Regular

Monday, December 13, 2004 6:00 PM
Granbury ISD Board Room, 600 West Pearl St., Granbury, TX 76048, W Pearl St, Granbury, TX 76048

1. **Call to order**
2. **Convene in closed session under the Texas Open Meetings Act, Texas Government Codes, Chapter 551.074 - personnel matters and 551.072 purchase, exchange, lease or value of real property**
a. Staff appointments
3. **Reconvene in open session**
4. **Invocation**
5. **Pledges - U.S. Flag & Texas Flag**
6. **Student Recognition**
7. **Employee Recognition**
8. **Superintendent's Report - Goals 1, 2, 3, 6, 7**
a. Donations - GEA 7 Board
b. Financial presentation
c. Update 74
d. September 30, 2004 financial statements
e. October 31, 2004 financial statements
f. Investment report
9. **Board members special reports**
10. **Audit Report**
11. **Consider Consent Agenda Items - Goals 2, 3, 5**
a. Minutes of the November 8, 2004 regular board meeting and November 8, 2004 and December 6, 2004 special called board meeting
b. Budget amendments
c. Investment policy review
d. TAPS Interlocal agreement
e. Fire alarm inspection services - kitchen suppression and fire extinguishers CSP 2004-03 (Renewal
f. Fire Alarm inspection services - building detection and pull stations - CSP 2004-04 (Renewal)
g. Data conversion services bid no. 2004-05
h. Letter jackets awards bid no. 2005-02
i. Athletic spring sports supplies bid no. 2005-06
j. Wann PA system
12. **Consider policy DEC (LOCAL)**
13. **Consider Board Operating Procedures**
14. **Public comments/audience participation**
15. **Personnel - Goal 6**
a. Consider staff appointments
16. **Adjourn**

GRANBURY INDEPENDENT SCHOOL DISTRICT

PRELIMINARY TAX RATE IMPACT ANALYSIS – NEW BOND PROGRAM

MONDAY, DECEMBER 13, 2004

GRANBURY INDEPENDENT SCHOOL DISTRICT

Review Of The 1999 Bond Program

Election Results – 1999 Bond Program

- The voters of the District approved the issuance of $52.770 million of bonds to finance capital improvements within the District including the construction, renovation and equipment of school buildings within the District, as well as, the purchase of land for future school sites.
- The actual results from the March 27, 1999 bond proposition are summarized within the table below.

Number of Votes **FOR** the Bond Program:	1,438
Percentage of Votes:	**64.05%**
Number of Votes **AGAINST** the Bond Program:	807
Percentage of Votes:	35.95%

GRANBURY INDEPENDENT SCHOOL DISTRICT

Summary Of Projects – 1999 Bond Program

- The funds from the District's 1999 Bond Program were used to complete the following projects:

1999 BOND PROGRAM – PROJECTS COMPLETED TO-DATE[(A)]

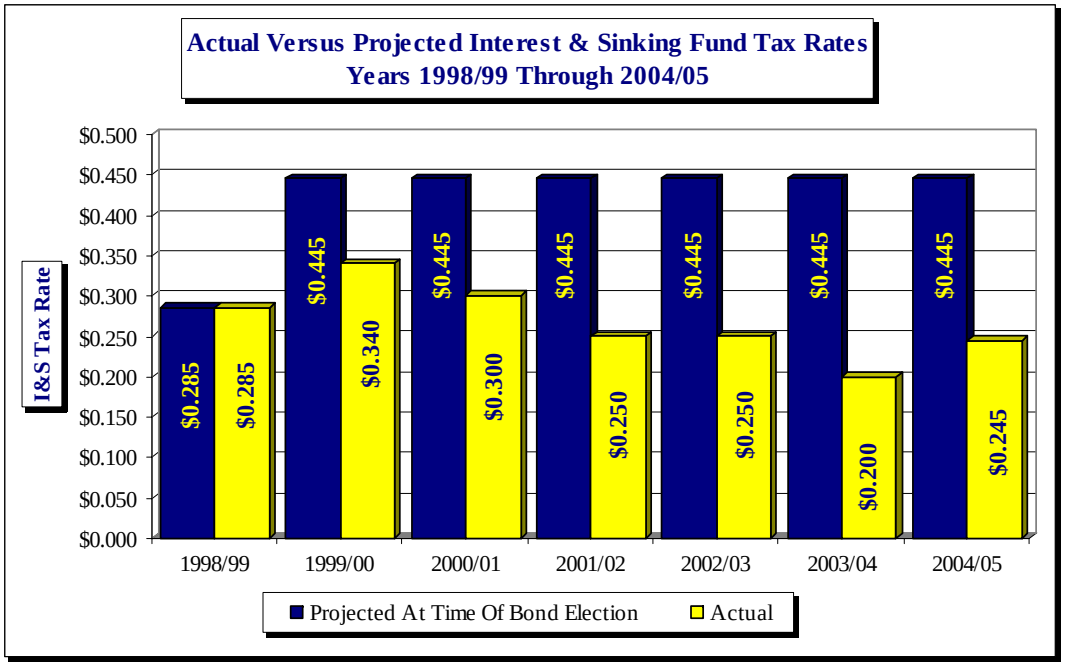
Acton Elementary, Nettie Baccus Elementary, Emma Roberson Elementary Renovations	$ 9,354,346
Construction and Equipment of Granbury Middle School	18,673,419
Construction and Equipment of Acton Middle School	18,600,250
Intermediate School Renovations	604,044
Granbury Intermediate To BTC/Administration Facility	164,338
STARS Academy	823,449
Granbury High School Renovations	521,751
Granbury High School Athletics – Tennis, Softball, Track, RR/Concessions, Lighting, Street Improvements	1,786,228
All Purpose Pavilion	1,649,711
Technology	3,770,111
Land	558,751
Issuance Costs	229,942
TOTAL DOLLAR AMOUNT OF PROJECTS COMPLETED TO-DATE:	**$ 56,736,340**

[(A)] The District has utilized a portion of its interest earnings on idle bond proceeds to assist in funding projects within the 1999 Bond Program.

GRANBURY INDEPENDENT SCHOOL DISTRICT

Summary Of Results – 1999 Bond Program

- At the time of the 1999 Bond Election, taxpayers were informed the District's Interest & Sinking Fund ("I&S") tax rate (i.e. the tax rate utilized for the repayment of bonds) would increase from 28.5 cents to 44.5 cents, which represented an increase of 16.0 cents. The following graph compares the District's actual I&S tax rate with the projected I&S tax rate at the time of the 1999 Bond Election for years 1998/99 through 2004/05.



- As demonstrated above:
  - ✓ **The District's current, year 2004/05 I&S tax rate is 24.5 cents or 20.0 cents below the projected tax rate at the time of the bond election; and**
  - ✓ **The District's current, year 2004/05 I&S tax rate is 4.0 cents below the District's actual I&S tax rate at the time of the 1999 bond election.**

GRANBURY INDEPENDENT SCHOOL DISTRICT

- The following table compares the projected cost at the time of the 1999 Bond Election with the actual cost of the District's outstanding bonds for year 2004/05, based upon a $100,000 homeowner.

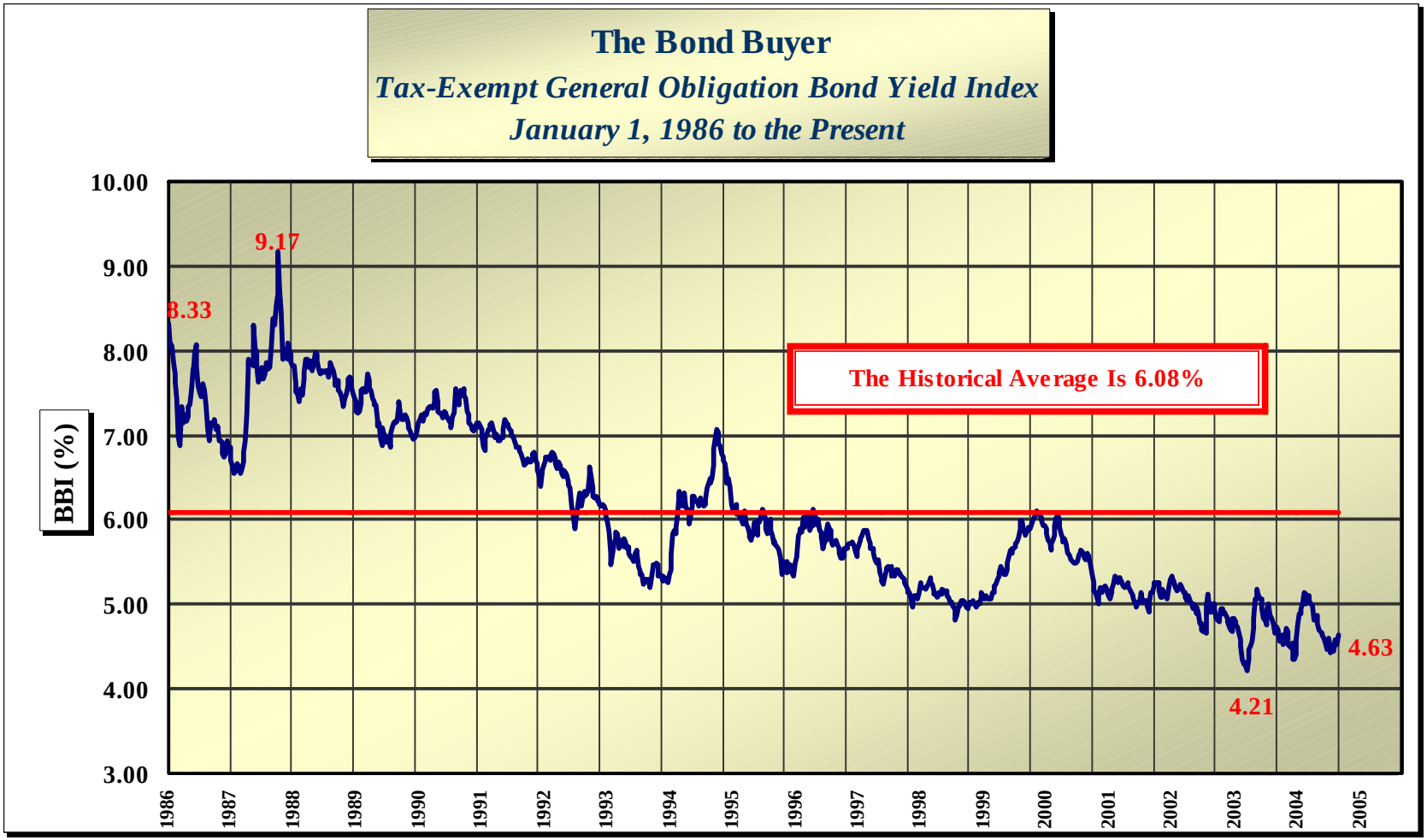
YEAR 2004/05 PROJECTED VERSUS ACTUAL COST FOR DISTRICT'S BONDS – $100,000 HOMEOWNER

DESCRIPTION	PROJECTED	ACTUAL	DIFFERENCE
Year 2004/05 I&S Tax Rate	44.5 Cents	24.5 Cents	20.0 Cents
Year 2004/05 Cost To $100,000 Homeowner	$378.25	$208.25	$170.00

Please note the table above assumes a constant $100,000 home value from year 1998/99 through 2004/05. Although certain home values may have increased during this 6-year period, in order for a $100,000 homeowner in year 1998/99 to not have experienced a savings from the projected cost of the District's 1999 Bond Program, its taxable value must currently exceed $169,388 in year 2004/05, which represents an increase of 69.388% during this time period

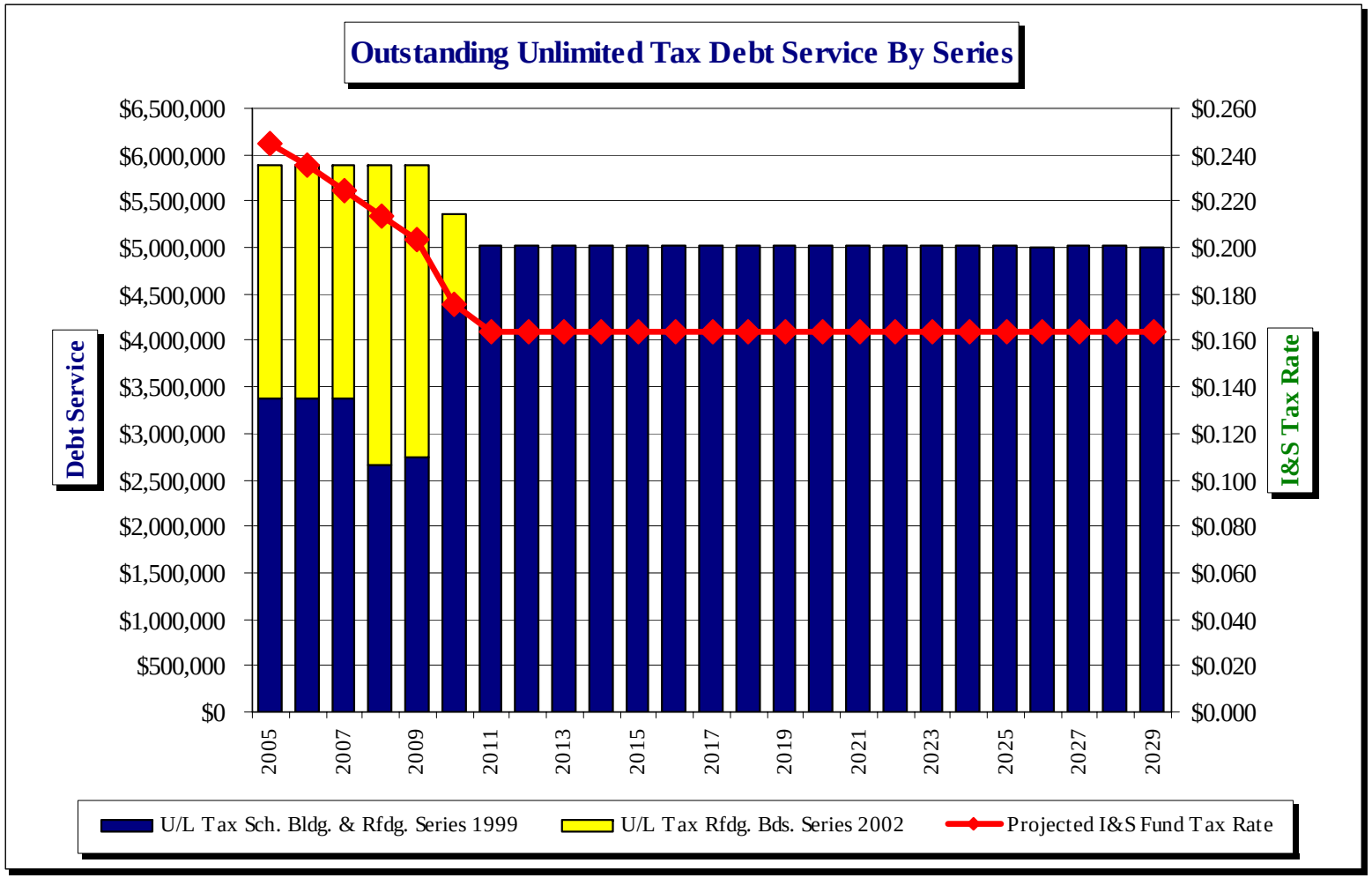
- The three primary reasons the District's 1999 Bond Program was successfully implemented without a need to increase the District's I&S tax rate as originally projected are as follows:
  - ✓ First, due to favorable market conditions, the 1999 Bond Program was implemented at an actual interest rate of 5.434%. The District's original financing plan was based upon an interest rate of 6.250%. This interest rate differential and the District's refinancing programs implemented to lower the interest rate on a portion of its outstanding bonds has reduced the District's interest cost by $20,103,986.
  - ✓ Second, the District's bonds qualified to receive State funding assistance from the Existing Debt Allotment ("EDA") Program. To date, the District has received $5,476,377 in State funding assistance from the EDA Program. These funds were and must be used for payment of the District's bonds.
  - ✓ Third, the District's tax base increased at a higher rate than projected at the time of the 1999 Bond Election. For example, the original financing plan for the 1999 Bond Program assumed the District's taxable assessed valuation would reach $1,403,684,144. Currently, the District's taxable assessed valuation is $2,324,479,895. The increase in the District's tax base has been the result of various items, including new commercial construction, new residential construction and revaluations.

GRANBURY INDEPENDENT SCHOOL DISTRICT



Based upon a $25.0 million bond program, a 0.25% interest rate change results in an interest cost of approximately $2,125,000.

GRANBURY INDEPENDENT SCHOOL DISTRICT



The District has outstanding a total principal amount of bonds equal to $65,320,604.80.

GRANBURY INDEPENDENT SCHOOL DISTRICT

Debt Capacity Analysis – New Bond Program – Summary Of Assumptions

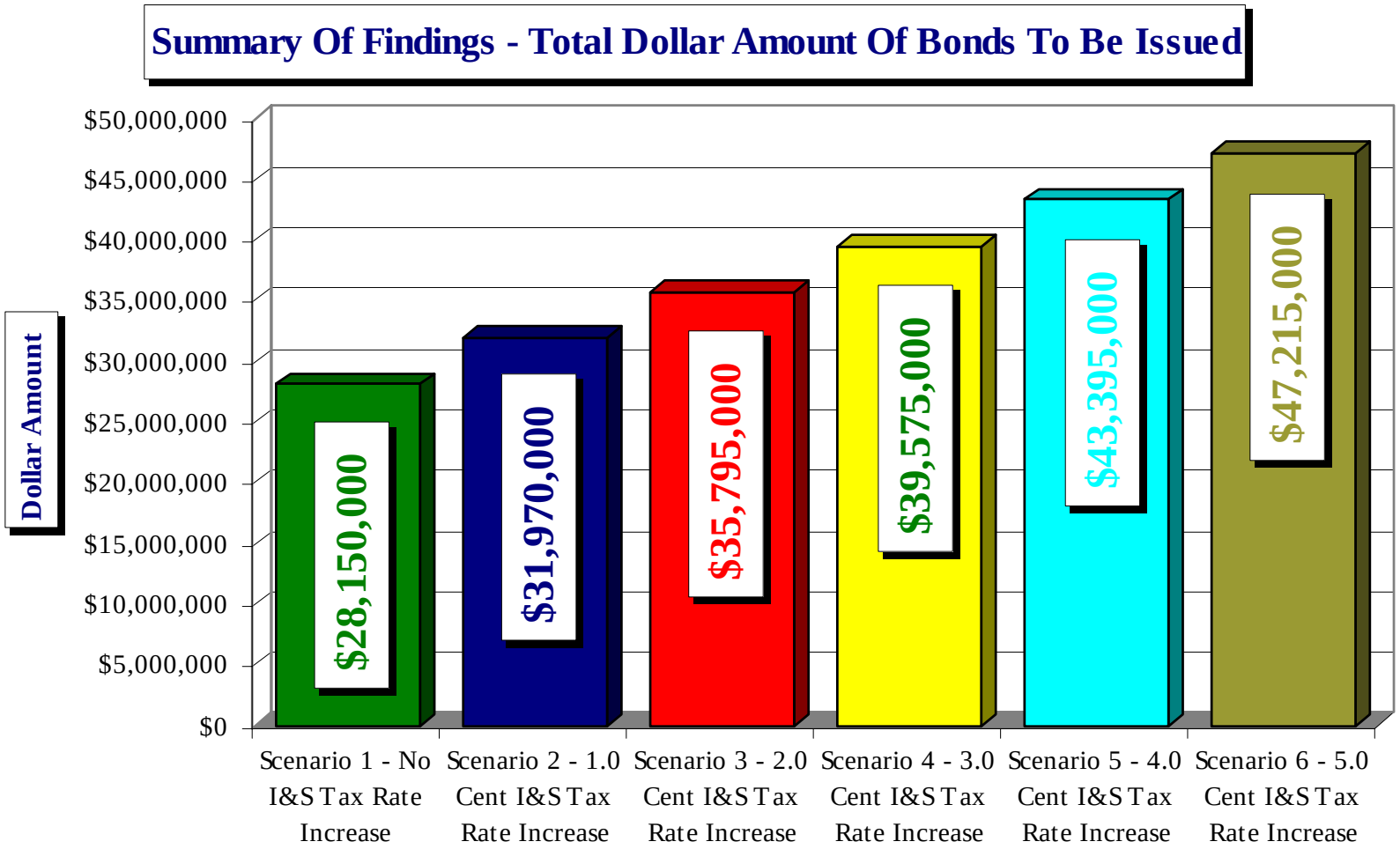
SCENARIOS PRESENTED: **Issue the maximum amount of bonds allowable in order to produce:**

Scenario 1:	No Interest & Sinking Fund Tax Rate Increase;
Scenario 2:	A 1.0 Cent Interest & Sinking Fund Tax Rate Increase;
Scenario 3:	A 2.0 Cent Interest & Sinking Fund Tax Rate Increase;
Scenario 4:	A 3.0 Cent Interest & Sinking Fund Tax Rate Increase;
Scenario 5:	A 4.0 Cent Interest & Sinking Fund Tax Rate Increase; and
Scenario 6:	A 5.0 Cent Interest & Sinking Fund Tax Rate Increase.

