Computation of Indirect Costs for 2011-2012 - General and Special Revenue Funds	82	J-2
Fund Balance and Cash Flow Calculation Schedule (Unaudited) - General Fund	83	J-3
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Selected Special Revenue Fund Programs	86	J-4
Statistical Section		
Net Assets by Component, Last Nine Fiscal Years	118	1
Changes in Net Assets, Last Nine Fiscal Years	120	2
Fund Balances of Governmental Funds	124	3
Changes in Fund Balances of Governmental Funds	126	4
Assessed Value and Actual Value of Taxable Property	131	5
Property Tax Rates - Direct and Overlapping Governments	132	6
Principal Taxpayers	134	7
Property Tax Levies and Collections	135	8
Ratios of Outstanding Debt by Type	136	9
Ratios of Net General Obligation Bonded Debt Outstanding	137	10
Computation of Estimated Direct and Overlapping Debt	138	11
Demographic and Economic Statistics	139	12
Principal Employers	141	13
Full-Time Equivalent District Employees by Position	142	14
Operating Statistics	144	15
Teacher Base Salaries	147	16
School Building Information	148	17

**SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS**

BOARD OF TRUSTEES

Mike Falick, President
Partner/Attorney
Rothfelder & Falick, L.L.P.

Mary Grace Landrum, Vice President
Management Consultant
Landrum & Associates

Wayne F. Schaper, Sr., Secretary
Retired Educator

Susan Kellner, Trustee
Homemaker

Pam Goodson, Trustee
Homemaker

Theresa Kosmoski, Trustee
Registered Parliamentarian

Bob Stevenson, Trustee
Certified Public Accountant

ADMINISTRATION

Duncan Klussmann, Ed.D., Superintendent of Schools

Karen Wilson, Associate Superintendent for Finance

CONSULTANTS AND ADVISORS

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

Vinson & Elkins, L.L.P.
Houston, Texas - Bond Counsel

First Southwest Company
Houston, Texas - Financial Advisor

CERTIFICATE OF BOARD

<u>Spring Branch Independent School District</u>	<u>Harris</u>	<u>101-920</u>
Name of School District	County	District Number

We, the undersigned, certify that the annual financial reports for the above named school district were reviewed and approved for the year ended June 30, 2010, at a meeting of the Board of Trustees of such school district on the 29th of November, 2010.



President of the Board



Secretary of the Board



November 13, 2010

To the Board of Trustees and Taxpayers of the Spring Branch Independent School District:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Spring Branch Independent School District (the “District”) for the fiscal year ended June 30, 2010.

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., CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2010, 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 June 30, 2010, 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 available in the District’s separately issued Single Audit Report.

GAAP requires 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 Spring Branch Independent School District is 44 square miles of lush subdivisions, vibrant businesses, up-to-the-minute retail shops and modern dining establishments. The Memorial/Spring Branch neighborhoods are just a short drive west from downtown on Interstate 10/Katy Freeway.

More than 180,000 residents of the City of Houston and the six incorporated villages surrounded by the city – Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point and Spring Valley – comprise the District.

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 serves overlapping three-year terms. There are no component units included in the reporting entity.

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

The District has received an accountability rating of Recognized school district by the Texas Education Agency. The District’s 25 elementary, 7 traditional middle, 4 traditional high, 2 charter, 5 pre-kindergarten and 3 special campuses are well-known for innovative programs and academic accomplishments. In Texas and across the nation, the District stands for academic excellence – by traditional measures and through continuing third party distinctions and achievements. Since the U.S. Department of Education began naming “Blue Ribbon” schools, about half of Spring Branch’s campuses have earned this highly coveted honor. For the past decade, Spring Branch senior students have earned top SAT scores in the area, well above local, state and national averages. The District educates children from all over the world. Our student body reflects the cultural diversity of Texas. Of the approximately 32,500 students enrolled, 56 % are Hispanic, 31% are Anglo, 6% are Asian and 7% are African-American.

The annual budget serves as the foundation for the District’s financial planning and control. The process begins in October with the Superintendent setting the list of budget parameters that will be used as a guide when determining budget priorities. All of the District’s budget managers are required to submit requests for appropriations based on these parameters, which are included in the five year educational plan. Budget requests are submitted to the divisional associate superintendents and, upon approval, are forwarded to the Financial Services Department for compilation and summarization. The Budget Project Team, comprised of District administrators and teachers, receives the draft budget and prioritizes budget requests and potential budget reductions based on the principles established in the Superintendent’s budget parameters. The preliminary budget is then presented and discussed with the Board of Trustees and the Budget Advisory Committee, which is comprised of community members appointed by the Board to assist with providing recommendations to the Superintendent. The proposed budget must be prepared by June 19th for the July 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 appropriations budget at the functional expenditure level for the general fund, debt service fund and the food service program included in the special revenue 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.

Factors Affecting Financial Condition

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

Local Economy. The District currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the District's boundaries include oil field machinery and equipment, industrial machinery, paper and allied products, and lumber products.

The District's proximity to Houston provides the area with access to the nation's second largest seaport in total tonnage, one of the nation's leading centers for medical education and research, many colleges and universities, a dynamic cultural arts community, excellent recreational opportunities, and a national center of commerce, world trade and corporate management. From September 2009 to September 2010, Houston's employment increase was .92%, however registered a net loss of approximately 1,200 jobs. These economic indicators should continue to effect the District's tax base. The Houston area economy tends to trend ahead of the national economy.

Relevant Financial Policies

Budget. Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities, and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered, as well as input from the District and campus-level planning and decision-making committees. Budget planning and evaluation are continuous processes and are a part of each month's activities.

Fund Balance. Recognizing fund balance as key in maintaining a strong financial position, the Board policy regarding fund balance stipulates a goal of maintaining an adequate fund balance. The level of adequacy for the general fund unreserved fund balance is defined as 19% of the current budget, while the debt service fund is defined as 15% of the current year debt service requirements.

Financial Planning. The primary foundation for the district's management and decision making is the District's five year educational plan. There are several departmental plans which fold into the district's overall comprehensive plan. The district maintains a Five-Year Technology Plan and a Long-Range Facilities Plan. Additionally, the Board adopted a Five-Year Educational Plan containing eight goals and twenty-one objectives. Resources for the accomplishment of these goals are identified in each department's action plan and are used in the development of multi-year forecasts. Estimated taxable values are a major factor in forecasting, as the District currently generates 75.29% 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.

Awards and Acknowledgements

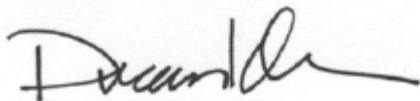
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

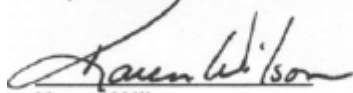
The TEA has awarded the District a rating of "Superior Achievement" for the year ended June 30, 2010. This is the eighth year of the State's new financial accountability rating system for school districts (School FIRST). The rating is based upon an analysis of staff and student data reported for the 2008-09 school year and budgetary and actual financial data for the fiscal year ended June 30, 2009.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unflinching support for maintaining the highest standards of professionalism in the management of the District's finances. Finally, we would like to thank the residents of the District for their support of and belief in our public school system, and the teachers and campus teams who provide the quality education for which our District is known.

Respectfully submitted,



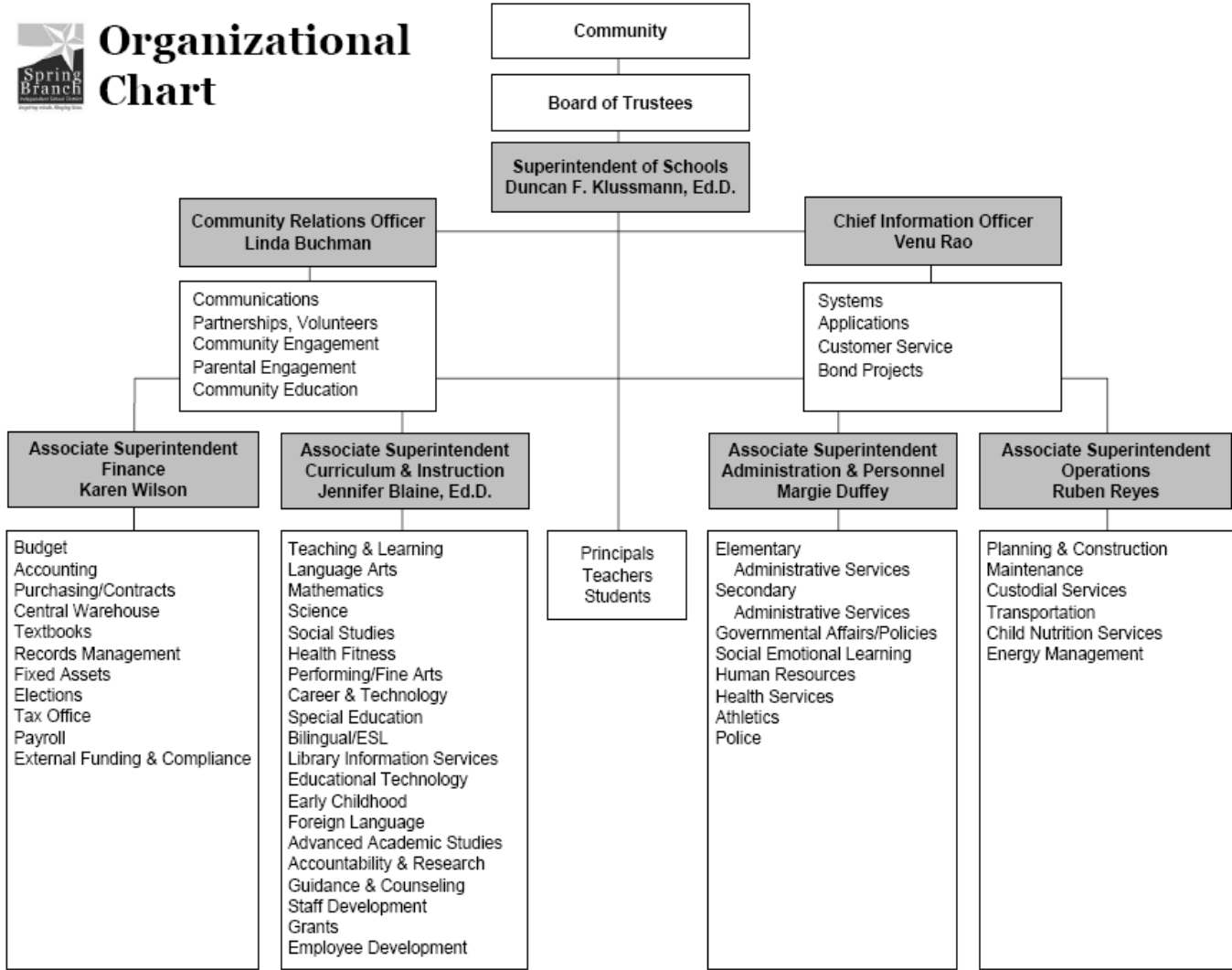
Duncan F. Klussmann, Ed.D.,
Superintendent of Schools



Karen Wilson
Associate Superintendent for Finance



Organizational Chart



SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spring Branch Independent School District, Texas for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. Such report must satisfy both accounting principles, generally accepted in the United States of America and applicable legal requirements.

Receiving the award is recognition that a school system has met the highest standards of excellence in government accounting and financial reporting.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Spring Branch
Independent School District
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink, likely belonging to the Executive Director of the Spring Branch Independent School District.

Executive Director

Financial Section

Independent Auditors' Report

To the Board of Trustees
Spring Branch Independent School District
Houston, Texas

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 the Spring Branch Independent School District (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Spring Branch Independent School District, as of June 30, 2010, and the respective changes in financial position and the 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 issued our report dated November 29, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 assessing the results of our audit.

The “Management’s Discussion and Analysis” on pages 5 to 13, and the “Schedule of Revenues, Expenditures and Changes in Fund Balances - Original Budget, Amended Final and Actual - General Fund” and “Schedule of Revenues, Expenditures and Changes in Program Balances - Original Budget, Amended Final and Actual - Food Service Program” on pages 68 and 71, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The Other Supplementary Information and the Required Texas Education Agency Schedules and Selected Special Revenue Program Budget Comparisons as listed in the table of contents under Other Supplementary Information and the Required Texas Education Agency Schedules and Other Information Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information and the Required Texas Education Agency Schedules and Selected Special Revenue Program Budget Comparisons as listed in the table of contents under Other Supplementary Information and the Special Compliance Schedules and Other Information Section, except for the portion marked “Unaudited” on which we express no opinion, have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Nell Larson, AC". The signature is written in a cursive, flowing style.

Houston, Texas
November 29, 2010

Management's Discussion and Analysis

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Spring Branch 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 June 30, 2010. 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 vi of this report.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$130,019,092 (net assets). Of this amount, \$51,976,081 was invested in capital assets net of related debt, \$11,423,005 restricted for debt service, \$2,917,745 restricted for the Food Service Program, \$2,600,730 restricted for federal and state programs and \$789,988 for campus activities, leaving the District with a net \$60,311,543 in unrestricted net assets.
- The District's total net assets increased by \$13,730,139 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$265,719,159 as of June 30, 2010. Reserved fund balances include \$1,573,483 for inventories on hand in the General Fund and Food Service Program included in the Special Revenue Fund; \$22,355,137 for ongoing Debt Service Fund expenditures; \$544,859 for prepaid items in the General Fund; \$73,419,152 for encumbrances re-appropriated in the subsequent year's budget in the General, Special Revenue, and Capital Projects Funds; \$2,793,781 for the Food Service Program included in the Special Revenue Fund; and \$1,730,582 for other programs included in the Special Revenue Fund. Management has designated fund balances of \$97,539,935 for Capital Projects Fund projects and \$23,486,558 for General Fund future spending. The remaining amount in fund balance of \$42,275,672 is available for spending at the government's discretion, consisting of \$40,796,859 in the General Fund and \$1,478,813 in the Special Revenue Fund (unreserved, undesignated fund balance).

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 District's 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 capital assets, debt obligations, and other financial matters.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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 tuition/fee-based self-sustaining programs, such as athletic rentals/concessions, after school programs, employee childcare, community education, fine arts, facility rental and summer school. Business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

The District does not have any component units for which it is financially accountable.

Fund Financial Statements

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's 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 programs, such as grants received from the U.S. Department of Education. The District's administration establishes many program revenue and cost centers to help control and manage money for particular program purposes (such as campus activities).

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

The District maintains four governmental funds. Information is presented separately in fund financial statements for the general, special revenue, debt service, and capital projects funds, all of which are considered to be major funds. The District adopts annual appropriations budgets at the revenue source and functional expenditure levels for its general fund, the food service program included in the special revenue fund, and debt service fund as required by TEA. Budgetary comparison schedules have been provided to demonstrate finance related legal compliance with these budgets. Management has determined that federal and state approved and administrative budgets for selected special revenue fund programs are important for readers' use and has included non-appropriated budget comparisons for these programs at the end of this report.

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 one business-type activity (enterprise fund), which consists of tuition-based self-sustaining programs, such as Child Care, Adult Education and Driver's Education. 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 one internal service fund, the Workers' Compensation 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 and scholarships in private-purpose funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Net Assets on pages 30 and 31. We exclude these resources from the District's government-wide 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.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Notes to the Financial Statements

The notes to the financial statements (starting on page 33) provide narrative explanations or additional data needed for generally accepted 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. Additionally, the District's Food Service program included in the special revenue fund has an appropriated budget in accordance with requirements of TEA. This program budget is included on page 70 of this report as it is considered a perspective difference regarding required supplemental information for presentation of major special revenue fund budget comparison information in accordance with generally accepted financial reporting practices.

Government-Wide Financial Analysis

The government-wide financial statements for the District's overall financial position and operations for the fiscal years June 30, 2010 and June 30, 2009, are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets exceeded total liabilities by \$130,019,092 as of June 30, 2010, an increase of \$13,730,139 over June 30, 2009. The District's total unrestricted net assets, which are the total net assets of the District reduced by restricted net assets of \$17,731,468 and net assets tied up in capital assets net of related debt of \$51,976,081, totaled \$60,311,543 on June 30, 2010.

Table I - Net Assets Summary

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 340,915,213	\$ 337,763,370	\$ 956,599	\$ 1,232,113	\$ 341,871,812	\$ 338,995,483
Capital and Non-current Assets	511,688,709	394,242,190	87,788	84,655	511,776,497	394,326,845
Total Assets	852,603,922	732,005,560	1,044,387	1,316,768	853,648,309	733,322,328
Current Liabilities	73,545,356	69,464,625	331,450	362,866	73,876,806	69,827,491
Long-Term Liabilities	649,752,411	547,205,884			649,752,411	547,205,884
Total Liabilities	723,297,767	616,670,509	331,450	362,866	723,629,217	617,033,375
Net Assets	\$ 129,306,155	\$ 115,335,051	\$ 712,937	\$ 953,902	\$ 130,019,092	\$ 116,288,953
Invested in Capital Assets, Net of Related Debt	\$ 51,888,293	\$ 40,624,425	\$ 87,788	\$	\$ 51,976,081	\$ 40,624,425
Restricted	17,731,468	10,068,647			17,731,468	10,068,647
Unrestricted	59,686,394	64,641,979	625,149	953,902	60,311,543	65,595,881
Total Net Assets	\$ 129,306,155	\$ 115,335,051	\$ 712,937	\$ 953,902	\$ 130,019,092	\$ 116,288,953

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 \$51,976,081 as of June 30, 2010. Although the District's debt issuances are used primarily to acquire capital assets, it should be noted that the resources needed to repay the District's 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 13.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$60,311,543 which represents amounts available for the District to meet on-going obligations.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As shown in Table II, the net assets of the District's governmental activities increased \$13,971,104 for the year ending June 30, 2010. The total cost of all governmental activities this year was \$354,162,743, an increase of \$11,073,874 over the previous year. The amount that the District's taxpayers paid for governmental activities through property taxes was \$242,183,356 or 65.8%. State funding of \$43,702,903 and federal and state contributions of \$73,233,585 accounted for 31.8% of the resources used to cover expenses, with the remainder of \$5,877,746 from user charges and \$3,136,257 from interest and other income.

Table II - Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$ 5,877,746	\$ 5,182,794	\$ 3,325,742	\$ 3,129,476	\$ 9,203,488	\$ 8,312,270
Operating Grants and Contributions	73,233,585	58,428,248			73,233,585	58,428,248
General Revenues:						
Property Taxes	242,183,356	226,484,355			242,183,356	226,484,355
State Grants and Other Grants	43,702,903	60,732,151			43,702,903	60,732,151
Interest	1,500,688	6,792,037	1,503	15,633	1,502,191	6,807,670
Other	1,635,569	388,020			1,635,569	388,020
Total Revenues	368,133,847	358,007,605	3,327,245	3,145,109	371,461,092	361,152,714
Expenses						
Instructional	193,356,124	188,009,562			193,356,124	188,009,562
Instruction Resources and Media	3,493,605	3,586,375			3,493,605	3,586,375
Curriculum/Staff Development	7,373,266	7,707,441			7,373,266	7,707,441
Instructional Leadership	4,650,828	3,515,095			4,650,828	3,515,095
School Leadership	18,457,940	17,303,406			18,457,940	17,303,406
Guidance and Counseling Services	12,424,778	10,453,989			12,424,778	10,453,989
Social Work Services	427,390	555,754			427,390	555,754
Health Services	3,364,031	3,357,452			3,364,031	3,357,452
Student (Pupil) Transportation	7,270,976	7,225,731			7,270,976	7,225,731
Child Nutrition	14,902,668	13,911,311			14,902,668	13,911,311
Cocurricular/Extracurricular	4,947,829	4,987,685			4,947,829	4,987,685
General Administration	7,002,494	5,974,050			7,002,494	5,974,050
Plant Maintenance and Operations	27,592,294	27,369,870			27,592,294	27,369,870
Security and Monitoring Services	3,241,718	3,475,434			3,241,718	3,475,434
Data Processing	8,904,479	5,950,202			8,904,479	5,950,202
Community Services	2,060,316	2,468,312			2,060,316	2,468,312
Interest and Fiscal Charges	29,163,502	26,218,735			29,163,502	26,218,735
Facilities Acquisition and Construction	3,592,489	1,660,229			3,592,489	1,660,229
Purchase of WADA		7,273,270				7,273,270
Payments to Districts of SSAs	382,265	215,695			382,265	215,695
Alternative Education	75,600	75,607	3,568,210	3,231,695	3,643,810	3,307,302
Other Intergovernmental Charges	1,478,151	1,793,664			1,478,151	1,793,664
Total Expenses	354,162,743	343,088,869	3,568,210	3,231,695	357,730,953	346,320,564
Increase (Decrease) in Net Assets	13,971,104	14,918,736	(240,965)	(86,586)	13,730,139	14,832,150
Beginning Net Assets	115,335,051	107,618,922	953,902	1,040,488	116,288,953	108,659,410
Prior Period Adjustment		(7,202,607)				(7,202,607)
Ending Net Assets	\$ 129,306,155	\$ 115,335,051	\$ 712,937	\$ 953,902	\$ 130,019,092	\$ 116,288,953

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The District's combined property tax rate increased to \$1.3945 per \$100 of assessed value. This generated tax revenues of approximately \$242 million in 2010, an increase of \$15.7 million over the 2009 fiscal year.

Total expenses above include depreciation of \$10,952,525. Capital outlay of approximately \$128.6 million is not included in the above total expenses. In the government-wide financial statements, capital outlay is shown as an increase in the capital assets reported on the Statement of Net Assets and depreciation expense is reported in the Statement of Activities in order to spread the recognition of the cost of capital assets over their useful lives.

Net assets of the District's business-type activities decreased \$240,965 for the year ending June 30, 2010.

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.

At the end of the current fiscal year, June 30, 2010, the District's governmental funds reported:

- Combined ending fund balances of \$265,719,159, a decrease of \$853,960 from the year ended June 30, 2009. This decrease resulted primarily from construction projects funded by the capital projects fund.
- Approximately 16% of this total amount (\$42,275,672) constitutes unreserved, undesignated fund balance. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed as follows:
 - (1) inventory \$1,573,483
 - (2) debt service \$22,355,137
 - (3) prepaid items \$544,859
 - (4) special revenue \$1,730,582
 - (5) purchase orders of the prior period \$73,419,152
 - (6) capital projects \$97,539,935
 - (7) food service \$2,793,781
 - (8) capital equipment replacement programs \$7,865,600
 - (9) compensated absences (retirement payoff) \$11,782,885
 - (10) other designations totaling \$3,838,073

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$40,796,859 while the total fund balance was \$67,067,506. During the current fiscal year, the fund balance of the general fund decreased by \$4,924,033. The District budgeted to use \$12.7 million of Fund Balance. Fund Balance only decreased by \$4.9 million due to the following:

- Carry forward of budgeted expenditures that will be expensed in FY 2011.
- Adjustments to state funding.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The debt service fund has a total fund balance of \$22,355,137 all of which is reserved for the payment of debt. The net increase in the fund balance during the period in the debt service fund was \$8,780,709. There was an increase from property tax collections of \$5.3 million due to property tax value increases and an increase of \$.012 in the tax rate to pay for new debt.

