Regular

Monday, December 15, 2008 6:00 PM
Granbury ISD Board Room, 600 West Pearl St., Granbury, TX 76048, W Pearl St, Granbury, TX 76048

1. **Call to order - 6:00 PM - GISD Board Room**
2. **Convene in closed session under the Texas Open Meetings Act, Texas Government Code Section 551.001 et seq.**
   a. Chapter 551.074 - Personnel
   1. Consider staff appointments
   b. Chapter 551.072 - Purchase, exchange, lease or value of real property
3. **Reconvene in open session - 7:00 PM**
4. **Opening Comments/Invocation**
5. **Pledges - U.S. Flag & Texas Flag**
6. **Recognitions**
7. **Consider Consent Agenda Items**
   a. Minutes of the November 10, 2008 regular Board meeting and December 8, 2008 Board Workshop
   b. Technology Purchases
   c. Budget Amendments
   d. Copy Paper Bid 2009-06
   e. Printing and Copying Services Bid 2008-02 (renewal)
   f. Charter Bus Services 2009-07
   g. Bus Mobile DVR Monitoring System 2009-03
   h. Catastrophic Leave
8. **Consider Annual Financial Audit**
9. **Consider Staff Development Waiver**
10. **Consider 2009-2010 Granbury ISD/STARS School Calendars**
11. **Consider PK-5 Grade Alignment - Emma Roberson & Brawner Intermediate**
12. **Consider Prek-5th Grade Level Attendance Zones**
13. **Reports**
    a. Reports by the Executive Director of Finance - Sharay Boynton
    1. Financial Statements for 10/31/08 & 11/30/08
    2. Investment Report for 11/30/08
    b. Report by the Director of Curriculum and Instruction - Sharon Williams
    1. AEIS Report
    c. Reports by the Human Resource Director - Troy Green
    1. NCLB Public Report
    2. Granbury ISD 403-B Plan
    d. Reports by the Superintendent - William Harris
    1. Board Member Continuing Education Hours Progress Report
14. **Public comments/audience participation**
15. **Consider action on items discussed in closed session**
    a. Consider staff appointments
    b. Consider purchase, exchange, lease or value of real property
16. **Adjourn**

GRANBURY ISD
BOARD OF TRUSTEES
OFFICIAL REGULAR MEETING
MINUTES
November 10, 2008

The Board of Trustees of the Granbury Independent School District convened in an official **REGULAR** meeting on Monday, November 10, 2008 at 6:00 p.m. in the Board Room of the Administration Building, 600 West Pearl St., Granbury, Texas.

Presiding Officer.....Charlie Cloud, President

Board Members Present
Bowen Brawner
Barbara Herrington
Kevin Myers
Micky Shearon
Don Walton

Board Members Absent
Jerry Campbell

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
Jeff Meador, Public Information Officer
Carola Bradley, Recording Secretary

Others Present
School Employees
Media
Community Members

Meeting Called to Order
President, Charlie Cloud, called the meeting to order at 6:00 p.m. and noted that a quorum of board members was present, the meeting was dully called and that notice of the meeting was posted in accordance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Convened in Closed Session
The Board of Trustees convened in closed session at 6:02 p.m. under the Texas Open Meeting Act, Chapter 551.072 – purchase, exchange, lease or value of real property and 551.074 – personnel.

Reconvened
The board reconvened in open session at 6:42 p.m. and recessed until 7:00 p.m.

Reconvened
The board reconvened in open session at 7:02 p.m.

Invocation/Opening Comments
Pastor John Austin, Our Savior Lutheran Church, led the prayer.

Pledge U.S. Flag and Texas Flag
Joshua Scott, Brynne Mauldin and Hannah Myers from Emma Roberson Elementary led the U. S. and Texas pledges. Hannah Myers led the Texas flag pledge in Spanish.

Recognitions

William Harris, Superintendent, recognized Don Titus, President of the Touchdown Club, for all the hard work he and the club has done this year to promote the football team and promote community spirit.

William Harris, Superintendent, recognized the following campuses who received Gold Performance Awards. The campuses are:

Acton Elementary - Commended Performance: Reading/English Language Arts; Commended Performance: Math

Nettie Baccus Elementary – Commended Performance: Reading/English Arts

Emma Roberson Elementary – Commended Performance: Reading/English Language Arts

Mambrino – Commended Performance: Reading/English/Language Arts; Commended Performance: Science

Oak Woods Intermediate School – Commended Performance: Writing; Commended Performance: Science; Comparable Improvement: Reading/English Language Arts; Comparable Improvement: Math

Acton Middle School – Commended Performance: Reading/English Language Arts; Commended Performance: Writing; Commended Performance Social Studies; Comparable Improvement: Reading/ English Language Arts; Comparable Improvement: Math

Granbury Middle School – Commended Performance: Reading/English Language Arts; Commended Performance: Math

STARS Academy – Advanced Course/Dual Enrollment Completion; Commended Performance: Reading/English Language Arts; Commended Performance: Social Studies; Texas Success Initiative: English Language Arts

Consent agenda items

A motion was made by Kevin Myers and seconded by Barbara Herrington to approve consent agenda items: A. minutes of the October 20 regular meeting, B. Technology Purchases, C. Guidance and Evaluation Supplies and Materials and Testing Materials Bid 2006-26 renewal, D. Fresh Produce and Delivery CSP 2009-05, E. Grease Trap Cleaning Services 2009-0423, F. Towing Services RFP 2008-04 renewal, G. Budget Amendments, as presented. **MOTION CARRIED**: YES 6 – NOE 0.

Consider Resell of Tax Properties Previously Struck-off for Taxes

Micky Shearon read the resolution. A motion was made by Micky Shearon and seconded by Kevin Myers to approve the resell of tax properties previously struck-off for taxes as presented. **MOTION CARRIED**: YES 6 - Noe 0.

Consider Election of Appraisal District Board of Directors for Hood County

Each Board member was given a ballot and voted for two of the director nominees on the ballot. The Board voted for Gary Raper and Mary Ward. These two names will be forwarded to the Hood County Appraisal District.

Consider repairs to Administration Annex facility

A motion was made by Kevin Myers and seconded by Don Walton to approve repairs to the Administration Annex facility up to $100,000.00 from interlocal vendors as deemed appropriate by the Superintendent. **MOTION CARRIED**: YES 6 – NOE 0

Reports

Sharay Boynton, Executive Director of Finance introduced Glen Smith and Mr. Smith gave a report on property tax collection for Granbury ISD. Collection rate was 98.4% and a total of 102.9% with delinquent taxes which includes interest and penalties.

Sharon Williams, Director of Curriculum and Instruction gave a report on the Texas Primary Reading Inventory.

Randy Leach, Director of Facilities, updated the Board on the water issues at the Ag Science Complex.

Cheryll Yowell, Director of Career and Technology Education, gave the Board an update on the progress of a business advisory committee and listed some new programs they are working on implementing for the students.

William Harris, Superintendent, gave a report on the rezoning meetings that had been held with the campus staff and the public meetings for Acton Elementary and Oak Woods Intermediate. Meetings with Nettie Baccus Elementary will be held November 11th and Emma Roberson Elementary and Brawner Intermediate will be held on November 13th. The Board will hold a Workshop on rezoning December 8, 2008 at 5:00 P.M. at 600 West Pearl in the Board Room.

Charlie Cloud, Board President, presented the Attorney General's ruling in regard to Board Reports being placed on the agenda.

Public comments/audience participation

None

Action on Items Discussed in Closed Session

None – William Harris, Superintendent, told the Board that Larry Gehrke, Director of Maintenance, will retire effective November 26th. Randy Leach, Director of Facilities, will also be over the Maintenance Department through the end of the fiscal year.

Consider purchase, exchange, lease or value of real property

None

Adjournment

There being no further business, the meeting was adjourned at 9:13 p.m.

_____ _____

Charlie Cloud, Board President Micky Shearon, Board Secretary

GRANBURY ISD
BOARD OF TRUSTEES
OFFICIAL SPECIAL MEETING
MINUTES
December 8, 2008

The Board of Trustees of the Granbury Independent School District convened in an official **SPECIAL** meeting on Monday, December 8, 2008 at 5:00 a.m.. in the Board Room of the Administration Building, 600 West Pearl St., Granbury, Texas

Presiding Officer..... Charlie Cloud

Board Members Present

Jerry Campbell
Barbara Herrington
Kevin Myers
Micky Shearon
Don Walton
Bowen Brawner arrived at 5:15 p.m.

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
Jeff Meador, Public Information Officer

Others Present

Media
Employees
Community

Meeting Called to Order

President, Charlie Cloud, called the meeting to order at 5:00 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.

Rezoning for configuration of campuses PK-5 Workshop

Discussion led by William Harris

Public comments/audience participation

Amy Tate, Derek Thomas, Cindy Skaggs and Steve Skaggs spoke to the Board regarding rezoning of attendance zones

Adjourned

There being no further business the meeting was adjourned at 6:50 p.m.