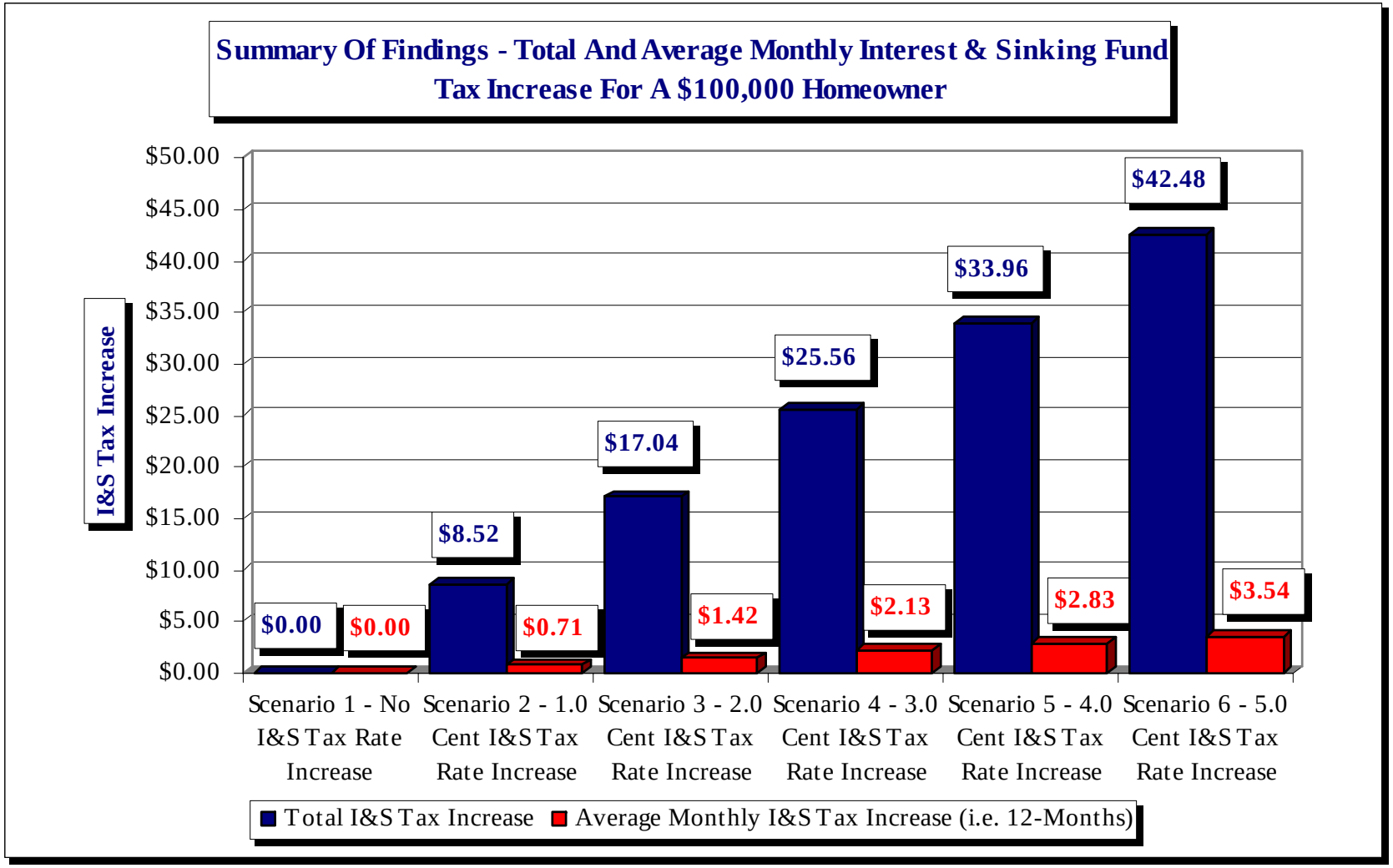
ASSUMPTIONS: **These scenarios are based upon the assumptions summarized below:**

- ✓ Structured to produce the applicable Interest & Sinking Fund tax rate increase in Year 2005/06.
- ✓ Bonds are amortized over a 30-year period.
- ✓ Assumes an interest rate of 6.00%. Current market rates of interest are approximately 4.85%.
- ✓ Assumes 5.00% growth or an average of $128,442,188 per year in the District's taxable assessed valuation for the next 5-years and remains constant thereafter. Over the last 5-years, the District's taxable assessed valuation has grown at an average of 10.83% or $186,904,167 per year.
- ✓ Assumes the District will have $200,000 of other available revenues on an annual basis that may be used to subsidize the District's Interest & Sinking Fund tax rate. These consist of funds to be derived from interest earnings on Interest & Sinking Fund tax collections, delinquent tax collections, frozen Interest & Sinking Fund tax collections and other available revenues.
- ✓ Assumes the District will not receive any State funding assistance for the payment of debt service.

GRANBURY INDEPENDENT SCHOOL DISTRICT



GRANBURY INDEPENDENT SCHOOL DISTRICT



GRANBURY INDEPENDENT SCHOOL DISTRICT

Debt Capacity Analysis – New Bond Program – Summary Of Findings

	Scenario 1 – No I&S Tax Increase	Scenario 2 – A 1.0 Cent I&S Tax Assistance	Scenario 3 – A 2.0 Cent I&S Tax Assistance	Scenario 4 – A 3.0 Cent I&S Tax Assistance	Scenario 5 – A 4.0 Cent I&S Tax Assistance	Scenario 6 – A 5.0 Cent I&S Tax Assistance
Total Dollar Amount Of Bonds To Be Issued	$ 28,150,000	$ 31,970,000	$ 35,795,000	$ 39,575,000	$ 43,395,000	$ 47,215,000
Total Interest & Sinking Fund Tax Rate Increase	0.0 Cents	1.0 Cents	2.0 Cents	3.0 Cents	4.0 Cents	5.0 Cents
Actual Interest & Sinking Fund Tax Rate – Year 2004/05	24.5 Cents	24.5 Cents	24.5 Cents	24.5 Cents	24.5 Cents	24.5 Cents
Plus: Interest & Sinking Fund Tax Rate Increase – Year 2005/06	0.0 Cents	1.0 Cents	2.0 Cents	3.0 Cents	4.0 Cents	5.0 Cents
Maximum Interest & Sinking Fund Tax Rate	24.5 Cents	25.5 Cents	26.5 Cents	27.5 Cents	28.5 Cents	29.5 Cents
Total Tax Increase Per $100,000 Average Homeowner	$ 0.00	$ 8.52	$ 17.04	$ 25.56	$ 33.96	$ 42.48
Average Monthly Tax Increase Per $100,000 Average Homeowner	0.00	0.71	1.42	2.13	2.83	3.54

Please note the District has the option of phasing-in any tax rate increase over more than one-year (i.e. 3, 5, 7 years) to minimize the initial tax rate increase. For instance, assuming a $39.575 million bond program, the District's Interest and Sinking Fund tax rate increase is estimated to be 3.0 cents. One option available would be to phase-in the tax rate increase over three (3) years and have the tax impact be approximately 1.0 cent in any given year.

On average, for each $3.813 million of bonds issued over $28.150 million, the District's Interest & Sinking Fund tax rate will increase by approximately 1.0 cent.

GRANBURY INDEPENDENT SCHOOL DISTRICT

Year 2005 Bond Election Calendar

JANUARY 2005

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

FEBRUARY 2005

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

MARCH 2005

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

APRIL 2005

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

MAY 2005

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

JUNE 2005

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY 2005

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

AUGUST 2005

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER 2005

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER 2005

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

NOVEMBER 2005

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER 2005

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

All bond elections in the State of Texas must be held on uniform election dates, with the exception of bond or maintenance tax elections for school districts, which may hold a “wild-card” election on any date **once** during each biennium. “Wild-card” elections by school districts may be held on any date except for the blackout dates 30 days before and after the State general elections. Please note, for Year 2004/05 there are no blackout dates and the uniform election dates are highlighted in yellow in the calendar above.

GRANBURY INDEPENDENT SCHOOL DISTRICT

Preliminary Bond Election Timeline – March 5, 2005 Bond Election

Date	Action	Responsibility
Prior To December 16, 2004[(A)]	**Board Meeting – Board of Trustees Calls the Bond Election**	**GISD, DAIN**
December 17, 2004	Submit Pre-Clearance Letter to Justice Department	GISD, DAIN, MPH
January 28, 2005	Order Ballots & Elections Supplies	GISD, DAIN
February 3 – 23, 2005	Publish Election Order (No later than 10 days prior to election and no earlier than 30 days prior to election)	GISD
February 8, 2005	Post Election Order at Administration Building (No later than 21 days prior to election)	GISD
February 16 – March 1, 2005	Early Voting Period	GISD
March 5, 2005	**Bond Election**	**GISD, DAIN**
March 13 – 16, 2005	**Board Meeting – Canvass Election and Declare Results**	**GISD, DAIN**
April 12 – 15, 2005	30-Day Contest Period	N/A
May 2005	Bond Sale (Interest Rates Locked-In)	GISD, DAIN, MPH
June 2005	Bond Closing (District Receives Bond Proceeds)	GISD, DAIN, MPH

[(A)] State law requires a bond election to be called by the Board of Trustees at least 62 days prior to the date of the election and the Department of Justice requires 60 days for approval of election procedures. In order for the District to receive Department of Justice approval prior to the beginning of "Early Voting," the District must call the election at least 77 days prior to the election date.

FINANCING TEAM MEMBERS

GISD	--	Granbury Independent School District - Issuer
DAIN	--	RBC Dain Rauscher Inc. – Financial Advisor
MPH	--	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Information

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: 9/30/04 Financial Statements

SUMMARY:

Attached are the financial statements for the period ended September 30, 2004 for the general operating fund.

The statements for the period ended September 30, 20043 include only those transactions that occurred between the period of September 1, 2004 and September 30, 2004. Revenue collected to date equal 6.08% of the budgeted amount compared to 5.1% last year. Expenditures to date represent 9.68% of the budget compared to 8.83% last year.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton
Emmett Whitefield

Date Submitted: December 3, 2004

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Information

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: 10/31/04 Financial Statements

SUMMARY:

Attached are the financial statements for the period ended October 31, 2004 for the general operating fund.

The statements for the period ended October 31, 2004 include only those transactions that occurred between the period of September 1, 2004 and October 31, 2004. Revenue collected to date equal 10.72% of the budgeted amount compared to 9.95% last year. Expenditures to date represent 17.67% of the budget compared to 17.81% last year.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton
Emmett Whitefield

Date Submitted: December 3, 2004

GRANBURY
INDEPENDENT SCHOOL DISTRICT

Sharay Boynton
Executive
Director of Finance

600 W Bridge Street • Granbury, Texas 76048 • Phone (817) 408-4015 • Fax (817) 408-4033
sharay_boynton@granbury.k12.tx.us

November 29, 2004

Granbury Independent School District Board of Trustees:

The Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) requires the investment officer of each local government to submit to its governing body a report, not less than quarterly, of investment transactions.

The **Portfolio Summary Report** identifies all areas that are required to be reported to the governing body. The report summarized the information for all six groups of funds that the District invests funds. The report shows that all six funds are being invested at a higher rate than the average benchmark yield. The benchmark used is the 90-day T-Bill.

The total book value of investments held by the District on September 30, 2004 was $15,001,141. The General Fund holds the majority of the investments.

The District invested in the pools and the interest bearing checking accounts during the last quarter. At this time, the pools and the interest bearing checking accounts are generating a larger yield than that of the Treasuries and Agencies. At such a time as the yield is higher for the Treasuries and Agencies, funds will be reallocated to take advantage of the higher yield. Throughout most of last quarter, LOGIC maintained a higher yield than TEXPOOL, TexasTerm Daily and TASB-Lone Star. The interest yield on the checking accounts was higher than LOGIC. However, due to collateral and diversity issues, funds are invested in both the pools and the bank.

Funds are invested to yield the highest return and security at the time of investment or withdrawal. Graphs showing the percentage breakdown of investments as well as transactions for all funds are attached for your review.

The information presented above and the attached are submitted to you as the quarterly report of investment transactions for Granbury Independent School District.

William Harris
Superintendent

Sharay S. Boynton, CPA
Executive Director of Finance

PORTFOLIO SUMMARY REPORT
PERIOD ENDING 09/30/04

GRANBURY ISD – GENERAL OPERATING INVESTMENT FUNDS

Beginning Book Value	$13,536,642
Beginning Market Value	$13,536,642
WAM at Beginning of Period	1 Days
Change to Market Value	$ 0
Ending Book Value	$13,536,642
Ending Market Value	$13,536,642
Gain/Loss	$ 0
WAM at Ending Date	1 Days
Period Yield to Maturity	1.74%
Period Average Benchmark Yield	1.58 %

GRANBURY ISD – FOOD SERVICE INVESTMENT FUNDS

Beginning Book Value	$ 362,545
Beginning Market Value	$ 362,545
WAM at Beginning of Period	1.0 Days
Change to Market Value	$ 0
Ending Book Value	$ 362,545
Ending Market Value	$ 362,545
Gain/Loss	$ 0
WAM at Ending Date	1.0 Days
Period Yield to Maturity	1.80%
Period Average Benchmark Yield	1.58%

GRANBURY ISD – SCHOLARSHIP/TRUST INVESTMENT FUNDS

Beginning Book Value	$ 67,440
Beginning Market Value	$ 67,440
WAM at Beginning of Period	1.0 Days
Change to Market Value	$ 0
Ending Book Value	$ 67,440
Ending Market Value	$ 67,440
Gain/Loss	$ 0
WAM at Ending Date	1.0 Days
Period Yield to Maturity	2.25%
Period Average Benchmark Yield	1.58%

GRANBURY ISD – DEBT SERVICE INVESTMENT FUNDS

Beginning Book Value	$	599,552
Beginning Market Value	$	599,552
WAM at Beginning of Period		1 Days
Change to Market Value	$	0
Ending Book Value	$	599,552
Ending Market Value	$	599,552
Gain/Loss	$	0
WAM at Ending Date		1 Days
Period Yield to Maturity		1.84%
Period Average Benchmark Yield		1.58%

GRANBURY ISD – BUILDING FUND INVESTMENT FUNDS

Beginning Book Value	$	215,758
Beginning Market Value	$	215,758
WAM at Beginning of Period		1.0 Days
Change to Market Value	$	0
Ending Book Value	$	215,758
Ending Market Value	$	215,758
Gain/Loss	$	0
WAM at Ending Date		1.0 Days
Period Yield to Maturity		1.78%
Period Average Benchmark Yield		1.58 %

GRANBURY ISD –SELF INSURANCE INVESTMENT FUNDS

Beginning Book Value	$	219,204
Beginning Market Value	$	219,204
WAM at Beginning of Period		1.0 Days
Change to Market Value	$	0
Ending Book Value	$	219,204
Ending Market Value	$	219,204
Gain/Loss	$	0
WAM at Ending Date		1.0 Days
Period Yield to Maturity		2.25%
Period Average Benchmark Yield		1.58

Prepared by: Finance Director

Superintendent

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: Annual Financial Report – Year ended 8/31/2004

SUMMARY:

The annual audit has been completed. Mr. Chandler Snow of Snow, Garrett & Company, Certified Public Accountants will be at the board meeting to present the report and letters to the board. The Annual Financial Report for the year ended August 31, 2004 and the management letter will be available via electronic format. They will be forwarded to the District by Friday, December 10, 2004 and will be posted to BoardBook as soon as possible.

Should you have questions regarding the report, please feel free to contact me prior to the Board meeting so that I can get with Mr. Snow and he can be prepared to respond to your questions either at the meeting or prior to the meeting.

RECOMMENDATION:

That the Board accept the Annual Financial Report for the year ended August 31, 2004 as presented.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton

Date Submitted: December 3, 2004

GRANBURY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2004

Granbury Independent School District
Annual Financial Report
For The Year Ended August 31, 2004

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Introductory Section

CERTIFICATE OF BOARD

Granbury Independent School District	Hood	111-901
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____approved _____disapproved for the period ended August 31, 2004, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

_____ Signature of Board Secretary

_____ Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

Snow, Garrett & Company

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Financial Statements

Board of Trustees
Granbury Independent School District
600 W. Bridge Street
Granbury, Texas 76048

Members of the Board of Trustees:

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 Granbury Independent School District as of and for the year ended August 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Granbury Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Granbury Independent School District as of August 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2004, on our consideration of Granbury Independent School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Granbury Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Snow, Garrett & Company

Snow, Garrett & Company
October 28, 2004

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax: 817-596-9304

Management's Discussion and Analysis
(Unaudited)

As management of 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 year ended August 31, 2004. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- District rated "Superior Achievement" in financial management for the second consecutive year by the TEA Financial Integrity Rating System of Texas (includes Administrative Cost ratio of .0951 at 24% below the state cap).
- Actual expenses were less than the appropriated budget.
- The assets of the District exceeded its liabilities at the close of the most recent period by $19,039,190 (*net assets*). Of this amount, $13,866,779 (*unrestricted net assets*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $13,458,553. Approximately 90 percent of this total amount, $12,105,363, is *available for spending* at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was $12,105,363, or 28 percent of the total general fund expenditures.