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 \$169,988,054 on June 30, 2010. The capital projects fund began the year with \$175,307,141 in fund balance as a result of unspent bond proceeds in previous years. The District had capital expenditures in the capital projects fund of \$130.3 million in the current year. The remaining fund balance is designated for future construction projects.

General Fund Budgetary Highlights

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

As a high property wealth Chapter 41 district, the District is required to send "Recapture" money back to the state. This "Recapture" is locally assessed tax dollars sent to the state to satisfy statewide school funding equalization. Revenue is now based on Target Revenue which is calculated as Weighted Average Daily Attendance (WADA) times a dollar amount. For 2009-10 the amount is \$5,619 per WADA.

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

- The revenue budget decreased by \$4 million during the year due to state funding changes and monies from the American Recovery & Reinvestment Act (ARRA) formally recorded in the General Fund, now shown in Federal Fund 266.
 - Local Tax revenue and State revenue are limited as a combined total so that an increase in one generally creates a decrease in the other
 - Tax Revenue increased by \$5 million due to taxable value increases.
 - The final budget for state funding indicated a decrease of \$10 million due to a \$9 million reduction in state funds now recorded in federal funds, as mentioned above, \$3.2 million offsetting the increase in local tax collections, and an increase of \$2.2 million for an allotment previously recorded as a state grant.
 - Federal Revenue in the General Fund increased \$1 million primarily due to final Medicare reimbursements.
- The expenditure budget decreased by approximately \$2.7 million and, although allocated to multiple functional categories, it can be attributed to 5 major occurrences.
 - Expenditure budgets were decreased by the corresponding \$9 million of ARRA monies moved to federal funds.
 - Expenditure budgets were increased for the \$2.2 million previously recorded as a state grant.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- Additional staff was required to meet state guidelines of a maximum of 22 students per teacher for kindergarten through third grade for an increase of \$1 million.
- Budgets for ongoing expenditures for projects which began in 2009 and continued into 2010 generated an increase of \$2 million
- Costs for substitute teachers and benefits were up approximately \$1.1 million.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$511.7 million (net of accumulated depreciation of \$186.5 million) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

Table III - Capital Asset Summary

	Governmental Activities		Business- Type Activities	
	2010	2009	2010	2009
Land	\$ 21,910,210	\$ 17,230,662	\$	\$
Buildings and Improvements	328,043,058	314,506,729		
Furniture and Equipment	4,344,695	3,704,675		
Vehicles	11,804,762	11,149,407	87,788	84,655
Capital Lease Assets	231,803	1,012,562		
Construction in Progress	145,354,181	46,638,155		
Total Capital Assets, Net of Depreciation	\$ 511,688,709	\$ 394,242,190	\$ 87,788	\$ 84,655

Additional information on the District's capital assets can be found in Note 9 on pages 52 through 55 of this report.

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 an decrease in the ratio of net bonded debt to assessed value of 3.28%, as compared to 2.93% last year.

At year-end, the District had \$635.1 million in bonds outstanding including accreted interest on capital

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

appreciation bonds, deferred loss on refunding bonds, and premiums on bonds at issuance.

The District continues to enjoy excellent underlying bond ratings. The “AAA” long-term rating on the District’s bonds reflects the Texas Permanent School fund guarantee. The underlying rating on the District’s bonds is Aa2 from Moody’s and AA from Standard and Poors.

At June 30, 2010, the District had \$272 million authorized but unissued bonds.

More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements on pages 55 to 59 of this report.

Table IV - District’s Outstanding Debt

	Governmental Activities	
	2010	2009
General Obligation Bonds	\$ 630,403,384	\$ 528,454,366
Accreted Interest Bonds	4,718,422	4,399,883
Capital Lease	2,309,240	2,568,752
Total Outstanding Debt	\$ 637,431,046	\$ 535,423,001

Economic Factors and Next Year's Budgets and Rates

Economic factors can have a significant impact on the District’s finances. The unemployment rate for Harris County is 8.2% while the state and national rates are 7.9 and 9.2 percent, respectively. Increases in the unemployment rate could result in a reduction in the District’s tax collections. Inflationary trends in the region tend to be somewhat lower than the national consumer price index (CPI). In general, this positive factor helps the District keep costs low. However, two specific trends have required significant increases in school district expenditures. First, the teacher shortage in this area has mandated significant salary and benefit increases as districts attempt to attract and retain the most qualified personnel. Second, inflation and other external factors have resulted in budget increases for health insurance, electricity and gasoline.

The District's elected and appointed officials considered many factors when setting the 2010-11 fiscal year general fund budget and tax rate. The General Fund expenditures in 2010-11 are budgeted to decrease by approximately \$9 million from the 2009-10 amended budget.

The District’s enrollment was projected a minimal increase.

The Board has a fund balance policy based on estimated needs and adequate reserves for unanticipated events. The State of Texas is projecting a shortfall in the next biennium and may prorate funding to school districts as one mechanism to manage the State budget. In addition to local budget reductions, a portion of the District’s fund balance may be utilized until the State Funding picture is stabilized.

The City of Houston recently passed a proposition to improve drainage throughout the city. With much of the District’s properties located in the City of Houston, the District will be assessed approximately \$0.5 million in fees for the city’s water mitigation project beginning in fiscal year 2012.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 Office of the Associate Superintendent for Finance, Spring Branch Independent School District, 955 Campbell, Houston, Texas, 77024.

Basic Financial Statements

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

June 30, 2010

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and temporary investments	\$ 305,838,758	\$ 966,462	\$ 306,805,220
1225	Property taxes receivables, net	11,567,643		11,567,643
1240	Due from other governments	16,970,702		16,970,702
1250	Accrued interest	1,065,889		1,065,889
1260	Internal balances	9,863	(9,863)	
1290	Other receivables, net	253,252		253,252
1300	Inventories	1,573,483		1,573,483
1410	Deferred expenses	581,177		581,177
1420	Capital bond and other debt issuance costs	3,054,446		3,054,446
Capital assets not subject to depreciation:				
1510	Land	21,910,210		21,910,210
1580	Construction in progress	145,354,181		145,354,181
Capital assets net of depreciation:				
1520	Buildings and improvements, net	328,043,058		328,043,058
1530	Furniture and equipment, net	4,344,695		4,344,695
1540	Vehicles	11,804,762	87,788	11,892,550
1550	Capital lease	231,803		231,803
1000	Total Assets	852,603,922	1,044,387	853,648,309
Liabilities				
2110	Accounts payable	24,828,680	10,586	24,839,266
2140	Interest payable	12,685,430		12,685,430
2150	Payroll deductions and withholdings	9,435,938		9,435,938
2160	Accrued wages payable	23,599,059	309,089	23,908,148
2180	Due to other governments	9,296		9,296
2190	Due to student groups	746		746
2200	Accrued expenditures	1,704,744		1,704,744
2300	Deferred revenue	1,281,463	11,775	1,293,238
Noncurrent Liabilities:				
2501	Due within one year	24,896,776		24,896,776
2502	Due in more than one year	624,855,635		624,855,635
2000	Total Liabilities	723,297,767	331,450	723,629,217
Net Assets				
3200	Invested in capital assets, net of related debt	51,888,293	87,788	51,976,081
Restricted for:				
3820	Federal and state programs	2,600,730		2,600,730
3840	Food service	2,917,745		2,917,745
3850	Debt service	11,423,005		11,423,005
3870	Campus activity and local donations	789,988		789,988
3900	Unrestricted	59,686,394	625,149	60,311,543
3000	Total net assets	\$ 129,306,155	\$ 712,937	\$ 130,019,092

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

Data Control Codes	Functions/Programs	Program Revenue		
		Expenses	Charges for Services	Operating Grants and Contributions
	Governmental activities			
11	Instruction	\$ 193,356,124	\$ 1,467,644	\$ 39,170,969
12	Instructional Resources and Media Services	3,493,605		198,062
13	Curriculum and Staff Development	7,373,266		3,617,125
21	Instructional Leadership	4,650,828		1,587,877
23	School Leadership	18,457,940		2,259,573
31	Guidance, Counseling, and Evaluation Services	12,424,778		2,877,283
32	Social Work Services	427,390		83,256
33	Health Services	3,364,031		2,349,419
34	Student Transportation	7,270,976		1,970,896
35	Food Service	14,902,668	3,570,466	11,752,117
36	Extracurricular Activities	4,947,829	329,822	295,630
41	General Administration	7,002,494	80,000	327,238
51	Plant, Maintenance and Operations	27,592,294	204,398	2,559,589
52	Security and Monitoring Services	3,241,718	225,416	348,915
53	Data Processing Services	8,904,479		1,481,120
61	Community Services	2,060,316		1,455,550
72	Interest on Long-term Debt	28,614,947		327,192
73	Debt Issuance costs and fees	548,555		
81	Capital outlay	3,592,489		189,509
93	Payments Related to Shared Services Arrangements	382,265		382,265
95	Payments to JJAEP	75,600		
99	Other Intergovernmental Charges	1,478,151		
TG	Total governmental activities	354,162,743	5,877,746	73,233,585
	Business-type activities			
01	Athletic Rentals/Concessions	613,268	525,572	
02	After School Programs	216,640	200,170	
03	Employee Childcare	1,779,049	1,663,200	
04	Community Education	436,089	406,384	
06	Fine Arts	100,013	108,209	
07	Facility Rentals	49,858	90,241	
08	Summer School	352,134	276,486	
09	Other	21,159	55,480	
TB	Total business-type activities	3,568,210	3,325,742	
TP	Total primary government	\$ 357,730,953	\$ 9,203,488	\$ 73,233,585

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
IE	Investment earnings
MI	Miscellaneous
TR	Total general revenues, special items, and transfers
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
\$ (152,717,511)		\$ (152,717,511)
(3,295,543)		(3,295,543)
(3,756,141)		(3,756,141)
(3,062,951)		(3,062,951)
(16,198,367)		(16,198,367)
(9,547,495)		(9,547,495)
(344,134)		(344,134)
(1,014,612)		(1,014,612)
(5,300,080)		(5,300,080)
419,915		419,915
(4,322,377)		(4,322,377)
(6,595,256)		(6,595,256)
(24,828,307)		(24,828,307)
(2,667,387)		(2,667,387)
(7,423,359)		(7,423,359)
(604,766)		(604,766)
(28,287,755)		(28,287,755)
(548,555)		(548,555)
(3,402,980)		(3,402,980)
(75,600)		(75,600)
(1,478,151)		(1,478,151)
<u>(275,051,412)</u>		<u>(275,051,412)</u>
	\$ (87,696)	(87,696)
	(16,470)	(16,470)
	(115,849)	(115,849)
	(29,705)	(29,705)
	8,196	8,196
	40,383	40,383
	(75,648)	(75,648)
	34,321	34,321
	<u>(242,468)</u>	<u>(242,468)</u>
<u>(275,051,412)</u>	<u>(242,468)</u>	<u>(275,293,880)</u>
186,369,188		186,369,188
55,814,168		55,814,168
43,702,903		43,702,903
1,500,688	1,503	1,502,191
1,635,569		1,635,569
<u>289,022,516</u>	<u>1,503</u>	<u>289,024,019</u>
13,971,104	(240,965)	13,730,139
115,335,051	953,902	116,288,953
<u>\$ 129,306,155</u>	<u>\$ 712,937</u>	<u>\$ 130,019,092</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

Data Control Codes		General Fund	Special Revenue Fund	Debt Service Fund
Assets				
1110	Cash and cash equivalents	\$ 24,284,768	\$ 3,136,239	\$ 5,601,261
1120	Investments	63,226,367		16,084,003
	Receivables:			
1220	Property taxes - delinquent	14,038,060		2,871,680
1230	Allowance for uncollectible taxes (credit)	(4,676,602)		(665,495)
1240	Receivables from other governments	7,136,636	9,834,066	
1250	Accrued interest	353,199		214,026
1260	Due from other funds	3,247,334	3,885,395	643,119
1290	Other receivables	206,471	46,781	
1300	Inventories, at cost	1,455,339	118,144	
1410	Prepaid items	542,274	38,903	
1000	Total Assets	<u>\$ 109,813,846</u>	<u>\$ 17,059,528</u>	<u>\$ 24,748,594</u>
Liabilities and Fund Balance				
Liabilities:				
2110	Accounts payable	\$ 1,817,129	\$ 680,688	\$
2150	Payroll deductions and withholdings payable	9,415,040	20,898	
2160	Accrued wages payable	20,102,486	3,496,573	
2170	Due to other funds	1,352,650	6,321,278	
2180	Payable to other governments	814	8,482	
2190	Due to student and employee groups	746		
2200	Accrued expenditures	1,704,744		
2300	Deferred revenues	8,352,731	223,147	2,393,457
2000	Total Liabilities	<u>42,746,340</u>	<u>10,751,066</u>	<u>2,393,457</u>
Fund Balance:				
Reserved for:				
3410	Investments in inventories	1,455,339	118,144	
3420	Retirement of funded indebtedness			22,355,137
3430	Prepaid items	542,275	2,584	
3440	Encumbrances	786,475	184,558	
3450	Food service operations		2,793,781	
3490	Other purposes		1,730,582	
Unreserved, Designated for:				
3510	Construction, repairs, renovation			
3590	Other purposes	23,486,558		
Unreserved, Undesignated Reported in:				
3600	General fund	40,796,859		
3610	Special revenue funds		1,478,813	
3000	Total fund balances	<u>67,067,506</u>	<u>6,308,462</u>	<u>22,355,137</u>
4000	Total Liabilities and Fund Balances	<u>\$ 109,813,846</u>	<u>\$ 17,059,528</u>	<u>\$ 24,748,594</u>

See Notes to the Financial Statements.

Exhibit C-1

Capital Projects Fund	Total Governmental Funds
\$ 122,971,931	\$ 155,994,199
68,913,018	148,223,388
	16,909,740
	(5,342,097)
	16,970,702
498,664	1,065,889
7,353,454	15,129,302
	253,252
	1,573,483
	581,177
<u>\$ 199,737,067</u>	<u>\$ 351,359,035</u>
\$ 21,669,825	\$ 24,167,642
	9,435,938
	23,599,059
8,079,188	15,753,116
	9,296
	746
	1,704,744
	10,969,335
<u>29,749,013</u>	<u>85,639,876</u>
	1,573,483
	22,355,137
	544,859
72,448,119	73,419,152
	2,793,781
	1,730,582
97,539,935	97,539,935
	23,486,558
	40,796,859
	1,478,813
<u>169,988,054</u>	<u>265,719,159</u>
<u>\$ 199,737,067</u>	<u>\$ 351,359,035</u>

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS

Exhibit C-2

June 30, 2010

<u>Data Control Codes</u>		
	Total fund balance, governmental funds	\$ 265,719,159
	Amounts reported for governmental activities in the statement of net assets are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	511,558,417
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 and related penalty and interest amounts (net of allowance for uncollectible accounts).	9,687,872
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.	3,054,446
	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	(613,833,009)
5	Premiums on issuance	(23,152,855)
6	Deferred loss on refunding	6,582,480
7	Accreted interest on premium compound interest bonds	(4,718,422)
8	Capital leases	(2,309,240)
9	Accrued compensated absences	(12,321,365)
10	Accrued interest payable	(12,685,430)
11	Arbitrage rebate payable	(26,978)
12	Addition of Internal Service fund net assets	<u>1,751,080</u>
19	Total net assets - governmental activities	<u><u>\$ 129,306,155</u></u>

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

Data Control Codes	General Fund	Special Revenue Fund	Debt Service Fund
Revenues			
5700 Local, intermediate, and out-of-state	\$ 188,807,634	\$ 7,285,730	\$ 55,409,158
5800 State program revenues	56,442,202	4,372,615	
5900 Federal program revenues	2,294,364	49,865,433	327,192
5020 Total revenues	<u>247,544,200</u>	<u>61,523,778</u>	<u>55,736,350</u>
Expenditures			
Current:			
0011 Instruction	154,621,942	30,174,179	
0012 Instruction resources and media services	3,473,923	22,694	
0013 Curriculum and instructional staff development	3,881,000	3,406,043	
0021 Instructional leadership	3,264,934	1,383,032	
0023 School leadership	17,157,808	1,330,387	
0031 Guidance, counseling and evaluation services	10,125,626	2,292,521	
0032 Social work services	362,659	63,650	
0033 Health services	2,995,417	374,712	
0034 Student transportation	6,217,563	1,645,307	
0035 Food services		14,942,825	
0036 Extracurricular activities	4,824,512	23,366	
0041 General administration	6,982,218	5,749	
0051 Facilities maintenance and operations	25,322,551	1,887,493	
0052 Security and monitoring services	3,173,402	182,686	
0053 Data processing services	7,491,695	1,195,147	
0061 Community services	713,314	1,348,495	
Debt service:			
0071 Principal on long-term debt	259,512		28,995,000
0072 Interest on long-term debt	108,422		27,238,906
0073 Bond issuance costs and fees			
Capital outlay:			
0081 Capital outlay:	69,443	176,325	
Intergovernmental:			
0093 Payments related to shared services arrangements		382,265	
0095 Payments to Juvenile Justice Alternative Education Program	75,600		
0099 Other intergovernmental charges	1,478,151		
6030 Total Expenditures	<u>252,599,692</u>	<u>60,836,876</u>	<u>56,233,906</u>
1100 Excess (deficiency) of revenues over expenditures	<u>(5,055,492)</u>	<u>686,902</u>	<u>(497,556)</u>
Other Financing Sources (Uses)			
7911 Issuance of capital related debt			
7912 Sale of real or personal property	53,008		
7915 Transfers in	78,451		3,500,000
7916 Premium or discount on issuance of bonds			5,778,265
8911 Transfers out		(78,451)	
7080 Total other financing sources and uses	<u>131,459</u>	<u>(78,451)</u>	<u>9,278,265</u>
1200 Net change in fund balances	(4,924,033)	608,451	8,780,709
0100 Fund Balances - Beginning	<u>71,991,539</u>	<u>5,700,011</u>	<u>13,574,428</u>
3000 Fund Balances - Ending	<u>\$ 67,067,506</u>	<u>\$ 6,308,462</u>	<u>\$ 22,355,137</u>

See Notes to the Financial Statements.

Exhibit C-3

<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 2,478,587	\$ 253,981,109
	60,814,817
	52,486,989
<u>2,478,587</u>	<u>367,282,915</u>
	184,796,121
	3,496,617
	7,287,043
	4,647,966
	18,488,195
	12,418,147
	426,309
	3,370,129
382,645	8,245,515
	14,942,825
	4,847,878
	6,987,967
	27,210,044
	3,356,088
	8,686,842
	2,061,809
	29,254,512
	27,347,328
945,909	945,909
128,940,349	129,186,117
	382,265
	75,600
	<u>1,478,151</u>
<u>130,268,903</u>	<u>499,939,377</u>
<u>(127,790,316)</u>	<u>(132,656,462)</u>
123,805,000	123,805,000
	53,008
	3,578,451
2,166,229	7,944,494
<u>(3,500,000)</u>	<u>(3,578,451)</u>
<u>122,471,229</u>	<u>131,802,502</u>
(5,319,087)	(853,960)
<u>175,307,141</u>	<u>266,573,119</u>
<u>\$ 169,988,054</u>	<u>\$ 265,719,159</u>

SPRING BRANCH 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 June 30, 2010

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ (853,960)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
1	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. This is the amount by which capital outlays exceeded depreciation.	
	Capital Expenditures reclassified to assets.	128,603,375
	Depreciation expense taken to Statement of Activities	(10,952,525)
2	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(189,265)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	797,924
4	Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.	28,995,000
5	Amortization of bond premium	
6	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(123,805,000)
7	Bond issuance costs paid during the current year will be amortized over the life of the bonds.	971,209
8	Premium received on the sale of bonds.	(7,944,494)
9	Repayment of capital lease	259,512
	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:	
10	Increase in interest payable not recognized in fund statements	(2,168,066)
11	Increase in long-term portion of accrued compensated absences	(538,482)
12	Accreted interest on capital appreciation bonds and amortization of bond issuance costs	745,622
13	Deferred loss on refunding	(419,030)
14	Internal service funds are used by management to charge the costs of certain activities, such as insurance and printing, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental funds.	469,284
	Change in net assets of governmental activities	<u><u>\$ 13,971,104</u></u>

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2010

<u>Data Control Codes</u>	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
Assets		
Current Assets:		
1110-75	\$ 966,462	\$ 1,621,171
Receivables:		
1260	38,843	
	<u>1,005,305</u>	<u>1,621,171</u>
Land, Buildings and Equipment:		
1540	99,225	147,500
1573	(11,437)	(17,208)
	<u>87,788</u>	<u>130,292</u>
1000	<u>\$ 1,093,093</u>	<u>\$ 1,751,463</u>
Liabilities		
Current Liabilities:		
2110	\$ 10,586	\$ 383
2160	309,089	
2170	48,706	
2300	11,775	
	<u>380,156</u>	<u>383</u>
2000	<u>380,156</u>	<u>383</u>
Net Assets		
3200	87,788	130,292
3300	625,149	1,620,788
3000	<u>\$ 712,937</u>	<u>\$ 1,751,080</u>

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2010

Exhibit D-2

<u>Data Control Codes</u>		<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	Operating Revenues		
5700	Local and intermediate sources	\$ 3,325,742	\$
5754	Interfund services provided and used		1,355,436
5020	Total Operating Revenues	<u>3,325,742</u>	<u>1,355,436</u>
	Operating Expenses		
6100	Payroll costs	2,673,949	84,041
6200	Purchased and contracted services	196,365	
6300	Supplies and materials	539,421	118,926
6400	Claims expense and other operating expenses	149,455	668,119
6449	Depreciation	9,020	15,066
6030	Total Operating Expenses	<u>3,568,210</u>	<u>886,152</u>
1200	Operating Income (Loss)	<u>(242,468)</u>	<u>469,284</u>
	Non-Operating Revenues		
7020	Investment earnings	1,503	
	Total Non-Operating Revenues	<u>1,503</u>	
	Income (Loss) before Transfers	<u>(240,965)</u>	<u>469,284</u>
1200	Change in Net Assets	(240,965)	469,284
	Net Assets		
0100	Total Net Assets - Beginning	953,902	1,281,796
3300	Total Net Assets - Ending	<u>\$ 712,937</u>	<u>\$ 1,751,080</u>

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2010

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers with other funds	\$ 3,413,333	\$ 1,367,980
Cash payments to suppliers for goods and services	(844,237)	(831,921)
Cash payments to employees	(2,696,926)	(87,305)
Net Cash Provided by (Used for) Operating Activities	<u>(127,830)</u>	<u>448,754</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(12,154)	
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(12,154)</u>	
Cash Flows from Investing Activities:		
Interest on investments	1,503	
Net Cash Provided by Investing Activities	<u>1,503</u>	
Net Increase in Cash and Cash Equivalents	(138,481)	448,754
Cash and Cash Equivalents - Beginning of Year	1,104,943	1,172,417
Cash and Cash Equivalents - End of Year	<u>\$ 966,462</u>	<u>\$ 1,621,171</u>
Reconciliation to Balance Sheet:		
Cash	\$ 966,462	\$ 1,621,171
Cash and Cash Equivalents per Balance Sheet	<u>\$ 966,462</u>	<u>\$ 1,621,171</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (242,468)	\$ 469,284
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	9,020	15,066
Change in Assets and Liabilities:		
Decrease (increase) in Interfund Receivables	94,416	12,544
Increase (decrease) in Accounts Payable	(1,613)	(44,876)
Increase (decrease) in Accrued Wages Payable	(22,977)	(3,264)
Increase (decrease) in Interfund Payables	42,617	
Increase (decrease) in Deferred Revenue	(6,825)	
Net Cash Provided by (Used for) Operating Activities	<u>\$ (127,830)</u>	<u>\$ 448,754</u>

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2010

Data Control Codes		Private- Purpose Trust Fund	Agency Funds
	Assets		
1110	Cash and cash equivalents	\$ 282,698	\$ 1,821,856
	Receivables:		
1260	Due from other Funds		633,677
1000	Total Assets	<u>282,698</u>	<u>\$ 2,455,533</u>
	Liabilities		
2110	Accounts payable	\$	\$
2150	Payroll deductions and withholding		727,480
2190	Due to others	9,487	1,728,053
2000	Total Liabilities	<u>9,487</u>	<u>\$ 2,455,533</u>
	Net Assets		
3590	Reserved - other	<u>\$ 273,211</u>	

See Notes to the Financial Statements.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2010

	Private Purpose
	<u>Trust Fund</u>
Additions	
Gifts and contributions	\$ 14,023
Earnings on investments	565
Total Additions	<u>14,588</u>
Deductions	
Community Service	11,305
Total deductions	<u>11,305</u>
Change in net assets	3,283
Net assets - Beginning of Year	<u>269,928</u>
Net assets - End of Year	<u>\$ 273,211</u>

See Notes to the Financial Statements.