Charlie Cloud, President

Micky Shearon, Secretary

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 15, 2008
For: Approval

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 5, 2008
RE: Annual Financial Report – Year ended 8/31/2008

SUMMARY:

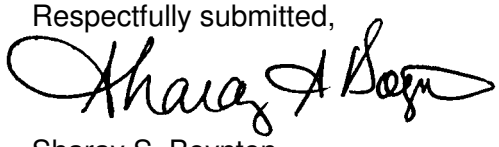
The annual audit has been completed. Mrs. Paula Lowe of Patillo, Brown & Hill, L.L.P., Certified Public Accountants will be at the board meeting to present the report and letters to the board. The Annual Financial Report for the year ended August 31, 2008 and the management letter will be available via electronic format and will be posted when the Board Book is posted on Wednesday or shortly thereafter.

Should you have questions regarding the report, please feel free to contact me prior to the Board meeting so that I can get with Mrs. Lowe and she 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, 2008 as presented.

Respectfully submitted,



Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton

Date Submitted: December 5, 2008

PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

To the Board of Trustees
Granbury Independent School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Granbury Independent School District for the year ended August 31, 2008, and have issued our report thereon dated December 4, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U. S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 12, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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 internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Granbury Independent School District's 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Granbury Independent School District's compliance with the types of compliance requirements described in the "U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on Granbury Independent School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Granbury Independent School District's compliance with those requirements.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Granbury Independent School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending on August 31, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation expense is based on the estimated useful lives of each asset and management's estimate of the allowance for doubtful accounts is based on historical property tax collection. We evaluated the key factors and assumptions used to develop depreciation expense and the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the foundation receivable and recapture cost liability is based on Texas Education Agency's formula. A few factors cause the amount calculated by the Texas Education Agency as of our date of field work and the amount calculated by the District to differ. We evaluated the key factors and assumptions used to develop the foundation receivable and recapture cost liability and determined that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 4, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Granbury Independent School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We noted certain matters that we reported to the Board of Trustees and management in the annual financial report.

This information is intended solely for the use of the Board of Trustees and management of Granbury Independent School District and is not intended to be and should not be used by anyone other than these specified parties.

Patillo, Brown & Hill, LLP

December 4, 2008



GRANBURY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
AUGUST 31, 2008

GRANBURY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2008

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GRANBURY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2008
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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 year ended August 31, 2008, at a meeting of the Board of Trustees of such school district on the 15th of December, 2008.

Signature of Board Secretary	Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees of
Granbury Independent School District
Granbury, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Granbury Independent School District (the District), as of and for the year ended August 31, 2008, 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 the 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, 2008, 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.

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In accordance with *Government Auditing Standards,* we have also issued our report dated December 4, 2008, on our consideration of Granbury Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 42 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Granbury Independent School District's basic financial statements. The combining statements and required TEA schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations,* and is also not a required part of the basic financial statements of Granbury Independent School District. The combining statements, required TEA schedules, and accompanying Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. Exhibit J-3 (Fund Balance and Cash Flow Calculation Worksheet) has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Patillo, Brown & Hill, LLP

December 4, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Granbury Independent School 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, 2008. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District rated "Superior Achievement" in financial management for the fifth consecutive year by the TEA Financial Integrity Rating System of Texas (includes Administrative Cost ratio of 3.9% 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 $26,822,939 *(net assets).* Of this amount, $19,817,275 *(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 $18,655,878. Approximately 93.4% of this total amount, $17,861,810, 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 $17,591,525 or 28.2% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 13 – 15 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 16 – 19 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 construction business activities. 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 workers' compensation self-insurance fund and the flexible benefits plan. The basic proprietary fund financial statements can be found on pages 20 – 22 of this report.

- *Fiduciary funds* – Fiduciary funds provide 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 that can be found on pages 23 – 24.

- *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 25 – 41 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 pages 42 – 44 of this report.

FINANCIAL ANALYSIS

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, governmental type assets exceeded liabilities by $26,890,874 and business-type liabilities exceeded assets by $(67,935) as of August 31, 2008.

Investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is $5,764,196. 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 ($1,245,468) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($19,817,275) may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

GRANBURY INDEPENDENT SCHOOL DISTRICT'S
NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 25,691,697	$ 26,462,271	$(59,302)	$(48,235)	$ 25,632,395	$ 26,414,036
Capital assets	69,000,390	66,524,061	-	-	69,000,390	66,524,061
Total assets	94,692,087	92,986,332	(59,302)	(48,235)	94,632,785	92,938,097
Current liabilities	4,323,204	4,977,871	8,635	17,392	4,331,839	4,995,263
Long-term liabilities	63,478,007	63,443,721	-	-	63,478,007	63,443,721
Total liabilities	67,801,211	68,421,592	8,635	17,392	67,809,846	68,438,984
Net assets:						
Invested in capital assets, net of related debt	5,760,196	805,671	-	-	5,760,196	805,671
Restricted	1,245,468	459,910	-	-	1,245,468	459,910
Unrestricted	19,885,210	23,299,159	(67,935)	(65,627)	19,817,275	23,233,532
Total net assets	$ 26,890,874	$ 24,564,740	$(67,935)	$(65,627)	$ 26,822,939	$ 24,499,113

Governmental activities. The District's total net assets increased by $1,979,948. The total cost of all governmental activities this year was $70,481,966. The amount that our taxpayers paid for these activities through property taxes was $42,550,269 or 60.4%.

Business-type activities. The District's total net assets decreased by $2,308. The total cost of all business-type activities this year was $263,572.

GRANBURY INDEPENDENT SCHOOL DISTRICT'S
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 1,933,951	$ 1,902,706	$ 261,264	$ 205,759	$ 2,195,215	$ 2,108,465
Operating grants and contributions	7,923,348	8,083,725	-	-	7,923,348	8,083,725
General revenues:						
Property taxes	42,550,269	44,214,334	-	-	42,550,269	44,214,334
Grants and contributions	18,320,046	7,830,884	-	-	18,320,046	7,830,884
Special item	-	92,708	-	-	-	92,708
Other	1,734,300	2,388,909	-	-	1,734,300	2,388,909
Total revenues	72,461,914	64,513,266	261,264	205,759	72,723,178	64,719,025
Expenses:						
Instruction	37,039,839	32,941,027	-	-	37,039,839	32,941,027
Instruction resources and media services	1,150,790	1,229,027	-	-	1,150,790	1,229,027
Curriculum and staff development	1,422,056	1,024,476	-	-	1,422,056	1,024,476
Instructional leadership	684,691	627,924	-	-	684,691	627,924
School leadership	3,625,318	3,385,328	-	-	3,625,318	3,385,328
Guidance, counseling and evaluation services	2,497,552	2,528,440	-	-	2,497,552	2,528,440
Social work services	48,640	49,481	-	-	48,640	49,481
Health services	357,207	363,184	-	-	357,207	363,184
Student transportation	2,871,961	2,231,057	-	-	2,871,961	2,231,057
Food service	3,059,984	2,866,128	-	-	3,059,984	2,866,128
Co-curricular/ extracurricular activities	2,052,496	1,691,883	-	-	2,052,496	1,691,883
General administration	1,937,492	2,438,680	-	-	1,937,492	2,438,680
Plant maintenance and operations	6,766,360	6,579,719	-	-	6,766,360	6,579,719
Security and monitoring	397,292	342,434	-	-	397,292	342,434
Data processing services	1,054,919	806,277	-	-	1,054,919	806,277
Community services	243,719	263,917	-	-	243,719	263,917
Interest on long-term debt	3,300,651	2,276,735	-	-	3,300,651	2,276,735
Bond issuance costs	1,300	675,813	-	-	1,300	675,813
Capital outlay	-	145	-	-	-	145
Contracted instructional services between schools	1,111,857	-	-	-	1,111,857	-
Payments to shared service arrangements	204,044	155,413	-	-	204,044	155,413
Other intergovernmental charges	653,798	-	-	-	653,798	-
Extended day school	-	-	263,572	225,988	263,572	225,988
Total expenses	70,481,966	62,477,088	263,572	225,988	70,745,538	62,703,076
Change in net assets	1,979,948	2,036,178	(2,308)	(20,229)	1,977,640	2,015,949
Net assets, beginning	24,564,740	22,528,562	(65,627)	(45,398)	24,499,113	22,483,164
Prior period adjustments	346,186	-	-	-	346,186	-
Net assets, ending	$ 26,890,874	$ 24,564,740	$(67,935)	$(65,627)	$ 26,822,939	$ 24,499,113

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.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $18,655,878, a decrease of $3,574,122. Approximately 93.4% of this total amount ($17,861,810) 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 ($400,557), (2) to pay for construction ($174,264), (3) for food service ($167,031), and (4) for inventory and other miscellaneous designations ($52,216).

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 $17,591,525, out of a total fund balance of $17,765,789. 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 28.3% of the total General Fund expenditures.