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 are comprised of 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.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 9-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District 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. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 12-15 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 functions presented as *business-type activities* in the government-wide financial statements. The District has *business-type activities* or *enterprise funds* that operate similar to a private business. The District uses the enterprise fund to account for its extended day care program and the television station. 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 uses the *internal service fund* to report activities for its self-funded insurance programs, workers comp and health insurance. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

- ***Fiduciary funds***. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets that can be found on page 19.

- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-28 of this report.

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. Required supplementary information can be found on page 29 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by $19,309,190 as of August 31, 2004.

The District's Net Assets

	August 31, 2004	August 31, 2003
Current assets	$ 19,031,735	$ 19,904,534
Capital assets	76,705,601	75,936,663
Total assets	95,737,336	95,841,197
Current liabilities	4,346,600	4,113,970
Long-term liabilities outstanding	72,351,546	74,451,630
total liabilities	76,698,146	78,565,600
Net assets:		
Invested in capital assets, net of related debt	4,188,694	1,207,520
Restricted	983,717	2,075,839
Unrestricted	13,866,779	13,992,238
Total net assets	$ 19,039,190	$ 17,275,597

Investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding is $4,188,694. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets ($983,717) represents resources that are subject to external restrictions on how they may be used.

Governmental activities. The District's total net assets increased by $1,763,593. The total cost of all *governmental activities* this year was $52,557,225. The amount that our taxpayers paid for these activities through property taxes was $39,157,424 or 75%.

Changes in the District's Net Assets

	Fiscal Year August 31, 2004	Fiscal Year August 31, 2003
Revenues:		
Program revenues		
Charges for services	$ 1,744,688	$ 1,541,537
Operating grants and contributions	6,834,164	7,659,330
General revenues		
Property taxes	39,157,424	33,603,952
State grants	5,944,749	7,910,544
Other	639,793	679,131
Total revenues	54,320,818	51,394,494
Expenses:		
Instruction	26,698,512	25,530,738
Instruction resources and media services	1,910,931	1,971,377
Curriculum and staff development	774,681	722,896
Instructional leadership	567,651	403,253
School leadership	2,706,323	2,712,997
Guidance, counseling & evaluation services	1,912,944	1,824,841
Health services	302,255	370,713
Student transportation	1,969,920	1,947,325
Food service	2,503,365	2,308,874
Extracurricular activities	1,510,953	1,539,128
General administration	2,082,584	2,113,572
Plant maintenance and operations	5,453,456	5,196,251
Security and monitoring services	161,129	145,409
Data processing services	69,237	51,046
Community Services	146,303	190,129
Debt service-interest on long-term debt	3,540,960	3,786,445
Debt service-bond issuance costs	140,967	142,538
Capital Outlay	-	2,639
Payments related to shared service arrangements	105,054	67,936
Total expenses	52,557,225	51,028,107
Increase (decrease) in net assets	1,763,593	366,387
Beginning net assets	17,275,597	24,592,201
Prior period adjustment	-	(7,682,991)
Ending net assets	$ 19,039,190	$ 17,275,597

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, bond covenants, and segregation for particular purposes.

Governmental funds. 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, undesignated fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $13,458,553, a decrease of $886,893. Approximately 90 percent of this total amount ($12,105,363) 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 (1) to pay debt service ($515,790), (2) to pay for construction ($356,335), (3) for food service ($414,430) and (4) for other miscellaneous designations ($66,635).

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 $12,105,363, out of a total fund balance of $12,279,627. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 28 percent of the total general fund expenditures.

The fund balance of the District's general fund increased by $239,069 during the current fiscal year. Key factors in this growth are:

- An increase in the District's taxable value that generated an increase in tax revenues of approximately $5.4 million.
- A corresponding decrease in state funding of approximately $2.1 million due to the higher property wealth of the District.

The debt service fund has a total fund balance of $515,790, all of which is reserved for the payment of debt service. The net decrease in fund balance during the period in the debt service is $555,112.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. Due to the completion of all capital projects the fund balance of the District's capital projects fund was $182,071 as of August 31, 2004. The net decrease in fund balance for the fiscal year ended August 31, 2004, was $511,373. This decrease resulted from construction expenditures. Expenditures for capital projects totaled $516,859 for the year.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at August 31, 2004, amounted to negative $702,713. The total decrease in net assets was $389,763. For the fiscal year ended August 31, 2004, the District, the Community and employees contributed approximately $229,410 to the enterprise funds and $3,962,261 to the internal service funds. Medical claims incurred during the year totaled in excess of $4 million. Administrative fees for the year totaled approximately $261,000.

General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year.
- Amendments in early and late spring to revise estimates for local and state revenue based on the latest information on student attendance numbers and tax collections.
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments during the year for unexpected occurrences.
- Amendments for donations received from community projects and members.
- Amendment to purchase First United Methodist Church building for the future administration facility.

The District made the following amendments to budgeted revenue:
- $131,000 increase in local revenue for donated revenue.
- $400,000 increase in state revenue due to increased student enrollment over anticipated.

Following is a summary of amendments made to appropriations:

- $131,000 increase for expenditures associated with donations and miscellaneous
- $2,400,000 increase for purchase of First United Methodist Church Building for future administrative facility.

After appropriations were amended as described above, actual revenues were lower than final budgeted revenues by $304,584 due to lower than anticipated state funding, and higher than anticipated delinquent tax collections. Receipt of funds in each of these areas continues through the month of August after the final Board meeting of the fiscal year at which final amendments to the budget are approved. In the case of state funding, the latest estimates available are used to amend the budget in August. However, TEA does not provide final funding amounts until the following spring. Actual expenditures were $1,895,777 below final budget amounts. This positive variance in expenditures resulted from (1) lower than anticipated charges in functions and (2) projects started in current fiscal but not completed until after end of fiscal year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2004, amounts to $76,705,601 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

Districts Capital Assets (net of depreciation)

	August 31, 2004	August 31, 2003
Land	$ 1,405,693	$ 1,485,556
Construction in progress	363,481	1,237,784
Buildings and improvements	72,454,641	71,095,435
Furniture and equipment	2,481,786	2,117,888
Total at historical cost	$ 76,705,601	$ 75,936,663

Additional information on the District's capital assets can be found in note C on page 25 of this report.

Long-term debt. As of August 31, 2004, the District had total general obligation bonded debt outstanding of $72,351,546, a decrease of $1,380,243 in general obligation bonds over the prior year. The District also had accretion of capital appreciation bonds of 719,841 in fiscal year 2004.

The "AAA" long-term rating on the District's Texas' bonds reflects the Texas Permanent School Fund guarantee. The "A2" Moody's underlying rating on the District's general obligation debt reflects the District's: growing economic base, manageable debt position and strong financial operations. Source: *Moody's Investor Services Global Credit Research Publication 31-May-2002.*

Additional information on the District's long-term debt can be found in note E on page 26 of this report.

Economic Factors and Next Year's Budgets and Rates

- The District's student attendance rate remains stable at 95 percent.
- The District's enrollment has experienced minimal increase and expected at 1%.
- The District's taxable valuation has increased by 6 percent
- The District lowered the maintenance and operations tax rate to $1.425 from the maximum $1.50 resulting in an overall tax rate decrease of $.03. Ability to do this is a result of higher tax base and District management's efficient use of resources.
- The District has appropriated maintenance and operations revenues and expenditures in the 2004-05 budget of $43,751,590 and $44,320,023 respectively. Expenditures include an additional $ 1,700,000 for salary/wage increases and an additional $500,000 for employee health coverage. These increases to expenditures will be funded through additional property tax collections and future tax base increases.

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 as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Granbury I.S.D.'s Business Office.

Basic Financial Statements

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS
AUGUST 31, 2004

Data Control Codes		1 Governmental Activities	2 Business-type Activities	3 Total
	ASSETS:			
1110	*Cash and Cash Equivalents*	$ 1,299,050	$ --	$ 1,299,050
1120	*Current Investments*	14,206,637	--	14,206,637
1225	*Property Taxes Receivable (Net)*	2,094,656	--	2,094,656
1240	*Due from Other Governments*	673,674	--	673,674
1260	*Internal Balances*	77,813	(77,813)	--
1267	*Due from Fiduciary*	132,066	--	132,066
1290	*Other Receivables (Net)*	163,114	--	163,114
1300	*Inventories*	39,359	--	39,359
1420	*Capitalized Bond and Other Debt Issuance Costs*	126,680	--	126,680
1430	*Premium and Discount on Issuance of Bonds*	(97,849)	--	(97,849)
	Capital Assets:			
1510	*Land*	1,405,693	--	1,405,693
1520	*Buildings and Improvements, Net*	72,454,641	--	72,454,641
1530	*Furniture and Equipment, Net*	2,481,786	--	2,481,786
1580	*Construction in Progress*	363,481	--	363,481
1800	*Restricted Assets*	394,348	--	394,348
1000	Total Assets	95,815,149	(77,813)	95,737,336
	LIABILITIES:			
2110	*Accounts Payable*	622,617	313	622,930
2140	*Interest Payable*	194,192	--	194,192
2165	*Accrued Liabilities*	2,594,836	8,600	2,603,436
2180	*Due to Other Governments*	12,256	--	12,256
2300	*Deferred Revenue*	519,438	--	519,438
2400	*Payable from Restricted Assets*	394,348	--	394,348
	Noncurrent Liabilities:			
2501	*Due Within One Year*	1,284,600	--	1,284,600
2502	*Due in More Than One Year*	71,066,946	--	71,066,946
2000	Total Liabilities	76,689,233	8,913	76,698,146
	NET ASSETS			
3200	Invested in Capital Assets, Net of Related Debt	4,188,694	--	4,188,694
	Restricted For:			
3850	Debt Service	801,646	--	801,646
3860	Capital Projects	182,071	--	182,071
3900	Unrestricted	13,953,505	(86,726)	13,866,779
3000	Total Net Assets	$ 19,125,916	$ (86,726)	$ 19,039,190

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues: Charges for Services	4 Program Revenues: Operating Grants and Contributions
	Government Activities:			
11	*Instruction*	$ 26,698,512	$ 88,554	$ 2,995,489
12	*Instructional Resources and Media Services*	1,910,931	3,608	244,789
13	*Curriculum and Staff Development*	774,681	1,048	240,318
21	*Instructional Leadership*	567,651	954	92,181
23	*School Leadership*	2,706,323	5,004	232,330
31	*Guidance, Counseling, & Evaluation Services*	1,912,944	2,893	455,671
33	*Health Services*	302,255	576	18,166
34	*Student Transportation*	1,969,920	4,413	130,377
35	*Food Service*	2,503,365	1,281,263	1,062,234
36	*Extracurricular Activities*	1,510,953	212,645	62,868
41	*General Administration*	2,082,584	4,025	94,867
51	*Plant Maintenance and Operations*	5,453,456	99,351	291,270
52	*Security and Monitoring Services*	161,129	13,939	12,644
53	*Data Processing Services*	69,237	135	2,896
61	*Community Services*	146,303	19,621	11,507
72	*Interest on Long-term Debt*	3,540,960	--	638,382
73	*Bond Issuance Costs and Fees*	140,967	--	--
81	*Capital Outlay*	--	6,659	143,121
93	*Payments Related to Shared Services Arrangements*	105,054	--	105,054
TG	Total Governmental Activities	52,557,225	1,744,688	6,834,164
	Business-type Activities:			
01	Extended Day School Program	177,585	160,783	--
02	GEA Channel 99	99,922	68,627	--
TB	Total Business-type Activities	277,507	229,410	--
TP	Total Primary Government	$ 52,834,732	$ 1,974,098	$ 6,834,164

	General Revenues:
MT	*Property Taxes, Levied for General Purposes*
DT	*Property Taxes, Levied for Debt Service*
IE	*Investment Earnings*
GC	*Grants and Contributions Not Restricted to Specific Programs*
MI	*Miscellaneous*
TR	Total General Revenues
CN	Change in Net Assets
NB	Net Assets - Beginning
NE	Net Assets - Ending

The accompanying notes are an integral part of this statement.

6	7	8
Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (23,614,469)		$ (23,614,469)
(1,662,534)		(1,662,534)
(533,315)		(533,315)
(474,516)		(474,516)
(2,468,989)		(2,468,989)
(1,454,380)		(1,454,380)
(283,513)		(283,513)
(1,835,130)		(1,835,130)
(159,868)		(159,868)
(1,235,440)		(1,235,440)
(1,983,692)		(1,983,692)
(5,062,835)		(5,062,835)
(134,546)		(134,546)
(66,206)		(66,206)
(115,175)		(115,175)
(2,902,578)		(2,902,578)
(140,967)		(140,967)
149,780		149,780
--		--
(43,978,373)		(43,978,373)
--	$ (16,802)	(16,802)
--	(31,295)	(31,295)
--	(48,097)	(48,097)
(43,978,373)	(48,097)	(44,026,470)
34,534,090	--	34,534,090
4,623,334	--	4,623,334
287,054	--	287,054
5,944,749	--	5,944,749
400,835	--	400,835
45,790,062	--	45,790,062
1,811,689	(48,097)	1,763,592
17,314,227	(38,629)	17,275,598
$ 19,125,916	$ (86,726)	$ 19,039,190

GRANBURY INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2004

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	ASSETS:				
1110	*Cash and Cash Equivalents*	$ 577,906	$ 110,498	$ 295,598	$ 984,002
1120	*Current Investments*	12,423,972	1,239,038	542,136	14,205,146
1225	*Taxes Receivable, Net*	1,808,800	285,856	--	2,094,656
1240	*Due from Other Governments*	483,564	--	190,110	673,674
1260	*Due from Other Funds*	1,184,050	--	36,904	1,220,954
1290	*Other Receivables*	109,170	16,043	11,433	136,646
1300	*Inventories*	--	--	39,359	39,359
1800	*Restricted Assets*	394,348	--	--	394,348
1000	Total Assets	$ 16,981,810	$ 1,651,435	$ 1,115,540	$ 19,748,785
	LIABILITIES:				
	Current Liabilities:				
2110	*Accounts Payable*	$ 462,428	$ --	$ 147,807	$ 610,235
2150	*Payroll Deductions & Withholdings*	--	--	1,974	1,974
2160	*Accrued Wages Payable*	1,617,323	--	49,421	1,666,744
2170	*Due to Other Funds*	274,564	794,335	216,816	1,285,715
2180	*Due to Other Governments*	--	--	12,256	12,256
2300	*Deferred Revenue*	1,953,520	341,310	24,130	2,318,960
2400	*Payable from Restricted Assets*	394,348	--	--	394,348
2000	Total Liabilities	4,702,183	1,135,645	452,404	6,290,232
	FUND BALANCES:				
	Reserved Fund Balances:				
3410	*Investments in Inventory*	--	--	39,359	39,359
3420	*Debt Service*	--	515,790	--	515,790
3450	*Reserve for Food Service*	--	--	375,071	375,071
3490	*Other Reserves of Fund Balance*	--	--	66,635	66,635
	Designated Fund Balance:				
3510	*Construction*	174,264	--	182,071	356,335
3600	Unreserved	12,105,363	--	--	12,105,363
3000	Total Fund Balances	12,279,627	515,790	663,136	13,458,553
4000	Total Liabilities and Fund Balances	$ 16,981,810	$ 1,651,435	$ 1,115,540	$ 19,748,785

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2004

Total fund balances - governmental funds balance sheet	$ 13,458,553
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	76,705,601
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,094,656
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	(615,987)
Payables for bond principal are not reported in the funds.	(65,320,605)
Payables for bond interest are not reported in the funds.	(194,192)
Bond issuance cost and premiums are not reported in the funds.	28,831
Payables for accumulated Accretion on CAB's.	(7,030,941)
Net assets of governmental activities - statement of net assets	$ 19,125,916

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 35,511,585	$ 4,700,669	$ 1,319,600	$ 41,531,854
5800	*State Program Revenues*	7,655,198	638,382	886,232	9,179,812
5900	*Federal Program Revenues*	177,988	--	3,346,977	3,524,965
5020	Total Revenues	43,344,771	5,339,051	5,552,809	54,236,631
	EXPENDITURES:				
	Current:				
0011	*Instruction*	22,464,821	--	1,976,484	24,441,305
0012	*Instructional Resources and Media Services*	1,709,415	--	167,250	1,876,665
0013	*Curriculum and Staff Development*	496,648	--	217,790	714,438
0021	*Instructional Leadership*	451,821	--	71,686	523,507
0023	*School Leadership*	2,371,088	--	124,777	2,495,865
0031	*Guidance, Counseling, & Evaluation Services*	1,370,686	--	393,497	1,764,183
0033	*Health Services*	272,966	--	5,784	278,750
0034	*Student Transportation*	2,091,019	--	35,528	2,126,547
0035	*Food Service*	--	--	2,407,914	2,407,914
0036	*Extracurricular Activities*	1,397,883	--	725	1,398,608
0041	*General Administration*	1,907,067	--	13,564	1,920,631
0051	*Plant Maintenance and Operations*	5,128,320	--	79,858	5,208,178
0052	*Security and Monitoring Services*	255,716	--	1,125	256,841
0053	*Data Processing Services*	63,853	--	--	63,853
0061	*Community Services*	129,163	--	5,764	134,927
0071	*Principal on Long-term Debt*	--	1,380,243	--	1,380,243
0072	*Interest on Long-term Debt*	--	4,512,620	--	4,512,620
0073	*Bond Issuance Costs and Fees*	--	1,300	--	1,300
0081	*Capital Outlay*	3,155,216	--	516,859	3,672,075
0093	*Payments to Shared Service Arrangements*	--	--	105,054	105,054
6030	Total Expenditures	43,265,682	5,894,163	6,123,659	55,283,504
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	79,089	(555,112)	(570,850)	(1,046,873)
	Other Financing Sources and (Uses):				
7912	*Sale of Real or Personal Property*	159,980	--	--	159,980
7080	Total Other Financing Sources and (Uses)	159,980	--	--	159,980
1200	Net Change in Fund Balances	239,069	(555,112)	(570,850)	(886,893)
0100	Fund Balances - Beginning	12,040,558	1,070,902	1,233,986	14,345,446
3000	Fund Balances - Ending	$ 12,279,627	$ 515,790	$ 663,136	$ 13,458,553

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2004

Net change in fund balances - total governmental funds	$ (886,893)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,701,460
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,845,750)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(86,774)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	59,075
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,380,243
Bond issuance costs and similar items are amortized in the SOA but not in the funds	(5,015)
The accretion of interest on capital appreciation bonds is not reported in the funds.	719,841
(Increase) decrease in accrued interest from beginning of period to end of period	117,167
The net revenue (expense) of internal service funds is reported with governmental activities.	(341,665)
Change in net assets of governmental activities - statement of activities	$ 1,811,689

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2004

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	ASSETS:		
	Current Assets:		
1110	*Cash and Cash Equivalents*	$ --	$ 315,048
1120	*Investments*	--	1,491
	Receivables:		
1260	*Due from Other Funds*	--	288,018
1290	*Other Receivables (net)*	--	26,469
	Total Current Assets	--	631,026
1000	Total Assets	$ --	$ 631,026
	LIABILITIES:		
	Current Liabilities:		
2110	*Accounts Payable*	$ 313	$ 12,382
2123	*Other Liabilities*	--	259,111
2160	*Accrued Wages Payable*	8,600	--
2170	*Due to Other Funds*	77,813	13,379
2200	*Accrued Expenditures/Expenses*	--	667,007
2300	*Deferred Revenues*	--	295,134
	Total Current Liabilities	86,726	1,247,013
2000	Total Liabilities	86,726	1,247,013
	NET ASSETS:		
3900	*Unrestricted Net Assets*	(86,726)	(615,987)
3000	Total Net Assets	$ (86,726)	$ (615,987)