(This page intentionally left blank.)

Note 1 - Summary of Significant Accounting Policies

The Spring Branch 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 U.S. 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 most recent requirements of the 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 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. 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*.

As required by U.S. 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. The District has 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 Spring Branch Independent School District operating activities and activities other than the District's fiduciary (Agency-type) activities. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. The District *Business-type activities* rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of 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. Property taxes are considered general revenues.

Interfund activities 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. All interfund transactions between governmental funds are eliminated on the government-wide statements except for internal services provided. Interfund activities between governmental funds and the enterprise fund remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances.

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 all governmental and enterprise funds to be major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating.

Note 1 - Summary of Significant Accounting Policies (continued)

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 trust 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.

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 revenues 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 and Trust Funds 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 when appropriate, and then unrestricted resources as they are needed.

Note 1 - Summary of Significant Accounting Policies (continued)

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 provide more detailed information about the District's funds-not the District as a whole. All of the District's governmental and enterprise funds are considered major funds in accordance with generally accepted financial reporting criteria.

Governmental Funds:

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.

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 the District's Food Service program, including local and federal revenue sources, 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 revenues. Resources accounted for in these programs are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Proprietary Funds:

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

Enterprise Fund

The Enterprise fund is used to account for revenues and expenses related to the District's tuition/fee-based self-sustaining programs such as Employee Child Care, Adult Education and Driver's Education. The District accounts for revenues and expenses related to services provided to parties inside the District. Revenues are received based on fees charged for services. Expenses include payments to employees and charges incurred in administering the programs.

Internal Service Fund

The district's internal service fund is used to account for the operations of the District's partially self-funded workers' compensation plan, which is supported by employer contributions. Expenses include plan benefit payments to employees and charges incurred in administering the plan.

Fiduciary funds:

Private Purpose Trust Funds

Funds set up for handling specific scholarship money received by the District.

Agency Funds

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

Note 1 - Summary of Significant Accounting Policies (continued)

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, balances in private-managed public funds investment pools (TexPool, TexSTAR and Lone Star), 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.

2. Investments

Investments consist largely of U.S. government agency securities, and government investment pools. 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 fund balance sheets.

4. Inventories

Inventories consisting of supplies and materials are stated at first-in, first-out method and they include consumable custodial, maintenance, transportation, instructional, food consumables 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 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. A portion of fund balance is reserved to reflect minimum inventory quantities considered necessary for the District's continuing operations, generally in an amount equal to inventory values on hand at the end of the year.

Note 1 - Summary of Significant Accounting Policies (continued)

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

5. Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	50
Buildings	40
Building Improvements	40
Temporary Buildings	40
Buses	15
Furniture, Fixtures and Equipment	5
Vehicles	10

Note 1 - Summary of Significant Accounting Policies (continued)

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

6. Long-Term Obligations

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

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

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

7. Transactions Between Funds

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

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

8. Compensated Absences - Accumulated Vacation Pay and Sick Leave

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. The estimated liability for accumulated sick leave is reported in the government-wide statement of net assets for the portion that is not currently payable from available financial resources at year-end and is accounted for as a designation of fund balance in the governmental funds-general fund. Annual vacation time is granted to full-time employees assigned to the auxiliary salary schedule in positions normally requiring 12 months of service and non-duty days are allowed for certain employees on a 223 and 230 day work calendar. No more than 30 days may be accumulated. The liability for unused vacation and non-duty days is only recorded in the long-term debt note, since the amount is not material to the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

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

9. Fund Balance

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

10. Use of Estimates

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

11. Data Control Codes

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

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

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

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

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements (continued)

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 annual "appropriated budget" for the General and Debt Service Funds and the Food Service Program included in the Special Revenue Fund. Budgets are prepared using the same method of accounting as for financial reporting. The District is required to present the adopted and final annual amended budgeted revenues and expenditures for all funds and programs that have "appropriated budgets." The General Fund and Food Service Program budget reports appear in the required supplementary information section where the District compares the final annual amended budget to actual revenues and expenditures. Per TEA regulatory requirements, the Debt Service Fund is required to be reported with the annual original budget, amended budget, and actual revenues and expenditures. This statement is included as Other Supplementary Information at the end of the Financial Section of the School District's Annual Financial and Compliance Report in Exhibit G-1.

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 re-appropriated 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 June 19th, the District prepares a budget for the next succeeding fiscal year beginning July 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.

Note 3 - Stewardship, Compliance, and Accountability (continued)

A. Budgetary Data (continued)

3. Prior to July 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. 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. All supplemental appropriations must be within limits of available revenues and fund equity.
4. Each budget is controlled by the budget director at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

B. Encumbrances

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

Note 4 - Deposits (Cash) and Investments

A. Deposits (Cash)

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

In accordance with applicable statutes, the District has a depository contract with an area bank (depository). 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.

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

A. Deposits (Cash)

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.

At June 30, 2010, the carrying amount of the District's deposits was \$4,098,980 and the bank balance was \$13,882,126. The District deposits in Bank of America were secured with \$17,329,731 of pledged collateral and \$250,000 of FDIC coverage.

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, a maximum allowable stated maturity of any individual investment and the maximum average dollar weighted maturity allowed for fund groups. In addition, it includes an "Investment Strategy Statement" that specifically addresses each fund's investment options and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield.

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

1. Obligations of the United States or its agencies and instrumentalities;
2. Direct obligations of the State of Texas, or its agencies and instrumentalities;

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

B. Investments (continued)

3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States, or its agencies and instrumentalities;
4. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; and have a stated maturity no longer than ten years;
5. Certificates of deposit fully collateralized and guaranteed or insured by the FDIC;
6. Repurchase agreements fully collateralized (102%), pledged to and held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, with a defined termination date, and placed through a primary government securities dealer;
7. Commercial paper having a stated maturity of 270 days or fewer and a rating of not less than A-1/P-1 by two nationally recognized credit rating agencies; or a fully secured irrevocable letter of credit from a U.S. bank and one A-1/P-1 credit rating;
8. Money Market Funds approved by the Board, with its funds only in investments approved by the Investment Policy;
9. Public Funds Investment Pools approved by the Board, with its funds only in investments approved by the Investment Policy.

A summary of the District's cash and investments at June 30, 2010, are shown below.

	<u>Cash and Deposits</u>	<u>Certificates of Deposit</u>	<u>External Investment Pools</u>	<u>Investments Securities</u>	<u>Total</u>
Governmental Funds					
General Fund	\$ 39,430	\$ 5,067,767	\$ 24,245,338	\$ 58,158,600	\$ 87,511,135
Special Revenue Fund	333,552		2,802,687		3,136,239
Debt Service Fund	141,004		5,460,257	16,084,003	21,685,264
Capital Projects Fund	399,711	10,124,521	122,572,220	58,788,497	191,884,949
Total Governmental Funds	<u>913,697</u>	<u>15,192,288</u>	<u>155,080,502</u>	<u>133,031,100</u>	<u>304,217,587</u>
Proprietary Funds					
Enterprise Fund			966,462		966,462
Internal Service Fund	1,621,171				1,621,171
Total Proprietary Funds	<u>1,621,171</u>		<u>966,462</u>		<u>2,587,633</u>
Fiduciary Funds					
Trust Fund	8,625		274,073		282,698
Agency Funds	1,555,487		266,369		1,821,856
Total Fiduciary Funds	<u>1,564,112</u>		<u>540,442</u>		<u>2,104,554</u>
Total Cash and Investments	<u>\$ 4,098,980</u>	<u>\$ 15,192,288</u>	<u>\$ 156,587,406</u>	<u>\$ 133,031,100</u>	<u>\$ 308,909,774</u>

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.

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

B. Investments (continued)

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 2010.

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:

	<u>Fair Value</u>	<u>S&P Credit Quality Ratings</u>	<u>Percentage of Investments</u>
Investment Type			
Certificates of Deposit	\$ 15,192,288		4.98%
Total	<u>15,192,288</u>		
Local Government Investment Pools:			
TexPool	126,634,823	AAAm	41.55%
TexSTAR	7,541,853	AAAm	2.47%
Lone Star	<u>22,410,730</u>	AAAm	7.35%
Total	<u>156,587,406</u>		
Investments-Securities:			
U.S. Treasury Securities	10,043,000	AAA	3.29%
Securities of U.S. Government Agencies:			
Federal Farm Credit Bank	24,150,000	AAA	7.92%
Federal Home Loan Bank	<u>98,838,100</u>	AAA	32.43%
Total	<u>133,031,100</u>		
Total Investments	<u>\$ 304,810,794</u>		<u>100.00%</u>

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 fund and investment type.

	<u>Fair Value</u>	<u>Percentage Investments</u>	<u>Weighted Average Maturity (Days)</u>
Governmental Activities:			
Investment Type			
Certificate of Deposit	\$ 15,192,288	5.01%	1
Local Government Investment Pools:			
TexPool	126,634,823	41.75%	36
TexSTAR	6,034,948	1.99%	40
Lone Star	22,410,731	7.39%	37
	<u>155,080,502</u>		
Investment Securities:			
Federal Home Loan Bank	98,838,100	32.59%	101
Federal Farm Credit Bank	24,150,000	7.96%	152
U. S. Treasury	10,043,000	3.31%	139
	<u>133,031,100</u>		
Total Governmental Activities	<u>303,303,890</u>		<u>68</u>
Business-Type Activities:			
Local Government Investment Pools:			
TexStar	966,462	100.00%	40
Total Business-Type Activities	<u>966,462</u>		<u>40</u>
Fiduciary Funds			
Local Government Investment Pools:			
TexStar	540,442	100.00%	40
Total Fiduciary Funds	<u>540,442</u>		<u>40</u>
Total Investments	<u>\$ 304,810,794</u>		<u>68</u>

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

B. Investments (continued)

Local Government Investment Pools

As of June 30, 2010, the District's investments included the Texas Local Pool (TexPool), Lone Star Investment Pool (LSIP) and the Texas Short Term Asset Reserve Program (TexSTAR). The TexPool, Lone Star and TexSTAR investment pools' investments are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the Public Funds Investment Act of 1987, as amended. The Texas State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Federated Investors manages the daily operations of the pool under a contract with the Comptroller.

LSIP is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of LSIP's operations. AMR Investments, Fort Worth, Texas, and Standish Mellon Asset Management, Pittsburgh, Pennsylvania, provide investment management services to LSIP regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U.S. government and U.S. agency securities. Investments in LSIP provide for investment in securities with maturities and returns generally greater than money market instruments. LSIP is marked-to-market daily to maintain an accurate net asset value. The District's fair value in LSIP is the same as the value of the pool shares. LSIP is currently rated AAAM by Standard and Poor's. This rating indicates that the pool's portfolio holdings provide extremely strong protection against losses from credit default.

TexSTAR is an investment pool managed by J.P. Morgan Fleming Asset Management (USA), Inc. (JPMFAM) and First Southwest Asset Management, Inc. (FSAM). JPMFAM provides investment services and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co. TexSTAR will seek to maintain a credit rating no lower than AAA, AAA-m, or the equivalent by at least one nationally recognized rating agency.

The value of District portions in TexPool, Lone Star and TexSTAR 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. TexPool, Lone Star and TexSTAR pooled funds have weighted average maturity dates of 36, 40 and 37 days, respectively. However, the District can redeem its share position within one day when necessary.

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

B. Investments (continued)

Investment Risk

The risk exposure for governmental and business-type activities, major funds, the internal service fund, 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. General Fund
2. Debt Service Fund
3. Capital Projects Fund
4. Special Revenue and Other Special-Purpose 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.

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 365 days, with the exception of debt service and capital projects funds which are matched to a specific cash flow for liquidity. In addition, the District shall not directly invest in an individual security maturing more than three years from the date of purchase. 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 amount of increase or decrease in the fair value of investments is included in investment income. The District recorded a \$26,971 increase in the fair value of investments for the year that is included in investment income.

	Governmental Funds	Proprietary Fund	Total
Interest Income	\$ 1,473,717	\$ 1,503	\$ 1,475,220
Net Increase in Fair Value of Investments	26,971		26,971
Total Investment Income	\$ 1,500,688	\$ 1,503	\$ 1,502,191

Note 5 - Property Taxes

Property taxes are levied by October 1st or within 60 days of receiving a certified roll 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 Harris County, Texas. Taxes are levied by the District's Board of Trustees based on the appraised values received from Harris County 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 \$1.09 and \$0.3045, respectively, based on an assessed property valuation of approximately \$18.5 billion resulting in an adjusted tax levy of approximately \$242.6 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.

Governmental funds net property taxes receivable at June 30, 2010, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Delinquent Taxes:			
Current Year Levy	\$ 3,299,390	\$ 983,167	\$ 4,282,557
Prior Years' Levies	5,628,137	1,051,608	6,679,745
Total Delinquent Taxes	<u>8,927,527</u>	<u>2,034,775</u>	<u>10,962,302</u>
Penalty and Interest on Delinquent Taxes	5,110,533	836,905	5,947,438
Total Delinquent Taxes and Penalty and Interest	<u>14,038,060</u>	<u>2,871,680</u>	<u>16,909,740</u>
Less Allowance for Uncollectible Taxes	(4,676,602)	(665,495)	(5,342,097)
Net Property Taxes Receivable	<u><u>\$ 9,361,458</u></u>	<u><u>\$ 2,206,185</u></u>	<u><u>\$ 11,567,643</u></u>

Note 6 - Receivables Due From Other Governments

Receivables due from other governments at June 30, 2010, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Due From Other Governments		
Federal	\$	\$ 9,453,742
State	7,136,636	380,324
Total Due from Other Governments	<u><u>\$ 7,136,636</u></u>	<u><u>\$ 9,834,066</u></u>

Note 7 - Payables Due To Other Governments

Payables due to other governments at June 30, 2010, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Due To Other Governments		
State:		
Texas Education Agency	\$ 814	\$
Other (Local Governments, Universities and Other)		8,482
Total Due To Other Governments	<u>\$ 814</u>	<u>\$ 8,482</u>

Note 8 – Interfund Receivables, Payables and Transfers

Interfund balances consist of short term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

Amounts due to/from other funds at June 30, 2010, consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
General Fund	\$ 3,247,334	\$ 1,352,650
Debt Service Fund	643,119	
Capital Projects Fund	7,353,454	8,079,188
Special Revenue Fund	3,885,395	6,321,278
Total Governmental Funds	<u>15,129,302</u>	<u>15,753,116</u>
Proprietary Funds		
Enterprise Fund	38,843	48,706
Total Proprietary Funds	<u>38,843</u>	<u>48,706</u>
Fiduciary Funds		
Agency Funds	633,677	
Total Fiduciary Funds	<u>633,677</u>	
Total - All Funds	<u>\$ 15,801,822</u>	<u>\$ 15,801,822</u>

Note 8 – Interfund Receivables, Payables and Transfers (continued)

Interfund transfers are defined as “flow of assets without equivalent flows of assets in return and without a requirement for repayment”. Interfund transfers during the year ended June 30, 2010, were as follows:

	Transfers In		Total
	General Fund	Debt Service Fund	
Transfer Out:			
High School Allotment Fund	\$ 78,451	\$	\$ 78,451
Capital Projects Fund		3,500,000	3,500,000
	<u>\$ 78,451</u>	<u>\$ 3,500,000</u>	<u>\$ 3,578,451</u>

Note 9 - 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 two years or more. Buildings and other capital assets not directly related to a specific function will have its depreciation expense charged to the functional expense category based on an allocation of square footage allocated to the various functions.

Capital asset activity for the governmental and business- type activities of the District for the year ended June 30, 2010, are as follows:

	Balance July 1, 2009	Additions	Retirements and Transfers	Balance June 30, 2010
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 17,230,662	\$ 4,679,548	\$	\$ 21,910,210
Construction in Progress	46,638,155	119,384,410	(20,668,384)	145,354,181
Total Capital Assets, Not Being Depreciated	<u>63,868,817</u>	<u>124,063,958</u>	<u>(20,668,384)</u>	<u>167,264,391</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	478,554,521	678,492	13,357,888	492,590,901
Furniture and Equipment	9,386,599	1,381,080	3,085,593	13,853,272
Vehicles	18,586,465	2,479,845	(2,181,300)	18,885,010
Capital Lease Assets	5,578,423			5,578,423
Total Capital Assets, Being Depreciated at Historical Cost	<u>512,106,008</u>	<u>4,539,417</u>	<u>14,262,181</u>	<u>530,907,606</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(164,047,792)	(7,805,963)	7,305,912	(164,547,843)
Furniture and Equipment	(5,681,924)	(1,193,756)	(2,632,897)	(9,508,577)
Vehicles	(7,437,058)	(1,187,122)	1,543,932	(7,080,248)
Capital Lease Assets	(4,565,861)	(765,684)	(15,075)	(5,346,620)
Total Accumulated Depreciation	<u>(181,732,635)</u>	<u>(10,952,525)</u>	<u>6,201,872</u>	<u>(186,483,288)</u>
Governmental Activities Capital Assets, Net	<u>\$ 394,242,190</u>	<u>\$ 117,650,850</u>	<u>\$ (204,331)</u>	<u>\$ 511,688,709</u>

Note 9 - Capital Assets (continued)

	Balance July 1, 2009	Additions	Retirements and Transfers	Balance June 30, 2010
Business-type Activities				
Capital Assets being depreciated:				
Vehicles	87,072	\$ 12,153	\$	\$ 99,225
Total Capital assets, being Depreciated at historical cost	87,072	12,153		99,225
Less: Accumulated Depreciation for:				
Vehicles	(2,417)	(8,707)	(313)	(11,437)
Total Accumulated Depreciation	(2,417)	(8,707)	(313)	(11,437)
Business-type Activities				
Capital Assets, Net	\$ 84,655	\$ 3,446	\$ (313)	\$ 87,788
Totals	\$ 394,326,845	\$ 117,654,296	\$ (204,644)	\$ 511,776,497

Capital assets for Internal Service funds included in governmental activities were as follows:

	Balance June 30, 2010
Vehicles	147,500
Accumulated Depreciation	(17,208)
	\$ 130,292

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

	Depreciation Expense
Governmental Activities Depreciation Expense:	
11 Instruction	\$ 8,614,302
12 Instructional Resources and Media Services	18,739
13 Curriculum and Instructional Staff Development	43,218
21 Instructional Leadership	2,717
31 Guidance and Counseling Services	9,705
34 Student Transportation	948,276
35 Food Services	70,773
36 Cocurricular/Extracurricular activities	113,250
41 General Administration	22,548
51 Facilities Maintenance and Operations	796,728
52 Security and Monitoring Services	85,632
53 Data Processing Services	223,239
61 Community Services	3,398
Total Governmental Activities Depreciation Expense	\$ 10,952,525
Business-type Activities Depreciation Expense:	
51 Plant Maintenance and Operations	\$ 7,244
61 Community Services	1,463
Total Business-type Activities Depreciation Expense	\$ 8,707

Note 9 - Capital Assets (continued)

A summary of capital projects having construction in progress as of June 30, 2010, is scheduled as follows:

<u>Description of Project</u>	<u>Construction in Progress at Cost</u>	<u>Approved Project Budget</u>	<u>Estimated Remaining Commitment</u>
Memorial High	\$ 5,487,714	\$ 18,116,404	\$ 12,628,690
Northbrook High	3,701,299	13,623,268	9,921,969
Spring Woods High	14,010,944	23,248,631	9,237,687
Stratford High	4,051,206	17,988,260	13,937,054
Guthrie Center	161,295	5,013,275	4,851,980
Westchester Academy	847,896	5,289,440	4,441,544
Science Center	226,814	1,984,715	1,757,901
Spring Branch Education Center	1,072	18,811,714	18,810,642
Landrum Middle	2,426,655	3,692,509	1,265,854
Memorial Middle	2,316,834	10,055,732	7,738,898
Northbrook Middle	372,992	12,766,700	12,393,708
Spring Branch Middle	532,759	10,020,037	9,487,278
Spring Forest Middle	872,270	12,275,615	11,403,345
Spring Oaks Middle	1,573,276	11,152,449	9,579,173
Spring Woods Middle	5,904,562	12,044,831	6,140,269
Bendwood	91,248	3,856,211	3,764,963
Buffalo Creek Elementary	1,870,854	2,114,410	243,556
Bunker Hill Elementary	1,999,821	4,956,067	2,956,246
Cedar Brook Elementary	3,540,082	4,785,401	1,245,319
Edgewood Elementary	1,618,418	19,745,945	18,127,527
Frostwood	149,341	23,612,018	23,462,677
Housman Elementary	28,251	20,372,215	20,343,964
Hunters Creek Elementary	1,405,978	4,092,188	2,686,210
Meadow Wood Elementary	695,851	16,376,226	15,680,375
Memorial Drive Elementary	674,022	2,202,709	1,528,687
Nottingham Elementary	962,427	1,183,632	221,205
Pine Shadows Elementary	299,531	21,920,070	21,620,539
Ridgecrest Elementary	13,693,480	21,560,204	7,866,724
Rummel Creek Elementary	2,175,023	28,932,539	26,757,516
Shadow Oaks Elementary	1,020,245	19,009,817	17,989,572
Sherwood Elementary	1,862,651	2,046,591	183,940
Spring Branch Elementary	797,487	19,642,528	18,845,041
Spring Shadows Elementary	1,321,730	2,339,443	1,017,713
Terrace Elementary	1,157,738	2,130,798	973,060
Thornwood Elementary	14,974	1,018,086	1,003,112
Treasure Forest Elementary	1,771,466	2,280,213	508,747
Valley Oaks Elementary	(21,940)	25,119,804	25,141,744
Westwood Elementary (new)	14,745,112	17,329,843	2,584,731
Westwood Elementary (old)		900,000	900,000
Wilchester Elementary	771,283	17,271,372	16,500,089
Woodview Elementary	13,000	2,090,376	2,077,376
Bear Blvd	34,134	843,321	809,187
Lion Lane	6,977	843,321	836,344

Note 9 - Capital Assets (continued)

<u>Description of Project</u>	<u>Construction in Progress at Cost</u>	<u>Approved Project Budget</u>	<u>Estimated Remaining Commitment</u>
Panda Path	\$ 26,387	\$ 436,453	\$ 410,066
Tiger Trail	24,869	845,015	820,146
Wildcat Way	8,880	843,321	834,441
Ag Farm	275,413	324,900	49,487
Tax Office	10,266	1,211,150	1,200,884
District Wide Programs	469,414	1,976,178	1,506,764
Technology Services	14,660,719	39,226,356	24,565,637
Admin Building	250,408	3,500,000	3,249,592
Gessner Warehouses	565,278	3,007,422	2,442,144
Security Services		387,954	387,954
Athletic Complexes	20,899,648	19,989,402	(910,246)
Natorium	3,363,792	4,451,570	1,087,778
Transition Campus	2,230,729	5,948,543	3,717,814
Transportable Buildings		489,092	489,092
Signage Project		91,634	91,634
Academy Schools		3,000,000	3,000,000
Hurricane IKE		804,390	804,390
Contingency and fees	705,043	30,603,140	29,898,097
Other Warehouses		1,143,546	1,143,546
FIP Administration	421,793	5,480,534	5,058,741
Buses	6,254,770	6,641,340	386,570
Unallocated Interest		5,783,762	5,783,762
	<u>\$ 145,354,181</u>	<u>\$ 600,844,630</u>	<u>\$ 455,490,449</u>

Note 10 - Long-Term Debt and Debt Service Requirements

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

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

On October 2, 2009, the District issued \$62,085,000 of direct payment Build America Bonds. Direct payment Build America Bonds provide a direct reimbursement of 35 percent of the interest paid on the bonds. The District received reimbursements totaling \$327,192 during the fiscal year.