The fund balance of the District's General Fund decreased by $3,722,191 during the current fiscal year. Key factors in this decrease are as follows:

- Completion of major building projects using fund balance which included a new Agricultural Science Complex, renovations to the Baseball Complex, Science Lab upgrades at all elementary/intermediate schools and canopies for drop-off/pick-up areas at all Elementary/Intermediate campuses.
- An increase in the state revenue as a result of the new calculation by TEA of Target Revenue associated with HB1, property tax relief in the approximate amount of $1,500,000 for current year and $1,500,000 for 2006-07 caused the reduction to be less than originally anticipated.

The Debt Service Fund has a total fund balance of $400,557, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the Debt Service Fund is 182,831. This increase was a result of increased collections of current and delinquent taxes over what was planned.

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 for the Enterprise Funds at August 31, 2008, amounted to $(67,935) for the Enterprise Fund and $2,112 for Internal Service Funds. The total decrease in net assets was $2,308 for the Enterprise Fund and an increase of $43,545 for Internal Service Funds. For the fiscal year ended August 31, 2008, the District, the state, community, and employees contributed approximately $261,264 to the Enterprise Funds and $565,726 to the Internal Service Funds.

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 summer 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 during the year for major projects funded from the District's healthy fund balance.

The District made the following amendments to budgeted revenue:

- Approximately $26,600 increase in Athletic receipts.
- Approximately $80,500 increase in local revenue due to donations to various District projects.
- Approximate $27,500 increase in local revenue due to insurance proceeds for property damage to District facilities.

Following is a summary of amendments made to appropriations:

- Approximately $80,500 increase for expenditures associated with donations.
- Approximately $7.2 million increase for expenditures associated with the construction projects approved by the Board in Spring 2007, Baseball Facility, Agricultural Science Facility, Elementary/Intermediate Canopies for drop-off/pick-up areas, roofing projects, etc that were not completed during 2006-07 fiscal year and carried over to 2007-08.

After revenues and appropriations were amended as described above, actual revenues were higher than final budgeted revenues by $3,520,309 due to higher than anticipated state revenue and higher property tax collections than anticipated. The projected state revenues were off due to the fact that TEA changed the calculation related to the Target Revenue that resulted in a major increase to State funds for previous and current year. The actual affect was not known until after year-end. Actual expenditures were $2,083,194 below final budget amounts or 96.8% of budgeted expenditures. This positive variance in expenditures resulted from (1) timing of construction projects, (2) projects started in current fiscal year but not completed until after the end of fiscal year, and (3) normal lapse of 2-5% in other budget line items.

GRANBURY INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS

	Governmental Activities	
	2008	2007
Land	$ 1,523,587	$ 1,523,587
Buildings and improvements	64,848,876	61,191,461
Furniture and equipment	2,627,927	3,037,300
Construction in progress	-	771,713
Total capital assets	$ 69,000,390	$ 66,524,061

Additional information on the District's capital assets can be found in Note C on pages 35 – 36 of this report.

Long-term debt. As of August 31, 2008, the District had total general obligation bonded debt outstanding of $53,589,951, a decrease of $3,527,780 over the prior year. Accretion on capital appreciation bonds was $1,065,547 for fiscal year 2008, resulting in an ending balance of $9,397,449. There was a loss on refunding of $1,914,735, a decrease of $91,177 over the prior year.

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 unenhanced 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 pages 37 – 38 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The District's student attendance rate remains stable at 95.8%.
- The District's enrollment has experienced minimal increase and is expected at 0%.
- The District's taxable valuation has increased by 11% and is projected to continue to increase as a result of the oil and gas exploration associated with the Barnet Shale but not necessarily at the same rate as in the past due to the down turn of the real estate market.
- The District lowered the total tax rate to $1.17 ($1.04 for maintenance and operations and $0.13 for debt service). Ability to do this is a result of higher tax base, District management's efficient use of resources, and state funding changes. The District has fully utilized the additional $0.04 available as a result of HB1.
- In order to keep the tax rate this low and take full advantage of the $0.04 authorized by HB1 for Maintenance and Operations, the District will use $600,000 of General Operating Fund Balance to cover the anticipated short fall of tax revenue needed to fully fund Debt Service.

- The District has appropriated maintenance and operations revenues and expenditures in the 2008-2009 budget of $56,848,543 and $59,070,691, respectively. Expenditures include an additional $1,970,000 for salary/wage increases which is over 100% of total increase. Other expenditures were reduced to allow this to occur. These increases to expenditures will be funded through additional property tax collections, future tax base increases and possible fund balance reduction. Normal lapse in budget is 2-5% in expenditures. If the 2008-09 fiscal year is normal, the $2,222,148 deficit budget will be an actual deficit of $750,000 to 1,000,000, which will reduce the fund balance, but still maintain a healthy balance even taking into account the use described above for Debt Service.

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 the Granbury Independent School District Business office.

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BASIC FINANCIAL STATEMENTS

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EXHIBIT A-1

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2008

Data Control Codes		1	2	3
		Primary Government		
		Governmental Activities	Business Type Activities	Total
	ASSETS			
1110	Cash and Cash Equivalents	$ 749,867	$ -	$ 749,867
1120	Current Investments	19,420,296	-	19,420,296
1220	Property Taxes Receivable (Delinquent)	2,745,838	-	2,745,838
1230	Allowance for Uncollectible Taxes	(54,917)	-	(54,917)
1240	Due from Other Governments	2,180,381	-	2,180,381
1260	Internal Balances	59,302	(59,302)	-
1267	Due from Fiduciary Funds	9,537	-	9,537
1290	Other Receivables, net	140,251	-	140,251
1300	Inventories	52,216	-	52,216
1420	Capitalized Bond and Other Debt Issuance Costs	388,926	-	388,926
	Capital Assets:			
1510	Land	1,523,587	-	1,523,587
1520	Buildings, Net	64,848,876	-	64,848,876
1530	Furniture and Equipment, Net	2,627,927	-	2,627,927
1000	Total Assets	94,692,087	(59,302)	94,632,785
	LIABILITIES			
2110	Accounts Payable	1,400,350	25	1,400,375
2140	Interest Payable	151,113	-	151,113
2150	Payroll Deductions & Withholdings	488,282	54	488,336
2160	Accrued Wages Payable	1,757,015	8,556	1,765,571
2180	Due to Other Governments	402,987	-	402,987
2300	Deferred Revenues	123,457	-	123,457
	Noncurrent Liabilities			
2501	Due Within One Year	3,915,371	-	3,915,371
2502	Due in More Than One Year	59,562,636	-	59,562,636
2000	Total Liabilities	67,801,211	8,635	67,809,846
	NET ASSETS			
3200	Invested in Capital Assets, Net of Related Debt	5,760,196	-	5,760,196
	Restricted for:			
3820	Restricted for Federal and State Programs	483,025	-	483,025
3850	Restricted for Debt Service	762,443	-	762,443
3900	Unrestricted Net Assets	19,885,210	(67,935)	19,817,275
3000	Total Net Assets	$ 26,890,874	$ (67,935)	$ 26,822,939

The notes to the financial statements are an integral part of this statement.

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		1	Program Revenues 3	4
		Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:				
	GOVERNMENTAL ACTIVITIES:			
11	Instruction	$ 37,039,839	$ 237,666	$ 4,513,252
12	Instructional Resources and Media Services	1,150,790	-	45,251
13	Curriculum and Instructional Staff Development	1,422,056	-	472,921
21	Instructional Leadership	684,691	-	253,868
23	School Leadership	3,625,318	-	136,402
31	Guidance, Counseling and Evaluation Services	2,497,552	-	451,229
32	Social Work Services	48,640	-	48,640
33	Health Services	357,207	-	14,681
34	Student (Pupil) Transportation	2,871,961	-	93,760
35	Food Services	3,059,984	1,511,731	1,332,787
36	Extracurricular Activities	2,052,496	184,554	42,847
41	General Administration	1,937,492	-	52,341
51	Plant Maintenance and Operations	6,766,360	-	205,090
52	Security and Monitoring Services	397,292	-	2,994
53	Data Processing Services	1,054,919	-	30,634
61	Community Services	243,719	-	22,607
72	Debt Service - Interest on Long Term Debt	3,300,651	-	-
73	Debt Service - Bond Issuance Cost and Fees	1,300	-	-
91	Contracted Instructional Services Between Schools	1,111,857	-	-
93	Payments to Fiscal Agent/Member Districts of SSA	204,044	-	204,044
99	Other Intergovernmental Charges	653,798	-	-
	[TG] Total Governmental Activities:	70,481,966	1,933,951	7,923,348
	BUSINESS-TYPE ACTIVITIES:			
01	Extended Day Program	263,572	261,264	-
	[TB] Total Business-Type Activities:	263,572	261,264	-
	[TP] TOTAL PRIMARY GOVERNMENT:	$ 70,745,538	$ 2,195,215	$ 7,923,348