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	OPERATING REVENUES:		
5700	*Local and Intermediate Sources*	$ 229,410	$ 3,962,261
5020	Total Revenues	229,410	3,962,261
	OPERATING EXPENSES:		
6100	*Payroll Costs*	260,968	--
6200	*Professional and Contracted Services*	525	--
6300	*Supplies and Materials*	13,246	--
6400	*Other Operating Costs*	2,768	4,303,927
6030	Total Expenses	277,507	4,303,927
1300	Change in Net Assets	(48,097)	(341,666)
0100	Total Net Assets - Beginning	(38,629)	(274,321)
3300	Total Net Assets - Ending	$ (86,726)	$ (615,987)

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2004

	Nonmajor Enterprise Funds	Internal Service Funds	Total Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 229,410	$ 3,796,236	$ 4,025,646
Cash Receipts (Payments) for Quasi-external			
Cash Payments to Employees for Services	(212,960)	--	(212,960)
Cash Payments to Other Suppliers for Goods and Services	(16,450)	(4,120,305)	(4,136,755)
Net Cash Provided (Used) by Operating Activities	--	(324,069)	(324,069)
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	--	8,954	8,954
Net Cash Provided (Used) for Investing Activities	--	8,954	8,954
Net Increase (Decrease) in Cash and Cash Equivalents	--	(315,115)	(315,115)
Cash and Cash Equivalents at Beginning of Year	--	631,655	631,655
Cash and Cash Equivalents at End of Year	$ --	$ 316,540	$ 316,540
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	$ (48,097)	$ (341,666)	$ (389,763)
Adjustments to Reconcile Operating Income to Net Cash	--	(8,954)	(8,954)
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	--	(157,070)	(157,070)
Increase (Decrease) in Accounts Payable	88	--	88
Increase (Decrease) in Accrued Wages Payable	2,280	--	2,280
Increase (Decrease) in Interfund Payables	45,729	(21,133)	24,596
Increase (Decrease) in Other Liabilities	--	105,237	105,237
Increase (Decrease) in Accrued Expenses	--	38,337	38,337
Increase (Decrease) in Deferred Revenue	--	61,180	61,180
Total Adjustments	48,097	26,551	74,648
Net Cash Provided (Used) by Operating Activities	$ --	$ (324,069)	$ (324,069)

The accompanying notes are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2004

Data Control Codes		Agency Funds
	ASSETS:	
1110	*Cash and Cash Equivalents*	$ 349,152
1260	*Due from Other Funds*	3,942
1000	Total Assets	$ 353,094
	LIABILITIES:	
	Current Liabilities:	
2150	*Payroll Deduction & Withholdings*	$ 113,338
2170	*Due to Other Funds*	136,008
2190	*Due to Student Groups*	103,748
2000	Total Liabilities	353,094
	NET ASSETS	
3000	Total Net Assets	$ --

The accompanying notes are an integral part of this statement.

A. Summary of Significant Accounting Policies

The basic financial statements of Granbury Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund. This fund is used to account for tax revenues and for the payment of principal, interest and related cost on long-term debts for which a tax has been dedicated.

The District reports the following major enterprise funds:

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of $5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building & Improvements	9-30
Land Improvements	12-25
Equipment	5-15

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

B. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At August 31, 2004, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was $1,648,202 and the bank balance was $2,504,613. The District's cash deposits at August 31, 2004 and during the period ended August 31, 2004, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. These custodial risk categories are as follows:

Category 1 - Investments that are insured, registered or held by the District or by its agent in the District's name.

Category 2 - Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the District's name.

Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the District's name.

The District's investments at August 31, 2004 are shown below. Those investments which are evidenced by securities that exist in physical or book entry form are categorized by the custodial risk categories described above.

	Category			Reported	Fair
Investment	1	2	3	Amount	Value
TexPool-General Fund	$ --	$ 5,506,311	$ --	$ 5,506,311	$ 5,506,311
Logic-General Fund	--	2,674,678	--	2,674,678	2,674,678
Texas Term-General Fund	--	4,182,844	--	4,182,844	4,182,844
Lone Star - General Fund	--	60,139	--	60,139	60,139
TexPool-Food Service Fund	--	301,923	--	301,923	301,923
Logic-Food Service Fund	--	50,828	--	50,828	50,828
TexPool-Debt Service Fund	--	258,417	--	258,417	258,417
Logic-Debt Service Fund	--	942,386	--	942,386	942,386
Texas Term-Debt Service Fund	--	31,944	--	31,944	31,944
Lone Star-Debt Service Fund	--	6,291	--	6,291	6,291
TexPool-Capital Projects Fund	--	189,362	--	189,362	189,362
Logic-Capital Projects Fund	--	23	--	23	23
TexPool-Internal Service Fund	--	386	--	386	386
Logic-Internal Service Fund	--	685	--	685	685
Texas Term-Internal Service Fund	--	420	--	420	420
Total Investments	$ --	$ 14,206,637	$ --	$ 14,206,637	$ 14,206,637

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

C. Capital Assets

Capital asset activity for the period ended August 31, 2004, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 1,485,556	$ --	$ 79,863	$ 1,405,693
Construction in progress	1,237,784	363,481	1,237,784	363,481
Total capital assets not being depreciated	2,723,340	363,481	1,317,647	1,769,174
Capital assets being depreciated:				
Buildings and improvements	88,753,981	4,609,105	--	93,363,086
Equipment	7,195,293	955,028	87,718	8,062,603
Land Improvements	8,697,336	11,629	--	8,708,965
Total capital assets being depreciated	104,646,610	5,575,762	87,718	110,134,654
Less accumulated depreciation for:				
Buildings and improvements	(23,259,342)	(2,886,701)	--	(26,146,043)
Equipment	(5,077,404)	(584,222)	(80,809)	(5,580,817)
Land Improvements	(3,096,540)	(374,827)	--	(3,471,367)
Total accumulated depreciation	(31,433,286)	(3,845,750)	(80,809)	(35,198,227)
Total capital assets being depreciated, net	73,213,324	1,730,012	6,909	74,936,427
Governmental activities capital assets, net	$ 75,936,664	$ 2,093,493	$ 1,324,556	$ 76,705,601

Depreciation was charged to functions as follows:

Instruction	$ 2,060,499
Instructional Resources and Media Services	158,246
Curriculum and Staff Development	60,243
Instructional Leadership	44,144
School Leadership	210,458
Guidance, Counseling, & Evaluation Services	148,761
Health Services	23,505
Student Transportation	179,317
Food Services	203,102
Extracurricular Activities	117,935
General Administration	161,953
Plant Maintenance and Operations	439,169
Security and Monitoring Services	21,658
Data Processing Services	5,384
Community Services	11,376
	$ 3,845,750

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2004, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	$ 214,657	Short-term loans
General Fund	Debt Service Fund	794,245	Short-term loans
General Fund	Capital Projects Fund	2,159	Short-term loans
General Fund	Internal Service Fund	91,192	Short-term loans
General Fund	Trust & Agency Funds	81,797	Short-term loans
Other Governmental Funds	General Fund	36,814	Short-term loans
Other Governmental Funds	Debt Service Fund	90	Short-term loans
Internal Service Funds	General Fund	237,749	Short-term loans
Internal Service Funds	Trust & Agency Funds	50,269	Short-term loans
Trust & Agency Funds	Trust & Agency Funds	3,942	Short-term loans
	Total	$ 1,512,914	

All amounts due are scheduled to be repaid within one year.

E. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended August 31, 2004, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	$ 66,700,848	$ --	$ 1,380,243	$ 65,320,605	$ 1,284,600
Capital appreciation bonds	7,750,782		719,841	7,030,941	--
Total governmental activities	$ 74,451,630	$ --	$ 2,100,084	$ 72,351,546	$ 1,284,600

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2004, are as follows:

	Governmental Activities		
Year Ending August 31,	Principal	Interest	Total
2005	$ 1,284,600	$ 4,608,073	$ 5,892,673
2006	3,330,415	2,562,258	5,892,673
2007	3,397,859	2,494,864	5,892,723
2008	3,447,780	2,439,357	5,887,137
2009	3,512,157	2,377,180	5,889,337
2010-2014	8,538,388	16,865,700	25,404,088
2015-2019	5,896,156	19,165,531	25,061,687
2020-2024	14,508,250	10,558,888	25,067,138
2025-2029	21,405,000	3,657,774	25,062,774
Totals	$ 65,320,605	$ 64,729,625	$ 130,050,230

The interest rates on the Unlimited Tax School Building Bonds Series 1990, 1994, 1999, and 2002 range from 3.00% to 8.00% and mature on August 1, 2029.

F. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2004, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

G. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 877-0123.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2004, 2003 and 2002 were $108,800, $262,185 and $220,859, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2004, 2003 and 2002 were $101,949, $245,798 and $207,057, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was $1,702,191.

H. Health Care Coverage

During the period ended August 31, 2004, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of $297 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable annually, and terms of coverage and premium costs are included in the contractual provisions.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Allianz, a commercial insurrer licensed or eligable to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $75,000 and for aggregate loss. According to the latest actuarial opinion, the unfunded claim benefit obligation included $667,007 in reported claims that were unpaid and no estimated claims incurred, but not reported. The remaining $667,007 unfunded claim benefit obligation would be funded through rate adjustments and future contributions.

I. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31,2004.

J. Shared Services Arrangements

Shared Services Arrangement - Membership
The District participates in a shared services arrangement ("SSA") for a federal program with the following school districts:

Member Districts

Dublin	Weatherford
Glen Rose	Stephenville
Hamilton	Gorman
Mineral Wells	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES:				
5700	*Local and Intermediate Sources*	$ 34,488,982	$ 35,289,909	$ 35,511,585	$ 221,676
5800	*State Program Revenues*	7,755,446	8,158,446	7,655,198	(503,248)
5900	*Federal Program Revenues*	201,000	201,000	177,988	(23,012)
5020	Total Revenues	42,445,428	43,649,355	43,344,771	(304,584)
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	*Instruction*	22,624,197	22,648,978	22,464,821	184,157
0012	*Instructional Resources and Media Services*	1,561,895	1,727,999	1,709,415	18,584
0013	*Curriculum and Staff Development*	580,891	581,740	496,648	85,092
	Total Instruction & Instr. Related Services	24,766,983	24,958,718	24,670,884	287,834
	Instructional and School Leadership:				
0021	*Instructional Leadership*	437,137	467,581	451,821	15,760
0023	*School Leadership*	2,376,236	2,385,564	2,371,088	14,476
	Total Instructional & School Leadership	2,813,373	2,853,145	2,822,909	30,236
	Support Services - Student (Pupil):				
0031	*Guidance, Counseling and Evaluation Services*	1,377,921	1,386,100	1,370,686	15,414
0033	*Health Services*	312,069	299,187	272,966	26,221
0034	*Student (Pupil) Transportation*	1,921,022	2,471,897	2,091,019	380,878
0036	*Extracurricular Activities*	1,370,835	1,433,705	1,397,883	35,822
	Total Support Services - Student (Pupil)	4,981,847	5,590,890	5,132,554	458,336
	Administrative Support Services:				
0041	*General Administration*	2,020,827	2,002,592	1,907,067	95,525
	Total Administrative Support Services	2,020,827	2,002,592	1,907,067	95,525
	Support Services - Nonstudent Based:				
0051	*Plant Maintenance and Operations*	6,177,663	5,829,587	5,128,320	701,267
0052	*Security and Monitoring Services*	143,370	263,365	255,716	7,649
0053	*Data Processing Services*	62,500	64,332	63,853	479
	Total Support Services - Nonstudent Based	6,383,533	6,157,284	5,447,889	709,395
	Ancillary Services:				
0061	*Community Services*	120,878	142,478	129,163	13,315
	Total Ancillary Services	120,878	142,478	129,163	13,315
	Capital Outlay:				
0081	*Capital Outlay*	654,000	3,456,353	3,155,216	301,137
	Total Capital Outlay	654,000	3,456,353	3,155,216	301,137
6030	Total Expenditures	41,741,442	45,161,459	43,265,682	1,895,777
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	703,986	(1,512,104)	79,089	1,591,193
	Other Financing Sources (Uses):				
7912	*Sale of Real or Personal Property*	--	1,200	159,980	158,780
7080	Total Other Financing Sources and (Uses)	--	1,200	159,980	158,780
1200	Net Change in Fund Balance	703,986	(1,510,904)	239,069	1,749,973
0100	Fund Balance - Beginning	12,040,558	12,040,558	12,040,558	--
3000	Fund Balance - Ending	$ 12,744,544	$ 10,529,654	$ 12,279,627	$ 1,749,973

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

GRANBURY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2004

Year Ended August 31	1 Tax Rates Maintenance	2 Tax Rates Debt Service	3 Assessed/Appraised Value For School Tax Purposes
1995 and Prior Years	$ Various	$ Various	$ Various
1996	1.04	.36	1,065,169,149
1997	1.09	.34	1,125,442,142
1998	1.125	.305	1,296,947,891
1999	1.335	.285	1,323,684,144
2000	1.35	.34	1,474,201,120
2001	1.43	.30	1,682,783,750
2002	1.48	.25	1,829,558,961
2003	1.48	.25	2,043,095,090
2004 (School Year Under Audit)	1.50	.20	2,420,426,044
1000 Totals			

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/03	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/04
$ 259,034	$ --	$ 14,648	$ 6,107	$ (38,635)	$ 199,644
58,930	--	4,081	1,414	(1,387)	52,048
71,760	--	6,080	1,897	(1,485)	62,298
73,827	--	6,996	1,897	(2,269)	62,665
113,813	--	13,428	2,867	(2,743)	94,775
173,850	--	28,946	7,290	(2,099)	135,515
281,602	--	61,038	12,803	(7,117)	200,644
507,794	--	151,099	25,524	(6,065)	325,106
1,230,818	--	540,622	91,323	(65,787)	533,086
--	38,815,368	33,010,667	4,401,526	(212,356)	1,190,819
$ 2,771,428	$ 38,815,368	$ 33,837,605	$ 4,552,648	$ (339,943)	$ 2,856,600
$ --	$ --	$ --	$ --	$ --	$ --

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2005-2006
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2004

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

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) Misc.	7 Total
611X-6146	Payroll Costs	$ 10,728	$ --	$ 185,178	$ 711,968	$ --	$ 53,178	$ 961,052
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	100,045	--	--	--	--	--	100,045
6212	Audit Services	--	--	--	27,485	--	--	27,485
6213	Tax Appraisal and Collection	--	517,890	--	--	--	--	517,890
621X	Other Prof. Services	--	--	--	24,746	--	--	24,746
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	800	--	100	3,000	--	--	3,900
6240	Contr. Maint. and Repair	--	--	--	16,841	--	--	16,841
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	33,070	--	--	33,070
6290	Miscellaneous Contr.	--	--	--	12,225	--	--	12,225
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	193	--	--	193
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	40	--	1,674	57,903	--	2,188	61,805
6410	Travel, Subsistence, Stipends	10,710	--	6,628	15,187	--	--	32,525
6420	Ins. and Bonding Costs	--	--	--	30,171	--	--	30,171
6430	Election Costs	3,274	--	--	--	--	--	3,274
6490	Miscellaneous Operating	4,362	--	3,893	35,187	--	22,000	65,442
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	16,404	16,404
Total		$ 129,959	$ 517,890	$ 197,473	$ 967,976	$ --	$ 93,770	$ 1,907,068

Total expenditures for General and Special Revenue Funds (9) $ 48,872,482

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	$ 5,334,202	
Total Debt & Lease (6500)	(11)	$ --	
Plant Maintenance (Function 51, 6100-6400)	(12)	$ 4,903,728	
Food (Function 35, 6341 and 6499)	(13)	$ 913,629	
Stipends (6413)	(14)	$ --	
Column 4 (above) - Total Indirect Cost		$ 967,976	
Subtotal			12,119,535
Net Allowed Direct Cost			$ 36,752,947

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	$ 102,072,051
Historical Cost of Buildings over 50 years old	(16)	406,000
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	8,062,603
Historical Cost of Furniture & Equipment over 16 years old	(19)	546,199
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	$ --

(8) Note A - $63,853 in Function 53 expenditures are included in this report on administrative costs.

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2004

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2004 (Exhibit C-1 object 3000 for the General Fund only)	$ 12,279,627
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	--
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	174,264
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	7,210,040
5	Estimate of one month's average cash disbursements during the regular school session (9/1/04 - 5/31/05)	3,605,020
6	Estimate of delayed payments from state sources (58XX) including August payment delays	--
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	--
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	10,989,324
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	$ 1,290,303

If Item 11 is a Positive Number
The District will utilize additional fund balance to support future building / renovation projects needed on District facilities.

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 1,324,111	$ 1,311,024	$ (13,087)
5800	*State Program Revenues*	18,500	17,573	(927)
5900	*Federal Program Revenues*	988,368	1,032,872	44,504
5020	Total Revenues	2,330,979	2,361,469	30,490
	EXPENDITURES:			
	Current:			
	Support Services - Student (Pupil):			
0035	*Food Services*	2,477,117	2,379,826	97,291
	Total Support Services - Student (Pupil)	2,477,117	2,379,826	97,291
	Support Services - Nonstudent Based:			
0051	*Plant Maintenance and Operations*	40,377	37,508	2,869
	Total Support Services - Nonstudent Based	40,377	37,508	2,869
6030	Total Expenditures	2,517,494	2,417,334	100,160
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(186,515)	(55,865)	130,650
1200	Net Change in Fund Balance	(186,515)	(55,865)	130,650
0100	Fund Balance - Beginning	470,295	470,295	--
3000	Fund Balance - Ending	$ 283,780	$ 414,430	$ 130,650

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes		1 Budget	2 Actual	3 Variance Positive (Negative)
	REVENUES:			
5700	*Local and Intermediate Sources*	$ 4,610,000	$ 4,700,669	$ 90,669
5800	*State Program Revenues*	459,914	638,382	178,468
5020	Total Revenues	5,069,914	5,339,051	269,137
	EXPENDITURES:			
	Debt Service:			
0071	*Principal on Long-Term Debt*	1,380,243	1,380,243	--
0072	*Interest on Long-Term Debt*	4,512,620	4,512,620	--
0073	*Bond Issuance Costs and Fees*	6,000	1,300	4,700
	Total Debt Service	5,898,863	5,894,163	4,700
6030	Total Expenditures	5,898,863	5,894,163	4,700
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(828,949)	(555,112)	273,837
1200	Net Change in Fund Balance	(828,949)	(555,112)	273,837
0100	Fund Balance - Beginning	1,070,902	1,070,902	--
3000	Fund Balance - Ending	$ 241,953	$ 515,790	$ 273,837

Snow, Garrett & Company
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Granbury Independent School District
600 W. Bridge Street
Granbury, Texas 76048

Members of the Board of Trustees:

We have audited the basic financial statements of Granbury Independent School District as of and for the year ended August 31, 2004, and have issued our report thereon dated October 28, 2004. 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.