Note 10 - Long-Term Debt and Debt Service Requirements (continued)

A summary of general long-term debt transactions of the District for the fiscal year ended June 30, 2010, follows:

	<u>Balance July 1, 2009</u>	<u>Issued and Additions</u>	<u>Retired and Refunded</u>	<u>Balance June 30, 2010</u>	<u>Due Within One Year</u>
Bonds Payable					
General Obligation Bonds	\$ 519,023,009	\$ 123,805,000	\$ (28,995,000)	\$ 613,833,009	\$ 23,940,313
Less Deferred Loss on Refunding Bonds	(7,001,510)		419,030	(6,582,480)	
Plus Premiums on Bonds at Issuance	<u>16,432,867</u>	<u>7,944,494</u>	<u>(1,224,506)</u>	<u>23,152,855</u>	
Total Bonds Payable	<u>528,454,366</u>	<u>131,749,494</u>	<u>(29,800,476)</u>	<u>630,403,384</u>	<u>23,940,313</u>
Accretion on Compound Interest Bonds	4,399,883	318,539		4,718,422	
Compensated Absences	11,782,883	1,290,133	(751,651)	12,321,365	790,656
Capital Lease	<u>2,568,752</u>		<u>(259,512)</u>	<u>2,309,240</u>	<u>165,807</u>
Total Long-Term Debt	<u><u>\$ 547,205,884</u></u>	<u><u>\$ 133,358,166</u></u>	<u><u>\$ (30,811,639)</u></u>	<u><u>\$ 649,752,411</u></u>	<u><u>\$ 24,896,776</u></u>

Bonds Payable

Bonded debt, at June 30, 2010, is comprised of the following individual issues:

<u>Series</u>	<u>Issue Amount</u>	<u>Interest Rate (%)</u>	<u>Matures</u>	<u>Amount Outstanding</u>
2000 Schoolhouse Bonds	25,000,000	5.75 - 7.50	2025	\$ 2,100,000
2001 Schoolhouse Bonds	149,600,000	4.00 - 5.36	2023	21,765,000
2001 CABS	1,698,009	4.85 - 4.99	2012	1,698,009
2001A Schoolhouse Bonds	21,760,000	3.25 - 5.50	2018	7,000,000
2004 Schoolhouse Bonds	50,000,000	3.50 - 4.75	2018	35,260,000
2005 Schoolhouse Bonds	90,675,000	2.50 - 5.00	2025	81,080,000
2007 Schoolhouse Bonds	162,370,000	4.00-5.625	2025	161,595,000
2007 CABS	670,000	3.98	2012	670,000
2008 Schoolhouse Bonds	194,600,000	2.50 - 5.00	2038	178,860,000
2009A Schoolhouse Bonds	61,720,000	5.00	2030	61,720,000
2009B Schoolhouse Bonds	62,085,000	5.892	2039	62,085,000
				<u>613,833,009</u>
				Less Unamortized Refunding Loss (6,582,480)
				Plus Unamortized Premiums on Issuance <u>23,152,855</u>
				<u>Total Bonds Payable 630,403,384</u>
				Less Current Portion <u>23,940,313</u>
				Long-Term Portion Bonds Payable <u><u>\$ 606,463,071</u></u>

Note 10 - Long-Term Debt and Debt Service Requirements (continued)

Annual Debt Service Requirements

Annual requirements to amortize all bonded debt outstanding as of June 30, 2010, follow:

Fiscal Year	Principal	Interest	Total
2011	\$ 23,940,313	\$ 32,692,655	\$ 56,632,968
2012	20,172,696	32,755,461	52,928,157
2013	27,020,000	28,634,056	55,654,056
2014	24,920,000	27,339,623	52,259,623
2015	25,490,000	26,048,954	51,538,954
2016	29,580,000	24,730,523	54,310,523
2017	30,635,000	23,252,521	53,887,521
2018	32,180,000	21,723,146	53,903,146
2019	28,140,000	20,145,596	48,285,596
2020	28,405,000	18,823,002	47,228,002
2021	29,705,000	17,532,751	47,237,751
2022	21,975,000	16,186,898	38,161,898
2023	22,995,000	15,166,598	38,161,598
2024	23,775,000	14,071,498	37,846,498
2025	25,205,000	12,939,923	38,144,923
2026	23,880,000	11,739,473	35,619,473
2027	11,940,000	10,608,023	22,548,023
2028	12,530,000	9,993,298	22,523,298
2029	13,165,000	9,366,798	22,531,798
2030	13,825,000	8,688,998	22,513,998
2031	14,525,000	7,977,223	22,502,223
2032	15,175,000	7,176,751	22,351,751
2033	15,870,000	6,340,676	22,210,676
2034	16,585,000	5,466,606	22,051,606
2035	17,335,000	4,553,425	21,888,425
2036	18,130,000	3,599,264	21,729,264
2037	18,950,000	2,601,665	21,551,665
2038	19,805,000	1,559,282	21,364,282
2039	7,980,000	470,182	8,450,182
Total	<u>613,833,009</u>	<u>\$422,184,870</u>	<u>\$ 1,036,017,879</u>
Less Current Portion	<u>23,940,313</u>		
Long-Term Portion	<u><u>\$589,892,696</u></u>		

The District is in compliance with all significant bond compliance requirements. As of June 30, 2010, the District had \$272 million authorized but unissued bonds.

Note 10 - Long-Term Debt and Debt Service Requirements (continued)

Accreted Interest on Premium Compound Interest Bonds

A portion of the bonds sold in the Series 2001 and 2007 refunding bond issues were capital appreciation bonds (CAB) commonly referred to as "premium compound interest bonds." The 2001 obligations have a principal value of \$1,698,009 and a maturity value of \$5,370,000. The 2007 refunding bond issue included capital appreciation bonds with a principal value of \$1,747,517 (\$670,000 principal and premium of \$1,077,517) and maturity value of \$2,120,000. 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 June 30, 2008 through 2012. The accreted interest of \$4,718,422 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 June 30, 2010, 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
2001	CABS	2012	\$ 5,370,000	\$ 1,698,009	\$3,397,006	\$ 5,095,015
2007	CABS	2012	2,120,000	670,000	1,321,416	1,991,416
Total			<u>\$ 7,490,000</u>	<u>\$2,368,009</u>	<u>\$4,718,422</u>	<u>\$ 7,086,431</u>

Capital Lease Obligations

In October 2003, the District entered into a capital lease obligation for software and hardware. The total assets recorded from the capital lease were \$1,750,000. The accumulated depreciation on the capital assets as of June 30, 2010, was \$1,750,000 leaving a net book value of \$0. In November 2004, the District entered into a lease purchase of Utility Conservation and HVAC systems equipment for various buildings in the District totaling \$2,906,889. The accumulated depreciation on the capital assets as of June 30, 2010, was \$2,906,889, leaving a net book value of \$0. In November 2006, the District entered into a capital lease obligation for copiers in the amount of \$913,024. The accumulated depreciation on the copiers as of June 30, 2010, is \$684,768, leaving a net book value of \$228,256. In August 2007, the District entered into a capital lease obligation for copiers in the amount of \$8,510. The accumulated depreciation on the copiers as of June 30, 2010, is \$4,964 leaving a net book value of \$3,546. The future payments under the lease agreements are as follows as of June 30, 2010:

Note 10 - Long-Term Debt and Debt Service Requirements (continued)

Capital Lease Obligations (continued)

Fiscal Year	Principal	Interest	Total
2011	\$ 165,807	\$ 100,435	\$ 266,242
2012	181,462	92,769	274,231
2013	198,071	84,389	282,460
2014	215,671	75,250	290,921
2015	234,314	65,308	299,622
2016	252,498	54,513	307,011
2017	265,987	42,999	308,986
2018	278,070	30,917	308,987
2019	290,701	18,286	308,987
2020	226,659	5,081	231,740
Total	<u>2,309,240</u>	<u>\$ 569,947</u>	<u>\$ 2,879,187</u>
Less Current Portion	<u>165,807</u>		
Long-Term Portion	<u>\$ 2,143,433</u>		

Note 11 - Refunding of General Long-Term Debt

Prior Year Refundings

In 2005 and 2007, 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 June 30, 2010, \$137.8 million of previously refunded bonds outstanding are considered defeased.

Note 12 - 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	Special Revenue	Debt Service	Total
Net Property Taxes Receivable	\$ 7,934,574	\$	\$ 1,753,298	\$ 9,687,872
Proceeds - Expenditure Driven Grants:				
Federal		2,295		2,295
State		139,446		139,446
Local		81,406		81,406
Other Deferred Revenue	418,157		640,159	1,058,316
Total Deferred Revenue	<u>\$ 8,352,731</u>	<u>\$ 223,147</u>	<u>\$ 2,393,457</u>	<u>\$ 10,969,335</u>

Note 12 - Deferred Revenue (continued)

A summary of unavailable and unearned deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Deferred Property Taxes:			
General Fund	\$ 7,934,574	\$	\$ 7,934,574
Debt Service	1,753,298		1,753,298
Deferred Revenue on Grants		223,147	223,147
Other Deferred Revenue		1,058,316	1,058,316
Total Deferred Revenue	<u>\$ 9,687,872</u>	<u>\$ 1,281,463</u>	<u>\$ 10,969,335</u>

Note 13 - Fund Equity

Designations of Fund Balance

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

A summary of designated fund balance as of June 30, 2010, for all governmental fund types follows:

	<u>General</u>	<u>Capital Projects</u>
Designated Fund Balance		
Construction, repairs, renovation	\$	\$ 97,539,935
Capital Equipment Replacement	7,865,600	
Compensated Absences	11,782,885	
Subsequent Year Expenditures	3,498,669	
Coke Fund Proceeds	339,404	
Total Designated	<u>\$ 23,486,558</u>	<u>\$ 97,539,935</u>

The designation for capital equipment replacement requires Board approval before these amounts are allowed to be used.

Note 14 - Revenues from Local, Intermediate and Out-of-State Sources

A summary of local revenues recorded in the governmental funds for the fiscal year ended June 30, 2010, follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 184,626,093	\$	\$ 55,006,158	\$	\$ 239,632,251
Penalties, Interest and Other Related Tax Income	1,385,390		367,791		1,753,181
Tuition and Fees	1,026,811				1,026,811
Investment Income	356,787	5,356	34,749	1,103,796	1,500,688
Food Sales		3,569,681			3,569,681
Cocurricular Activities	329,822				329,822
Insurance Recovery	97,939			1,325,463	1,423,402
Other	984,792	3,710,693	460	49,328	4,745,273
Total	<u>\$ 188,807,634</u>	<u>\$ 7,285,730</u>	<u>\$ 55,409,158</u>	<u>\$ 2,478,587</u>	<u>\$ 253,981,109</u>

Note 15 - General Fund Federal Program Revenues

A summary of federal program revenues received in the General Fund for the fiscal year ended June 30, 2010, follows:

<u>Program or Grant</u>	<u>CFDA Number</u>	<u>Amount Recorded in General Fund</u>
Indirect Costs:		
ESEA, Title IV - SDFSC	84.186A	\$ 1,559
ESEA, Title I, Part A - Basic	84.010A	129,827
Title II, Part D - Enhancing Education Through Technology - ARRA	84.386A	11,459
ESEA, Title II, Part A - TPTR	84.367A	29,511
ARRA, Title XIV, State Fiscal Stabilization	84.394	132,662
ESEA, Title II, Part D - Enhancing Education Through Technology	84.318X	4,797
IDEA, Part B - Formula - ARRA	84.391	63,601
ESEA, Title I, Part A - Improving Basic Programs - ARRA	84.389	34,157
GEAR UP and Project UP	84.334A	7,424
Summer School LEP	84.369	2,775
Total Indirect Costs		<u>417,772</u>
Direct Costs:		
Medicaid Program	93.998	119,916
SHARS Program	n/a	1,682,495
ROTC	n/a	59,278
Federal Flood Control Program	n/a	14,903
Total Direct Costs		<u>1,876,592</u>
Total Indirect and Direct Costs		<u>\$ 2,294,364</u>

Note 16 - Retirement Plan

Plan Description

The Teacher Retirement System of Texas (TRS), a Public Employee Retirement System (PERS), is a multiple-employer defined benefit contribution plan. TRS is a cost-sharing PERS with one exception, all risks and costs are not shared by the employer, but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. The payroll for District employees covered by the system for the fiscal year ending June 30, 2010, was approximately \$208.8 million; the District's total payroll was approximately \$217.8 million.

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

Types of Employees Covered

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

Benefit Provisions

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

Service Retirement

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

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

Funding Policy

State law provides a state contribution rate of 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008. State law further provides a member contribution rate of 6.4% for fiscal years 2010, 2009 and 2008. 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% for the period of September through December 2009 and increased to 6.644% beginning with January 2010, and 6.58% for fiscal years 2009 and 2008.

Note 16 - Retirement Plan (continued)

Funding Policy (continued)

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

Staff members of the District are required to pay 7.05% of their eligible gross earnings to TRS. Of the 7.05%, 0.65% is a contribution toward retiree health insurance. In fiscal year 2010, a district contribution was required by the State of Texas to provide additional funds for retiree health insurance. This rate is 0.55% of eligible gross earnings. The State of Texas contributes 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008 of all employees' eligible gross earnings, except for those District 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. For staff members funded by federal programs, the federal programs are required to contribute 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008.

Contributions for the retirement plan for the employees of the District represent 100% of the annual pension cost. Contributions made by the State, District, and employees, and the District's annual covered payroll for the fiscal years 2008, 2009, and 2010, are as follows:

Fiscal Year	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	Employees Contributions to TRS	District's Annual Covered Payroll
2008	\$ 10,980,703	\$ 1,734,009	\$ 12,365,285	\$ 193,207,586
2009	10,060,481	3,095,781	12,793,187	199,893,549
2010	10,292,034	3,394,939	13,364,225	208,816,771

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

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

Note 17 - Retiree Health Plan

Plan Description

The Spring Branch 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-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

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 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009 and 2008. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% 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 percent.

Contributions made by the State, District, and employees, and the District's annual covered payroll for the fiscal years 2008, 2009, and 2010, are as follows:

Fiscal Year	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	Employees Contributions to TRS	District's Annual Covered Payroll
2008	\$ 1,794,674	\$ 1,201,697	\$ 1,159,246	\$ 193,207,586
2009	1,869,539	1,238,777	1,299,308	199,893,549
2010	1,926,301	1,310,925	1,357,322	208,816,771

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

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2010, 2009 and 2008, the subsidy payments received by TRS-Care on behalf of the District were \$521,368, \$462,999 and \$447,419, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

Note 18 - 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, health insurance and workers compensation through commercial 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.

Health Care Coverage

The District sponsors a fully-insured insurance plan to provide health care benefits to staff members and their dependents. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents.

Workers Compensation

The District established a risk management program for workers' compensation in 2007 by participating as a member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a member of the Fund, the District is responsible for all claims costs up to an aggregate deductible in addition to an annual contribution to the Fund. This annual contribution is based upon actual payroll costs of the District. The Fund provides administrative service to its members including claims administration and customer service.

The workers' compensation plan is accounted for in the Workers' Compensation Internal Service Fund. The Internal Service Fund charges the General and Special Revenue Funds premiums for the District's contribution.

Note 19 - Compensated Absences

Sick Leave Policy

The District has established policies regarding the compensation of employees for unused sick leave upon retirement from service. In order to be compensated for unused sick leave, an employee must have been in the District for ten years or more and must terminate employment as a result of retirement through the Teacher Retirement System of Texas. Compensation for unused sick leave is limited and based on the years employed with the District, which are used to calculate the number of days and salary amounts that will be paid upon retirement.

The District records the payments for sick leave as an expenditure in the General Fund. The District records a liability at year-end in the General Fund for payments to be made to employees who have given notice before the end of the fiscal year and the amounts will be paid out of current resources early in the following fiscal year. The District had no current liability at year-end.

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 \$12,321,365 as of June 30, 2010. The management of the District has designated a portion of the fund balance in the General Fund to pay the accrued sick leave liability.

Vacation Leave

The District's employees earn vacation time that can be accumulated for a one-year period. Liability is only recorded in the long-term debt note for accumulated vacation pay since the amount is not material to the financial statements.

Note 20 - Shared Service Arrangements

The District participates in a Shared Service Arrangement (SSA) for deaf education services with eight other school districts. Approximately 2% of the students served by the SSA are attributable to the District. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, 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 Spring Branch Independent School District. The fiscal agent manager is responsible for all financial activities of the SSA. The expenditures attributable to the District's participation totaled \$382,265.

Note 21 - 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 22 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds, or (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five-year anniversary date of the bond issue. The District has estimated that its arbitrage liability as of June 30, 2010, was \$26,978 and has recorded this amount in the government wide financial statements.

Note 23 - Juvenile Justice Alternative Education Program

The District is required by law to participate in a Juvenile Justice Alternative Education Program (JJAEP) in coordination with the county juvenile board. A JJAEP is mandated by Chapter 37 of the Texas Education Code to provide education for certain expelled and adjudicated youth based on standards of academic accountability and performance as approved by the Texas Juvenile Probation Commission. The District paid \$75,600 to place students in a JJAEP in 2009-2010.

Required Supplementary Information

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ORIGINAL BUDGET, AMENDED FINAL (GAAP BASIS) AND ACTUAL - GENERAL FUND
For the Years Ended June 30, 2010 and 2009

Data Control Codes	Budgeted Amounts		Actual	
	Original	Final Amended	Amounts GAAP Basis	
Revenues				
5700	Local and Intermediate Sources	\$ 184,567,221	\$188,996,006	\$ 188,807,634
5800	State Program Revenues	64,411,942	54,765,017	56,442,202
5900	Federal Program Revenues	811,300	1,979,474	2,294,364
5020	Total Revenues	<u>249,790,463</u>	<u>245,740,497</u>	<u>247,544,200</u>
Expenditures				
Current:				
0011	Instruction	161,702,199	156,311,991	154,621,942
0012	Instructional Resources and Media Services	3,736,736	3,696,367	3,473,923
0013	Curriculum and Instructional Staff Development	4,215,196	4,084,132	3,881,000
0021	Instructional Leadership	3,001,488	3,410,278	3,264,934
0023	School Leadership	17,460,136	17,219,570	17,157,808
0031	Guidance, Counseling and Evaluation Services	8,431,427	10,154,271	10,125,626
0032	Social Work Services	230,033	362,933	362,659
0033	Health Services	3,136,428	2,997,116	2,995,417
0034	Student Transportation	7,078,469	6,709,539	6,217,563
0036	Cocurricular/Extracurricular Activities	5,074,212	5,042,154	4,824,512
0041	General Administration	6,028,159	7,131,886	6,982,218
0051	Facilities Maintenance and Operations	27,151,138	25,947,435	25,322,551
0052	Security and Monitoring Services	3,124,670	3,295,694	3,173,402
0053	Data Processing Services	7,754,983	9,413,906	7,491,695
0061	Community Services	674,989	713,497	713,314
0071	Debt Service	366,553	367,934	367,934
0081	Capital outlay	43,350	81,700	69,443
0091	Purchase of WADA			
0095	Payments to Juvenile Justice Alternative Education Programs	80,000	80,000	75,600
0099	Other Intergovernmental Charges	1,920,000	1,485,000	1,478,151
6030	Total Expenditures	<u>261,210,166</u>	<u>258,505,403</u>	<u>252,599,692</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,419,703)</u>	<u>(12,764,906)</u>	<u>(5,055,492)</u>
Other Financing Sources (Uses)				
7912	Sale of Real and Personal Property	50,000	53,000	53,008
7915	Transfers in			78,451
7080	Total Other Financing Sources (Uses)	<u>50,000</u>	<u>53,000</u>	<u>131,459</u>
1200	Net Change in Fund Balance	(11,369,703)	(12,711,906)	(4,924,033)
0100	Fund Balance - Beginning	71,991,539	71,991,539	71,991,539
1300	Prior-period adjustment			
3000	Fund Balance - Ending	<u>\$ 60,621,836</u>	<u>\$ 59,279,633</u>	<u>\$ 67,067,506</u>

Exhibit G-1

Variance With Final Budget Positive (Negative)	2009 Actual
\$ (188,372)	\$ 181,408,651
1,677,185	73,106,159
<u>314,890</u>	<u>1,437,559</u>
<u>1,803,703</u>	<u>255,952,369</u>
1,690,049	156,033,690
222,444	3,473,798
203,132	3,569,526
145,344	2,592,517
61,762	16,997,019
28,645	7,597,502
274	507,131
1,699	3,254,033
491,976	5,982,185
217,642	4,631,980
149,668	5,871,602
624,884	25,319,067
122,292	3,527,393
1,922,211	5,433,158
183	658,062
	579,292
12,257	11,325
	7,273,270
4,400	75,600
<u>6,849</u>	<u>1,793,664</u>
<u>5,905,711</u>	<u>255,181,814</u>
<u>7,709,414</u>	<u>770,555</u>
8	104,708
<u>78,451</u>	<u>104,708</u>
<u>78,459</u>	<u>104,708</u>
7,787,873	875,263
	73,116,276
	(2,000,000)
<u>\$ 7,787,873</u>	<u>\$ 71,991,539</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN PROGRAM BALANCES
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL - FOOD SERVICE PROGRAM
For the Years Ended June 30, 2010 and 2009

Exhibit G-2

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)	2009 Actual
		Original	Final Amended			
	Revenues					
5700	Local, Intermediate and Out-of-State	\$ 3,882,000	\$ 3,556,745	\$ 3,575,822	\$ 19,077	\$ 3,354,439
5800	State Program Revenues	422,000	361,000	513,307	152,307	428,876
5900	Federal Program Revenues	10,729,000	11,645,000	11,729,890	84,890	10,595,572
5020	Total Revenues	<u>15,033,000</u>	<u>15,562,745</u>	<u>15,819,019</u>	<u>256,274</u>	<u>14,378,887</u>
	Expenditures					
0035	Food Services	14,669,475	14,944,184	14,942,597	1,587	13,738,614
0051	Facilities Maintenance and Operations	554,000	626,000	599,986	26,014	526,262
0052	Security and Monitoring Services	23,800	25,000	24,715	285	18,711
6030	Total Expenditures	<u>15,247,275</u>	<u>15,595,184</u>	<u>15,567,298</u>	<u>27,886</u>	<u>14,283,587</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(214,275)</u>	<u>(32,439)</u>	<u>251,721</u>	<u>284,160</u>	<u>95,300</u>
1200	Net Change in Fund Balance	(214,275)	(32,439)	251,721	284,160	95,300
0100	Fund Balance - Beginning	<u>2,666,023</u>	<u>2,666,023</u>	<u>2,666,023</u>		<u>2,570,723</u>
3000	Fund Balance - Ending	<u>\$ 2,451,748</u>	<u>\$ 2,633,584</u>	<u>\$ 2,917,744</u>	<u>\$ 284,160</u>	<u>\$ 2,666,023</u>

Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General and Debt Service Funds and the Food Service program included in the Special Revenue Fund before the beginning of the fiscal year. For fiscal year beginning July 1st, the Texas Education Code requires the budget to be prepared not later than June 19th and adopted by June 30th of each year. The District's administration determines budgetary funding priorities using a modified zero-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 and Debt Service Funds and the Food Service program included in the Special Revenue 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.