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Assets
NB	Net Assets--Beginning
PA	Prior Period Adjustment
NE	Net Assets--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
	Primary Government	
Governmental Activities	Business-type Activities	Total
$ (32,288,921)	$ -	$ (32,288,921)
(1,105,539)	-	(1,105,539)
(949,135)	-	(949,135)
(430,823)	-	(430,823)
(3,488,916)	-	(3,488,916)
(2,046,323)	-	(2,046,323)
-	-	-
(342,526)	-	(342,526)
(2,778,201)	-	(2,778,201)
(215,466)	-	(215,466)
(1,825,095)	-	(1,825,095)
(1,885,151)	-	(1,885,151)
(6,561,270)	-	(6,561,270)
(394,298)	-	(394,298)
(1,024,285)	-	(1,024,285)
(221,112)	-	(221,112)
(3,300,651)	-	(3,300,651)
(1,300)	-	(1,300)
(1,111,857)	-	(1,111,857)
-	-	-
(653,798)	-	(653,798)
(60,624,667)	-	(60,624,667)
-	(2,308)	(2,308)
-	(2,308)	(2,308)
(60,624,667)	(2,308)	(60,626,975)
36,531,045	-	36,531,045
6,019,224	-	6,019,224
18,320,046	-	18,320,046
1,170,684	-	1,170,684
563,616	-	563,616
62,604,615	-	62,604,615
1,979,948	(2,308)	1,977,640
24,564,740	(65,627)	24,499,113
346,186	-	346,186
$ 26,890,874	$ (67,935)	$ 26,822,939

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GRANBURY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 247,132	$ 121,525	$ 368,657
1120	Investments - Current	18,774,129	646,165	19,420,294
1220	Property Taxes - Delinquent	2,346,399	399,439	2,745,838
1230	Allowance for Uncollectible Taxes (Credit)	(46,928)	(7,989)	(54,917)
1240	Due from Other Governments	1,807,260	373,121	2,180,381
1260	Due from Other Funds	599,984	357,775	957,759
1290	Other Receivables	125,807	14,444	140,251
1300	Inventories	-	52,216	52,216
1000	Total Assets	$ 23,853,783	$ 1,956,696	$ 25,810,479
	LIABILITIES AND FUND BALANCES			
	Liabilities:			
2110	Accounts Payable	$ 1,006,265	$ 120,280	$ 1,126,545
2150	Payroll Deductions and Withholdings Payable	488,282	-	488,282
2160	Accrued Wages Payable	1,681,639	75,376	1,757,015
2170	Due to Other Funds	361,316	439,885	801,201
2180	Due to Other Governments	365,515	37,472	402,987
2300	Deferred Revenues	2,184,975	393,594	2,578,569
2000	Total Liabilities	$ 6,087,992	$ 1,066,607	$ 7,154,599
	Fund Balances:			
	Reserved For:			
3410	Investments in Inventory	$ -	$ 52,216	$ 52,216
3420	Retirement of Long Term Debt	-	400,557	400,557
3450	Food Service	-	167,031	167,031
	Unreserved Designated For:			
3510	Construction	174,264	-	174,264
	Unreserved and Undesignated:			
3600	Reported in the General Fund	17,591,525	-	17,591,525
3610	Reported in Special Revenue Funds	-	263,778	263,778
3620	Reported in Capital Projects Funds	-	6,507	6,507
3000	Total Fund Balances	$ 17,765,789	$ 890,089	$ 18,655,878
4000	Total Liabilities and Fund Balances	$ 23,853,781	$ 1,956,696	$ 25,810,477

The notes to the financial statements are an integral part of this statement.

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EXHIBIT C-2

GRANBURY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2008

	Total Fund Balances - Governmental Funds	$	18,655,878
1	The District uses internal service funds to charge the costs of certain activities, such as self-insurance , to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		2,112
2	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was $112,302,446 and the accumulated depreciation was $45,778,385. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		805,671
3	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements,but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including thc 2008 capital outlays and debt principal payments is to increasenet assets.		9,242,634
4	The 2008 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(4,288,109)
5	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying tehproceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		2,472,688
19	**Net Assets of Governmental Activities**	$	26,890,874

The notes to the financial statements are an integral part of this statement.

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GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		10 General Fund	Other Funds	Total Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 38,163,125	$ 7,492,653	$ 45,655,778
5800	State Program Revenues	19,960,729	1,204,483	21,165,212
5900	Federal Program Revenues	340,094	4,720,522	5,060,616
5020	Total Revenues	58,463,948	13,417,658	71,881,606
	EXPENDITURES:			
	Current:			
0011	Instruction	30,925,746	3,168,645	34,094,391
0012	Instructional Resources and Media Services	1,004,010	10,108	1,014,118
0013	Curriculum and Instructional Staff Development	967,898	445,822	1,413,720
0021	Instructional Leadership	444,230	240,461	684,691
0023	School Leadership	3,484,295	5,222	3,489,517
0031	Guidance, Counseling and Evaluation Services	2,117,452	381,842	2,499,294
0032	Social Work Services	-	48,640	48,640
0033	Health Services	347,332	-	347,332
0034	Student (Pupil) Transportation	2,845,794	6,306	2,852,100
0035	Food Services	1,342	2,917,850	2,919,192
0036	Extracurricular Activities	1,844,429	-	1,844,429
0041	General Administration	1,935,263	-	1,935,263
0051	Facilities Maintenance and Operations	6,668,859	55,480	6,724,339
0052	Security and Monitoring Services	370,883	-	370,883
0053	Data Processing Services	966,701	-	966,701
0061	Community Services	238,697	5,022	243,719
	Debt Service:			
0071	Debt Service - Principal on Long Term Debt	-	3,805,000	3,805,000
0072	Debt Service - Interest on Long Term Debt	-	1,973,847	1,973,847
0073	Debt Service - Bond Issuance Cost and Fees	-	1,300	1,300
	Capital Outlay:			
0081	Facilities Acquisition and Construction	6,281,861	-	6,281,861
	Intergovernmental:			
0091	Contracted Instructional Services Between Schools	1,111,857	-	1,111,857
0093	Payments to Fiscal Agent/Member Districts of SSA	-	204,044	204,044
0099	Other Intergovernmental Charges	653,798	-	653,798
6030	Total Expenditures	62,210,447	13,269,589	75,480,036
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,746,499)	148,069	(3,598,430)
	OTHER FINANCING SOURCES (USES):			
7912	Sale of Real and Personal Property	24,308	-	24,308
7080	Total Other Financing Sources (Uses)	24,308	-	24,308
1200	Net Change in Fund Balances	(3,722,191)	148,069	(3,574,122)
0100	Fund Balance - September 1 (Beginning)	21,056,053	742,020	21,798,073
1300	Increase (Decrease) in Fund Balance	431,927	-	431,927
3000	Fund Balance - August 31 (Ending)	$ 17,765,789	$ 890,089	$ 18,655,878

The notes to the financial statements are an integral part of this statement.

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GRANBURY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2008

Total Net Change in Fund Balances - Governmental Funds	$	(3,574,122)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.		43,545
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2008 capital outlays and debt principal payments is to increase net assets.		9,242,634
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(4,288,109)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		556,000
Change in Net Assets of Governmental Activities	$	1,979,948

The notes to the financial statements are an integral part of this statement.

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EXHIBIT D-1

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2008

	Business-Type Activities - Extended Day Program	Governmental Activities - Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ -	$ 381,210
Investments - Current	-	2
Due from Other Funds	4,895	1,780
Total Assets	4,895	382,992
LIABILITIES		
Current Liabilities:		
Accounts Payable	25	273,805
Payroll Deductions and Withholdings Payable	54	-
Accrued Wages Payable	8,556	-
Due to Other Funds	64,197	89,499
Deferred Revenues	-	17,576
Total Liabilities	72,832	380,880
NET ASSETS		
Unrestricted Net Assets	(67,935)	2,112
Total Net Assets	$ (67,935)	$ 2,112

The notes to the financial statements are an integral part of this statement.

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EXHIBIT D-2

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

	Business-Type Activities -	Governmental Activities -
	Extended Day Program	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	$ 253,043	$ 565,726
State Program Revenues	8,221	-
Total Operating Revenues	261,264	565,726
OPERATING EXPENSES:		
Payroll Costs	246,369	-
Supplies and Materials	16,878	-
Other Operating Costs	325	522,181
Total Operating Expenses	263,572	522,181
Operating Income (Loss)	(2,308)	43,545
Total Net Assets - September 1 (Beginning)	(65,627)	(41,433)
Total Net Assets - August 31 (Ending)	$ (67,935)	$ 2,112

The notes to the financial statements are an integral part of this statement.

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GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Extended Day Program	Total Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	$ 253,043	$ -
Cash Received for Charges to Other Funds	-	834,103
Cash Payments to Employees for Services	(235,858)	-
Cash Payments for Insurance Claims	(17,185)	(581,154)
Net Cash Provided by Operating Activities	-	252,949
Net Increase in Cash and Cash Equivalents	-	252,949
Cash and Cash Equivalents at Beginning of the Year:	-	128,261
Cash and Cash Equivalents at the End of the Year:	$ -	$ 381,210
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss):	$ (2,308)	$ 43,545
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	(5,378)	198,359
Increase (decrease) in Accounts Payable	18	(39,068)
Increase (decrease) in Payroll Deductions	54	-
Increase (decrease) in Accrued Wages Payable	(8,829)	-
Increase (decrease) in Due to Other Funds	16,443	48,825
Increase (decrease) in Deferred Revenues	-	1,288
Net Cash Provided by Operating Activities	$ -	$ 252,949

The notes to the financial statements are an integral part of this statement.