Compliance
As part of obtaining reasonable assurance about whether Granbury Independent School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We also noted certain immaterial instances of noncompliance that we have reported to management of Granbury Independent School District in a separate letter dated October 28, 2004.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered Granbury Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that we have reported to management of Granbury Independent School District in a separate letter dated October 28, 2004.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Snow, Garrett & Company

Snow, Garrett & Company
October 28, 2004

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax: 817-596-9304

Snow, Garrett & Company
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Report on Compliance with Requirements Applicable
To each Major Program and Internal Control over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Granbury Independent School District
600 W. Bridge Street
Granbury, Texas 76048

Members of the Board of Trustees:

Compliance
We have audited the compliance of Granbury Independent School District with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to each of its major federal programs for the year ended August 31, 2004. Granbury Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Granbury Independent School District's management. Our responsibility is to express an opinion on Granbury Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States; and OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Granbury Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Granbury Independent School District's compliance with those requirements.

In our opinion, Granbury Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2004.

Internal Control Over Compliance
The management of Granbury Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Granbury Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Snow, Garrett & Company

Snow, Garrett & Company
October 28, 2004

1207 Santa Fe Drive • Weatherford, Texas 76086 • 817-596-9301 • Fax: 817-596-9304

GRANBURY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FOR THE YEAR ENDED AUGUST 31, 2004

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	Yes	X	No
Reportable condition(s) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

2. Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	____	Yes	X	No
Reportable condition(s) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553	School Breakfast Program
10.555	School Lunch Program

Dollar threshold used to distinguish between type A and type B programs:	$300,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GRANBURY INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2004

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
None Noted.		

A correctional action plan is not needed.

GRANBURY INDEPENDENT SCHOOL DISTRICT

EXHIBIT K-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2004

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
	WEATHERFORD COLLEGE			
	Passed Through State Department of Education:			
243	*Vocational Education - Technical Preparation*	84.243A	41726	$ 2,315
	Total Weatherford College			2,315
	U. S. DEPARTMENT OF EDUCATION			
	Passed Through State Department of Education:			
211	*ESEA Title I Part A - Improving Basic Programs*	84.010A	4610103111901	911,117
211	*ESEA Title I Part A - Improving Basic Programs*	84.010A	5610103111901	70,992
	Total CFDA Number 84.010A			982,109
224	IDEA-B Formula Indirect Costs	84.027	111-901	16,542
224	*IDEA-B Formula*	84.027	4660001111901	799,847
224	*IDEA-B Formula*	84.027	5660001111901	58,013
	Total CFDA Number 84.027			874,402
244	*Vocational Education - Basic Grant*	84.048	0442006111901	61,641
225	IDEA-B Preschool Indirect Costs	84.173	111-901	223
225	*IDEA-B Preschool*	84.173	4661001111901	16,831
225	*IDEA-B Preschool*	84.173	561001111901	--
	Total CFDA Number 84.173			17,054
204	*ESEA Title IV Safe & Drug Free Schools & Communities Act*	84.184	4691001111901	36,799
204	*ESEA Title IV Safe & Drug Free Schools & Communities Act*	84.184	5691001111901	1,537
	Total CFDA Number 84.184			38,336
269	*Title V, Part A - Innovative Programs*	84.298	4685001111901	16,874
262	*Enhancing Education Through Technology*	84.318	4630001111901	30,576
263	*English Language Acquisition and Language Enhancement*	84.365	4671001111901	28,561
263	*English Language Acquisition and Language Enhancement*	84.365	5671001111901	5,667
	Total CFDA Number 84.365			34,228
255	*ESEA Title II Part A - Teacher & Principal Training & Recruitment*	84.367	4694501111901	270,822
255	*ESEA Title II Part A - Teacher & Principal Training & Recruitment*	84.367	5694501111901	2,513
	Total CFDA Number 84.367			273,335
	Total Passed Through State Department of Education			2,328,555
	Total U. S. Department of Education			2,328,555
	U. S. DEPARTMENT OF DEFENSE			
	Direct Program:			
111-901	ROTC	12.00	111-901	45,370
	Total U. S. Department of Defense			45,370
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Education:			
240	School Breakfast Program *	10.553	7140301	231,732
240	National School Lunch Program *	10.555	7130301	704,200
241	Commodity Supplemental Food Program	10.565	111-901	96,940
	Total Passed Through State Department of Education			1,032,872
	Total U. S. Department of Agriculture			1,032,872
	TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,409,112

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Granbury Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

GRANBURY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2004

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No

GRANBURY ISD
BOARD OF TRUSTEES
OFFICIAL REGULAR MEETING
MINUTES
November 8, 2004

The Board of Trustees of the Granbury Independent School District convened in an official **REGULAR** meeting on Monday, November 8, 2004 at 7:00 p.m. in the Board Room of the Administration Building, 600 West Pearl St., Granbury, Texas

Presiding Officer..... Charlie Cloud

Board Members Present

Jerry Campbell
J. Mark Graves (arrived at 7:15 p.m.)
Brian Condit
Gene Ellis
Micky Shearon
Bowen Brawner

School Officials Present

William Harris, Superintendent
Jan Van Dorn, Assistant Superintendent
Sharay Boynton, Executive Director of Finance
Troy Green, Executive Director of Human Resources
Ton Potappel, Director of Technology
Judy Duncan, Recording Secretary

Others Present

School Employees
Media
Community Members

Meeting Called to Order

President, Charlie Cloud, called the meeting to order at 7:00 p.m. and noted that a quorum of board members is present, the meeting has been duly called and that notice of this meeting has been posted in accordance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Grant Gikas, Minister at Harvest Church, led in the invocation and Emma Roberson Elementary students, Josh McWilliams led in the pledge to the U.S. Flag and Kirsten Russom led the pledge to the Texas Flag.

Superintendent's Report

Superintendent Harris reported that policy revisions regarding local sick leave and catastrophic leave have been presented to the District Advisory Committee and will be forwarded to TASB for policy review. After receiving the review back from TASB, the recommended policy changes will be presented to the board for their consideration.

Board Members Special Reports

Board member, Jerry Campbell acknowledged the dedication Carl Fricke had to the school district during his teaching career with GISD and that he will be greatly missed by the district and the community.

Board member Micky Shearon thanked Biff Peterson and the students at BTC for the donation of Christmas trees for the Mission Granbury Gala.

Board member Gene Ellis thanked Coach Lebby and his staff for a good football season.

Consent Agenda Items

A motion was made by Jerry Campbell and seconded by Micky Shearon to approve the consent agenda items as presented. **MOTION CARRIED** Yes 6 – Noe 0 (Mark Graves not yet arrived) The consent agenda items approved are: (a) minutes of the October 18, 2004 regular board meeting and November 1, 2004 special board meeting; (b) budget amendments.

Public Hearing for Early School Start Date

A public hearing was held to receive the communities concerns regarding August 17, 2005 being the first day of school instruction for the 2005-06 school year. There was no one present to address the board regarding this issue.

Consider 2005-06 School Calendar

A motion was made by Micky Shearon and seconded by Gene Ellis to approve the 2005-06 school calendar as presented. **MOTION CARRIED** Yes 7 – Noe 0

Consider Interlocal Agreement with the Texas Department of Health

A motion was made by Jerry Campbell and seconded by Brian Condit to approve the Interlocal Agreement with the Texas Department of Health as presented. **MOTION CARRIED** Yes 7 – Noe 0

Hood County Appraisal District Board of Directors

By a majority vote, Michael Carmichael and Gary Raper were elected as the choices for the Hood County Appraisal District Board of Directors by the GISD Board of Trustees. These names will be forwarded to the Appraisal District.

Consider Out-of-State Band Trip

A motion was made by Micky Shearon and seconded by Brian Condit to approve the Granbury High School out-of-state band trip as presented. **MOTION CARRIED** Yes 7 – Noe 0

Consider Competitive Job Markets

A motion was made by Bowen Brawner and seconded by Micky Shearon to include Keller ISD and HEB ISD for the competitive job markets studies. Bowen Brawner withdrew his original motion and made a motion to include Joshua ISD for teacher market study and Keller ISD for teachers and administrators market study along with the other school districts as presented for the competitive job market study. Jerry Campbell seconded the motion. **MOTION CARRIED** Yes 7 – Noe 0

Consider Policy BBE (LOCAL)

A motion was made by Bowen Brawner and seconded by Micky Shearon to submit the proposed policy changes for BBE (LOCAL) to TASB Legal for review. **MOTION CARRIED** Yes 5 – Noe 2 - Charlie Cloud and Mark Graves voted against

Recess

The board took a recess at 8:04 p.m.

Reconvened

The board reconvened at 8:06 p.m.

Employee Health Insurance

A motion was made by Mark Graves and seconded by Brian Condit to approve Option 1 of the proposed changes to the district insurance contributions, which includes an additional $25.00 paid toward the employee's insurance premiums. **MOTION CARRIED** Yes 7 – Noe 0

A motion was made by Bowen Brawner and seconded by Mark Graves to approve an additional $25.00 to be paid by the district for insurance premiums for part time employees. **MOTION CARRIED** Yes 7 – Noe 0

Public Comments

None

Personnel

None

Adjournment

There being no further business, the meeting was adjourned at 8:13 p.m.

Charlie Cloud, President	Micky Shearon, Secretary

GRANBURY ISD
BOARD OF TRUSTEES
OFFICIAL SPECIAL MEETING
MINUTES
November 8, 2004

The Board of Trustees of the Granbury Independent School District convened in an official **SPECIAL** meeting on Monday, November 8, 2004 at 6:00 p.m. in the Board Room of the Administration Building, 600 West Pearl St., Granbury, Texas

Presiding Officer..... Charlie Cloud

Board Members Present

Jerry Campbell
Brian Condit
Gene Ellis
Bowen Brawner
Micky Shearon

Board Members Absent

J. Mark Graves

School Officials Present

William Harris, Superintendent
Jan Van Dorn, Assistant Superintendent
Judy Duncan, Recording Secretary

Others Present

Facility Committee Members
School Employees
Media

Meeting Called to Order

President, Charlie Cloud, called the meeting to order at 6:02 p.m.

Facility Committee Report

The facility committee representative Larry Brockman presented the facilities committee report to the board of trustees. The recommendation by the facility committee is to integrate the 9th grade back into the high school campus by adding a ninth grade wing to the existing high school or to build a separate building on the existing high school campus. The committee also recommended upgrading the current high school creating a useable high school rather than build a second high school at this time. Additional recommendations by the committee include designating Acton Middle School and Granbury Middle School as 6th – 8th grade campuses and all intermediate and elementary schools as K-5 campuses with the exception of Emma Roberson and Brawner Intermediate.

The Board of Trustees asked questions of the committee and thanked them for their hard work over the past 6 weeks.

Adjournment

There being no further business, the meeting was adjourned at 6:32 p.m.

Charlie Cloud, President

Micky Shearon, Secretary

GRANBURY ISD
BOARD OF TRUSTEES
OFFICIAL SPECIAL MEETING
MINUTES
December 6, 2004

The Board of Trustees of the Granbury Independent School District convened in an official **SPECIAL** meeting on Monday, December 6, 2004 at 6:00 p.m. in the Board Room of the Administration Building, 600 West Pearl St., Granbury, Texas

Presiding Officer..... Charlie Cloud

Board Members Present

Jerry Campbell
J. Mark Graves
Gene Ellis
Bowen Brawner – arrived at 6:18 p.m.

Board Members Absent

Micky Shearon
Brian Condit

School Officials Present

William Harris, Superintendent
Jan Van Dorn, Assistant Superintendent

Others Present

Facility Committee Members
School Employees
Media

Meeting Called to Order

President, Charlie Cloud, called the meeting to order at 6:02 p.m.

Facility Committee Report

Leesa Vardeman, VLK Architects, presented preliminary plans regarding the renovation of the current high school to include an addition for 9th grade classes and renovations of some of the current high school classrooms. The board will meet again on January 10, 2005 to further discuss the possible construction of space for 9th graders at the current high school campus, renovations of elementary/intermediate campuses to include K-5 at these campuses and to reconfigure the middle school campuses to become 6th – 8th grade campuses. The board will also discuss calling a bond election for these projects.

Adjournment

There being no further business, the meeting was adjourned at 7:07 p.m.

Charlie Cloud, President

Micky Shearon, Secretary

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton, Finance Director
DATE: November 30, 2004
RE: Budget Amendments

SUMMARY:

Attached are budget amendments that are for Board approval.

RECOMMENDATION:

I recommend the Board approve the amendments.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Emmett Whitefield
Date Submitted: November 30, 2004

BUDGET AMENDMENTS RECOGNIZING DONATED & MISCELLANEOUS REVENUES

Fund 199, Mr. Bobby Mabery, Originator
This Amendment recognizes funds in the amount of $95 allocated to function 12. These funds are generated from library book fines and will be used to purchase additional library books and media.

Fund 199, Mr. Bobby Mabery, Originator
This Amendment recognizes donated funds in the amount of $2,000 allocated to function 12. These funds are donated by the campus PTO and will be used to purchase additional Library Books and Media.

Fund 199, Mr. Bobby Mabery, Originator
This Amendment recognizes funds in the amount of $87 allocated to function 11. These funds are generated by Band Instrument rental and will be used for Instrument repairs.

Fund 199, Ms. Rebecca Johnson, Originator
This Amendment recognizes funds in the amount of $33 allocated to function 12. These funds are generated from Library lost book fees and will be used to purchase additional Library Books and Media.

Fund 181, Mr. Randy Leach, Originator
This Amendment recognizes funds in the amount of $1,335 allocated to function 36. These funds are generated from entry fees and advertising for boys golf tournament and will be used for golf supplies.

Fund 199, Ms. Sharay Boynton, Originator
This Amendment recognizes donated funds in the amount of $28,000 allocated to function 51 and 2,000 allocated to function 52. These funds are donated by Coca Cola and will be used for a new PA system at JWSC and the BTC security project.

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: November 29, 2004
RE: CDA (LEGAL) & CDA (LOCAL)

SUMMARY:
According to the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and Granbury ISD policy CDA (LEGAL), the investment policy and the investment strategy shall be reviewed not less than annually.

Attached are Granbury ISD's adopted CDA (LEGAL) and CDA (LOCAL). These serve as the investment policy and strategy for each fund maintained by the District. CDA (LEGAL) is the standard investment policy for all school districts in the state of Texas. CDA (LOCAL) is the policy of GISD and describes the strategy utilized by the District in investments for GISD funds.

I have reviewed the policies to ensure that they are in compliance with current law and current procedures. The attached policies represent the current law and the current practices of District administration in regards to investments.

CDA (LEGAL) states that "The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies." A written instrument is attached for the consideration of the Board.

RECOMMENDATION:

That the Board adopt the attached resolution stating that the Board has reviewed the investment policy and strategies of the District and that no changes are proposed.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton

Date Submitted: November 29, 2004

RESOLUTION APPROVING GRANBURY INDEPENDENT SCHOOL DISTRICT'S INVESTMENT POLICY AND STRATEGY.

WHEREAS, the Board of Trustees of Granbury Independent School District reviewed CDA (LEGAL) and CDA (LOCAL);

WHEREAS, this review was in accordance with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and CDA (LEGAL).

WHEREAS, no changes were made to the existing policy.

NOW, THEREFORE, BE IT RESOLVED:

The current policy CDA (LEGAL) and CDA (LOCAL) represent the investment policy and strategy of Granbury Independent School District.

PASSED AND APPROVED this 13th day of December, 2004.

ATTEST:

By:	_____	By:	_____
	Charlie Cloud		Micky Shearon
	President, GISD Board of Trustees		Secretary, GISD Board of Trustees

Granbury ISD
111901

OTHER REVENUES: INVESTMENTS

CDA (LEGAL)

All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. *Gov't Code 2256.026*

WRITTEN POLICIES

Investments shall be made in accordance with written policies approved by the Board. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield, and maturity and the quality and capability of investment management. The policies must include:

1. A list of the types of authorized investments in which the District's funds may be invested;
2. The maximum allowable stated maturity of any individual investment owned by the District;
3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;
4. Methods to monitor the market price of investments acquired with public funds; and
5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis.

Gov't Code 2256.005(b)

ANNUAL REVIEW

The investment policy and the investment strategy shall be reviewed not less than annually. The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. *Gov't Code 2256.005(e)*

ANNUAL AUDIT

The Board shall perform a compliance audit of management controls on investments and adherence to the Board's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. *Gov't Code 2256.005(m)*

INVESTMENT STRATEGIES

As part of the investment policy, the Board shall adopt a separate written investment strategy for each of the funds or group of funds under the Board's control. Each investment strategy must describe the investment objectives for the particular fund under the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the Board;
2. Preservation and safety of principal;

3. Liquidity;
4. Marketability of the investment if the investment needs to be liquidated before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

Gov't Code 2256.005(d)

INVESTMENT OFFICER

The Board shall designate one or more officers or employees as investment officer(s) to be responsible for the investment of its funds. If the Board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting Board's District. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the Board retains the ultimate responsibility as fiduciaries of the assets of the District. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity. Authority granted to a person to invest an entity's funds is effective until rescinded by the Board or until termination of the person's employment by the District. *Gov't Code 2256.005(f)*

The District or investment officer may use the District's employees or the services of a contractor of the District to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)*

INVESTMENT TRAINING

INITIAL

Within 12 months after taking office or assuming duties, the treasurer or chief financial officer and the investment officer of the District shall attend at least one training session from an independent source approved either by the Board or by a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

WITHIN A TWO-YEAR PERIOD

The treasurer or chief financial officer and the investment officer must also attend an investment training session not less than once in a two-year period and receive not less than ten hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the Board or a designated investment committee advising the investment officer. If the District has contracted with another investing entity to invest the District's funds, this training requirement may be satisfied by having a Board officer attend four hours of appropriate instruction in a two-year period. *Gov't Code 2256.008(a), (b)*

Investment training shall include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Government Code, Chapter 2256. *Gov't Code 2256.008(c)*

STANDARD OF CARE

Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would

exercise in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investments shall be governed by the following objectives in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, rather than the prudence of a single investment, over which the officer had responsibility.
2. Whether the investment decision was consistent with the Board's written investment policy.

Gov't Code 2256.006

PERSONAL INTEREST

A District investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the District shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573, to an individual seeking to sell an investment to the District shall file a statement disclosing that relationship with the Board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the investment officer.

Gov't Code 2256.005(i)

QUARTERLY REPORTS

Not less than quarterly, the investment officer shall prepare and submit to the Board a written report of investment transactions for all funds covered by the Public Funds Investment Act. This report shall be presented to the Board and the Superintendent not less than quarterly, within a reasonable time after the end of the period. The report must:

1. Contain a detailed description of the investment position of the District on the date of the report;
2. Be prepared jointly and signed by all District investment officers.
3. Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for

investing purposes). The report must be prepared in compliance with generally accepted accounting principles and must state:
   a. Beginning market value for the reporting period;
   b. Additions and changes to the market value during the period;
   c. Ending market value for the period; and
   d. Fully accrued interest for the reporting period.
4. State the book value and market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested.
5. State the maturity date of each separately invested asset that has a maturity date.
6. State the account or fund or pooled group fund in the District for which each individual investment was acquired.
7. State the compliance of the investment portfolio of the District as it relates to the District's investment strategy expressed in the District's investment policy and relevant provisions of Government Code, Chapter 2256.