Management may amend the budget without seeking Board approval if appropriations are not transferred between functions. During fiscal year 2010 General Fund appropriations were decreased by \$2.7 million, Food Service program appropriations were increased by \$347,909.

(This page intentionally left blank.)

Other Supplementary Information

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ORIGINAL BUDGET, AMENDED FINAL AND ACTUAL
DEBT SERVICE FUND
For the Years Ended June 30, 2010 and 2009

Exhibit H-1

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP Basis	Variance With Final Budget Positive (Negative)	2009 Actual
		Original	Final Amended			
	Revenues					
5700	Local, Intermediate and Out-of-State	\$ 52,521,114	\$ 55,532,000	\$ 55,409,158	\$ (122,842)	\$ 50,595,521
5900	Federal Revenues		327,192	327,192		
5020	Total Revenues	<u>52,521,114</u>	<u>55,859,192</u>	<u>55,736,350</u>	<u>(122,842)</u>	<u>50,595,521</u>
	Expenditures					
	Debt Service:					
0071	Principal on Long-Term Debt		28,995,000	28,995,000		24,990,000
0072	Interest on Long-Term Debt	54,515,433	27,258,912	27,238,906	20,006	25,047,446
6030	Total Expenditures	<u>54,515,433</u>	<u>56,253,912</u>	<u>56,233,906</u>	<u>20,006</u>	<u>50,037,446</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(1,994,319)</u>	<u>(394,720)</u>	<u>(497,556)</u>	<u>(102,836)</u>	<u>558,075</u>
	Other Financing Sources (Uses)					
7916	Premium on Issuance of Bonds		5,778,265	5,778,265		
7915	Transfers in	1,994,319	3,500,000	3,500,000		
8911	Transfers out					
7080	Total Other Financing Sources and (Uses)	<u>1,994,319</u>	<u>9,278,265</u>	<u>9,278,265</u>		
1200	Net Change in Fund Balance		8,883,545	8,780,709	(102,836)	558,075
0100	Fund Balance - Beginning	<u>13,574,428</u>	<u>13,574,428</u>	<u>13,574,428</u>		<u>13,016,353</u>
3000	Fund Balance - Ending	<u>\$13,574,428</u>	<u>\$ 22,457,973</u>	<u>\$ 22,355,137</u>	<u>\$ (102,836)</u>	<u>\$ 13,574,428</u>

(This page intentionally left blank.)

Fiduciary Funds

Agency Fund

Accounts for assets held by the District as an agent for employees and various student groups throughout the District.

Student Activity Fund

Accounts for assets held for various student groups throughout the District.

Employee Flex Plan Fund

Accounts for assets held for the employee's contributions to the District's Flex Plan.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Exhibit H-2

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Years Ended June 30, 2010 and 2009

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Student Activities				
Assets:				
Cash	\$ 1,520,315	\$4,095,981	\$ 3,888,243	\$ 1,728,053
Total Assets	\$ 1,520,315	\$4,095,981	\$ 3,888,243	\$ 1,728,053
Liabilities:				
Due to Student Groups	\$ 1,520,315	\$4,095,981	3,888,243	\$ 1,728,053
Total Liabilities	\$ 1,520,315	\$4,095,981	\$ 3,888,243	\$ 1,728,053
Employee Flex Plan				
Assets:				
Cash	\$ 127,735	\$4,229,081	\$ 4,263,013	\$ 93,803
Due From Other Funds		633,677		633,677
Total Assets	\$ 127,735	\$4,862,758	\$ 4,263,013	\$ 727,480
Liabilities:				
Payroll Deductions and Withholdings Payable	\$ 127,735	\$3,629,919	\$ 3,030,174	\$ 727,480
Total Liabilities	\$ 127,735	\$3,629,919	\$ 3,030,174	\$ 727,480
Total Agency Funds				
Assets:				
Cash and investments	\$ 1,648,050	\$8,325,062	\$ 8,151,256	\$ 1,821,856
Due From Other Funds		633,677		633,677
Total Assets	\$ 1,648,050	\$8,958,739	\$ 8,151,256	\$ 2,455,533
Liabilities:				
Payroll Deductions and Withholdings Payable	\$ 127,735	\$3,629,919	\$ 3,030,174	\$ 727,480
Due to Student Groups	1,520,315	4,095,981	3,888,243	1,728,053
Total Liabilities	\$ 1,648,050	\$7,725,900	\$ 6,918,417	\$ 2,455,533

Required TEA Schedules

Certain compliance schedules (Exhibits J-1, J-2, and J-3) are required by the Texas Education Agency and are not required disclosures in the Comprehensive Annual Financial Report.

The District's management has determined that federal or state approved and administrative budgets for selected special revenue fund programs are important for readers' use and has included non-appropriated budget comparisons for these programs in Exhibit J-4. The primary users of this information are the Board and District Management.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended June 30, 2010

Fiscal Year	Tax Year	Tax Rates			3 Assessed/Appraised Value for School Tax Purposes (A)	10 Beginning Balance 7/1/09
		1 Maintenance	2 Debt Service	Total		
2001 and prior	2000 and prior	Various	Various	Various	Various	\$ 1,183,760
2002	2001	1.6250	0.1850	1.7900	11,015,536,620	674,174
2003	2002	1.5850	0.2250	1.8100	11,744,714,990	675,294
2004	2003	1.5850	0.2250	1.8100	12,405,370,340	545,780
2005	2004	1.5750	0.2350	1.8100	12,977,434,570	745,973
2006	2005	1.5750	0.2350	1.8100	13,532,490,976	808,341
2007	2006	1.4365	0.1950	1.8100	14,561,929,849	863,002
2008	2007	1.0900	0.1950	1.2850	16,060,095,592	951,239
2009	2008	1.0900	0.2925	1.3825	16,513,320,868	3,822,695
2010	2009	1.0900	0.3045	1.3945	17,544,385,745	
1000 Totals						\$ 10,270,258
9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code (Function 97)						

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF
INDIRECT COST FOR 2011-2012
GENERAL AND SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2010

Exhibit J-2

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 12,475	\$249,717	\$ 525,542	\$ 4,095,281			\$ 4,883,015
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				37,651			37,651
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)							
6211	Legal Services	441,019						441,019
6212	Audit Services				167,450			167,450
6213	Tax Appraisal and Collection (Appraisal district costs <u>only</u> from function 99)		1,478,151					1,478,151
621X	Other Prof. Services	5,263	3,800		511,665			520,728
6240	Contr. Maint. and Repair					9,503		9,503
6260	Rentals			8,449	16,763	2,955		28,167
6290	Miscellaneous Contr.		1,251		254,646			255,897
6320	Textbooks and Reading			436.00	3,703			4,139
6330	Testing Materials							-
63XX	Other Supplies Materials	2,463	42,226	1,117	240,381			286,187
6410	Travel, Subsistence, Stipends	9,253	2,382	6,902	67,690			86,227
6420	Ins. and Bonding Costs		1,367					1,367
6430	Election Costs	28,280						28,280
6490	Miscellaneous Operating	41,402	2,317	16,895	177,723			238,337
6600	Capital Outlay							-
6000	TOTAL	\$ 540,155	\$ 1,781,211	\$ 559,341	\$ 5,572,953	\$ 12,458	\$ -	\$ 8,466,118

Total expenditures/expenses for General and Special Revenue Funds
 (plus Food Service Enterprise Fund if present) 9 \$313,436,568

Total Capital Outlay (6600)	10	\$ 3,307,914
Total Debt & Lease (6500)	11	367,933
Plant Maintenance (Function 51, 6100-6400)	12	26,806,679
Food (Function 35, 6341 and 6499)	13	6,769,689
Stipends (6413)	14	200
Column 4 (above) - Total Indirect Cost		5,572,953
Subtotal:		<u>\$ 42,825,368</u>
Net Allowed Direct Cost		<u>\$ 270,611,200</u>

Cumulative

Total Cost of Buildings before Depreciation (1520)	15	\$ 492,590,601
Historical Cost of Buildings over 50 years old	16	80,590,334
Amount of Federal Money in building Cost (Net of #16)	17	-
Total Cost of Furniture & Equipment before Depreciation (1530&1540)	18	13,853,272
Historical Cost of Furniture & Equipment over 16 years old	19	373,701
Amount of Federal Money in Furniture & Equipment (Net of #19)	20	-

(8) Note A - \$ - in Function 53 expenditures are included in this report on administrative costs.
\$ 1,478,151 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION SCHEDULE (UNAUDITED)
GENERAL FUND
June 30, 2010

Exhibit J-3

Data Control Code	Explanation	Amount
1.	Total General Fund Balance as of June 30, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 67,067,506
2.	Total Reserved Fund Balance (from Exhibit C-1 - Total of Object 3400s for the General Fund only)	2,784,089
3.	Total Designated Fund Balance (from Exhibit C-1 - Total of Object 3500s for the General Fund only)	23,486,558
4.	Estimated amount needed to cover Fall (7/1/09 - 11/30/09) cash flow deficits in the General Fund (net borrowed funds and funds representing deferred revenues)	37,570,000
5.	Estimate of Two Month's Average Cash Disbursements During Fiscal Year	41,572,908
6.	Estimate of delayed payments from state sources (58XX) including August payment delays	7,594,304
7.	Estimate of Underpayment from State Sources Equal to variance Between Legislative Payment Estimate and District Planning Estimate (DPE) or District's Calculated Earned State aid amount	
8.	Estimate of Delayed Payments from Federal Sources (59XX)	9,834,066
9.	Estimate of Expenditures to be Reimbursed to General Fund from Capital Projects Fund (Uses of Fund Cash after Bond Referendum and prior to Issuance of Bonds)	
10.	Adjustment to meet Board Policy	
11.	Optimum Fund Balance and Cash Flow (2+3+4+5+6+7+8+9+10)	<u>122,841,925</u>
12.	Excess/(Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 11)	<u>\$ (55,774,419)</u>

(This page intentionally left blank.)

Exhibit J-4

This exhibit includes budget and actual information for selected special revenue fund programs. These budgets are either approved and controlled by the federal government, state government, TEA, or are established by the District's administration to assist in controlling program expenditures and to aid management generally in oversight of these programs. These budgets are not considered Board "appropriated" budgets, but are reviewed by the Board in routine monthly financial reports received by the District's financial administrators.

In the case of federally funded programs (federal grants), most of which are passed through to the District by TEA, the Board accepts federal or state approved program budgets through specific agreements related to each grant received. In the case of local programs, the District's administration sets these budgets for purposes of controlling the use of program revenues.

Federal grants are included in program control codes 204 through 289. State grants are included in program control codes 392 through 429. Local programs are included in program control codes 461 through 498.

Data control codes prescribed by TEA in the *Financial Accountability System Resource Guide* have been included in this exhibit to provide consistency with financial reports that the District's financial administrators provide routinely to the Board and management.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

		204		
		Title IV, Part A Safe & Drug-Free Schools & Communities		
<u>Data Control Codes</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	131,193	104,104	(27,089)
5020	Total Revenues	<u>131,193</u>	<u>104,104</u>	<u>(27,089)</u>
	Expenditures			
0011	Instruction			
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services	131,193	104,104	27,089
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>131,193</u>	<u>104,104</u>	<u>27,089</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures	<u> </u>	<u> </u>	<u> </u>
0100	Fund Balance - Beginning	<u> </u>	<u> </u>	<u> </u>
3000	Fund Balance - Ending	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

211			213		
Title I, Part A- Improving Basic Programs			Even Start Literacy Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$	\$	\$
10,057,410	8,723,968	(1,333,442)	6,442	6,442	
<u>10,057,410</u>	<u>8,723,968</u>	<u>(1,333,442)</u>	<u>6,442</u>	<u>6,442</u>	
6,847,732	6,043,845	803,887			
10,822	10,816	6			
968,043	834,075	133,968			
494,145	166,040	328,105			
1,269,414	1,262,644	6,770			
11,010		11,010			
112,488	111,097	1,391			
10,500	765	9,735			
2,755	2,698	57			
330,501	291,988	38,513	6,442	6,442	
<u>10,057,410</u>	<u>8,723,968</u>	<u>1,333,442</u>	<u>6,442</u>	<u>6,442</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

224

Data Control Codes		IDEA, Part B Formula		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	7,173,496	6,985,663	(187,833)
5020	Total Revenues	<u>7,173,496</u>	<u>6,985,663</u>	<u>(187,833)</u>
	Expenditures			
0011	Instruction	5,995,722	5,882,089	113,633
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	147,144	69,139	78,005
0021	Instructional Leadership	46,328	41,907	4,421
0023	School Leadership	2,647	2,645	2
0031	Guidance, Counseling and Evaluation Services	602,223	532,914	69,309
0032	Social Work Services			
0033	Health Services	74,704	74,704	
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs	304,728	382,265	(77,537)
6030	Total Expenditures	<u>7,173,496</u>	<u>6,985,663</u>	<u>187,833</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

225			240		
IDEA, Part B Preschool Grant			National School Breakfast and Lunch		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$ 3,556,745	\$ 3,575,822	\$ 19,077
			361,000	513,307	152,307
122,369	122,369		11,645,000	11,729,890	84,890
122,369	122,369		15,562,745	15,819,019	256,274
122,369	122,369				
			14,944,184	14,942,597	1,587
			626,000	599,986	26,014
			25,000	24,715	285
122,369	122,369		15,595,184	15,567,298	27,886
			(32,439)	251,721	284,160
			(32,439)	251,721	284,160
			2,666,023	2,666,023	
\$	\$	\$	\$ 2,633,584	\$ 2,917,744	\$ 284,160

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SELECTED SPECIAL REVENUE FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

243

Data Control Codes		Voc Ed - Tech Prep		Variance Positive (Negative)
		Budget	Actual	
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	14,254	14,254	
5020	Total Revenues	<u>14,254</u>	<u>14,254</u>	
	Expenditures			
0011	Instruction	14,254	14,254	
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation			
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>14,254</u>	<u>14,254</u>	
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

244			255		
Voc Ed-Basic			Title II, Part A-Teacher & Principal Training & Recruiting		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$	\$	\$
459,042	459,042		2,378,542	1,970,025	(408,517)
<u>459,042</u>	<u>459,042</u>		<u>2,378,542</u>	<u>1,970,025</u>	<u>(408,517)</u>
422,535	422,535				
36,507	36,507		1,887,770	1,536,819	350,951
			478,468	421,888	56,580
			12,304	11,318	986
<u>459,042</u>	<u>459,042</u>		<u>2,378,542</u>	<u>1,970,025</u>	<u>408,517</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SELECTED SPECIAL REVENUE FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		262		
		Title II, Part D - Enhancing Education Through Technology		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	612,437	320,195	(292,242)
5020	Total Revenues	<u>612,437</u>	<u>320,195</u>	<u>(292,242)</u>
	Expenditures			
0011	Instruction	170,098	119,509	50,589
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	313,166	148,198	164,968
0021	Instructional Leadership	129,173	52,488	76,685
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>612,437</u>	<u>320,195</u>	<u>292,242</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

263			265		
Title III, Part A - LEP			Texas 21st Century Learning Centers Cycle		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$	\$	\$
1,406,548	1,202,189	(204,359)	34,176	14,716	(19,460)
<u>1,406,548</u>	<u>1,202,189</u>	<u>(204,359)</u>	<u>34,176</u>	<u>14,716</u>	<u>(19,460)</u>
928,693	827,264	101,429			
419,076	316,836	102,240			
4,862	4,699	163	2,660	1,482	1,178
			18,282		18,282
53,917	53,390	527	13,234	13,234	
<u>1,406,548</u>	<u>1,202,189</u>	<u>204,359</u>	<u>34,176</u>	<u>14,716</u>	<u>19,460</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

266

Data Control Codes		ARRA State Stabilization		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	9,301,763	9,117,039	(184,724)
5020	Total Revenues	<u>9,301,763</u>	<u>9,117,039</u>	<u>(184,724)</u>
	Expenditures			
0011	Instruction	6,324,308	6,324,306	2
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership	844,658	751,567	93,091
0031	Guidance, Counseling and Evaluation Services	140,324	93,285	47,039
0032	Social Work Services			
0033	Health Services	309,236	285,550	23,686
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations	1,263,410	1,263,410	
0052	Security and Monitoring Services			
0053	Data Processing Services	419,827	398,921	20,906
0061	Community Services			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>9,301,763</u>	<u>9,117,039</u>	<u>184,724</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers In			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

274			279		
Gear Up			Title II Part D ARRA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$	\$	\$
741,125	495,875	(245,250)	1,151,814	764,966	(386,848)
<u>741,125</u>	<u>495,875</u>	<u>(245,250)</u>	<u>1,151,814</u>	<u>764,966</u>	<u>(386,848)</u>
279,655	213,347	66,308	645,880	628,639	17,241
26,392	16,586	9,806	470,369	123,649	346,720
306,761	195,382	111,379	35,565	12,678	22,887
429	141	288			
22,691	1,044	21,647			
88,032	63,650	24,382			
250	228	22			
298		298			
493	72	421			
51		51			
13,986	5,425	8,561			
<u>739,038</u>	<u>495,875</u>	<u>243,163</u>	<u>1,151,814</u>	<u>764,966</u>	<u>386,848</u>
2,087		(2,087)			
<u>2,087</u>		<u>(2,087)</u>			
<u>\$ 2,087</u>	<u>\$</u>	<u>\$ (2,087)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		281		
		21st Century Community Learning Center - HCDE		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	690,334	686,759	(3,575)
5020	Total Revenues	<u>690,334</u>	<u>686,759</u>	<u>(3,575)</u>
	Expenditures			
0011	Instruction			
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation			
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	690,334	686,759	3,575
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>690,334</u>	<u>686,759</u>	<u>3,575</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

283

284

<u>IDEA, Part B Formula - ARRA</u>			<u>IDEA, Part B Preschool - ARRA</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$	\$	\$	\$	\$	\$
6,304,881	4,245,715	(2,059,166)	165,482	76,415	(89,067)
<u>6,304,881</u>	<u>4,245,715</u>	<u>(2,059,166)</u>	<u>165,482</u>	<u>76,415</u>	<u>(89,067)</u>
4,209,234	2,452,132	1,757,102	165,482	76,415	89,067
300,590	131,445	169,145			
190,532	89,567	100,965			
54,525	47,947	6,578			
1,550,000	1,524,624	25,376			
<u>6,304,881</u>	<u>4,245,715</u>	<u>2,059,166</u>	<u>165,482</u>	<u>76,415</u>	<u>89,067</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		285		
		Title I, Part A-Improving Basic Programs - ARRA		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues			
5900	Federal Program Revenues	4,347,396	2,282,488	(2,064,908)
5020	Total Revenues	<u>4,347,396</u>	<u>2,282,488</u>	<u>(2,064,908)</u>
	Expenditures			
0011	Instruction	4,122,681	2,195,095	1,927,586
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	5,026	5,026	
0021	Instructional Leadership	96,417	72,176	24,241
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation	1,824	1,824	
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services	4,800	1,325	3,475
0053	Data Processing Services			
0061	Community Services	116,648	7,042	109,606
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>4,347,396</u>	<u>2,282,488</u>	<u>2,064,908</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

287			289		
Project Dual Language			Other federal programs-Clean School Bus Grant, others		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$	\$	\$	\$ 500	\$	\$ (500)
89,700	41,194	(48,506)	477,754	502,125	24,371
89,700	41,194	(48,506)	478,254	502,125	23,871
			99,012	98,516	496
53,293	22,975	30,318	203,660	185,465	18,195
36,407	18,219	18,188	24,961	18,040	6,921
			1,762	1,762	
			148,859	148,771	88
				49,571	(49,571)
89,700	41,194	48,506	478,254	502,125	(23,871)
\$	\$	\$	\$	\$	\$

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SELECTED SPECIAL REVENUE FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

392

Data Control Codes	Non-EDUC. Community Based			
	Budget	Actual	Variance Positive (Negative)	
Revenues				
5700	Local, Intermediate and Out-of-State	\$ 27,125	\$ 11,050	\$ (16,075)
5800	State Program Revenues			
5900	Federal Program Revenues			
5020	Total Revenues	<u>27,125</u>	<u>11,050</u>	<u>(16,075)</u>
Expenditures				
0011	Instruction			
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services	27,125	11,050	16,075
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>27,125</u>	<u>11,050</u>	<u>16,075</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures	<u> </u>	<u> </u>	<u> </u>
0100	Fund Balance - Beginning	<u> </u>	<u> </u>	<u> </u>
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