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EXHIBIT E-1

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2008

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 91,904	$ 178,045
Due from Other Governments	107	-
Due from Other Funds	951	810
Total Assets	92,962	$ 178,855
LIABILITIES		
Accounts Payable	600	$ 19,560
Due to Other Funds	1,897	9,401
Due to Student Groups	-	149,894
Total Liabilities	2,497	$ 178,855
NET ASSETS		
Restricted for Scholarships	90,465	
Total Net Assets	90,465	

The notes to the financial statements are an integral part of this statement.

EXHIBIT E-2

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	$ 19,643
Total Additions	19,643
DEDUCTIONS:	
Other Operating Costs	14,920
Total Deductions	14,920
Change in Net Assets	4,723
Total Net Assets - September 1 (Beginning)	85,742
Total Net Assets - August 31 (Ending)	$ 90,465

The notes to the financial statements are an integral part of this statement.

I. 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* (the "Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Board of Trustees (the "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," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, state foundation funds, grants and other intergovernmental revenue, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses in the statement of activities. *Program revenues* include 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenue and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenue in the accounting period in which it becomes both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenue available if it is collectible within 60 days after year-end.

Revenue from local sources consists primarily of property taxes. Property tax revenue and revenue received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenue is recorded as revenue when received in cash because it is generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Proprietary fund types are accounted for on a flow of *economic* resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenue in the accounting period in which it is earned and becomes measurable, and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989. 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 not to apply future FASB standards.

The District reports the following major governmental fund:

General Fund – The General Fund 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.

The District reports the following major Enterprise Fund:

Extended Day Program – The Extended Day Program accounts for the operations of the after school day care.

Additionally, 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 – These 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity

1. 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.

2. Property Taxes

Property taxes are levied as of 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 following year in which 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.

3. Inventories

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

4. 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:

Assets	Years
Buildings and improvements	9 - 30
Land improvements	12 - 25
Equipment	5 - 15

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

5. 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.

6. Long-term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between this method and the interest method is immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Reserves are indicated on the balance sheet.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue and recapture cost for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue and recapture cost estimates as of August 31, 2008, will change.

10. 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 in sure accuracy in building a statewide database for policy development and funding plans.

II. COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the year ended August 31, 2008, expenditures exceeded appropriations in various functions of the General Fund. The General Fund budget to actual is presented as Exhibit G-1 on page 42. These over expenditures were funded by positive variances in other functions and greater than anticipated revenues.

B. Deficit Fund Balance or Fund Net Assets

Following are funds having deficit fund balances or fund net assets at year-end, if any, along with remarks which address such deficits:

Violation	Deficit Amount	Remarks
Extended Day School Program	$ 67,935	The District is currently attempting to reduce both of these deficits
Workers' Compensation Insurance	75,186	

III. DETAILED NOTES ON ALL FUNDS

A. 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

As of August 31, 2008, the District had deposits in the amount of $3,104,224. These deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's bank in the District's name. In addition, the District's highest deposit balance occurred on September 4, 2007, and was entirely covered by FDIC insurance or by securities held by the pledging financial institution in the District's name.

Investments

The Public Funds Investment Act (the "Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports an 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, U. S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds; 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2008, are shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
LOGIC LGIP	$ 10,057,069	39
Lone Star - LGIP	77,419	34
TexPool - LGIP	3,030,764	44
Texas Term - LGIP	5,668,362	54
Total Investments	$ 18,833,614	

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2008, the District's investments are rated as to credit quality as follows:

LOGIC LGIP	AAAm
Lone Star - LGIP	AAAf
TexPool - LGIP	AAAm
Texas Term - LGIP	AAAm

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year-end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the District was not exposed to concentration of credit risk.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to interest rate risk.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

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.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

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 AAAm 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.

B. Receivables

Receivables as of year-end for the District's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Nonmajor Governmental	Total
Receivables:			
Taxes	$ 2,346,399	$ 399,439	$ 2,745,838
Intergovernmental - State Foundation	1,803,900	88,159	1,892,059
Intergovernmental - Other	3,360	-	3,360
Intergovernmental - Federal and State Programs	-	284,962	284,962
Other - Royalties	25,634	-	25,634
Other - Penalty and Interest on Property taxes	100,173	14,444	114,617
Gross receivables	4,279,466	787,004	5,066,470
Less: allowance for uncollectibles	(46,928)	(7,989)	(54,917)
Net total receivables	$ 4,232,538	$ 779,015	$ 5,011,553

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	$ 2,110,802	$ -
Delinquent property taxes receivable (Debt Service Fund)	361,886	-
Extracurricular activities	-	2,927
Other	-	18,421
Coca Cola funds	-	71,246
Grants drawn down prior to meeting all eligibility requirements	-	13,287
Total deferred/unearned revenue for governmental funds	$ 2,472,688	$ 105,881

C. Capital Assets

Capital assets activity for the year ended August 31, 2008, was as follows:

	Beginning Balance 09/01/07	Increases	Reclassifications/ Decreases	Ending Balance 08/31/08
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,523,587	$ -	$ -	$ 1,523,587
Construction in progress	771,713	6,031,704	(6,803,417)	-
Total capital assets, not being depreciated	2,295,300	6,031,704	(6,803,417)	1,523,587
Capital assets, being depreciated:				
Buildings	91,606,122	-	6,614,977	98,221,099
Furniture and equipment	9,552,019	482,559	-	10,034,578
Improvements other than buildings	8,849,005	250,175	188,440	9,287,620
Total capital assets, being depreciated	110,007,146	732,734	6,803,417	117,543,297
Less accumulated depreciation for:				
Buildings	(34,670,979)	(3,005,492)	-	(37,676,471)
Furniture and equipment	(6,514,719)	(891,932)	-	(7,406,651)
Improvements other than buildings	(4,592,687)	(390,685)	-	(4,983,372)
Total accumulated depreciation	(45,778,385)	(4,288,109)	-	(50,066,494)
Total capital assets, being depreciated, net	64,228,761	(3,555,375)	6,803,417	67,476,803
Governmental activities capital assets, net	$ 66,524,061	$ 2,476,329	$ -	$ 69,000,390

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Instruction	$ 3,020,935
Instructional resources and media services	137,543
Curriculum and instructional staff development	9,207
School leadership	137,543
Health services	10,310
Student (pupil) transportation	362,579
Food services	188,670
Extracurricular activities	208,067
General administration	3,971
Facilities maintenance and operations	99,423
Security and monitoring services	26,409
Data processing services	83,452
Total depreciation expense - governmental activities	$ 4,288,109

D. Interfund Balances

Due to and from Other Funds

Balances due to and due from other funds at August 31, 2008, consisted of the following:

Due to Fund	Due from Fund	Amount
General	Other governmental funds	$ 434,990
	Extended day program	64,197
	Internal service	89,499
	Private purpose trust	1,897
	Agency	9,401
Other governmental funds	General	357,775
Extended day program	Other governmental funds	4,895
Internal service	General	1,780
Private purpose trust	General	951
Agency	General	810
		$ 966,195

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

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.

Long-term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2008, are as follows:

Description	Interest Rate Payable	Amount Original Issue	Interest Current Year	Amount Outstanding 09/01/07	Additions	Reductions	Amount Outstanding 08/31/08	Amount Due in One Year
Unlimited Tax CAP, School Building and Refunding Bonds, Series 1999	3.5% to 5.6%	$ 57,241,974	$ 426,345	$ 18,267,731	$ -	$ 502,780	$ 17,764,951	$ 522,157
Unlimited Tax 2002 Refunding Bonds	2.20% to 4.0%	12,865,000	274,800	6,870,000	-	2,945,000	3,925,000	2,990,000
Unlimited Tax CAP Refunding Bonds, Series 2005	3.0% to 5.0%	32,170,000	1,549,921	31,980,000	-	80,000	31,900,000	85,000
Accreted interest on Capital appreciation Bonds, Series 1999				8,234,714	1,291,979	277,220	9,249,473	294,852
Accreted interest on Capital appreciation Bonds, Series 2005				97,188	50,788	-	147,976	-
Premium on issuance of bonds				2,519,882	-	114,540	2,405,342	114,540
Deferred amounts Loss on refunding				(2,005,912)	-	(91,177)	(1,914,735)	(91,178)
Totals			$ 2,251,066	$ 65,963,603	$ 1,342,767	$ 3,828,363	$ 63,478,007	$ 3,915,371

The interest rates on the Unlimited Tax School Building and Refunding bonds Series 1999 range from 3.50% to 5.60% and mature on August 1, 2029.