If the District invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the Board by that auditor.

Gov't Code 2256.023

SELECTION OF BROKER

The Board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District. *Gov't Code 2256.025*

AUTHORIZED INVESTMENTS

The Board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. Investments may be made directly by the Board or by a nonprofit corporation acting on behalf of the Board or an investment pool acting on behalf of two or more local governments, state agencies, or a combination of the two. *Gov't Code 2256.003(a)*

In the exercise of these powers, the Board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must be made by the Board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

The following investments are authorized:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; direct obligations of the state of Texas or its agencies and instrumentalities; 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; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and

credit of, the state of Texas, the United States, or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and bonds issued, assumed, or guaranteed by the state of Israel. *Gov't Code 2256.009(a)*

The following investments are not authorized:

a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Gov't Code 2256.009(b)

2. Certificates of deposit or share certificates issued by a state or national bank domiciled in Texas or a savings bank domiciled in Texas or a state or federal credit union domiciled in Texas that is guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor and is secured by obligations described in item 1 above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates (but excluding those mortgage-backed securities described in Section 2256.009[b]) or secured in any other manner and amount provided by law for the deposits of the investing entity. *Gov't Code 2256.010*

The investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. *Gov't Code 2256.005(c)*

3. Fully collateralized repurchase agreements that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities, are pledged to the District, held in the District's name, and deposited with the District or a third party selected and approved by the Board, and placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas. The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the District under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement. *Gov't Code 2256.011*

4. A securities lending program if:
    a. The value of securities loaned is not less than 100 percent collateralized, including accrued income, and the loan allows for termination at any time;
    b. The loan is secured by:
        1. Pledged securities described by Government Code 2256.009;
        2. Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
        3. Cash invested in accordance with Government Code 2256.009, 2256.013, 2256.014, or 2256.016;
    c. The terms of the loan require that the securities being held as collateral be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity; and
    d. The loan is placed through a primary government securities dealer or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

Gov't Code 2256.0115

5. Banker's acceptance, with a stated maturity of 270 days or fewer from the date of issuance that will be liquidated in full at maturity, which is eligible for collateral for borrowing from a Federal Reserve Bank, and is accepted by a bank meeting the requirements of Government Code 2256.012(4*). Gov't Code 2256.012*
6. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully secured by an irrevocable letter of credit issued by a bank organized and existing under U.S. law or the law of any state. *Gov't Code 2256.013*
7. No-load money market mutual funds that:
    a. Are registered with and regulated by the Securities and Exchange Commission;
    b. Provide the District with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.);
    c. Have a dollar-weighted average stated maturity of 90 days or fewer; and
    d. Include in their investment objectives the maintenance of a stable net asset value of $1 for each share.

However, investments in no-load money market mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c).

8. No-load mutual funds that:
    a. Are registered with the Securities and Exchange Commission;
    b. Have an average weighted maturity of less than two years;
    c. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
    d. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
    e. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

Investments in no-load mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c). In addition, the District may not invest any portion of bond proceeds, reserves, and funds held for debt service, in no-load mutual funds described in this item.

Gov't Code 2256.014

9. A guaranteed investment contract, as an investment vehicle for bond proceeds, if the guaranteed investment contract:
    a. Has a defined termination date.
    b. Is secured by obligations described by Government Code Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract.
    c. Is pledged to the District and deposited with the District or with a third party selected and approved by the District.

Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.

To be eligible as an authorized investment:

d. The Board must specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance, or resolution authorizing the issuance of bonds.
e. The District must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received.
f. The District must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received.
g. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested.
h. The provider must certify the administrative costs reasonably

expected to be paid to third parties in connection with the guaranteed investment contract.

Gov't Code 2256.015

10. A public funds investment pool meeting the requirements of Government Code 2256.016 and 2256.019, if the Board authorizes the investment in the particular pool by resolution. *Gov't Code 2256.016, 2256.019*

CHANGE IN LAW

The District is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*

SELLERS OF INVESTMENTS

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with an investing entity or to an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. For purposes of this policy, a business organization includes investment pools and an investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with the District shall execute a written instrument in a form acceptable to the District and the business organization substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the District investment policy; and
2. Has acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized by the District's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not acquire or otherwise obtain any authorized investment described in the District's investment policy from a person who has not delivered to the District the instrument described above.

Gov't Code 2256.005

DONATIONS

A gift, devise, or bequest made to provide college scholarships for District graduates may be invested by the Board as provided in Property Code 117.004, unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*

Investments donated to the District for a particular purpose or under terms of use specified by the donor are not subject to the requirements of Government Code Chapter 2256, Subchapter A. *Gov't Code 2256.004(b)*

ELECTRONIC FUNDS TRANSFER

The District may use electronic means to transfer or invest all funds collected or controlled by the District. *Gov't Code 2256.051*

DATE ISSUED: 09/30/2003
UPDATE 71
CDA(LEGAL)-P

This online presentation of your district's policy is an electronic representation of TASB's record of the district's currently adopted policy manual. It does not reflect updating activities in progress. The official, authoritative manual is available for inspection in the office of the Superintendent. [See BF (LOCAL) for further information.]

Granbury ISD
111901

OTHER REVENUES: INVESTMENTS

CDA (LOCAL)

INVESTMENT AUTHORITY

The Superintendent or other person designated by Board resolution shall serve as the investment officer of the District and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be executed on a delivery versus payment basis.

APPROVED INVESTMENT INSTRUMENTS

From those investments authorized by law and described further in CDA (LEGAL), the Board shall permit investment of District funds in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

SAFETY AND INVESTMENT MANAGEMENT

The main goal of the investment program is to ensure its safety and maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

LIQUIDITY AND MATURITY

Any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year

	from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.
MONITORING MARKET PRICES	The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant declines in the market value of the District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisors, and representatives/advisors of investment pools or money market funds. Monitoring shall be done at least quarterly as required by law, and more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.
FUNDS / STRATEGIES	Investments of the following fund categories shall be consistent with this policy and in accordance with the strategy defined below.
OPERATING FUNDS	Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
AGENCY FUNDS	Investment strategies for agency funds shall have as their objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
DEBT SERVICE FUNDS	Investment strategies for debt service funds shall have as their objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.
CAPITAL PROJECTS	Investment strategies for capital project funds shall have as their objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded.
SPECIAL REVENUE	Investment strategies for special revenue shall have as their primary objectives safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
SAFEKEEPING AND CUSTODY	The District shall retain clearly marked receipts providing proof of the District's ownership. The District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with District funds by the investment pool.
BROKERS / DEALERS	Prior to handling investments on behalf of the District, brokers/dealers must submit required written documents in accordance with law. [See SELLERS OF INVESTMENTS, CDA(LEGAL)] Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in

	the Securities Investor Protection Corporation (SIPC), and be in good standing with the National Association of Securities Dealers.
SOLICITING BIDS FOR CD'S	In order to get the best return on its investments, the District may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.
INTERNAL CONTROLS	A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include: 1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds. 2. Avoidance of collusion. 3. Custodial safekeeping. 4. Clear delegation of authority. 5. Written confirmation of telephone transactions. 6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale. 7. Avoidance of bearer-form securities. These controls shall be reviewed by the District's independent auditing firm.

DATE ISSUED: 09/30/2003
UPDATE 71
CDA(LOCAL)-X

This online presentation of your district's policy is an electronic representation of TASB's record of the district's currently adopted policy manual. It does not reflect updating activities in progress. The official, authoritative manual is available for inspection in the office of the Superintendent. [See BF (LOCAL) for further information.]

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: TAPS Interlocal Agreement

SUMMARY:

The District currently has an executed Interlocal Agreement for the Texas Association of Public Schools Property and Liability Fund (TAPS) that will expire August 31, 2005. The agreement allows the District to purchase property and liability insurance using a partially self-funded process by participating in this fund. The current coverage is in effect from September 1, 2004 to August 31, 2005. The Fund has amended their interlocal agreement to allow automatic renewal, see Item 1, as is common with most interlocal agreements.

This method of purchasing coverage is very cost effective at this time. Administration reviews this process annually and if such a time comes when this process is no longer beneficial to the District, a recommendation will be made to terminate the agreement. I currently serve on the Board of Trustees in the role of Treasurer, so the District has direct representation in the decision-making processes for this fund.

GISD has executed a like type agreement for the Workers Compensation program with the automatic renewal clause. The amendment to the TAPS agreement will allow this agreement to be consistent with that of like type agreements.

RECOMMENDATION:

That the Board execute the amended interlocal agreement as presented effective December 13, 2004.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton

Date Submitted: December 3, 2004

Texas Association of Public Schools Property and Liability Fund
Interlocal Cooperation Contract

This interlocal cooperation contract is entered into between the Texas Association of Public Schools Property and Liability Fund ("Fund") and a combination of local governmental units ("Member") to establish a self insurance fund to provide property and liability risk management, loss control and claims administration services.

WITNESSETH:

WHEREAS, Chapter 791 (Interlocal Cooperation Act, Government Code) allows for local governments to contract with other local governments to provide administrative functions; and

WHEREAS, Chapter 2259 (Government Code) allows for local governments or an entity acting on behalf of a local government to establish a self insurance fund to protect the local government; and

WHEREAS, each "Member" , as a public school district, public college district or education service center, is a local government and is able to enter into this interlocal cooperation contract;

NOW, THEREFORE, in consideration of the payment of contributions, and in other "Members" executing like agreements, and the "Fund" performing services outlined in this contract, all parties do hereby agree to all terms and conditions of this agreement and the governing bylaws established as follows:

1. Term:
   The term of this agreement is one year from the effective date stated below with automatic renewal on September 1 of each subsequent unless terminated according to the termination provisions in this agreement (60 days notice).

2. Coverage:
   Each member will be provided with a "coverage document" and agrees to abide by the provisions of that document, and any amendments or endorsements agreed to by the "Board".

3. Contributions:
   "Member" agrees to pay contributions based upon rating methodology approved by the "Board".

4. Audit:
   The "Fund" will be required to provide annual audited financial statements to each "Member" prepared by an independent Certified Public Accountant.

5. Bylaws:
   "Members" of the "Fund" agree to abide by the Bylaws of the "Fund".

6. Member Services:
   The "Board" is authorized by the members to enter into contracts to provide services to the "Fund". These services include, but are not limited to: claims administration, underwriting and administration, loss control, actuarial, utilization review, marketing, and reinsurance placement.

7. Excess Insurance:
   The "Board" is authorized to purchase excess insurance and aggregate excess insurance, or reinsurance, for the "coverage document". The amount and attachments of excess or reinsurance shall be determined by the "Board".

8. Governance:
   The "Fund" shall be governed by a "Board" in accordance with the Bylaws.

9. Notice:

Any written notice to the “Fund” shall be made by first class mail delivered to Texas Association of Public Schools, 342 West Woodlawn Avenue, Suite 100, San Antonio, Texas, 78212-3314.

10. Termination:

By “Member”: A member my terminate membership in the "Fund"

A. At anytime by giving 60 days written notice. Contributions will be prorated and return where applicable. Renewal contracts will be put in place with contribution due until the 60 days have expired.

B. With 30 days written notice after a change in the bylaws not agreed to by the member that sponsors activities deemed outside of the scope of this interlocal agreement for maintenance of a self insurance fund.

By the “Fund”: A member may be terminated by the “Fund” per the following:

A. Ten (10) days notice by certified mail for non-payment of contributions. Sixty days minimum earned contribution will apply.

B. Sixty (60) days notice by certified mail for failure to comply with terms and conditions of this agreement and bylaws.

C. Sixty (60) days notice by certified mail for failure to comply with any reasonable information requests made by the “Fund” or recommendations made by loss control.

D. Sixty (60) days notice by certified mail for a continued adverse loss experience developed by the “Member” as deemed excessive by the “Board”.

Within a reasonable time of termination, the “Fund” shall return to the terminated “Member” a pro rate refund of unearned premiums for current year after any audit adjustments.

11. Equity:

A “Member” who leaves the “Fund” or is terminated gives up any rights to any potential equity positions on current and prior years. The “Board” reserves the right to distribute any fund equity in the manner in which it sees fit.

12. Designated Fund Member Representative:

Each “Member” shall designate an individual to represent the “Member” at annual meetings with authorized voting rights on behalf of the “Member”. The designated “Fund” member representative shall also serve as the person authorized to receive all correspondence and notices for the “Fund”. Notice sent to the authorized representative shall constitute notice to the “Fund” “Member”.

13. Deductibles:

Each “Member” shall be responsible for the payment of all deductibles as outlined in “coverage documents” and sales proposal materials.

14. Contributions:

Contributions made into the "Fund" must be made from current revenues available to the "Member".

DEFINITIONS

"Board":	Board of Trustees elected by members to carry out the business of the "Fund".
"Coverage Document":	Policy or policies by line of business which details all coverages, limits, deductibles, exclusions and conditions.
"Fund":	An administrative entity of all members executing the interlocal cooperative contract.
"Member(s)":	The individual school district, community college district or education service center which has by execution of the contract joined the "Fund".

IN WITNESS WHEREOF, the partners have hereunto caused this agreement to be executed by the undersigned proper and duly authorized persons on this the 13th day of December , 2004 with a "coverage document" effective date of December 13, 2004

For the Fund:

Texas Association of Public Schools Property and Liability Fund

By _____
Chairman, Board of Trustees
Texas Association of Public Schools

For the Fund Member:

_____ Authorized Official

Board President
Title
Granbury Independent School District
Entity

Designated Fund Member Representative
(Must be authorized to act for Fund Member in Fund matters, usually not the entity's insurance agent..)

Sharay Boynton
Name

Executive Director of Finance
Title

600 W. Pearl, Granbury, Tx 76048
Address

817-408-4015
Phone Number

Sharay Boynton@granbury.k12.tx.us
Email Address

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent	**FROM**: Sharay Boynton **DATE**: December 3, 2004 **RE**: Annual Contract for Fire Alarm Inspection & Repair for Kitchen Suppression Systems & Fire Extinguishers CSP 2004-03 - Renewal

SUMMARY:

In January 2004, a competitive sealed proposal was let for a vendor to provide fire alarm inspection services on the kitchen suppression systems and fire extinguishers. Inspection services are needed to ensure that all fire alarm systems are tested and inspected as required to remain in compliance with all applicable codes. Under this proposal the awarded vendor is to provide GISD with a detailed schedule to show when each unit is to be tested/inspected. The awarded vendor is to provide all of the tests and inspections. This proposal also covered the need for any minor repairs to be provided on an as needed basis by the awarded company. The award was made on March 8, 2004 with an expiration of February 28, 2005 and an option to renew for two additional one-year terms.

A summation of the process and outcome as well as a copy of the tabulation is attached for your review.

Mr. Larry Anderson, Facilities Director, was contacted regarding renewal of this contract. He felt that it would be in the best interest of the District to renew. Simplex Grinnell was contacted and they have agreed to renew as submitted. The following is Mr. Anderson's recommendation. .

RECOMMENDATION:
It is recommended that the Board award the project to Simplex Grinnell as proposed for a period of March 1, 2005 to February 28, 2006.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Mrs. Debbie Johnson
Mr. Larry Anderson

Date Submitted: December 3, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: March 8, 2004 **Bid Number**: 2004-03

1. **Item, material or service (specific or classification):** Annual Contract for Fire Alarm Inspection Services & Repair for Kitchen Suppression Systems and Fire Extinguishers

2. **Brief description:** A proposal was let for a vendor to provide fire alarm inspection services on the kitchen suppression systems and fire extinguishers. Inspection services are needed to ensure that all fire alarm systems are tested and inspected as required to remain in compliance with all applicable codes. Under this proposal the awarded vendor is to provide GISD with a detailed schedule to show when each unit is to be tested/inspected. The awarded vendor is to provide all of the tests and inspections. This proposal also covered the need for any minor repairs to be provided on an as needed basis by the awarded company.

3. **Period of time bid covers:** From written notification of award through February 28, 2005

4. **Person and title responsible for the expenditure:** Larry Anderson – Facilities Director

5. **Number of bids sent to vendors:** 11

6. **Number of bids received from vendors:** 2 (includes 1 no bid)

7. **Listing of recommended vendors and total prices:** Recommendation for award is to Simplex Grinnell for $3,389.00 not to include any minor repairs done on an as needed basis.

8. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** 3/5/2002

10. **Percentage increase or decrease from last bid:** N/A – The services covered under this contract were for a portion of the work covered under the contract last year. Since the bid for last year allowed for a lump sum cost based on all services, an accurate comparison could not be made.

11. **Budget information:** Expense for these services will come from budgeted dollars from account code #199.51.6219.SF.953.4.99.0.00.

12. **Other comments:**

Sharay S. Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent	**FROM**: Sharay Boynton **DATE**: December 3, 2004 **RE**: Annual Contract for Fire Alarm Inspection & Repair for Building Suppression Systems & Pull Stations CSP 2004-04 - Renewal

SUMMARY:

In January 2004, a competitive sealed proposal was let for a vendor to provide fire alarm inspection services on the building suppression systems and pull stations. Inspection services are needed to ensure that all fire alarm systems are tested and inspected as required to remain in compliance with all applicable codes. Under this proposal the awarded vendor is to provide GISD with a detailed schedule to show when each unit is to be tested/inspected and to perform those tests and inspections. This proposal also covered the need for any minor repairs to be provided on an as needed basis by the awarded company. The award was made on March 8, 2004 effective through February 28, 2005.

A summation of the process and outcome as well as a copy of the tabulation is attached for your review.

Mr. Larry Anderson, Facilities Director, was contacted regarding renewal of this contract. He felt that it would be in the best interest of the District to renew. CES was contacted and they have agreed to renew as submitted. The following is Mr. Anderson's recommendation.

RECOMMENDATION:

It is recommended that the Board award the project to CES Systems, Inc. as presented for the period of March 1, 2005 to February 28, 2006.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Mrs. Debbie Johnson
Mr. Larry Anderson

Date Submitted: December 3, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: March 8, 2004 **Bid Number**: 2004-04

1. **Item, material or service (specific or classification):** Annual Contract for Fire Alarm Inspection Services & Repair for Building Suppression Systems and Pull Stations

2. **Brief description:** A proposal was let for a vendor to provide fire alarm inspection services on the building suppression systems and pull stations. Inspection services are needed to ensure that all fire alarm systems are tested and inspected as required to remain in compliance with all applicable codes. Under this proposal the awarded vendor is to provide GISD with a detailed schedule to show when each unit is to be tested/inspected and to perform those tests and inspections. This proposal also covered the need for any minor repairs to be provided on an as needed basis by the awarded company.

3. **Period of time bid covers:** From written notification of award through February 28, 2005 with the option to renew for two additional years in one-year increments.

4. **Person and title responsible for the expenditure:** Larry Anderson – Facilities Director

5. **Number of bids sent to vendors:** 11

6. **Number of bids received from vendors:** 5

7. **Listing of recommended vendors and total prices:** Recommendation for award is to CES Systems, Inc. for a total expenditure of $7,395.00 not to include any minor repairs done on an as needed basis. If this contract is renewed, the annual cost will drop to $4,545.00 for the 2005 year because the sensitivity testing will not be required. For 2006 the cost would return to $7,395.00 due to the sensitivity testing.

8. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** 3/5/2002

10. **Percentage increase or decrease from last bid:** N/A – The services covered under this contract were for a portion of the work covered under the contract last year. Since the bid for last year allowed for a lump sum cost based on all services, an accurate comparison could not be made.

11. **Budget information:** Expense for these services will come from budgeted dollars from account code #199.51.6219.SF.953.4.99.0.00.

12. **Other comments:** N/A

Sharay S. Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: Data Conversion Services
RFP 2004-25

SUMMARY:

A proposal was let to provide data conversion services for plan and construction documents currently stored in a file room in the district. The awarded vendor shall compile, sort and scan those documents into a format that will allow them to be stored on DVD and searched by key words, etc. The contract will cover the initial conversion project and any additional services needed during the contract period.

A summation of the process and outcome as well as a copy of the tabulation is attached for your review.

Mr. Larry Anderson, Director of Facilities, reviewed the responses. Attached is a worksheet detailing the initial project anticipated cost. The following is his recommendation.

RECOMMENDATION:

That Reprographics of Fort Worth be awarded the initial project and related additional services for the time period of notice of award to September 30, 2005 with the option to renew for two additional years in one-year increments

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Deborah Johnson
Larry Anderson

Date Submitted: December 3, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: December 13**,** 2004 **Bid Number:** 2004-25

1. Item, material or service (specific or classification): Data Conversion Services

2. **Brief description:** A proposal was let to provide data conversion services for plan and construction documents currently stored in a file room in the district. The awarded vendor shall compile, sort and scan those documents into a format that will allow them to be stored on DVD and searched by key words, etc. The contract will cover the initial conversion project and any additional services needed during the contract period.

3. Period of time bid covers: From written notification of award through September 30, 2005 with the option to renew for two additional years in one year increments.

4. Person and title responsible for the expenditure:

Larry Anderson – Facilities Director

5. Number of bids sent to vendors: 14

6. Number of bids received from vendors: 2

7. Listing of recommended vendors and total prices: It is recommended award be made to Reprographics of Fort Worth. Total cost of the services cannot be identified at this time, as we do not have an accurate count on the number or size of documents to be scanned and converted. Budgeted funds of $50,000 have been appropriated for these services.

8. Explanation of other than low recommendations: N/A

9. Last bid date (bid of comparable nature within last 5 years): This is the first bid of this type.

10. Percentage increase or decrease from last bid: N/A

11. Budget information: Expense for these services will come from account code 199.51.6299.00.953.5.99.F.00

12. Other comments: See attached evaluation sheet.

Sharay S. Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 3, 2004
RE: Athletic Jackets & Athletic Letter Awards RFP 2005-02

SUMMARY:

A proposal was let to provide a vendor for athletic letter jackets and athletic letter awards. The district will standardize to one letter jacket for all programs where the district will purchase the jackets and awards. The proposals were due November 30, 2004.

A summation of the process and outcome as well as a copy of the tabulation is attached for your review.

Mr. Randy Leach, Director of Athletics, reviewed the responses. Low Bid information was submitted to Ms. Butler, GHS Principal. The following is thier recommendation.

RECOMMENDATION:

That Neff Motivation be awarded for the purchase of Award Jackets and Letters for the time period of notice of award July 31, 2005 with the option to renew for two additional years in one-year increments

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Deborah Johnson
Randy Leach
Cathy Butler

Date Submitted: December 3, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-02

1. **Item, material or service (specific or classification):** Athletic Jackets & Athletic Letter Awards

2. **Brief description:** A proposal was let to provide a vendor for athletic letter jackets and athletic letter awards. The district will standardize to one letter jacket for all programs where the district will purchase the jackets and awards.

3. **Period of time bid covers:** From written notification of award through July 31, 2005 with the option to renew for two additional years in one year increments.

4. **Person and title responsible for the expenditure:**

   Randy Leach – Athletic Director
   Cathy Butler – GHS Principal

5. **Number of bids sent to vendors:** 4

6. **Number of bids received from vendors:** 2

7. **Listing of recommended vendors and total prices:** It is recommended award be made to Neff Motivation as low bidder. Total cost of the jackets cannot be identified at this time, as we do not have an accurate count on the number of students that will letter.

8. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** This is the first bid of this type.

10. **Percentage increase or decrease from last bid**: N/A

11. **Budget information:** Expense for these awards will come from funds budgeted under account code 6498 for awards.

12. **Other Comments:** E-mail on file where Mrs. Butler has agreed to the recommendation.

Sharay Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent	**FROM**: Sharay Boynton **DATE**: December 3, 2004 **RE**: Athletic Supplies & Equipment – Spring Sports – 2005-06

SUMMARY:

A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power-lifting program. The award will be for the period of notice to September 30, 2005. There is no option for renewal.

A summation of the process and outcome as well as a copy of the tabulation is attached for your review. Each sport is presented separately for accommodation of the appropriate coaches.

Mr. Randy Leach, Director of Athletics, and respective coaches reviewed the responses. The following is their recommendation.

RECOMMENDATION:

That the Board award the shaded items on the attached tabulations to the vendors indicated for the period of award notification to September 30, 2005.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Deborah Johnson
Randy Leach
Coaches

Date Submitted: December 3, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-06 (Golf Portion)

1. **Item, material or service (specific or classification):** Athletic Supplies - Spring Sports

2. **Brief description:** A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power-lifting program.

3. **Period of time bid covers:** From written award notification through 9/30/2005

4. **Person and title responsible for the expenditure:**

   Becky Addison – Golf Coach
   Steve Fowler – Golf Coach
   Randy Leach – Athletic Director

5. **Number of bids sent to vendors:** 70 (included all sports)

6. **Number of bids received from vendors:** 33 (includes 8 “no bids”) some vendors did not bid on items for each program

7. **Listing of recommended vendors and total prices:** The recommendation for award is shaded in the column under the vendor name for a total expenditure of $3,442.00 based on the quantity indicated on the bid.

8. **Explanation of other than low recommendations:**

   C-3: The golf bag used as spec was a Ping bag so the new bags to be purchased for the program would match existing bags in the program. Low bidder was for an alternate brand that would not match the existing bags.

   The following items will not be awarded:

   C1 and C6: Specifications provided for the bid were incorrect.

9. **Last bid date (bid of comparable nature within last 5 years):** 9/29/03

10. **Percentage increase or decrease from last bid:** Due to the size of the bid and the changes to many of the items, a comparison was not made.

11. **Budget information:** Expenditures for supplies will be from the following budget codes with the budget listed below:

181.36.6395.00.001.5.91.0.10	2,000.
181.36.6395.00.041.5.91.0.10	500.
181.36.6395.00.042.5.91.0.10	500.

12. **Other comments:** The Athletic Booster Club and the Athletic Activity Club will make donations to cover the additional expense if the items purchased for the program exceed the allotted budget.

Disclosure was made by Advanced Embroidery that the owner is the spouse of a GISD teacher/coach. However, Advanced Embroidery was not recommended for award on any items from the golf portion of the bid.

Sharay S. Boynton
Executive Director of Finance

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-06 (Baseball Portion)

1. **Item, material or service (specific or classification):** Athletic Supplies - Spring Sports

2. **Brief description:** A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power-lifting program.

3. **Period of time bid covers:** From written award notification through 9/30/2005

4. **Person and title responsible for the expenditure:**

   Pat Watson – Baseball Coach
   Randy Leach – Athletic Director

5. **Number of bids sent to vendors:** 70 (included all sports)

6. **Number of bids received from vendors:** 33 (includes 8 “no bids”) some vendors did not bid on items for each program

7. **Listing of recommended vendors and total prices:** The recommendation for award is shaded in the column under the vendor name for a total expenditure of $7,450.67 based on the quantity indicated on the bid.

   Disclosure was made by Advanced Embroidery that the owner is the spouse of a GISD teacher/coach.

9. **Explanation of other than low recommendations:**

   D-4 and D-11: The district only received one bid on the brand of baseball pant used as spec. This bid was from Advanced Embroidery the company owned by the wife of Coach Watson, GHS Baseball Coach. Randy Leach reviewed the recommendation and compared samples of the Russell brand and the Uniform Express Brand. The Uniform Express brand is heavyweight polyester that has moisture wicking which keeps moisture from the skin. It is more stain resistant than the Russell brand and comes with extra length at no charge. Mr. Leach searched the Internet for a price comparison and was able to locate the Uniform Express brand at the Uniform Express web site. Based on the cost posted at the website, factoring in the belt loop trim and leg trim that was requested in the specifications, and the cost of shipping estimated at 7%, the price quoted in the bid by Advanced Embroidery was comparable ($1,884.75 Advanced Embroidery vs. Uniform Express $1,883.18).

   D-6: The DINFHS is a much better quality baseball. The seams are better and the baseball is more tightly woven. It is a district-approved baseball.

   D-7: For the past two years, Coach Watson has experienced customer service problems with the vendor that provided the lowest bid. They have either lost or not completed the item as specified.

9. **Last bid date (bid of comparable nature within last 5 years):** 9/29/03

10. **Percentage increase or decrease from last bid:** Due to the size of the bid and the changes to many of the items, a comparison was not made.

12. **Budget information:** Expenditures for supplies will be from the following budget code with the budget listed below:

181.36.6395.00.001.5.91.0.05 $6,000.

12. **Other comments:** The Athletic Booster Club and the Athletic Activity Club will make donations to cover the additional expense if the items purchased for the program exceed the allotted budget.

Sharay S. Boynton
Executive Director of Finance

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-06
(Power-lifting Portion)

1. **Item, material or service (specific or classification):** Athletic Supplies - Spring Sports

2. **Brief description:** A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power-lifting program.

3. **Period of time bid covers:** From written award notification through 9/30/2005

4. **Person and title responsible for the expenditure:**

   Leon Greeson – Coach
   Randy Leach – Athletic Director

5. **Number of bids sent to vendors:** 70 (included all sports)

6. **Number of bids received from vendors:** 33 (includes 8 "no bids") some vendors did not bid on items for each program

7. **Listing of recommended vendors and total prices:** The recommendation for award is shaded in the column under the vendor name for a total expenditure of $894.40 based on the quantity indicated on the bid.

10. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** 05/07/02

10. **Percentage increase or decrease from last bid:**

#1 Bench Shirts:	decrease of 33% (brand has changed)
#2 Squat Suits:	increase 3.44%
#3 Knee Wraps:	cost is the same

13. **Budget information:** Expenditures for supplies will be from the following budget code with the budget listed below:

    181.36.6395.00.001.5.91.0.96 $1,600

12. **Other comments:** The Athletic Booster Club and the Athletic Activity Club will make donations to cover the additional expense if the items purchased for the program exceed the allotted budget.

Sharay S. Boynton
Executive Director of Finance

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-06 (Softball Portion)

1. **Item, material or service (specific or classification):** Athletic Supplies - Spring Sports

2. **Brief description:** A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power lifting program.

3. **Period of time bid covers:** From written award notification through 9/30/2005

4. **Person and title responsible for the expenditure:**

   Mark Strickand – Softball Coach
   Randy Leach – Athletic Director

5. **Number of bids sent to vendors:** 70 (included all sports)

6. **Number of bids received from vendors:** 33 (includes 8 "no bids") some vendors did not bid on items for each program

7. **Listing of recommended vendors and total prices:** The recommendation for award is shaded in the column under the vendor name for a total expenditure of $1,996.26 based on the quantity indicated on the bid.

11. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** 9/29/03

10. **Percentage increase or decrease from last bid:** Due to the size of the bid and the changes to many of the items, a comparison was not made.

14. **Budget information:** Expenditures for supplies will be from the following budget code with the budget listed below:

    181.36.6395.00.001.5.91.0.93 6,000.

12. **Other comments:** The Athletic Booster Club and the Athletic Activity Club will make donations to cover the additional expense if the items purchased for the program exceed the allotted budget.

    Disclosure was made by Advanced Embroidery that the owner is the spouse of a GISD teacher/coach. However, Advanced Embroidery was not recommended for award on any items from the softball portion of the bid.

Sharay S. Boynton
Executive Director of Finance

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:** 2005-06 (Track Portion**)**

1. Item, material or service (specific or classification): Athletic Supplies - Spring Sports

2. Brief description: A bid was let to provide supplies for the secondary campuses for the spring sports. This bid covered supplies for the track program, softball program, golf program, baseball program and power-lifting program.

3. Period of time bid covers: From written award notification through 9/30/2005

4. Person and title responsible for the expenditure:

Renvy Smith – Track Coach
Dirk Wright – Track Coach
James Pinnell - GMS All Sports Coordinator
Bill Coward – AMS All Sports Coordinator
Randy Leach – Athletic Director

5. Number of bids sent to vendors: 70 (included all sports)

6. Number of bids received from vendors: 33 (includes 8 “no bids”) some vendors did not bid on items for each program

7. Listing of recommended vendors and total prices: The recommendation for award is shaded in the column under the vendor name for a total expenditure of $5,987.07 based on the quantity indicated on the bid.

12. Explanation of other than low recommendations:

A-2, A-3, A-8, A-10, A-38: The Russell brand is a thicker, heavier and more durable material.

A-5: Coach Wright called Athletes World to confirm pricing and specifications. He was told, the short is a “cotton” short.

A-6: The spec was for an 8” inseam and low bidder was for an alternate brand with a 7” inseam.

A-43: Randy Leach contacted BSN and the pole they carry is 11’ 5” only. They cannot get the 11’ pole.

The following items will not be awarded:

A-9, A-11, A-30 and A-37

9. Last bid date (bid of comparable nature within last 5 years): 9/29/03

10. **Percentage increase or decrease from last bid:** Due to the size of the bid and the changes to many of the items, a comparison was not made.

15. **Budget information:** Expenditures for supplies will be from the following budget codes with the budget listed below:

181.36.6395.00.001.5.91.0.06	5,000.
181.36.6395.00.001.5.91.0.07	5,000.
181.36.6395.00.041.5.91.0.06	1,500.
181.36.6395.00.041.5.91.0.07	1,500.
181.36.6395.00.042.5.91.0.06	1,500.
181.36.6395.00.042.5.91.0.07	1,500.

12. **Other comments:** The Athletic Booster Club and the Athletic Activity Club will make donations to cover the additional expense if the items purchased for the program exceed the allotted budget.

***Disclosure was made by Advanced Embroidery that the owner is the spouse of a GISD teacher/coach. However Advanced Embroidery was not recommended for award on any items from the track portion of the bid. ***

Sharay S. Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent	**FROM**: Sharay Boynton **DATE**: December 7, 2004 **RE**: James Wann Sports Center PA System Project # 2418

SUMMARY:

The installation of a new PA System is needed at the James Wann Sports Center. Funds have been set aside in the coca cola funds to accomplish this project. A CSP was released in November with the proposals due November 30. A summation of the process and outcome as well as a copy of the tabulation is attached for your review.

The proposals were reviewed by Mr. Jeff Choyce, Architect with VLK Architects and Mr. Larry Anderson, Facilities Director. The following is thier recommendation.

RECOMMENDATION:

VLK Architects and Administration recommend that the District award the purchase of the James Wann PA System to Infinity Sound Systems as proposed.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton
Larry Anderson

Date Submitted: December 7, 2004

BID FOR BOARD APPROVAL

Board Meeting Date: December 13, 2004 **Bid Number:**

1. **Item, material or service (specific or classification):** James Wann PA System

2. **Brief description:** A CSP was let to provide vendors for the James Wann PA system.

3. **Period of time bid covers:** One time purchase

4. **Person and title responsible for the expenditure:** Larry Anderson - Facilities Director

5. **Number of bids sent to vendors:** 3

6. **Number of bids received from vendors:** 3

7. **Listing of recommended vendors and total prices:** Recommendation for award is to Infinity Sound Systems.

8. **Explanation of other than low recommendations:** N/A

9. **Last bid date (bid of comparable nature within last 5 years):** N/A

10. **Percentage increase or decrease from last bid**: N/A

11. **Budget information:** Expenditures will be from account code 199.51.6639.CC.001.5.99.F.00 with a proposed budget of $28,000. These are funds from the Coca Cola Capital Improvement Funds. After this expenditure, there will be approximately $100,000 left of these funds.

Sharay S. Boynton
Executive Director of Finance

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

HUMAN RESOURCES, FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 13, 2004
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Troy K. Green
DATE: December 7, 2004
RE: Catastrophic Leave Provisions in Policy DEC (LOCAL)

SUMMARY:

Attached is a copy of the revised Policy DEC (LOCAL) as passed by the District Advisory Council (DAC) on December 2, 2004.

The DAC received a report from the Catastrophic Leave Bank sub-committee at its meeting in November. The sub-committee met three times to address all of the issues that had surfaced concerning the use of the Catastrophic Leave Bank. It seems that, on some occasions, because of restrictions within the policy, employees were being denied access to the Catastrophic Leave Bank or could not join the Bank because of uncontrollable and unavoidable use of sick leave prior to becoming eligible to join the Bank.

Subsequent to DAC approval of the committee's recommendations, the proposed, revised policy was sent to the TASB Policy Service for legal review and compliance with existing DEC (LOCAL) policy. Many of the changes in the recommended Policy are house-cleaning measures and are not substantive changes.

The portion of the policy that deals with the Catastrophic Leave Bank begins on page five (5) and continues to the end of the policy. A new concept of an "Individual Catastrophic Leave Fund" has been added to the policy. This change can be found beginning on page nine (9).

Additionally, a "Buyback at Retirement" plan has been added at the end of the policy on page 11. This is a new benefit that should be an incentive for employees to stay with the District and be judicious with the use of their local sick leave as they progress toward retirement.

RECOMMENDATION:

It is recommended that the Board approve the Policy DEC (LOCAL) as presented.

Respectfully submitted,

Troy K. Green

Troy K. Green, Executive Director of Human Resources

Staff Person Responsible: Troy Green, Executive Director of Human Resources
Mrs. Sharay Boynton, Executive Director of Finance

Date Submitted: December 7, 2004

DEFINITIONS
FAMILY

~~For the purposes of state sick leave accrued before May 30, 1995, and local sick leave,~~ **T**he term "immediate family" shall include:

1. Spouse.
2. Son or daughter, including a biological, adopted, or foster child, a son- or daughter-in-law, a stepchild, a legal ward, or a child for whom the employee stands *in loco parentis*.
3. Parent, stepparent, parent-in-law, or other individual who stands *in loco parentis* to the employee.
4. Sibling, stepsibling, sibling-in-law.
5. Grandparent and grandchild.
6. Any person who may be residing in the employee's household at the time of illness or death.

For purposes of the Family and Medical Leave Act, the definition of "family" ~~shall~~ include**s** only ~~items 1, 2, and 3 on the above list, but shall exclude son- or daughter-in-law and parent-in-law~~ **spouse, parent, and child**.

FAMILY EMERGENCY

The term "family emergency" shall be limited to ~~natural~~ disasters and life-threatening situations involving the employee or a member of the employee's immediate family.

WORKDAY

~~An "equivalent~~ workday" for purposes of accumulation, use, or recording shall mean the number of hours per day ~~associated with~~ **equivalent to** the employee's ~~usual~~ work assignment, whether full-time or part-time.