393

394

<u>Texas Successful School Funds</u>			<u>Life Skills Grant for Students Parents -RD 61</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 5,850	\$ 4,234	\$ (1,616)	\$ 108,835	\$ 108,835	\$
<u>5,850</u>	<u>4,234</u>	<u>(1,616)</u>	<u>108,835</u>	<u>108,835</u>	
5,850	4,234	1,616			
			108,835	108,835	
<u>5,850</u>	<u>4,234</u>	<u>1,616</u>	<u>108,835</u>	<u>108,835</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SELECTED SPECIAL REVENUE FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		397 Teacher Pool / Teacher Training Reimbursement		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues	189,183	65,599	(123,584)
5900	Federal Program Revenues			
5020	Total Revenues	<u>189,183</u>	<u>65,599</u>	<u>(123,584)</u>
	Expenditures			
0011	Instruction	184,961	61,377	123,584
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	4,222	4,222	
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>189,183</u>	<u>65,599</u>	<u>123,584</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers In			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures	<u> </u>	<u> </u>	<u> </u>
0100	Fund Balance - Beginning	<u> </u>	<u> </u>	<u> </u>
3000	Fund Balance - Ending	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

401			404		
Optional Extended Year Program			Accelerated Reading Instruction		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 129,418	\$ 127,715	\$ (1,703)	\$ 329,239	\$ 297,533	\$ (31,706)
<u>129,418</u>	<u>127,715</u>	<u>(1,703)</u>	<u>329,239</u>	<u>297,533</u>	<u>(31,706)</u>
123,193	121,715	1,478	210,404	184,693	25,711
			118,835	112,840	5,995
6,000	6,000				
<u>129,193</u>	<u>127,715</u>	<u>1,478</u>	<u>329,239</u>	<u>297,533</u>	<u>31,706</u>
225		(225)			
<u>225</u>		<u>(225)</u>			
<u>\$ 225</u>	<u>\$</u>	<u>\$ (225)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		409		
		Texas High School Completion & Success, Cycle 3		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues	455,295	177,045	(278,250)
5900	Federal Program Revenues			
5020	Total Revenues	<u>455,295</u>	<u>177,045</u>	<u>(278,250)</u>
	Expenditures			
0011	Instruction	230,321	57,632	172,689
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development	7,611	3,617	3,994
0021	Instructional Leadership	182,548	108,300	74,248
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	34,815	7,496	27,319
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>455,295</u>	<u>177,045</u>	<u>278,250</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures	<u> </u>	<u> </u>	<u> </u>
0100	Fund Balance - Beginning	<u> </u>	<u> </u>	<u> </u>
3000	Fund Balance - Ending	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

411			415		
Technology Fund			Pre-Kindergaren Expansion Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 871,414	\$ 885,879	\$ 14,465	\$ 1,284,712	\$ 1,248,308	\$ (36,404)
<u>871,414</u>	<u>885,879</u>	<u>14,465</u>	<u>1,284,712</u>	<u>1,248,308</u>	<u>(36,404)</u>
382,797	291,447	91,350	1,261,958	1,225,554	36,404
			22,754	22,754	
1,453,629	619,663	833,966			
<u>1,836,426</u>	<u>911,110</u>	<u>925,316</u>	<u>1,284,712</u>	<u>1,248,308</u>	<u>36,404</u>
(965,012)	(25,231)	939,781			
<u>(965,012)</u>	<u>(25,231)</u>	<u>939,781</u>			
966,078	966,078				
<u>\$ 1,066</u>	<u>\$ 940,847</u>	<u>\$ 939,781</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

426

Data Control Codes		Texas Educator Excellence Award		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$	\$	\$
5800	State Program Revenues	928,901	744,336	(184,565)
5900	Federal Program Revenues			
5020	Total Revenues	<u>928,901</u>	<u>744,336</u>	<u>(184,565)</u>
	Expenditures			
0011	Instruction	764,056	693,421	70,635
0012	Instructional Resources and Media Services	5,107	1,386	3,721
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership	59,224	8,714	50,510
0023	School Leadership	25,878	12,715	13,163
0031	Guidance, Counseling and Evaluation Services	35,772	7,845	27,927
0032	Social Work Services	883		883
0033	Health Services	5,548	3,408	2,140
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities			
0041	General Administration			
0051	Facilities Maintenance and Operations	26,790	15,237	11,553
0052	Security and Monitoring Services	3,465	1,610	1,855
0053	Data Processing Services			
0061	Community Services	2,178		2,178
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>928,901</u>	<u>744,336</u>	<u>184,565</u>
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

461

Data Control Codes		Campus Activity Fund		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$ 1,700,000	\$ 1,053,835	\$ (646,165)
5800	State Program Revenues			
5900	Federal Program Revenues			
5020	Total Revenues	<u>1,700,000</u>	<u>1,053,835</u>	<u>(646,165)</u>
	Expenditures			
0011	Instruction	792,361	655,541	136,820
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership	845,000	535,565	309,435
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation			
0035	Food Services			
0036	Cocurricular/Extracurricular Activities	12,639	12,639	
0041	General Administration			
0051	Facilities Maintenance and Operations			
0052	Security and Monitoring Services			
0053	Data Processing Services			
0061	Community Services	50,000	26,038	23,962
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>1,700,000</u>	<u>1,229,783</u>	<u>470,217</u>
1100	Net Change in Fund Balance		<u>(175,948)</u>	<u>(175,948)</u>
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures		(175,948)	(175,948)
0100	Fund Balance - Beginning	965,936	965,936	
3000	Fund Balance - Ending	<u>\$ 965,936</u>	<u>\$ 789,988</u>	<u>\$ (175,948)</u>

480			481		
Locally Funded			Fund for Teachers Grant		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 227,585	\$ 138,876	\$ (88,709)	\$	\$ 75,226	\$ 75,226
<u>227,585</u>	<u>138,876</u>	<u>(88,709)</u>	<u></u>	<u>75,226</u>	<u>75,226</u>
56,184	39,152	17,032			
555		555			
2,564	972	1,592			
7,753	1,248	6,505			
156,739	95,796	60,943			
643		643			
3,147	1,708	1,439			
<u>227,585</u>	<u>138,876</u>	<u>88,709</u>	<u></u>	<u></u>	<u></u>
				<u>75,226</u>	<u>75,226</u>
				75,226	75,226
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 75,226</u>	<u>\$ 75,226</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SELECTED SPECIAL REVENUE FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

482

Data Control Codes	SEPA		Variance Positive (Negative)	
	Budget	Actual		
Revenues				
5700	Local, Intermediate and Out-of-State	\$ 9,500	\$ 9,500	\$
5800	State Program Revenues			
5900	Federal Program Revenues			
5020	Total Revenues	<u>9,500</u>	<u>9,500</u>	
Expenditures				
0011	Instruction	9,500	9,500	
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation			
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			
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>9,500</u>	<u>9,500</u>	
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

484			485		
Visually Impaired-Region IV			Donations - Locally Funded		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 13,500	\$ 13,500	\$	\$ 2,143,760	\$ 2,261,100	\$ 117,340
<u>13,500</u>	<u>13,500</u>		<u>2,143,760</u>	<u>2,261,100</u>	<u>117,340</u>
13,500	13,500		1,323,405	1,140,920	182,485
			13,136	10,492	2,644
			29,910	27,346	2,564
			66,231	(1,974)	68,205
			5,000	5,000	
			1,933	1,848	85
			18,366	10,727	7,639
			43,976	5,749	38,227
			18,648	8,023	10,625
			4,602	3,567	1,035
			1,126,624	176,563	950,061
			327,412	184,951	142,461
			176,326	126,754	49,572
<u>13,500</u>	<u>13,500</u>		<u>3,155,569</u>	<u>1,699,966</u>	<u>1,455,603</u>
			(1,011,809)	561,134	1,572,943
			(1,011,809)	561,134	1,572,943
			1,023,523	1,023,523	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 11,714</u>	<u>\$ 1,584,657</u>	<u>\$ 1,572,943</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

486

Data Control Codes		Annenberg Challenge		
		Budget	Actual	Variance Positive (Negative)
	Revenues			
5700	Local, Intermediate and Out-of-State	\$ 2,755	\$ 2,755	\$
5800	State Program Revenues			
5900	Federal Program Revenues			
5020	Total Revenues	<u>2,755</u>	<u>2,755</u>	
	Expenditures			
0011	Instruction			
0012	Instructional Resources and Media Services			
0013	Curriculum and Instructional Staff Development			
0021	Instructional Leadership			
0023	School Leadership			
0031	Guidance, Counseling and Evaluation Services			
0032	Social Work Services			
0033	Health Services			
0034	Student Transportation			
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	2,755	2,755	
0081	Capital Outlay			
0093	Payments to Districts of SSAs			
6030	Total Expenditures	<u>2,755</u>	<u>2,755</u>	
1100	Net Change in Fund Balance			
8911	Operating Transfers Out			
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures			
0100	Fund Balance - Beginning			
3000	Fund Balance - Ending	<u>\$</u>	<u>\$</u>	<u>\$</u>

492			494		
Project AIM-Fine Arts Initiative			After School Achievement Program		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$ 95,898	\$ 94,117	\$ (1,781)	\$ 50,000	\$ 49,949	\$ (51)
<u>95,898</u>	<u>94,117</u>	<u>(1,781)</u>	<u>50,000</u>	<u>49,949</u>	<u>(51)</u>
88,891	88,891				
6,992	5,226	1,766			
			50,000	49,949	51
<u>95,883</u>	<u>94,117</u>	<u>1,766</u>	<u>50,000</u>	<u>49,949</u>	<u>51</u>
<u>15</u>		<u>(15)</u>			
15		(15)			
<u>\$ 15</u>	<u>\$</u>	<u>\$ (15)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

Exhibit J-4

Page 15 of 15

IN FUND BALANCE - BUDGET AND ACTUAL

SELECTED SPECIAL REVENUE FUND PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Data Control Codes		All Programs		
		Totals		Variance Positive (Negative)
		Budget	Actual	
	Revenues			
5700	Local, Intermediate and Out-of-State	\$ 7,828,435	\$ 7,285,730	\$ (542,705)
5800	State Program Revenues	5,060,789	4,372,615	(688,174)
5900	Federal Program Revenues	57,311,158	49,865,433	(7,445,725)
5020	Total Revenues	<u>70,200,382</u>	<u>61,523,778</u>	<u>(8,676,604)</u>
	Expenditures			
0011	Instruction	36,147,312	30,174,176	5,973,136
0012	Instructional Resources and Media Services	29,620	22,694	6,926
0013	Curriculum and Instructional Staff Development	4,789,950	3,406,043	1,383,907
0021	Instructional Leadership	2,357,620	1,383,035	974,585
0023	School Leadership	1,746,366	1,330,387	415,979
0031	Guidance, Counseling and Evaluation Services	2,603,299	2,292,521	310,778
0032	Social Work Services	88,915	63,650	25,265
0033	Health Services	427,623	374,712	52,911
0034	Student Transportation	1,672,074	1,645,307	26,767
0035	Food Services	14,944,434	14,942,825	1,609
0036	Cocurricular/Extracurricular Activities	31,946	23,366	8,580
0041	General Administration	43,976	5,749	38,227
0051	Facilities Maintenance and Operations	1,945,841	1,887,493	58,348
0052	Security and Monitoring Services	189,532	182,686	6,846
0053	Data Processing Services	3,000,080	1,195,147	1,804,933
0061	Community Services	1,707,673	1,348,495	359,178
0081	Capital Outlay	176,326	176,325	1
0093	Payments to Districts of SSAs	304,728	382,265	(77,537)
6030	Total Expenditures	<u>72,207,315</u>	<u>60,836,876</u>	<u>11,370,439</u>
1100	Net Change in Fund Balance	<u>(2,006,933)</u>	<u>686,902</u>	<u>2,693,835</u>
8911	Operating Transfers Out		(78,451)	78,451
1200	Excess (Deficiency) Revenues and other financing sources Over Expenditures	(2,006,933)	608,451	2,772,286
0100	Fund Balance - Beginning	5,700,011	5,700,011	
3000	Fund Balance - Ending	<u>\$ 3,693,078</u>	<u>\$ 6,308,462</u>	<u>\$ 2,772,286</u>

Statistical Section (Unaudited)

The statistical section of the Spring Branch Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

Financial Trends

These schedules contain trend information to show how the District's financial performance and position have changed over time.

Revenue Capacity

These schedules contain information to help assess the factors affecting the District's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help assess the affordability of the District's current debt burden and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.

Operating Information

These schedules provide information about the District's operations and resources to assist in using the financial statement information to better understand and assess the District's economic condition.

(This page intentionally left blank.)

Spring Branch Independent School District

General Information Regarding the District

(Unaudited)

General

Spring Branch Independent School District, encompassing 41 square miles, is located in Harris County, a Gulf Coast County in Southeast Texas. The District is located approximately 10 miles from downtown Houston and includes part of the City of Houston and the incorporated villages of Bunker Hill, Hedwig, Hilshire, Hunters Creek, Piney Point and Spring Valley. Interstate Highway 10 (I.H. 10) runs east-west through the center of the District and Interstate 610, the inner loop, forms the District's eastern boundary.

Education

The Spring Branch Independent School District serves approximately 32,000 students in 25 elementary, 7 traditional middle, 4 traditional high, 2 charter, 5 pre-kindergarten and 3 special campuses. The District's schools are well-known for academics and an outstanding college preparatory program.

Economy

Harris County and the Houston Metropolitan area comprise a leading region of business development in the nation. The economy is based on petrochemicals, tourism, shipping, refining, chemicals, space exploration, medical research, manufacturing and education. The West Houston area, of which the District is a major component, is recognized as one of the most active centers of business and industrial development in the region. Industry in the District includes manufacturers of oil field machinery and equipment, fabricated metals, lumber, plastic and rubber products, tools and nonelectric machinery.

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.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities:				
Invested in Capital Assets,				
Net of Related Debt	\$ 51,888,293	\$ 40,624,417	\$ 29,521,229	\$ 11,882,008
Restricted	17,731,468	10,068,647	10,343,604	12,207,679
Unrestricted	59,686,394	64,641,979	67,754,083	76,198,602
Total Governmental Activities Net Assets	<u>\$ 129,306,155</u>	<u>\$ 115,335,043</u>	<u>\$ 107,618,916</u>	<u>\$ 100,288,289</u>
Business-type Activities:				
Invested in Capital Assets,				
Net of Related Debt	\$ 87,788	\$	\$	\$
Unrestricted	625,149	953,903	1,040,489	1,169,174
Total Business-type Activities Net Assets	<u>\$ 712,937</u>	<u>\$ 953,903</u>	<u>\$ 1,040,489</u>	<u>\$ 1,169,174</u>
Primary Government:				
Invested in Capital Assets,				
Net of Related Debt	\$ 51,976,081	\$ 40,624,417	\$ 29,521,229	\$ 11,882,008
Restricted	17,731,468	10,068,647	10,343,604	12,207,679
Unrestricted	60,311,543	65,595,882	68,794,572	77,367,776
Total Primary Government Net Assets	<u>\$ 130,019,092</u>	<u>\$ 116,288,946</u>	<u>\$ 108,659,405</u>	<u>\$ 101,457,463</u>

Due to the implementation of GASB Statement No. 34 effective September 1, 2001, comparative data is only available for the past nine years.

Note: The District changed the fiscal year end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

Table 1

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 12,847,356	\$ 13,493,315	\$ 11,502,612	\$ 10,476,194	\$ (4,018,722)
12,536,009	13,519,370	14,943,655	12,580,977	15,372,364
59,978,617	55,221,665	50,151,217	28,762,139	34,341,594
<u>\$ 85,361,982</u>	<u>\$ 82,234,350</u>	<u>\$ 76,597,484</u>	<u>\$ 51,819,310</u>	<u>\$ 45,695,236</u>
\$ 1,476,976	\$ 1,299,374	\$ 1,007,167	\$ 1,108,845	\$ 1,316,277
<u>\$ 1,476,976</u>	<u>\$ 1,299,374</u>	<u>\$ 1,007,167</u>	<u>\$ 1,108,845</u>	<u>\$ 1,316,277</u>
\$ 12,847,356	\$ 13,493,315	\$ 11,502,612	\$ 10,476,194	\$ (4,018,722)
12,536,009	13,519,370	14,943,655	12,580,977	15,372,364
61,455,593	56,521,039	51,158,384	29,870,984	35,657,871
<u>\$ 86,838,958</u>	<u>\$ 83,533,724</u>	<u>\$ 77,604,651</u>	<u>\$ 52,928,155</u>	<u>\$ 47,011,513</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Expenses				
Governmental Activities:				
Instruction	\$ 193,356,124	\$ 188,009,562	\$ 185,928,189	\$ 168,841,826
Instructional Resources and Media Services	3,493,605	3,586,375	4,008,100	4,650,928
Curriculum and Instructional Staff Development	7,373,266	7,707,441	8,278,919	8,337,524
Instructional Leadership	4,650,828	3,515,095	3,170,962	3,190,038
School Leadership	18,457,940	17,303,406	17,372,720	16,855,633
Guidance, Counseling, and Evaluation Services	12,424,778	10,453,989	10,366,093	10,321,466
Social Work Services	427,390	555,754	503,079	485,614
Health Services	3,364,031	3,357,452	3,123,632	2,893,949
Student Transportation	7,270,976	7,225,731	7,468,318	6,211,246
Food Services	14,902,668	13,911,311	13,654,670	15,221,088
Cocurricular/Extracurricular Activities	4,947,829	4,987,685	4,698,510	5,593,250
General Administration	7,002,494	5,974,050	5,772,859	7,898,090
Plant Maintenance and Operations	27,592,294	27,369,870	25,419,506	24,582,865
Security and Monitoring Services	3,241,718	3,475,434	2,942,103	3,215,290
Data Processing Services	8,904,479	5,950,202	5,308,636	3,524,631
Community Services	2,060,316	2,468,312	2,802,352	3,081,263
Interest on Long-term Debt	28,614,947	25,672,470	18,767,462	17,876,764
Bond Issuance Costs and Fees	548,555	546,265	528,639	366,524
Facilities Acquisition and Construction	3,592,489	1,660,229	358,142	1,137,853
Purchase of WADA		7,273,270	6,501,316	19,073,000
Payments related to Shared Service Arrangements	382,265	215,695	34,818	165,907
Payments to JJAEP	75,600	75,607	56,700	78,364
Other Intergovernmental Charges	1,478,151	1,793,664	1,618,331	
Total Governmental Activities Expenses	<u>354,162,743</u>	<u>343,088,869</u>	<u>328,684,056</u>	<u>323,603,113</u>
Business-type Activities:				
Athletic Rentals/Concessions	613,268	486,677	401,312	446,938
After School Programs	216,640	226,157	224,983	220,056
Employee Childcare	1,779,049	1,686,910	1,435,259	1,256,971
Community Education	436,089	458,669	524,671	576,212
Fine Arts	100,013	103,290	92,749	314,215
Facility Rentals	49,858	46,024	52,273	22,678
Summer School	352,134	195,108	331,392	344,020
Other	21,159	28,860	7,621	26,744
Total Business-type Activities Expenses	<u>3,568,210</u>	<u>3,231,695</u>	<u>3,070,260</u>	<u>3,207,834</u>
Total Primary Government Expenses	<u>357,730,953</u>	<u>346,320,564</u>	<u>331,754,316</u>	<u>326,810,947</u>

Table 2
Page 1 of 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 164,083,413	\$ 153,126,874	\$136,849,281	\$ 154,608,137	\$ 143,303,948
4,905,090	4,450,031	4,115,100	4,635,328	4,134,604
6,340,022	8,225,180	6,905,515	8,407,699	7,537,425
3,713,364	4,329,509	3,281,034	3,656,163	3,740,028
15,969,717	14,868,753	13,305,642	15,342,439	13,852,138
10,150,848	11,142,694	9,590,276	10,509,567	9,124,951
955				
2,500,750	2,448,438	2,221,101	2,418,032	2,109,345
6,813,249	6,784,352	5,738,580	6,424,606	5,988,613
14,813,150	12,769,578	11,251,434	12,000,164	9,895,407
5,223,067	5,115,201	4,382,123	4,714,691	3,123,451
7,661,148	7,616,872	6,339,976	7,489,191	6,991,033
23,288,901	22,593,810	18,954,831	23,610,976	23,567,284
2,437,361	2,232,941	1,876,231	2,383,320	2,341,998
4,569,241	3,697,374	3,667,914	4,433,162	4,132,793
2,840,558	2,641,016	2,499,690	2,207,090	1,490,467
17,857,018	17,839,740	14,053,195	16,879,394	17,338,093
254,920	85,937	521		
2,533,309	1,417,457	1,286,525	1,563,596	4,617,641
17,454,165	12,623,603	2,340,021		
8,844	57,750	50,953		72,900
313,419,090	294,067,110	248,709,943	281,283,555	263,362,119
566,382				
179,392	2,739,188	2,362,715	2,912,798	2,576,200
1,099,880				
508,824				
310,285				
17,601				
134,483				
2,816,847	2,739,188	2,362,715	2,912,798	2,576,200
316,235,937	296,806,298	251,072,658	284,196,353	265,938,319

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Instruction	\$ 1,467,644	\$ 1,109,270	\$ 1,631,010	\$ 1,779,506
Food Services	3,570,466	3,354,439	3,448,932	3,607,219
Cocurricular/Extracurricular Activities	329,822	303,404	366,946	339,139
Other Activities	509,814	415,681	369,316	344,793
Operating Grants and Contributions	73,233,585	58,428,248	55,747,293	57,058,325
Total Governmental Activities Program Revenues	<u>79,111,331</u>	<u>63,611,042</u>	<u>61,563,497</u>	<u>63,128,982</u>
Business-type Activities:				
Charges for Services:				
Athletic Rentals/Concessions	525,572	498,424	337,980	474,768
After School Programs	200,170	207,380	245,110	211,482
Employee Childcare	1,663,200	1,472,076	1,313,612	1,208,149
Community Education	406,384	458,394	513,213	498,930
Fine Arts	108,209	110,513	110,582	270,079
Facility Rentals	90,241	90,241	90,916	37,919
Summer School	276,486	237,615	262,718	254,333
Other	55,480	54,833	13,286	44,523
Total Business-type Activities Program Revenues	<u>3,325,742</u>	<u>3,129,476</u>	<u>2,887,417</u>	<u>3,000,183</u>
Total Primary Government Program Revenues	<u>82,437,073</u>	<u>66,740,518</u>	<u>64,450,914</u>	<u>66,129,165</u>
Net (Expense)/Revenue				
Governmental Activities	(275,051,412)	(279,477,827)	(267,120,559)	(260,474,131)
Business-type Activities	(242,468)	(102,219)	(182,843)	(207,651)
Total Primary Government Net (Expense)/Revenue	<u>(275,293,880)</u>	<u>(279,580,046)</u>	<u>(267,303,402)</u>	<u>(260,681,782)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes, Levied for General Purposes	\$ 186,369,188	\$ 176,011,657	\$ 163,727,834	\$ 198,833,041
Property Taxes, Levied for Debt Service	55,814,168	50,472,698	31,025,813	27,010,508
Investment Earnings	1,500,688	6,792,037	6,172,347	7,853,073
State Aid - Formula Grants - Unrestricted	43,702,903	60,682,496	68,922,483	38,204,271
Grants and Contributions Not Restricted to Specific Programs		49,655	35,131	1,281,779
Gain on Sale of Capital Assets			55,471	
Miscellaneous	1,635,569	388,020	4,512,107	192,597
Transfers				188,550
Total Governmental Activities	<u>289,022,516</u>	<u>294,396,563</u>	<u>274,451,186</u>	<u>273,563,819</u>
Business-type Activities:				
Investment Earnings	1,503	15,633	54,158	88,399
Transfers				(188,550)
Total Business-type Activities	<u>1,503</u>	<u>15,633</u>	<u>54,158</u>	<u>(100,151)</u>
Total Primary Government	<u>\$ 289,024,019</u>	<u>\$ 294,412,196</u>	<u>\$ 274,505,344</u>	<u>\$ 273,463,668</u>
Change in Net Assets				
Governmental Activities	\$ 13,971,104	\$ 14,918,737	\$ 7,330,627	\$ 13,089,688
Business-type Activities	(240,965)	(86,586)	(128,685)	(307,802)
Total Primary Government	<u>\$ 13,730,139</u>	<u>\$ 14,832,151</u>	<u>\$ 7,201,942</u>	<u>\$ 12,781,886</u>

Due to the implementation of GASB Statement No. 34 effective September 1, 2001, comparative data is only available for the past nine years.