The interest rates on the Unlimited Tax Refunding Bonds Series 2002 range from 2.20% to 4.00% and mature on August 1, 2029.

The interest rates on the Unlimited Tax School Refunding Bonds Series 2005 range from 3.00% to 5.00% and mature on August 1, 2029.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Obligations (Continued)

Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2008, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2009	$ 3,930,000	$ 1,853,646	$ 5,783,646
2010	3,529,000	1,731,390	5,260,390
2011	3,215,000	1,691,065	4,906,065
2012	3,220,000	1,687,915	4,907,915
2013	3,220,000	1,684,471	4,904,471
2014 - 2018	16,170,000	8,363,319	24,533,319
2019 - 2023	16,545,000	7,984,743	24,529,743
2024 - 2028	20,205,000	4,331,275	24,536,275
2029	4,670,000	235,375	4,905,375
Total	$ 74,704,000	$ 29,563,199	$ 104,267,199

Accretion of Premium Capital Appreciation Bonds

A portion of the bonds sold in the Unlimited Tax Refunding and School Building Bonds Series 1999 and 2005 was premium capital appreciation bonds. These obligations have par values of $15,485,951 and maturity values of $36,600,000. The interest on these obligations will be paid upon maturity in the fiscal years ending August 31, 2009-2021. The accreted values of these bonds at August 31, 2008, are approximately $9,397,449, which has been allocated to the governmental activities.

Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2008, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows:

Bond Issue	Amount
Series 1994	$ 3,975,000
Series 1999	32,170,000
Total	$ 36,145,000

F. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2008, as follows:

2009	$ 220,407
2010	181,089
2011	17,929
Total minimum lease payments	$ 419,425

IV. OTHER INFORMATION

A. Property Casualty Program

During the year ended August 31, 2008, Granbury ISD participated in the Texas Association of Public Schools Property and Liability Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, Crime, Equipment Breakdown, General Liability, Manuscript Special, Property, Sexual Misconduct Endorsement, and Special Legal Liability. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2008, the Fund anticipates Granbury ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in November or December of the current year. The Fund's audited financial statements as of August 31, 2007, are available at the TAPS offices.

B. Pension Plan

Plan Description. Granbury Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

(continued)

IV. OTHER INFORMATION (Continued)

B. Pension Plan (Continued)

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2008, 2007 and 2006, and a state contribution rate of 6.58% for fiscal year 2008 and 6.0% for fiscal year 2007 and 2006. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal year 2008 and 6.00% for fiscal years 2007 and 2006. State contributions to TRS made on behalf of Granbury Independent School District's employees for the years ended August 31, 2008, 2007 and 2006 were $1,928,013, $1,846,686, and $1,638,527, respectively. Granbury Independent School District paid additional state contributions for the years ended August 31, 2008, 2007, and 2006 in the amount of $496,437, $365,058, and $293,583, respectively, on the portion of the employees' salaries that exceeded the statutory minimum. These contributions equaled the required contributions each year, respectively.

C. Health Care Coverage

During the year ended August 31, 2008, employees of the District were covered by a health insurance plan (the "Plan"). The District paid premiums of $350 per month, per full-time employee, and $254 per month, per part-time employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable annually, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for the insurer are available for the year ended December 31, 2007, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

D. Workers' Compensation

Beginning in 1991, the District established a self-insurance plan for workers' compensation benefits as authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The liability of the workers' compensation self-insurance plan includes $255,874 of incurred but not reported claims. These liabilities reported in the funds at August 31, 2008, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

(continued)

IV. OTHER INFORMATION (Continued)

D. Workers' Compensation (Continued)

Changes in the workers' compensation claims liability amounts are presented below:

	Beginning Liability	Claims and Change in Estimates	Claim Payments	Ending Liability
2006	$ 32,999	$(12,181)	$ 4,598	$ 16,220
2007	16,220	74,341	49,544	41,017
2008	41,017	292,669	77,812	255,874

The Workers' Compensation Fund has a negative net assets in the amount of $75,186 as of August 31, 2008.

E. Commitments and 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.

No reportable litigation was pending against the District at August 31, 2008.

F. Joint Venture Shared Service Arrangements

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

Dublin ISD	Gorman ISD	Stephenville ISD
Glen Rose ISD	Hamilton ISD	Weatherford ISD
	Mineral Wells ISD	

The District does not account for revenue 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, Brazos River Regional Day School Program for the Deaf, 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.

G. Prior Period Adjustment

Foundation revenue was understated in fiscal year 2007 as a result of the District not estimating the revenue earned for school year 2008 in fiscal year 2007. The net effect of this adjustment resulted in an increase of $431,927 to fund balance in the General Fund.

In the prior year, trust funds were reported in the District's governmental activities. An adjustment of $85,741 resulted in a decrease to governmental activities net assets.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT G-1

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 37,854,688	$ 38,046,594	$ 38,163,125	$ 116,531
5800	State Program Revenues	16,537,045	16,537,045	19,960,729	3,423,684
5900	Federal Program Revenues	360,000	360,000	340,094	(19,906)
5020	Total Revenues	54,751,733	54,943,639	58,463,948	3,520,309
	EXPENDITURES:				
	Current:				
0011	Instruction	32,087,822	32,175,949	30,925,746	1,250,203
0012	Instructional Resources and Media Services	1,082,973	1,097,003	1,004,010	92,993
0013	Curriculum and Instructional Staff Development	1,032,808	931,631	967,898	(36,267)
0021	Instructional Leadership	437,177	458,127	444,230	13,897
0023	School Leadership	3,470,705	3,546,690	3,484,295	62,395
0031	Guidance, Counseling and Evaluation Services	2,103,241	2,115,955	2,117,452	(1,497)
0033	Health Services	332,227	353,257	347,332	5,925
0034	Student (Pupil) Transportation	3,002,753	3,118,838	2,845,794	273,044
0035	Food Services	-	4,500	1,342	3,158
0036	Extracurricular Activities	1,513,771	1,746,355	1,844,429	(98,074)
0041	General Administration	2,071,308	2,009,594	1,935,263	74,331
0051	Facilities Maintenance and Operations	7,096,686	7,312,032	6,668,859	643,173
0052	Security and Monitoring Services	566,464	570,480	370,883	199,597
0053	Data Processing Services	1,123,033	1,113,657	966,701	146,956
0061	Community Services	170,304	221,349	238,697	(17,348)
	Capital Outlay:				
0081	Facilities Acquisition and Construction	321,000	6,864,426	6,281,861	582,565
	Intergovernmental:				
0091	Contracted Instructional Services Between Schools	-	-	1,111,857	(1,111,857)
0099	Other Intergovernmental Charges	653,798	653,798	653,798	-
6030	Total Expenditures	57,066,070	64,293,641	62,210,447	2,083,194
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,314,337)	(9,350,002)	(3,746,499)	5,603,503
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	9,000	24,308	15,308
7080	Total Other Financing Sources (Uses)	-	9,000	24,308	15,308
1200	Net Change in Fund Balances	(2,314,337)	(9,341,002)	(3,722,191)	5,618,811
0100	Fund Balance - September 1 (Beginning)	21,056,053	21,056,053	21,056,053	-
1300	Increase (Decrease) in Fund Balance	-	-	431,927	431,927
3000	Fund Balance - August 31 (Ending)	$ 18,741,716	$ 11,715,051	$ 17,765,789	$ 6,050,738

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds, and compares the final amended budget to actual revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, and the National School Breakfast and Lunch and Debt Service Funds budgetary comparison schedules are presented as required TEA schedules.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding end-of-year encumbrances.

(continued)

Excess of Expenditures over Appropriations

The District exceeded appropriations in the General Fund in the following functions:

Function	Amount
Curriculum and instructional staff development	$ 36,267
Guidance, counseling and evaluation services	1,497
Extracurricular activities	98,074
Community services	17,348
Contracted instructional services between schools	1,111,857
	$ 1,265,043

These overruns were funded by unexpected revenues and by positive variances in other functions.