STATE PERSONAL LEAVE — RATE OF ACCRUAL

Each employee shall earn state personal leave, in equivalent workdays, at the rate of one-half a workday for each 18 workdays of employment, up to the statutory maximum of five workdays annually per the following chart:

Number of Days Employed	Days Earned
0— 17	0
18— 35	0.5
36— 53	1.0
54— 71	1.5
72— 89	2.0
90—107	2.5
108—125	3.0
126—143	3.5
144—161	4.0

162—179	4.5
180 +	5.0

TYPES OF STATE PERSONAL LEAVE

~~Under authority of Education Code 22.003 and to preserve the employee's leave entitlement while minimizing disruption to the instructional program,~~ **T**he Board requires employees to differentiate between uses of personal leave:

DISCRETIONARY

1. To be taken at the individual employee's discretion, subject to limitations set out below.

NON–DISCRETIONARY

2. To be used for the same reasons and in the same manner as state sick leave accumulated prior to May 30, 1995. [See DEC(LEGAL)]

USE OF DISCRETIONARY LEAVE

REQUEST FOR LEAVE

~~A notice of~~ **written** request for discretionary personal leave shall be submitted to the ~~principal~~ **immediate supervisor** or designee ~~five days~~ in advance ~~of the anticipated absence; discretionary personal leave shall be granted on a first-come, first-served basis~~. **in accordance with administrative regulations. The reasons for which personal leave may be used shall not be limited by the District. In deciding to approve personal leave, however, the supervisor or designee shall consider the effect of the employee's absence on the educational program, as well as the availability of substitutes. [See DEC(LEGAL)]**

~~Use of discretionary personal leave shall be considered granted unless the principal or designee notifies the employee to the contrary at least one workday prior to the requested leave date.~~

DURATION OF LEAVE

Discretionary personal leave may not be taken for more than five consecutive days, except in extenuating circumstances as determined by the Superintendent.

SCHEDULE LIMITATIONS

Discretionary leave shall not be allowed on the day before or after a school holiday, days scheduled for end-of-semester or end-of-year exams, days scheduled for TAAS tests, professional or staff development days or workdays, and the first or last day of a grading period, except in extenuating circumstances as determined by the Superintendent.

ADDITIONAL LOCAL LEAVE

All employees, except bus drivers and bus attendants, shall earn ~~an additional~~ five ~~equivalent~~ workdays of local ~~sick~~ leave per school year, concurrently with state personal leave. [See STATE PERSONAL LEAVE—RATE OF ACCRUAL]

Local ~~sick~~ leave shall be accumulated without limit and shall be taken with no loss of pay.

Local ~~sick~~ leave shall be used under the terms and conditions applicable to state sick leave accumulated prior to the 1995–96 school year, except as otherwise provided by this policy.

Local sick leave may also be used for first-year care following the birth or adoption of an employee's son or daughter or the placement of a child with the employee for foster care.

USE AND RECORDING

~~For purposes of personal illness, illness in the immediate family, family emergency, or death in the immediate family,~~ **A**vailable leave shall be used in the following order**, as applicable**:

1. Local sick leave.
2. State sick leave accumulated prior to the 1995–96 school year.
3. Current year state personal leave.
4. State personal leave.
5. Catastrophic sick leave

Leave shall be recorded in ~~whole workdays and~~ **increments of** half ~~work~~days ~~only, except in accordance with provisions for intermittent leave in the Family and Medical Leave Act~~. Employees shall be charged leave as used even if a substitute is not employed.

OTHER ABSENCES

Any ~~other~~ leave~~s granted or days of absence~~ **taken for which leave balances are insufficient** shall result in a deduction ~~of the daily rate of pay for each day of absence, unless otherwise provided. [See DMD(LOCAL)]~~ **from the employee's paycheck commensurate with the amount of leave taken.**

AVAILABILITY

Paid leave for the current year shall be available for use at the beginning of the school year. **Paid l**eave shall not be approved for more workdays than have been accumulated in prior years plus those earned during the current year.

When an employee who has used more leave than he or she had accumulated ceases to be employed by the District, the cost of the unearned leave days shall be deducted from the employee's final paycheck.

MEDICAL CERTIFICATION

An employee absent more than five consecutive workdays because of personal illness shall submit, upon return to work, a medical certification of illness and of his or her fitness to return to work. An employee absent more than three consecutive workdays because of illness in the immediate family shall present, upon return to work, medical certification of the family member's illness. Medical certifications shall continue to be required at 30-day intervals.

HEALTH CARE PROVIDER

~~For leave other than that taken under the federal Family and Medical Leave Act, medical certification shall be made by a doctor who is registered and licensed under the Medical Practice Act of Texas, a licensed doctor of dentistry, a licensed chiropractor, or a licensed podiatrist. An employee may have his or her illness certified by a Christian Science practitioner listed with the First Church of Christ, Scientist in Boston.~~

~~For leave taken under the Family and Medical Leave Act, medical certification shall be as described in federal regulations [see DEC (LEGAL)] and on the form provided by the District.~~

Medical certification shall be made by a health care provider as defined by the Family and Medical Leave Act. [See DEC(LEGAL)]

TEMPORARY DISABILITY

Any full-time employee whose position requires educator certification by the State Board for Educator Certification or by the District shall be eligible for temporary disability leave. The maximum length of temporary disability leave shall be 180 calendar days.

COURT APPEARANCES

Absences for court appearances related to an employee's personal business shall be deducted from the employee's personal leave or shall be taken by the employee as leave without pay.

FAMILY AND MEDICAL LEAVE

~~The 12-month period within which employees shall be eligible for 12 weeks of~~ **For purposes an employee's entitlement to** family and medical leave, **the 12-month period** shall be ~~defined as~~ July 1 through June 30.

CONCURRENT USE OF LEAVE

The District shall require employees to use family and medical leave concurrently with paid leave and with temporary disability leave if applicable.

COMBINED LEAVE FOR SPOUSES

If both spouses are employed by the District, combined family and medical leave for the birth, adoption, or placement of a child, or to care for a parent with a serious health condition may be limited to a combined total of 12 weeks as determined by the needs of the District.

INTERMITTENT LEAVE

Intermittent leave shall not be permitted for the birth of the employee's child or the adoption or placement of a child with the employee.

CERTIFICATION OF ILLNESS

Upon request for family and medical leave for the employee's serious health condition or that of a spouse, parent, or child, ~~and at 30-day intervals thereafter~~, the employee shall provide medical certification of the illness or disability.

MEDICAL RELEASE

The employee's request for reinstatement shall be accompanied by medical certification of the employee's ability to perform essential job functions.

TEACHER REINSTATEMENT

A teacher desiring to return to work at or near the conclusion of a semester may be reinstated in accordance with the END-OF-TERM LEAVE section in DEC(LEGAL).

RESIGNATION

If, at the expiration of the family and medical leave, the employee is able to return to work but chooses not to do so, the District shall require reimbursement of the employee benefits contribution made by the District during the period in which such leave was taken as unpaid leave.

WORKERS' COMPENSATION

An employee absent because of a job-related injury or illness shall be assigned to family and medical leave, if applicable.

An employee eligible for workers' compensation wage benefits, and not on assault leave, shall indicate whether he or she chooses to:

1. Receive workers' compensation wage benefits; or
2. Use available paid leave. Workers' compensation wage benefits shall begin when:
   a. Paid leave is exhausted; or
   b. The employee elects to discontinue use of paid leave; or
   c. Leave payments are less than the employee's pre-injury average weekly wage.

CATASTROPHIC SICK LEAVE BANK

PURPOSE

The purpose of the Catastrophic Sick Leave Bank (~~CSLB~~ **Bank**) is to provide additional paid sick leave days to members of the **B**ank who **have** experience**d** a ~~disabling~~ catastrophic ~~event~~ **illness or injury, including a pregnancy-related disability and who have** ~~. Days may be requested from the bank only after the member has~~ exhausted all accumulated **vacation days and** state and local ~~sick~~ leave days and ~~has~~ **have** taken five days of leave without pay.

DEFINITIONS

~~A disabling catastrophic event is an unexpected and unavoidable illness, surgery, or injury that is critical, debilitating, and/or life-threatening. Pregnancy, childbirth, and maternity leave shall not be covered by the bank. Exceptions due to complications may be considered on an individual basis. [See below]~~ **For purposes of this policy, catastrophic illness shall be defined as a severe condition or combination of conditions affecting the mental or physical health of the employee or the employee's immediate family that requires the services of a licensed practitioner for a prolonged period of time and that forces an employee to exhaust all leave time earned by that employee and to lose compensation from the District.**

~~For purposes herein, bank shall refer to the District Catastrophic Sick Leave Bank, and FAC shall mean the Faculty Advisory Council for the District.~~

ELIGIBILITY

~~All~~ **F**ull-time employees of the District who have completed ~~two~~ **one** year~~s~~ of service immediately preceding the enrollment period shall be eligible for membership. ~~In order to be considered~~ **For purposes of the Bank,** full-time ~~employees, personnel~~ shall ~~work~~ **be defined as a minimum of** 35 ~~to 40~~ hours a week ~~and be designated full time for payroll-related purposes~~. Participation ~~is~~ **shall be** voluntary, but requires contribution to the Bank. [See below]

GOVERNING COMMITTEE (~~FAC~~ **DAC**)

The governing committee that approves or disapproves ~~all~~ requests for ~~sick leave~~ **B**ank days shall be the ~~Faculty~~ **District** Advisory Council (~~FAC~~ **DAC**) and shall be composed of members of the ~~Catastrophic Sick Leave~~ Bank. The Superintendent shall vote only if necessary to break a tie.

JOINING THE BANK

An~~y~~ employee who is eligible to join the Bank may do so by contributing ~~two~~ **one** day~~s~~ of accrued local sick leave **from a previous school year**. ~~An employee desiring to join during the current school year shall have prior accrual of at least two local sick leave days.~~

All eligible personnel who join or renew membership in the Bank within the enrollment period **each year** shall be eligible for benefits beginning with the first official day of work for ~~that school year~~ **10-month employees**.

For Bank purposes, the school year ~~shall be from September 1 through August 31~~ **shall be the 12 consecutive months beginning on the first official day of work for 10-month employees**.

Employees desiring to join the Bank shall complete the membership application form and submit it to the ~~business~~ **human resources** office. The ~~business~~ **human resources** office shall verify the employee's eligibility and ~~complete the necessary records to~~ enter the membership.

CONTRIBUTION OF DAYS

To become a new member of the Bank **during the second and third year of employment**, an employee shall contribute ~~two~~ **one** day~~s~~ from his or her prior years' accrued local sick leave **for two consecutive years**. ~~These~~ **Each** day~~s~~ shall be subtracted from the member's accrued local sick leave **in the year it is contributed**.

The ~~two~~ days donated become the property of the District. All donations shall remain in force and shall not be returned even upon cancellation of a membership.

Each person who leaves the employment of the District shall be given the opportunity to contribute to the Bank hone half of his or her unused accrued local sick leave days. Such days shall be set aside and contributed to the Bank only if it should

become insolvent. The Bank shall be considered insolvent if the number of days are fewer than twice the number of members.

Contributions for renewal of membership shall be accepted beginning July 1. In no event shall the annual contribution be more than ~~two~~ **one** day~~s~~ per ~~fiscal~~ **Bank** year. For contributing members who did not use the Bank **during** the prior year, the annual rate of contribution shall be one day of sick leave per year until the Bank is ~~secure~~ **solvent**. ~~The Bank shall be considered secure when the total number of available days is at least twice the number of members.~~

If a member uses ~~two~~ **one** or more days from the Bank during ~~this period~~ **a Bank year**, he or she shall be required to donate ~~an~~ **one** additional ~~two~~ day~~s~~ the following ~~school~~ **Bank** year ~~(September through August)~~ in order to have continuing membership in the Bank. ~~If the member uses fewer than two days, he or she may be required to donate one and one-half days, but in no event less than one day.~~

If a member cancels his or her membership in the Bank, the ~~two~~ days contributed for membership remain the property of the **Bank**. If, ~~at a later date~~ **in a subsequent Bank year**, ~~this individual~~ **the member** wishes to rejoin the Bank, he or she may do so during the enrollment period by again donating two days.

GRANTING OF DAYS

Requests for ~~leave~~ **Bank days** shall be made within ~~actual pay periods for days missed so that employees maintain their current salary~~ **30 days of the absence to be considered**.

~~Grants shall be considered only for a disability lasting five consecutive days or longer.~~

Days from the **Bank** shall be granted based on the following:

1. ~~Sick leave~~ **Bank** days shall be granted only for absences from working days and shall not be granted for holidays, vacation days, or ~~other such days for which the member is not paid~~ **noncontract days**.

2. ~~Sick leave days from the Bank shall be available only in the event of unexpected extended illness, surgery, or injury. Pre-existing conditions shall not be covered.~~

3. Pre-existing conditions shall include, but shall not be limited to, any condition for which the member received treatment during the 12-month period preceding the member's enrollment in the Bank. Charter members shall be exempt from meeting these conditions.

4. ~~Pregnancy and accompanying complications shall not be covered by the Bank. Complications arising from childbirth shall be considered on an individual basis, provided the recovery period requires longer than six weeks.~~ **Unless the is a related disability, pregnancy shall not be covered.**

5. ~~Catastrophic Sick Leave~~ Bank ~~grants~~ **days** shall not be authorized for illness or disability resulting from substance abuse rehabilitation (including injuries resulting from substance abuse), self-inflicted injury, or act of war.

6. The **DAC** ~~number of days that may be granted to~~ **shall be authorized to approve up to 40 days per Bank year for** ~~any one~~ **a** member**'s** ~~of the bank shall normally be 40 days per school year~~ **personal illness or injury or for the care of a spouse or a dependent child**. Additional days ~~may be granted upon~~ **shall require the** recommendation of the ~~FAC,~~ **DAC and** Superintendent, and **the** approval of the Board.

7. The ~~FAC~~ **DAC** may consider a request by a member for **up to ten** days to assist ~~a~~ **other** critically or terminally ill **immediate family** members ~~of his or her immediate family (as defined in policy DEC)not to exceed ten days~~ per **Bank** year. **[see DEFINITIONS/FAMILY above]**

8. The Bank shall not grant more days than its members have collectively contributed.

9. The ~~FAC~~ **DAC** may request a medical review by a physician of the committee's choice at the member's expense.

10. ~~The bank shall normally be used only by the individual member for his or her personal illness or to care for dependent children or a spouse.~~

11. ~~Sick leave days from the bank shall not be granted for any period of disability when monies are paid to the member under the Workers' Compensation Act.~~

12. At the end of the ~~school~~ **Bank** year ~~(August 31)~~, all unused sick leave days in the Bank shall be carried over to the next ~~school~~ **Bank** year ~~(September 1 through August 31)~~.

13. A ~~contributor~~ **member** shall lose the right to use the benefits of the Bank by:

    a. Termination or suspension of employment in the District.

    b. Cancellation of participation by the member (in writing) at any time.

    c. Attempted abuse of the Bank and/or its policies.

d. Refusal to continue regular contributions.

~~DUTIES AND RESPONSIBILITIES~~ **PROCEDURES**

The ~~FAC shall be responsible for the~~ **application procedure shall be as** follow~~ing~~**s**:

1. ~~In a called meeting, all~~ **The DAC shall review individually all** ~~applications~~ **requests** for ~~sick leave~~ **Bank** days ~~shall be reviewed individually by the FAC~~.
2. The ~~FAC~~ **DAC** may request **that** a member ~~to~~ appear before the ~~FAC~~ **committee** to substantiate **the validity of** ~~his or her case~~ **the request**.
3. The ~~FAC~~ **DAC** shall determine the number of days approved and **shall** reserve~~s~~ the right to approve, deny, or modify the days requested.
4. ~~Any~~ **No** member of the ~~FAC~~ **DAC** shall ~~excuse himself or herself~~ **participate on the committee when making a personal request for Bank days or** when **the committee is** considering ~~his or her own request or~~ a request made by ~~any~~ **a family** member ~~of his or her family~~.
5. The Superintendent shall ensure that the ~~business~~ **human resources** office is notified of the outcome of all requests for ~~catastrophic sick leave~~ **Bank days**. The ~~business~~ **human resources** office shall notify the member of the outcome.

~~APPLYING FOR DAYS~~

~~A member who needs additional days after all accumulated state and local sick leave days have been used may submit a request for days from the bank. Guidelines~~ **[See DEC(REGULATION)** for applications **guidelines** ~~are contained in the regulation at this code.~~**]**

INDIVIDUAL CATASTROPHIC LEAVE FUND

PURPOSE

The purpose of the Individual Catastrophic Leave Fund (Fund) is to provide additional paid sick leave days to an employee who is eligible to join the Bank, but has not been able to do so because all available leave has been used for continuing catastrophic circumstances as defined at CATASTROPHIC SICK LEAVE BANK above.

DEFINITIONS

The definitions used for purposes of the Bank shall also apply to the Fund.

ELIGIBILITY

An employee must meet the same eligibility requirements as for participation in the Bank and shall:

1. **Have exhausted all accumulated state and local leave for reasons that qualify for Bank days.**
2. **Have taken five days' leave without pay.**

3. **Have completed one year of employment prior to the enrollment period for the Bank.**

APPROVAL

The DAC for Bank days shall also be the governing committee that approves or disapproves requests for Fund days. [See GOVERNING COMMITTEE above]

FUND PROCEDURES

Requests for Fund days shall be processed as follows:

1. **All requests shall be submitted to the Superintendent in writing.**
2. **Upon receipt of the request, the Superintendent shall appoint a sub-committee of at least three DAC members to consider the request. At least one of the three shall be from the requestor's campus/department.**
3. **Approvals shall be based on the same criteria as those for granting days from the Bank except that pre-existing conditions shall be considered on an individual basis.**
4. **The sub-committee shall determine if the requested days are for absences taken for the purposes approved for Bank days and then report its findings and recommendation to the DAC.**
5. **The DAC shall then make a recommendation to the Superintendent.**
6. **If the Superintendent approves the request, the Superintendent or designee shall issue a call in the name of the Superintendent to all eligible employees asking for donations of local sick leave days.**
7. **A Fund shall then be established for the requestor with a maximum of 40 days.**

RESTRICTIONS

In order to make contributions to a Fund, an employee must have a balance of accrued local sick leave. An employee may contribute up to ten percent of his or her balance in increments of whole days.

Donated days shall be entered into the account in the order received and shall become the property of the District. Donated days over 40 shall be returned to the original donor.

An eligible employee may draw from the Fund until he or she has used up to 40 days. A request for a second Fund for an individual shall require the recommendation of the DAC and the Superintendent and the approval of the Board.

Ten days may be activated at any one time for any specific employee, until the maximum of 40 days is reached.

CONFIDENTIALITY

All contributions to Funds shall be voluntary and confidential donations. Employees violating this provision shall be considered in violation of District policy and the standards of ethics outlined at DH(EXHIBIT) and shall be subject to disciplinary action in accordance with DH(LOCAL).

BUYBACK AT RETIREMENT

The Board shall determine annually whether funds are available for a retirement reimbursement program. Upon approval of the program, employees who have at least 15 years continuous service in the District immediately preceding retirement and who meet the requirements for retirement with the Texas Teacher Retirement System shall be reimbursed upon retirement for half of any unused local sick leave. Payment shall be at the rate of one half of the employee's regular daily rate of pay up to a maximum of $15,000 per employee.

To be eligible for reimbursement, the employee must notify the District of his or her retirement no later than May 1, preceding the school year in which the retirement will occur.