Note: The District changed the fiscal year end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

Table 2
Page 2 of 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 995,600	\$ 1,938,429	\$ 1,542,386	\$ 2,133,835	\$ 4,436,590
3,617,136	3,408,531	2,966,358	3,269,814	3,145,504
316,959	367,828	344,126	338,165	314,091
449,620	214,452	324,387	1,421,578	210,783
<u>60,282,466</u>	<u>52,268,535</u>	<u>42,220,580</u>	<u>48,811,489</u>	<u>37,777,842</u>
<u>65,661,781</u>	<u>58,197,775</u>	<u>47,397,837</u>	<u>55,974,881</u>	<u>45,884,810</u>
512,801				
187,190	3,031,395	2,261,037	2,705,366	2,649,067
1,160,373				
589,775				
296,648				
70,238				
177,425				
<u>2,994,450</u>	<u>3,031,395</u>	<u>2,261,037</u>	<u>2,705,366</u>	<u>2,649,067</u>
<u>68,656,231</u>	<u>61,229,170</u>	<u>49,658,874</u>	<u>58,680,247</u>	<u>48,533,877</u>
(247,757,309)	(235,869,335)	(201,312,106)	(225,308,674)	(217,477,309)
177,603	292,207	(101,678)	(207,432)	72,867
<u>(247,579,706)</u>	<u>(235,577,128)</u>	<u>(201,413,784)</u>	<u>(225,516,106)</u>	<u>(217,404,442)</u>
\$ 201,339,103	\$192,426,174	\$185,152,561	\$175,297,674	\$169,214,068
30,016,334	28,672,405	26,305,249	25,073,311	19,257,257
6,417,813	3,490,067	1,562,256	4,121,040	6,250,824
10,754,435	16,700,268	12,647,947	25,614,712	21,774,642
96,433	132,236	120,969	171,471	1,137,146
		29,198	(57,457)	
2,260,823	85,051	272,100	26,990	437,760
<u>250,884,941</u>	<u>241,506,201</u>	<u>226,090,280</u>	<u>230,247,741</u>	<u>218,071,697</u>
				31,748
				<u>31,748</u>
<u>\$ 250,884,941</u>	<u>\$ 241,506,201</u>	<u>\$ 226,090,280</u>	<u>\$ 230,247,741</u>	<u>\$ 218,103,445</u>
\$ 3,127,632	\$ 5,636,866	\$ 24,778,174	\$ 4,939,067	\$ 594,388
177,603	292,207	(101,678)	(207,432)	104,615
<u>\$ 3,305,235</u>	<u>\$ 5,929,073</u>	<u>\$ 24,676,496</u>	<u>\$ 4,731,635</u>	<u>\$ 699,003</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund				
Reserved	\$ 2,784,089	\$ 4,386,219	\$ 1,784,863	\$ 1,263,374
Unreserved	<u>64,283,417</u>	<u>67,605,320</u>	<u>71,331,413</u>	<u>68,943,868</u>
Total General Fund	<u>\$ 67,067,506</u>	<u>\$ 71,991,539</u>	<u>\$ 73,116,276</u>	<u>\$ 70,207,242</u>
All Other Governmental Funds				
Reserved	\$ 99,632,905	\$ 78,819,120	\$ 18,546,897	\$ 16,808,909
Unreserved, Reported in:				
Capital Projects Funds	97,539,935	113,773,001	215,776,266	39,480,586
Special Revenue Funds	<u>1,478,813</u>	<u>1,989,459</u>	<u>1,740,969</u>	<u>2,346,489</u>
Total All Other Governmental Funds	<u>\$ 198,651,653</u>	<u>\$ 194,581,580</u>	<u>\$236,064,132</u>	<u>\$ 58,635,984</u>

Table 3

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 1,456,666	\$ 1,549,451	\$ 1,693,225	\$ 1,503,523	\$ 1,673,294	\$ 2,325,180
62,013,460	58,192,284	56,626,810	36,641,549	33,163,652	29,209,833
<u>\$ 63,470,126</u>	<u>\$ 59,741,735</u>	<u>\$ 58,320,035</u>	<u>\$ 38,145,072</u>	<u>\$ 34,836,946</u>	<u>\$ 31,535,013</u>
\$ 17,047,132	\$ 18,094,344	\$ 20,754,983	\$ 12,023,332	\$ 12,872,816	\$ 15,805,391
46,497,233	68,092,803	120,880,781	44,798,186	88,987,780	107,375,514
2,024,563	2,406,846	802,394		90,000	5,877,492
<u>\$ 65,568,928</u>	<u>\$ 88,593,993</u>	<u>\$142,438,158</u>	<u>\$ 56,821,518</u>	<u>\$101,950,596</u>	<u>\$129,058,397</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues				
Local, Intermediate, and Out-of-State	\$ 253,981,109	\$ 244,097,720	\$ 215,799,169	\$ 244,267,377
State Programs	60,814,817	81,722,458	89,327,975	57,741,605
Federal Programs	52,486,989	33,676,081	31,013,102	34,402,367
Total Revenues	<u>367,282,915</u>	<u>359,496,259</u>	<u>336,140,246</u>	<u>336,411,349</u>
Expenditures				
Current:				
Instruction	184,796,121	177,209,859	175,516,066	162,853,195
Instructional Resources and Media Services	3,496,617	3,549,537	4,028,713	3,604,751
Curriculum and Instructional Staff Development	7,287,043	7,624,433	8,272,914	8,257,064
Instructional Leadership	4,647,966	3,534,219	3,170,813	3,090,647
School Leadership	18,488,195	17,330,300	17,387,777	16,249,965
Guidance, Counseling, and Evaluation Services	12,418,147	10,488,296	10,492,932	10,134,864
Social Work Services	426,309	557,289	504,733	484,505
Health Services	3,370,129	3,362,808	3,130,192	2,779,868
Student Transportation	8,245,515	6,462,952	12,708,935	6,972,552
Food Services	14,942,825	13,933,367	13,040,231	15,529,950
Cocurricular/Extracurricular Activities	4,847,878	4,698,673	4,426,433	4,214,196
General Administration	6,987,967	5,880,489	5,623,606	7,697,726
Plant Maintenance and Operations	27,210,044	26,720,387	24,851,673	23,873,548
Security and Monitoring Services	3,356,088	3,614,005	2,925,198	3,193,102
Data Processing Services	8,686,842	5,967,460	6,053,099	3,962,792
Community Services	2,061,809	2,436,134	2,799,934	3,040,368
Principal on Long-term Debt	29,254,512	25,443,172	15,825,476	14,540,379
Interest on Long-term Debt	27,347,328	25,173,566	18,578,725	18,737,498
Other Debt Service Expenditures	945,909	13,175	714,863	
Facilities Acquisition and Construction	129,186,117	47,965,798	17,315,239	9,398,728
Contracted Instructional Services		7,273,270	6,501,316	19,073,000
Payments related to Shared Service Arrangements	382,265	215,695	34,818	165,907
Payments to Juvenile Justice Alt. Ed. Prgm.	75,600	75,600	56,700	78,364
Other Intergovernmental Charges	1,478,151	1,793,664	1,618,331	
Total Expenditures	<u>499,939,377</u>	<u>401,324,148</u>	<u>355,578,717</u>	<u>337,932,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(132,656,462)</u>	<u>(41,827,889)</u>	<u>(19,438,471)</u>	<u>(1,521,620)</u>

Table 4
Page 1 of 2

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 249,179,996	\$ 234,052,412	\$ 220,727,317	\$ 213,256,589	\$ 203,425,005	\$ 185,456,449
29,027,373	33,532,330	27,478,911	47,161,039	37,232,894	41,930,474
38,302,637	31,941,324	25,345,073	26,962,414	22,751,214	19,577,310
<u>316,510,006</u>	<u>299,526,066</u>	<u>273,551,301</u>	<u>287,380,042</u>	<u>263,409,113</u>	<u>246,964,233</u>
155,622,417	147,362,997	133,024,036	149,711,352	137,777,927	131,478,009
3,852,271	3,813,351	3,384,691	3,921,611	4,093,453	3,851,674
6,349,120	8,376,335	7,003,451	8,434,913	7,404,786	6,323,022
3,663,941	4,333,103	3,344,930	3,657,083	3,734,422	3,517,632
15,400,912	14,517,541	12,982,445	14,880,652	13,683,849	12,208,125
10,101,755	11,184,285	9,615,906	10,399,263	9,082,879	8,924,478
					3,321
2,383,473	2,359,960	2,172,186	2,340,164	2,109,345	1,939,265
8,197,722	6,479,283	5,369,598	6,564,128	5,934,274	4,812,534
14,303,238	12,759,870	10,542,846	11,474,893	9,569,763	9,391,133
4,028,423	3,992,216	3,336,071	3,712,756	2,971,745	3,161,340
7,507,743	7,556,203	6,316,616	7,369,952	6,930,075	6,372,487
22,411,468	22,419,504	18,769,440	23,528,984	22,557,456	22,250,891
2,414,898	2,163,822	1,858,376	2,385,418	2,310,327	2,021,253
4,240,970	3,577,399	3,388,822	4,397,963	4,027,956	4,744,412
2,877,734	2,665,122	2,522,652	2,141,516	1,483,084	1,134,447
10,082,389	9,135,000	10,160,000	9,800,000	4,842,322	6,571,346
20,390,290	21,041,554	7,873,751	16,009,245	16,195,331	14,585,131
	523,194	216,390			
24,599,669	57,966,442	25,275,697	48,459,945	32,707,761	46,497,410
17,454,165	12,623,603	2,340,021			
8,844	57,750	50,953		72,900	67,845
<u>335,891,442</u>	<u>354,908,534</u>	<u>269,548,878</u>	<u>329,189,838</u>	<u>287,489,655</u>	<u>289,855,755</u>
<u>(19,381,436)</u>	<u>(55,382,468)</u>	<u>4,002,423</u>	<u>(41,809,796)</u>	<u>(24,080,542)</u>	<u>(42,891,522)</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Other Financing Sources (Uses)				
Refunding Bonds Issued	\$	\$	\$	\$ 163,040,000
Issuance of Capital Related Debt (Regular Bonds)	123,805,000		194,600,000	
Premium/Discount from Issuance of Bonds	7,944,494		6,163,044	4,537,869
Prepaid Interest on Bonds Sold				
Sale of Real and Personal Property	53,008	104,708	119,991	69,461
Capital Lease Proceeds			8,510	913,024
Other Sources (Uses)				(167,423,136)
Transfers In	3,578,451		2,445,651	5,621,337
Transfers Out	(3,578,451)		(2,445,651)	(5,432,787)
Payment to Refunded Bond Escrow Agent				
Total Other Financing Sources (Uses)	<u>131,802,502</u>	<u>104,708</u>	<u>200,891,545</u>	<u>1,325,768</u>
Net Change in Fund Balances	<u>\$ (853,960)</u>	<u>\$ (41,723,181)</u>	<u>\$ 181,453,074</u>	<u>\$ (195,852)</u>
Debt Service as a Percentage of Noncapital Expenditures	15.24%	14.29%	10.40%	10.28%

Note: The District changed the fiscal year end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$	\$ 90,675,000	\$	\$	\$ 25,625,000	\$
		97,100,000			153,093,358
	7,208,084	2,900,000		1,631,732	
		293,161			
84,782	87,495	46,018	45,501		52,098
	2,906,889	1,450,000			
			(56,657)		
	977,910	623,985			
	(977,910)	(623,985)			
	(97,917,465)			(26,982,054)	(28,093,358)
<u>84,782</u>	<u>2,960,003</u>	<u>101,789,179</u>	<u>(11,156)</u>	<u>274,678</u>	<u>125,052,098</u>
<u>\$ (19,296,654)</u>	<u>\$ (52,422,465)</u>	<u>\$ 105,791,602</u>	<u>\$ (41,820,952)</u>	<u>\$ (23,805,864)</u>	<u>\$ 82,160,576</u>
9.83%	10.17%	7.42%	9.21%	8.29%	7.30%

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 5

Fiscal Year Ended August 31 June 30 (1)	Appraised Value			Less: Exemptions	Taxable Assessed Value	Total Direct Rate (2)
	Real Property Value	Personal Property Value				
2010	\$ 22,071,628,367	\$ 1,967,561,359		\$ 5,511,774,490	\$ 18,527,415,236	\$ 1.3945
2009	20,977,939,158	1,864,813,988		5,245,449,268	17,597,303,878	1.3825
2008	19,033,169,794	1,767,867,201		4,740,941,403	16,060,095,592	1.2850
2007	17,374,139,575	1,556,063,949		4,362,577,308	14,567,626,216	1.6315
2006	15,921,429,929	1,557,718,751		3,946,657,704	13,532,490,976	1.8100
2005	14,257,245,050	1,607,446,720		2,887,170,320	12,977,521,450	1.8100
2004	13,451,039,730	1,713,338,340		2,759,009,670	12,405,368,400	1.8100
2003	12,645,919,090	1,675,063,530		2,575,253,400	11,745,729,220	1.8100
2002	11,794,414,350	1,635,522,560		2,414,400,290	11,015,536,620	1.8100
2001	10,678,890,840	1,606,281,540		2,224,665,090	10,060,507,290	1.7900

(1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

(2) Tax Rates are per \$100 of taxable assessed value.

Source: Harris County Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority. Appraised value less exemptions equal taxable assessed value. Taxable value times the tax rate set by the District's Board of Trustess each fall equals the tax levy.

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

Taxing Authority	2010	2009	2008	2007
Overlapping Rates:				
Bunker Hill Village, City of	\$ 0.2649	\$ 0.2779	\$ 0.2897	\$ 0.3079
Harris County *	0.4439	0.4437	0.3924	0.4024
Hedwig Village, City of	0.2151	0.2050	0.2118	0.1818
Hilshire Village, City of	0.5526	0.5286	0.5198	0.3717
Houston, City of	0.6388	0.6388	0.6438	0.6450
Hunters Creek Village, City of	0.1850	0.1850	0.1850	0.2467
Memorial Village Water Authority	0.0362	0.0360	0.0372	0.0382
Piney Point Village, City of	0.2151	0.2151	0.2151	0.2277
Spring Valley, City of	0.5398	0.5187	0.5650	0.5244
Total	\$ 3.0914	\$ 3.0488	\$ 3.0597	\$ 2.9458
District Direct Rates:				
Maintenance & Operations	\$ 1.0900	\$ 1.0900	\$ 1.0900	\$ 1.4365
Debt Service	0.3045	0.2925	0.1950	0.1950
Total District Direct Rates	\$ 1.3945	\$ 1.3825	\$ 1.2850	\$ 1.6315

* Includes Harris County, Harris County Department of Education, Harris County Flood Control District and the Port of Houston Authority

Source: Harris County Appraisal District 2009 Appraisal District Assessments

Table 6

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 0.3079	\$ 0.3111	\$ 0.3094	\$ 0.3094	\$ 0.3161	\$ 0.3190
0.4541	0.0646	0.6463	0.6463	0.6463	0.6480
0.1946	0.2056	0.2056	0.2056	0.2141	0.1764
0.3624	0.3643	0.3819	0.3819	0.3948	0.3978
0.6475	0.6550	0.6550	0.6550	0.6550	0.6550
0.2550	0.2590	0.2590	0.2590	0.2590	0.2590
0.0426	0.0597	0.0619	0.0619	0.0659	0.0745
0.2339	0.2190	0.2190	0.2190	0.2190	0.2190
0.5055	0.5135	0.4066	0.4066	0.3836	0.3818
<u>\$ 3.0035</u>	<u>\$ 2.6518</u>	<u>\$ 3.1447</u>	<u>\$ 3.1447</u>	<u>\$ 3.1538</u>	<u>\$ 3.1305</u>
\$ 1.5750	\$ 1.5750	\$ 1.5850	\$ 1.5850	\$ 1.6250	\$ 1.6050
0.2350	0.2350	0.2250	0.2250	0.1850	0.1850
<u>\$ 1.8100</u>	<u>\$ 1.8100</u>	<u>\$ 1.8100</u>	<u>\$ 1.8100</u>	<u>\$ 1.8100</u>	<u>\$ 1.7900</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Table 7

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2010			2001		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Metro National Corp	\$ 451,477,604	1	2.44%	\$ 276,241,760	1	2.75%
MC Medical Campus LP	147,450,839	2	0.80%			
Memorial City Towers	125,427,542	3	0.68%	43,857,000	5	0.44%
Behringer Havard	122,736,520	4	0.66%			
Midway T & C Land Investors L	102,111,089	5	0.55%			
Centerpoint Energy Inc	95,711,739	6	0.52%			
Mitsubishi Caterpillar	83,080,341	7	0.45%	80,199,940	3	0.80%
Town & Country Partnership	81,645,993	8	0.44%	30,749,910	10	0.31%
Smith Jim R	75,983,881	9	0.41%			
Houstonian Campus LTD	69,913,675	10	0.38%	32,194,690	9	0.32%
FSP Energy Tower 1 LTD Partnership				38,880,000	7	0.39%
Houston Lighting & Power				81,912,250	2	0.81%
Walgreen Co. #80024				64,851,720	4	0.64%
Southwestern Bell				42,420,310	6	0.42%
Daniel Industries Inc.				33,738,590	8	0.34%
Totals	\$ 1,355,539,223		7.33%	\$ 725,046,170		7.22%

(1) Assessed (taxable) value equals appraised value after exemptions.

(2) Total assessed value fiscal year 2009 equals: \$ 18,527,415,236

(3) Total assessed value fiscal year 2001 equals: \$ 10,060,507,290

Source: Municipal Advisory Council of Texas

Note: Centerpoint Energy was previously Houston Lighting & Power.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 8

Fiscal Year (1)	Tax Levy For The Fiscal Year (2)	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date (Including 60 Day Accrual)	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2010	\$242,551,130	\$ 238,268,576	98.23%	\$ 1,637,257	\$ 239,905,833	98.91%
2009	226,144,438	224,473,965	99.26%	460,402	224,934,367	99.46%
2008	193,189,229	191,151,362	98.95%	1,407,425	192,558,787	99.67%
2007	223,900,444	220,861,647	98.64%	2,316,814	223,178,461	99.68%
2006	229,655,448	225,155,499	98.04%	3,779,971	228,935,470	99.69%
2005	219,371,004	215,811,397	98.38%	2,881,428	218,692,825	99.69%
2004	210,464,312	206,610,691	98.17%	3,338,857	209,949,548	99.76%
2003	200,199,453	197,430,645	98.62%	2,108,067	199,538,712	99.67%
2002	188,144,809	185,576,697	98.64%	1,904,048	187,480,745	99.65%
2001	170,863,437	168,128,808	98.40%	2,368,478	170,497,286	99.79%

- (1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.
- (2) 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.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 9

Fiscal Year (1)	Governmental Activities		Total Primary Government	Ratio of Debt to Assessed Value (2)	Debt Per Student (3)
	General Obligation Bonds	Capital Leases/Notes Payable			
2010	\$ 630,403,384	\$ 2,309,240	\$ 632,712,624	3.42%	\$ 21,199
2009	528,454,366	2,568,752	531,023,118	3.02%	17,853
2008	553,979,007	3,021,924	557,000,931	3.47%	19,018
2007	368,456,529	3,819,382	372,275,911	2.56%	12,694
2006	383,440,433	3,577,944	387,018,377	2.86%	12,984
2005	393,285,778	4,015,174	397,300,952	3.06%	13,497
2004	408,918,693	1,450,000	410,368,693	3.31%	13,712
2003	321,140,342		321,140,342	2.73%	10,747
2002	327,347,436		327,347,436	2.97%	11,042
2001	331,374,758		331,374,758	3.29%	11,429

(1) The District changed the fiscal year end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

(2) See Table 5 for assessed value data.

(3) See Table 15 for student average daily attendance data.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 10

Fiscal Year (1)	Gross Bonded Debt	Less Reserve for Retirement of Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (2)	Net Bonded Debt Per Student (3)
2010	\$ 630,403,384	\$ 22,355,137	\$ 608,048,247	3.28%	\$ 20,373
2009	528,454,366	13,574,428	514,879,938	2.93%	17,310
2008	553,979,007	13,016,353	540,962,654	3.37%	18,470
2007	368,456,529	12,795,857	355,660,672	2.44%	12,127
2006	383,440,433	12,139,830	371,300,603	2.74%	12,456
2005	393,285,778	11,734,844	381,550,934	2.94%	12,962
2004	408,918,693	13,619,922	395,298,771	3.19%	13,208
2003	321,140,342	4,999,914	316,140,428	2.69%	10,580
2002	327,347,436	5,699,858	321,647,578	2.92%	10,850
2001	331,374,758	5,928,216	325,446,542	3.23%	11,225

(1) The District changed the fiscal year end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

(2) See Table 5 for assessed value data.

(3) See Table 15 for student average daily attendance data.

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
June 30, 2010

Table 11

<u>Taxing Body</u>	<u>Net Debt Amount</u>	<u>Outstanding As of</u>	<u>Percent Overlapping</u>	<u>Share of Debt</u>
<i>Overlapping:</i>				
Bunker Hill Village, City of	\$ 10,801,533	6/30/2010	100.00%	\$ 10,801,533
Harris County	1,704,492,016	6/30/2010	5.83%	99,371,885
Harris County Dept of Education	8,320,000 *	11/30/2009	5.83%	485,056
Harris County Flood Control	487,009,728	6/30/2010	5.83%	28,392,667
Harris County Toll Road	564,123,606	6/30/2010	5.83%	32,888,406
Hedwig Village, City of	3,565,000 *	11/30/2009	100.00%	3,565,000
Hillshire Village, City of	610,000	9/30/2010	100.00%	610,000
Houston, City of	3,395,560,000	6/30/2010	9.27%	314,768,412
Piney Point Village, City of	7,606,270	10/31/2010	100.00%	7,606,270
Port of Houston Authority	620,289,000	12/31/2009	5.83%	<u>36,162,849</u>
Total Net Overlapping Debt				534,652,078
<i>Direct:</i>				
Spring Branch Independent School District	608,048,247		100.00%	<u>608,048,247</u>
Total Direct and Overlapping Debt				<u><u>\$ 1,142,700,325</u></u>

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing 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.