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COMBINING STATEMENTS

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	96,197	103,224	2,378
1260	Due from Other Funds	-	-	1,577	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	$ -	$ 96,197	$ 104,801	$ 2,378
	LIABILITIES AND FUND BALANCES				
	Liabilities:				
2110	Accounts Payable	$ -	$ 16,466	$ 4,584	$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	75,709	100,217	2,378
2180	Due to Other Governments	-	4,022	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	-	96,197	104,801	2,378
	Fund Balances:				
	Reserved For:				
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
3450	Food Service	-	-	-	-
	Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ -	$ 96,197	$ 104,801	$ 2,378

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	253 IDEA Part C Deaf - Early Intervention	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology
$ -	$ -	$ -	$ 60,741	$ -	$ -	$ -	$ -
-	-	-	334,009	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	31,341	-	-	24,663	-
6,138	8,129	852	1,320	-	-	272	-
-	-	-	-	-	-	-	-
-	-	-	52,216	-	-	-	-
$ 6,138	$ 8,129	$ 852	$ 479,627	$ -	$ -	$ 24,935	$ -
$ -	$ -	$ -	$ 91,701	$ -	$ -	$ 3,000	$ -
-	-	-	39,630	-	-	-	-
6,138	8,129	852	129,049	-	-	21,935	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,138	8,129	852	260,380	-	-	24,935	-
-	-	-	52,216	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	167,031	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	219,247	-	-	-	-
$ 6,138	$ 8,129	$ 852	$ 479,627	$ -	$ -	$ 24,935	$ -

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes		263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	289 Summer School LEP	385 Visually Impaired
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	5,961	-	-	-
1260	Due from Other Funds	-	-	7,384	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	$ 5,961	$ -	$ 7,384	$ -
	LIABILITIES AND FUND BALANCES				
	Liabilities:				
2110	Accounts Payable	$ -	$ -	$ -	$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	5,961	-	-	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	7,384	-
2000	Total Liabilities	5,961	-	7,384	-
	Fund Balances:				
	Reserved For:				
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
3450	Food Service	-	-	-	-
	Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-	-
3620	Reported in Capital Projects Funds	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities and Fund Balances	$ 5,961	$ -	$ 7,384	$ -

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	428 High School Allotment	429 Read to Succeed License Plate	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ 100	$ -	$ 60,841
-	-	-	-	-	-	-	334,009
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,187	-	12,011	-	-	88,159	-	373,121
33,334	18,421	2,557	53	80,790	196,879	69	357,775
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	52,216
$ 42,521	$ 18,421	$ 14,568	$ 53	$ 80,790	$ 285,138	$ 69	$ 1,177,962
$ -	$ -	$ -	$ -	$ 4,054	$ 475	$ -	$ 120,280
14,861	-	-	-	-	20,885	-	75,376
(5,790)	-	14,568	53	70,902	-	-	430,101
33,450	-	-	-	-	-	-	37,472
-	18,421	-	-	5,834	-	69	31,708
42,521	18,421	14,568	53	80,790	21,360	69	694,937
-	-	-	-	-	-	-	52,216
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	167,031
-	-	-	-	-	263,778	-	263,778
-	-	-	-	-	-	-	-
-	-	-	-	-	263,778	-	483,025
$ 42,521	$ 18,421	$ 14,568	$ 53	$ 80,790	$ 285,138	$ 69	$ 1,177,962

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GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes		599 Debt Service	699 Capital Projects	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 47,176	$ 13,508	$ 121,525
1120	Investments - Current	311,127	1,029	646,165
1220	Property Taxes - Delinquent	399,439	-	399,439
1230	Allowance for Uncollectible Taxes (Credit)	(7,989)	-	(7,989)
1240	Due from Other Governments	-	-	373,121
1260	Due from Other Funds	-	-	357,775
1290	Other Receivables	14,444	-	14,444
1300	Inventories	-	-	52,216
1000	Total Assets	$ 764,197	$ 14,537	$ 1,956,696
	LIABILITIES AND FUND BALANCES			
	Liabilities:			
2110	Accounts Payable	$ -	$ -	$ 120,280
2160	Accrued Wages Payable	-	-	75,376
2170	Due to Other Funds	1,754	8,030	439,885
2180	Due to Other Governments	-	-	37,472
2300	Deferred Revenues	361,886	-	393,594
2000	Total Liabilities	363,640	8,030	1,066,607
	Fund Balances:			
	Reserved For:			
3410	Investments in Inventory	-	-	52,216
3420	Retirement of Long Term Debt	400,557	-	400,557
3450	Food Service	-	-	167,031
	Unreserved and Undesignated:			
3610	Reported in Special Revenue Funds	-	-	263,778
3620	Reported in Capital Projects Funds	-	6,507	6,507
3000	Total Fund Balances	400,557	6,507	890,089
4000	Total Liabilities and Fund Balances	$ 764,197	$ 14,537	$ 1,956,696

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	24,270	1,199,220	1,547,230	28,231
5020	Total Revenues	24,270	1,199,220	1,547,230	28,231
	EXPENDITURES:				
	Current:				
0011	Instruction	-	971,963	775,163	28,231
0012	Instructional Resources and Media Services	-	6,213	-	-
0013	Curriculum and Instructional Staff Development	4,814	146,070	24,856	-
0021	Instructional Leadership	-	40,840	162,732	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	380,435	-
0032	Social Work Services	19,456	29,184	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	4,950	-	-
	Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of	-	-	204,044	-
6030	Total Expenditures	24,270	1,199,220	1,547,230	28,231
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

226 IDEA - Part B Discretionary	227 IDEA - Part B Deaf	228 IDEA - Part B Preschool Deaf	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	253 IDEA Part C Deaf - Early Intervention	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology
$ -	$ -	$ -	$ 1,529,297	$ -	$ -	$ -	$ -
-	-	-	33,553	-	-	-	-
212,190	8,129	852	1,320,326	62,907	178	247,473	12,459
212,190	8,129	852	2,883,176	62,907	178	247,473	12,459
210,880	8,129	852	-	59,190	178	160,131	5,031
-	-	-	-	-	-	-	-
-	-	-	-	3,620	-	87,342	7,428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,310	-	-	-	97	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,917,850	-	-	-	-
-	-	-	55,480	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
212,190	8,129	852	2,973,330	62,907	178	247,473	12,459
-	-	-	(90,154)	-	-	-	-
-	-	-	309,401	-	-	-	-
$ -	$ -	$ -	$ 219,247	$ -	$ -	$ -	$ -

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	289 Summer School LEP	385 Visually Impaired
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	3,915
5900	Federal Program Revenues	45,204	11,853	-	-
5020	Total Revenues	45,204	11,853	-	3,915
	EXPENDITURES:				
	Current:				
0011	Instruction	-	6,239	-	3,915
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	8,315	5,614	-	-
0021	Instructional Leadership	36,889	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	-	-
	Debt Service:				
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
0072	Debt Service - Interest on Long Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of	-	-	-	-
6030	Total Expenditures	45,204	11,853	-	3,915
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	$ -	$ -	$ -	$ -

386 Regional Day School for the Deaf	397 Advanced Placement Incentives	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	428 High School Allotment	429 Read to Succeed License Plate	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,529,297
252,491	10,795	116,824	68,434	187,741	530,730	-	1,204,483
-	-	-	-	-	-	-	4,720,522
252,491	10,795	116,824	68,434	187,741	530,730	-	7,454,302
252,491	857	116,824	3,255	187,741	377,575	-	3,168,645
-	-	-	-	-	3,895	-	10,108
-	9,938	-	65,179	-	82,646	-	445,822
-	-	-	-	-	-	-	240,461
-	-	-	-	-	5,222	-	5,222
-	-	-	-	-	-	-	381,842
-	-	-	-	-	-	-	48,640
-	-	-	-	-	6,306	-	6,306
-	-	-	-	-	-	-	2,917,850
-	-	-	-	-	-	-	55,480
-	-	-	-	-	72	-	5,022
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	204,044
252,491	10,795	116,824	68,434	187,741	475,716	-	7,489,442
-	-	-	-	-	55,014	-	(35,140)
-	-	-	-	-	208,764	-	518,165
$ -	$ -	$ -	$ -	$ -	$ 263,778	$ -	$ 483,025

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GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		599 Debt Service	699 Capital Projects	Total Nonmajor Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ 5,962,978	$ 378	$ 7,492,653
5800	State Program Revenues	-	-	1,204,483
5900	Federal Program Revenues	-	-	4,720,522
5020	Total Revenues	5,962,978	378	13,417,658
	EXPENDITURES:			
	Current:			
0011	Instruction	-	-	3,168,645
0012	Instructional Resources and Media Services	-	-	10,108
0013	Curriculum and Instructional Staff Development	-	-	445,822
0021	Instructional Leadership	-	-	240,461
0023	School Leadership	-	-	5,222
0031	Guidance, Counseling and Evaluation Services	-	-	381,842
0032	Social Work Services	-	-	48,640
0034	Student (Pupil) Transportation	-	-	6,306
0035	Food Services	-	-	2,917,850
0051	Facilities Maintenance and Operations	-	-	55,480
0061	Community Services	-	-	5,022
	Debt Service:			
0071	Debt Service - Principal on Long Term Debt	3,805,000	-	3,805,000
0072	Debt Service - Interest on Long Term Debt	1,973,847	-	1,973,847
0073	Debt Service - Bond Issuance Cost and Fees	1,300	-	1,300
	Intergovernmental:			
0093	Payments to Fiscal Agent/Member Districts of	-	-	204,044
6030	Total Expenditures	5,780,147	-	13,269,589
1200	Net Change in Fund Balance	182,831	378	148,069
0100	Fund Balance - September 1 (Beginning)	217,726	6,129	742,020
3000	Fund Balance - August 31 (Ending)	$ 400,557	$ 6,507	$ 890,089