Source: Municipal Advisory Council of Texas, except for the net debt of Spring Branch School District

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 12

Fiscal Year (1)	Residential Units (2)	Total Assessed Value of Residential Units (2)	Personal Income (3)	Average Assessed Value Per Residential Unit	Per Capita Income (3)	Average Daily Attendance (4)	Unemployment Rate (5)
2010	42,023	\$ 14,760,379,169	*	\$ 351,245	*	29,846	8.6%
2009	42,163	14,756,078,229	*	349,977	*	29,745	4.0%
2008	42,097	13,546,497,679	\$ 190,226,395,000	321,792	47,788	30,297	4.0%
2007	41,957	12,559,332,808	194,177,877,000	299,338	49,634	29,327	4.3%
2006	41,847	11,913,154,868	178,160,838,000	284,684	45,961	29,808	5.7%
2005	41,820	11,436,689,710	156,920,733,000	273,474	41,703	29,437	5.8%
2004	41,774	10,748,246,740	143,417,824,000	257,295	38,810	29,928	6.9%
2003	41,710	10,006,483,970	133,463,543,000	239,906	36,719	29,881	7.7%
2002	41,545	9,259,163,750	128,298,585,000	222,871	35,919	29,645	6.8%
2001	41,390	8,300,800,650	129,728,437,000	200,551	37,165	28,993	5.2%

(1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

(2) Source: Harris County (Texas) Appraisal District

(3) Source: TRACER of Texas Workforce Commission; income information is for Harris County

(4) Source: District Records

(5) Source: TRACER of Texas Workforce Commission; Unemployment rate is for Harris County

* Information not yet available

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT

Table 13

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Principal Employers	Employees	Rank	Percentage of Total Employment
Wal-Mart Stores Inc	30,535	1	19.77%	16,200	4	9.56%
Memorial Hermann Healthcare System	20,990	2	13.59%	13,406	7	8.68%
Administaff	17,511	3	11.34%	18,496	2	11.97%
University of Texas M.D. Anderson Cancer Center	17,295	4	11.20%			0.00%
Continental Airlines	16,643	5	10.77%	20,764	1	
Kroger Co.	15,117	6	9.79%	15,088	6	9.77%
Exxon Mobil Corp.	14,356	7	9.29%	16,091	5	
HEB	13,575	8	8.79%			0.00%
Methodist Hospital System	12,408	9	8.03%			
Shell Oil Co.	11,000	10	7.12%			
Halliburton				17,743	3	11.49%
Compaq Computer Corp				11,637	10	7.53%
University of Texas Medical Branch at Galveston				13,230	8	8.57%
McDonald's Corporation				11,810	9	7.65%

Source: Houston Chronicle

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS

POSITION:	2010	2009	2008	2007
Administrator	73.0	72.0	72.0	68.5
Assistant Principal	74.5	79.0	76.5	74.0
Athletic Director	4.0	4.0	4.0	4.0
Athletic Trainer	8.0	8.0	8.0	8.0
Bus Driver/Bus Attendants	157.0	157.0	156.8	156.8
Cafeteria Workers	384.0	384.0	384.0	384.0
Child Care Worker	63.0	59.0	57.8	61.4
Counselor	78.0	78.0	77.0	79.0
Crossing Guard	53.5	53.5	53.5	53.5
Custodial	202.0	200.0	200.0	200.0
Intervention Specialists	127.7	130.8	133.0	131.6
Librarian/Library Assistant	43.0	44.3	39.0	43.0
Maintenance	104.0	92.0	92.0	92.0
Nurse/Nurse Assistant	53.8	50.9	51.0	51.0
Other Auxiliary*	30.0	30.0	30.0	30.0
Other Professional **	127.9	117.7	117.4	118.4
Police Officer	30.0	30.0	33.0	37.0
Principal	44.5	46.0	46.0	46.0
Registrar	5.0	5.0	5.0	5.0
Secretary/Clerical	362.7	358.1	362.5	370.7
Social Worker	2.0	8.0	8.0	10.0
Teacher	2,273.7	2,274.3	2,305.4	2,274.4
Teacher Assistant	358.6	351.5	342.1	405.3
Technical/Cat 9 and Aux Tech	39.0	39.0	39.0	39.0
Total Employees	4,698.9	4,672.0	4,692.9	4,742.4

* Includes Warehouse Drivers, Child Nutrition Drivers, Telecommunications, and other technical auxiliary staff not otherwise listed.

** Includes Diagnosticians, Psychologists, Program Coordinators, Case Managers, Speech Pathologists and other professional staff not listed individually.

Source: District Records

Table 14

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
68.0	58.0	74.0	91.0	92.0	93.0
70.5	73.5	71.5	76.0	77.0	76.0
4.0	4.0	4.0	4.0	4.0	4.0
8.0	8.0	8.0	8.0	8.0	4.0
153.0	153.0	138.0	139.0	140.5	201.0
383.0	383.0	380.0	380.0	370.0	372.0
61.8	61.8	67.5	62.5	59.5	27.0
73.5	74.0	75.0	72.0	72.0	72.0
52.5	51.5	51.5	51.0	50.0	50.0
201.0	214.0	229.0	257.0	238.0	233.0
145.0	148.5	132.0	145.0	117.0	109.5
44.0	44.0	44.0	45.0	45.0	44.0
92.0	96.0	94.0	100.0	101.0	101.0
51.0	51.0	51.0	54.0	54.0	49.0
26.0	28.0	17.0	15.0	16.0	16.0
107.0	123.0	114.0	131.0	101.0	116.0
31.0	36.0	37.0	37.0	37.0	33.0
46.0	46.0	46.0	46.0	46.0	41.0
5.0	5.0	4.5	4.5	4.5	4.5
370.0	394.0	400.0	409.0	422.0	391.0
10.5	9.5	9.5	9.5	9.5	12.5
2,260.0	2,231.0	2,240.0	2,172.0	2,124.0	2,097.0
413.0	413.0	434.0	450.0	419.0	400.0
41.0	35.0	32.0	34.0		
<u>4,716.8</u>	<u>4,740.8</u>	<u>4,753.5</u>	<u>4,792.5</u>	<u>4,607.0</u>	<u>4,546.5</u>

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year (1)	Average Daily Attendance	Operating Expenditures (2)	Cost Per Student	Percentage Change	Government Wide Expenses
2010	29,846	\$313,788,253	\$10,514	3.01%	\$354,162,742
2009	29,745	303,594,881	10,207	1.17%	343,088,869
2008	29,288	295,485,243	10,089	1.90%	328,683,091
2007	29,327	290,350,652	9,900	5.49%	323,603,113
2006	29,800	279,676,519	9,385	3.91%	313,419,090
2005	29,437	265,876,510	9,032	20.25%	294,067,110
2004	29,928	224,800,256	7,511	-11.84%	248,709,943
2003	29,881	254,598,308	8,520	15.96%	281,283,555
2002	29,645	217,818,305	7,348	5.53%	263,362,119
2001	28,993	201,858,511	6,962	N/A	N/A

Source: Nonfinancial information from district records.

- (1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.
- (2) Operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditures categories.
- (3) Teachers per Table 14

Table 15

Cost Per Student	Percentage Change	Teaching Staff (3)	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$11,866	2.88%	2,274	13.12	58.41%
11,534	2.78%	2,274	13.08	58.78%
11,222	1.71%	2,305	12.71	55.97%
11,034	4.91%	2,274	12.90	56.95%
10,517	5.28%	2,260	13.19	55.94%
9,990	20.21%	2,231	13.19	54.44%
8,310	-11.72%	2,240	13.36	53.95%
9,413	5.96%	2,172	13.76	50.99%
8,884	N/A	2,124	13.96	50.03%
N/A	N/A	2,097	13.83	48.70%

(This page intentionally left blank.)

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Table 16

Fiscal Year (1)	Minimum Salary (2)	Maximum Salary (2)	County Average Salary (3)	Statewide Average Salary (3)
2010	\$ 45,320	\$ 72,598	\$ 50,236	\$ 48,263
2009	44,000	71,073	49,376	47,158
2008	43,000	69,518	48,232	46,178
2007	41,000	67,493	46,825	44,897
2006	38,500	64,493	44,084	41,743
2005	37,500	62,615	43,348	41,009
2004	36,500	60,498	42,845	40,476
2003	36,000	59,604	42,218	39,972
2002	35,000	58,150	41,437	39,230
2001	33,000	56,550	40,695	38,359

(1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

(2) Source: District records

(3) Source: Texas Education Agency website

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**SCHOOL BUILDING INFORMATION****LAST TEN FISCAL YEARS**

Building:	2010	2009	2008	2007
HIGH SCHOOLS				
Memorial (1962)				
Square Footage	311,115	311,115	311,115	311,115
Capacity	2,441	2,441	2,441	2,441
Enrollment	2,274	2,113	2,232	2,241
Northbrook (1974)				
Square Footage	394,609	394,609	394,609	394,609
Capacity	2,427	2,427	2,427	2,427
Enrollment	1,896	1,732	1,841	1,817
Spring Woods (1964)				
Square Footage	336,366	336,366	336,366	336,366
Capacity	2,023	2,023	2,023	2,023
Enrollment	1,907	1,770	1,923	2,068
Stratford (1974)				
Square Footage	320,000	320,000	320,000	320,000
Capacity	1,891	1,891	1,891	1,891
Enrollment	1,945	1,838	1,917	1,967
MIDDLE SCHOOLS				
Landrum (1956)				
Square Footage	177,665	177,665	177,665	177,665
Capacity	954	954	954	954
Enrollment	710	699	664	700
Memorial (1963)				
Square Footage	195,328	188,852	188,852	188,852
Capacity	1,441	1,041	1,041	1,041
Enrollment	1,162	1,128	1,126	1,080
Northbrook (1973)				
Square Footage	203,020	203,020	203,020	203,020
Capacity	1,004	1,004	1,004	1,004
Enrollment	593	532	581	575
Spring Branch (1953)				
Square Footage	226,188	226,208	226,208	226,208
Capacity	1,122	1,122	1,122	1,122
Enrollment	1,058	996	1,012	988
Spring Forest (1967)				
Square Footage	192,559	192,559	192,559	192,559
Capacity	1,094	1,094	1,094	1,094
Enrollment	851	820	803	817
Spring Oaks (1967)				
Square Footage	192,544	189,660	189,660	189,660
Capacity	896	896	896	896
Enrollment	763	774	788	810
Spring Woods (1961)				
Square Footage	200,776	200,616	200,616	200,616
Capacity	982	982	982	982
Enrollment	836	812	862	841

Table 17
Page 1 of 5

2006	2005	2004	2003	2002	2001
311,115	239,578	239,578	239,578	239,578	239,578
2,441	2,441	*	*	*	*
2,300	2,228	2,170	2,059	2,037	2,003
394,609	394,609	394,609	358,191	358,191	358,191
2,427	2,427	*	*	*	*
1,956	2,038	2,120	2,109	2,122	2,112
336,366	336,366	336,366	277,425	277,425	277,425
2,023	2,023	*	*	*	*
2,123	2,133	2,194	2,168	2,075	2,059
320,000	281,575	281,575	281,575	281,575	281,575
1,891	1,891	*	*	*	*
2,035	1,916	2,060	2,123	2,139	2,120
177,665	177,665	151,739	151,739	151,739	151,739
954	954	*	*	*	*
684	725	754	799	821	860
188,852	170,128	170,128	170,128	170,128	170,128
1,041	1,041	*	*	*	*
1,081	1,044	1,023	983	1,033	1,041
203,020	203,020	182,772	182,772	182,772	182,772
1,004	1,004	*	*	*	*
674	659	729	734	725	729
226,208	199,824	199,824	199,824	199,824	199,824
1,122	1,122	*	*	*	*
1,018	1,038	1,073	1,054	1,088	993
192,559	164,124	164,124	164,124	164,124	164,124
1,094	1,094	*	*	*	*
910	891	898	965	943	948
189,660	162,890	162,890	162,890	162,890	162,890
896	896	*	*	*	*
811	848	871	893	894	914
200,616	200,616	200,616	200,616	169,664	169,664
982	982	*	*	*	*
829	812	846	859	858	816

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**SCHOOL BUILDING INFORMATION****LAST TEN FISCAL YEARS**

Building:	2010	2009	2008	2007
ELEMENTARY SCHOOLS				
Buffalo Creek (1997)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	687	629	629	646
Bunker Hill (1956)				
Square Footage	65,335	58,385	58,385	58,385
Capacity	758	648	648	648
Enrollment	648	626	639	648
Cedar Brook (1993)				
Square Footage	82,179	82,179	82,179	82,179
Capacity	688	688	688	688
Enrollment	847	767	634	560
Edgewood (1960)				
Square Footage	68,978	68,978	68,978	68,978
Capacity	756	756	756	756
Enrollment	726	689	799	818
Frostwood (1960)				
Square Footage	60,625	60,625	60,625	60,625
Capacity	650	650	650	650
Enrollment	727	697	668	632
Hollibrook (2010) / (1957)				
Square Footage	112,095 **	95,043	95,043	95,043
Capacity	800 **	938	938	938
Enrollment	712 **	722	785	718
Housman (1950)				
Square Footage	89,762	76,895	76,895	76,895
Capacity	682	682	682	682
Enrollment	555	567	572	564
Hunters Creek (1954)				
Square Footage	61,937	61,937	61,937	61,937
Capacity	634	634	634	634
Enrollment	637	649	673	669
Meadow Wood (1964)				
Square Footage	72,722	72,722	72,722	72,722
Capacity	526	526	526	526
Enrollment	466	386	439	438
Memorial Drive (1949)				
Square Footage	58,614	58,965	58,965	58,965
Capacity	466	466	466	466
Enrollment	436	402	435	453
Nottingham (1969)				
Square Footage	61,574	66,393	66,393	66,393
Capacity	568	568	568	568
Enrollment	513	510	483	548

Table 17
Page 2 of 5

2006	2005	2004	2003	2002	2001
82,179	82,179	82,179	82,179	82,179	82,179
688	688	*	*	*	*
629	660	678	678	631	643
58,385	58,385	58,385	58,385	58,385	45,802
648	648	*	*	*	*
625	649	614	608	564	522
82,179	82,179	82,179	82,179	82,179	82,179
688	688	*	*	*	*
591	602	604	566	682	687
68,978	68,978	68,978	68,978	68,978	57,753
756	756	*	*	*	*
772	713	775	680	693	647
60,625	60,625	60,625	60,625	45,422	45,422
650	650	*	*	*	*
647	591	545	519	559	565
95,043	95,043	95,043	90,768	90,768	90,768
938	938	*	*	*	*
800	822	850	891	829	919
76,895	76,895	76,895	64,028	64,028	64,028
682	682	*	*	*	*
613	664	626	638	669	668
61,937	61,937	61,937	61,937	61,937	46,831
634	634	*	*	*	*
668	626	591	611	600	584
72,722	72,722	72,722	52,659	52,659	52,659
526	526	*	*	*	*
431	422	453	505	519	535
58,965	58,965	35,410	35,410	35,410	35,410
466	466	*	*	*	*
438	431	419	433	442	462
66,393	66,393	51,166	51,166	51,166	51,166
568	568	*	*	*	*
530	525	483	519	513	483

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**SCHOOL BUILDING INFORMATION****LAST TEN FISCAL YEARS**

Building:	2010	2009	2008	2007
ELEMENTARY SCHOOLS (continued)				
Pine Shadows (1955)				
Square Footage	90,184	86,910	86,910	86,910
Capacity	674	674	674	674
Enrollment	685	626	673	645
Ridgecrest (2010) / (1953)				
Square Footage	111,352 **	88,853	88,853	88,853
Capacity	725 **	706	706	706
Enrollment	782 **	759	753	751
Rummel Creek (1962)				
Square Footage	72,615	72,615	72,615	72,615
Capacity	760	760	760	760
Enrollment	712	700	727	696
Shadow Oaks (1959)				
Square Footage	84,588	84,588	84,588	84,588
Capacity	814	814	814	814
Enrollment	680	720	735	723
Sherwood (1968)				
Square Footage	69,371	69,371	69,371	69,371
Capacity	538	538	538	538
Enrollment	370	386	344	361
Spring Branch (1938)				
Square Footage	91,788	77,352	77,352	77,352
Capacity	680	680	680	680
Enrollment	545	540	573	585
Spring Shadows (1968)				
Square Footage	96,664	96,664	83,904	83,904
Capacity	830	830	830	830
Enrollment	701	666	730	675
Terrace (1973)				
Square Footage	74,349	74,349	74,349	74,349
Capacity	702	702	702	702
Enrollment	555	524	574	570
Thornwood (1973)				
Square Footage	69,038	69,038	69,038	69,038
Capacity	548	548	548	548
Enrollment	440	449	455	511
Treasure Forest (1996)				
Square Footage	82,149	82,149	82,149	82,149
Capacity	688	688	688	688
Enrollment	701	620	637	652
Valley Oaks (1956)				
Square Footage	72,240	75,697	75,697	75,697
Capacity	716	716	716	716
Enrollment	594	527	575	626

Table 17
Page 3 of 5

2006	2005	2004	2003	2002	2001
86,910	86,910	86,910	70,803	70,803	70,803
674	674	*	*	*	*
642	689	703	739	689	738
88,853	88,853	88,853	80,465	80,465	80,465
706	706	*	*	*	*
794	728	861	845	824	918
72,615	72,615	72,615	72,615	46,426	46,426
760	760	*	*	*	*
657	641	605	591	579	589
84,558	84,558	84,558	64,915	64,915	64,915
814	814	*	*	*	*
760	766	717	712	760	798
69,371	69,371	69,371	53,972	53,972	53,972
538	538	*	*	*	*
363	352	395	431	482	500
77,352	77,352	77,352	59,928	59,928	59,928
680	680	*	*	*	*
587	627	622	648	668	697
83,904	83,904	83,904	71,144	71,144	71,144
830	830	*	*	*	*
698	696	736	696	730	776
74,349	74,349	74,349	57,989	57,989	57,989
702	702	*	*	*	*
655	631	609	588	578	591
69,038	69,038	69,038	52,410	52,410	52,410
548	548	*	*	*	*
540	428	411	439	398	422
82,149	82,149	82,149	82,149	82,149	82,149
688	688	*	*	*	*
601	628	644	671	678	792
75,697	75,697	75,697	59,465	59,465	59,465
716	716	*	*	*	*
648	657	644	626	624	586

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT**SCHOOL BUILDING INFORMATION****LAST TEN FISCAL YEARS**

Building:	2010	2009	2008	2007
ELEMENTARY SCHOOLS (continued)				
Westwood (1963)				
Square Footage	56,409	56,409	56,409	56,409
Capacity	608	608	608	608
Enrollment	648	573	576	589
Wilchester (1967)				
Square Footage	71,798	71,798	71,798	71,798
Capacity	574	574	574	574
Enrollment	609	548	560	570
Woodview (1958)				
Square Footage	86,114	70,508	70,508	70,508
Capacity	716	716	716	716
Enrollment	628	636	660	679
PRE-KINDERGARTEN CENTERS				
Bear Blvd (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	114	234	303	310
Lion Lane (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	307	324	333	347
Panda Path (2001-Leased Space)				
Square Footage	15,618	15,618	15,618	15,618
Capacity	136	136	136	136
Enrollment	279	147	135	139
Tiger Trail (2001)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	343	296	314	333
Wildcat Way (2002)				
Square Footage	26,000	26,000	26,000	26,000
Capacity	380	380	380	380
Enrollment	313	178	239	264
OTHER CAMPUSES				
Bendwood (1958)				
Square Footage	38,830	38,830	38,830	38,830
Capacity	440	440	440	440
Enrollment	46	26	40	58
Cornerstone Academy (1951)				
Square Footage	***	***	***	***
Capacity	413	413	413	413
Enrollment	380	361	375	371

Table 17
Page 4 of 5

2006	2005	2004	2003	2002	2001
56,409	56,409	56,409	38,513	38,513	38,513
608	608	*	*	*	*
571	511	515	538	561	571
71,798	71,798	71,798	58,615	58,615	58,615
574	574	*	*	*	*
548	507	544	534	548	564
70,508	70,508	70,508	54,902	54,902	54,902
716	716	*	*	*	*
665	631	752	721	709	732
26,000	26,000	26,000	26,000	26,000	26,000
380	380	*	*	*	*
303	310	335	290	250	n/a
26,000	26,000	26,000	26,000	26,000	26,000
380	380	*	*	*	*
334	316	370	357	346	n/a
15,618	15,618	15,618	15,618	15,618	15,618
136	136	*	*	*	*
149	122	140	135	101	n/a
26,000	26,000	26,000	26,000	26,000	26,000
380	380	*	*	*	*
316	320	339	329	299	n/a
26,000	26,000	26,000	26,000	26,000	n/a
380	380	*	*	*	n/a
269	222	289	282	-	n/a
38,830	38,830	38,830	38,830	38,830	38,830
440	440	*	*	*	*
58	56	52	87	151	135
***	***	***	***	***	***
413	413	*	*	*	*
362	377	368	374	362	359

SPRING BRANCH INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	2010	2009	2008	2007
OTHER CAMPUSES (continued)				
The Guthrie Center (1972)				
Square Footage	83,614	83,614	83,614	83,614
Capacity	326	326	326	326
Enrollment	n/a	n/a	n/a	n/a
School of Choice (1951)				
Square Footage	***	***	***	***
Capacity	494	494	494	494
Enrollment	116	146	262	242
Spring Branch Education Center (1951) **				
Square Footage	268,780	268,780	268,780	268,780
Capacity	n/a	n/a	n/a	n/a
Enrollment	n/a	n/a	n/a	n/a
Westchester Academy (1967)				
Square Footage	294,963	294,963	294,963	294,963
Capacity	1,012	1,012	1,012	1,012
Enrollment	999	938	952	852

Source: District records

(1) The District changed the fiscal year-end from August 31 to June 30 beginning with fiscal year 2004. All previous years are fiscal year ended August 31.

* Information not available

** New campus constructed.

** Spring Branch Education Center facility houses Cornerstone & School of Choice.

Square footage is for entire complex.

Note: Capacity does not include temporary buildings

2006	2005	2004	2003	2002	2001
83,614	83,614	83,614	83,614	83,614	83,614
326	326	*	*	*	*
n/a	n/a	n/a	n/a	n/a	n/a
***	***	***	***	* ***	***
494	494	*	*	*	*
182	166	194	251	227	209
268,780	268,780	268,780	268,780	268,780	268,780
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
294,963	294,963	294,963	294,963	294,963	294,963
1,012	1,012	*	*	*	*
825	734	605	535	409	259