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EXHIBIT H-3

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AUGUST 31, 2008

	753 Worker's Compensation Insurance	770 Dental Insurance	771 Health Insurance	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 242,546	$ 138,664	$ -	$ 381,210
Investments - Current	-	-	2	2
Due from Other Funds	-	-	1,780	1,780
Total Assets	242,546	138,664	1,782	382,992
LIABILITIES				
Current Liabilities:				
Accounts Payable	255,874	17,931	-	273,805
Due to Other Funds	61,858	27,641	-	89,499
Deferred Revenues	-	17,576	-	17,576
Total Liabilities	317,732	63,148	-	380,880
NET ASSETS				
Unrestricted Net Assets	(75,186)	75,516	1,782	2,112
Total Net Assets	$ (75,186)	$ 75,516	$ 1,782	$ 2,112

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EXHIBIT H-4

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

	753 Worker's Compensation Insurance	770 Dental Insurance	771 Health Insurance	Total Internal Service Funds
OPERATING REVENUES:				
Local and Intermediate Sources	$ 337,480	$ 228,246	$ -	$ 565,726
Total Operating Revenues	337,480	228,246	-	565,726
OPERATING EXPENSES:				
Other Operating Costs	337,480	184,701	-	522,181
Total Operating Expenses	337,480	184,701	-	522,181
Operating Income	-	43,545	-	43,545
Total Net Assets - September 1 (Beginning)	(75,186)	31,971	1,782	(41,433)
Total Net Assets - August 31 (Ending)	$ (75,186)	$ 75,516	$ 1,782	$ 2,112

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GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

	753 Worker's Compensation Insurance	770 Dental Insurance	771 Health Insurance	Total Internal Service Funds
Cash Flows from Operating Activities:				
Cash Received for Charges to Other Funds	$ 616,174	$ 217,929	$ -	$ 834,103
Cash Payments for Insurance Claims	(375,705)	(185,544)	(19,905)	(581,154)
Net Cash Provided by (Used for) Operating Activities	240,469	32,385	(19,905)	252,949
Net Increase (Decrease) in Cash and Cash Equivalents	240,469	32,385	(19,905)	252,949
Cash and Cash Equivalents at Beginning of the Year:	2,077	106,279	19,905	128,261
Cash and Cash Equivalents at the End of the Year:	$ 242,546	$ 138,664	$ -	$ 381,210
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income:	$ -	$ 43,545	$ -	$ 43,545
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	200,139	-	(1,780)	198,359
Increase (decrease) in Accounts Payable	(38,225)	(843)	-	(39,068)
Increase (decrease) in Due to Other Funds	78,555	(11,605)	(18,125)	48,825
Increase (decrease) in Deferred Revenues	-	1,288	-	1,288
Net Cash Provided by (Used for) Operating Activities	$ 240,469	$ 32,385	$ (19,905)	$ 252,949

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AUGUST 31, 2008

	Scholarship Fund	James Wann Scholarship	West Scholarship	Doyle Holmes Scholarship
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 6,757	$ 3,054	$ 4,377	$ 28,316
Due from Other Governments	107	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	6,864	3,054	4,377	28,316
LIABILITIES				
Current Liabilities:				
Accounts Payable	-	-	-	-
Due to Other Funds	1,797	-	-	-
Total Liabilities	1,797	-	-	-
NET ASSETS				
Restricted for Scholarships	5,067	3,054	4,377	28,316
Total Net Assets	$ 5,067	$ 3,054	$ 4,377	$ 28,316

BRAG Scholarship	Scholarship Fund	Total Private Purpose Trust Funds
$ 7,380	$ 42,020	$ 91,904
-	-	107
951	-	951
8,331	42,020	92,962
-	600	600
-	100	1,897
-	700	2,497
8,331	41,320	90,465
$ 8,331	$ 41,320	$ 90,465

GRANBURY INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	Scholarship Fund	James Wann Scholarship	West Scholarship	Doyle Holmes Scholarship
ADDITIONS:				
Local and Intermediate Sources	$ -	$ 77	$ 111	$ 719
Total Additions	-	77	111	719
DEDUCTIONS:				
Other Operating Costs	-	-	-	-
Total Deductions	-	-	-	-
Change in Net Assets	-	77	111	719
Total Net Assets - September 1 (Beginning)	5,067	2,977	4,266	27,597
Total Net Assets - August 31 (Ending)	$ 5,067	$ 3,054	$ 4,377	$ 28,316

BRAG Scholarship	Scholarship Fund	Total Private Purpose Trust Funds
$ 894	$ 17,842	$ 19,643
894	17,842	19,643
-	14,920	14,920
-	14,920	14,920
894	2,922	4,723
7,437	38,398	85,742
$ 8,331	$ 41,320	$ 90,465

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REQUIRED TEA SCHEDULES

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2008

Last 10 Years Ended August 31		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
1999	and prior years	Various	Various	$ Various
2000		1.335000	0.285000	1,474,201,120
2001		1.350000	0.340000	1,682,783,750
2002		1.430000	0.300000	1,829,558,961
2003		1.480000	0.250000	2,043,095,090
2004		1.500000	0.200000	2,420,426,044
2005		1.425000	0.245000	2,567,206,467
2006		1.450000	0.220000	2,729,083,015
2007		1.286000	0.154000	3,149,532,655
2008	(School year under audit)	1.006150	0.165000	3,472,566,367
100	TOTALS			

(10) Beginning Balance 9/1/2007	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2008
$ 279,623	$ -	$ 11,179	$ 3,360	$ (23,627)	$ 241,457
79,112	-	5,609	1,413	(3,563)	68,527
95,550	-	7,463	1,566	(4,920)	81,601
118,278	-	12,034	2,033	(4,823)	99,388
181,209	-	36,689	6,198	(5,467)	132,855
224,285	-	82,319	10,976	35,445	166,435
289,067	-	103,813	17,849	40,061	207,466
514,801	-	160,650	24,374	31,246	361,023
972,537	-	488,195	58,462	26,218	452,098
-	40,668,961	34,340,143	5,631,492	237,662	934,988
$ 2,754,462	$ 40,668,961	$ 35,248,094	$ 5,757,723	$ 328,232	$ 2,745,838

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EXHIBIT J-2

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2009-2010
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	$ 16,447	$ -	$ 246,199	$ 1,146,992	$ -	$ -	$ 1,409,638
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	53,231	-	-	-	-	-	53,231
6212	Audit Services	-	-	-	20,855	-	-	20,855
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	743,311	-	-	-	-	743,311
621X	Other Professional Services	-	-	-	39,586	7,512	-	47,098
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	850	7,875	-	-	8,725
6240	Contr. Maint. and Repair	-	-	-	-	33,484	-	33,484
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	25,390	-	-	25,390
6290	Miscellaneous Contr.	-	-	39	129,867	8,362	-	138,268
6320	Textbooks and Reading	-	-	-	1,118	-	-	1,118
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2,671	-	2,080	73,511	-	-	78,262
6410	Travel, Subsistence, Stipends	9,971	-	11,547	19,659	-	-	41,177
6420	Ins. and Bonding Costs	-	-	-	30,171	-	-	30,171
6430	Election Costs	5,538	-	-	-	-	-	5,538
6490	Miscellaneous Operating	6,894	-	7,674	70,646	15,240	-	100,454
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	$ 94,752	$ 743,311	$ 268,389	$ 1,565,670	$ 64,598	$ -	$ 2,736,720

Total expenditures/expenses for General and Special Revenue Funds:			(9) $ 69,699,595
LESS: Deductions of Unallowable Costs			
FISCAL YEAR			
Total Capital Outlay (6600)	(10)	$ 6,764,438	
Total Debt & Lease(6500)	(11)	-	
Plant Maintenance (Function 51, 6100-6400)	(12)	6,613,139	
Food (Function 35, 6341 and 6499)	(13)	1,073,553	
Stipends (6413)	(14)	-	
Column 4 (above) - Total Indirect Cost		1,565,670	
SubTotal:			16,016,801
Net Allowed Direct Cost			$ 53,682,794
CUMULATIVE			
Total Cost of Buildings before Depreciation (1520)			(15) $ 97,973,614
Historical Cost of Building over 50 years old			(16) $ 570,454
Amount of Federal Money in Building Cost (Net of #16)			(17) $ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)			(18) $ 10,034,578
Historical Cost of Furniture & Equipment over 16 years old			(19) $ 579,204
Amount of Federal Money in Furniture & Equipment (Net of #19)			(20) $ -

(8) NOTE A: $147,982 in Function 53 expenditures are included in this report on administrative costs.
$743,311 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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GRANBURY INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND AS OF AUGUST 31, 2008

UNAUDITED

1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)		$ 17,765,789
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	$ -	
3	Total 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.)	4,305,000	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/08-5/31/09).	5,907,000	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	1,910,000	
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	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		12,296,264
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		$ 5,469,525

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

The District will utilize additional fund balance to support future building and renovation projects as needed on District facilities.

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EXHIBIT J-4

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,600,409	$ 1,606,419	$ 1,529,297	$ (77,122)
5800	State Program Revenues	18,500	18,500	33,553	15,053
5900	Federal Program Revenues	1,275,003	1,313,942	1,320,326	6,384
5020	Total Revenues	2,893,912	2,938,861	2,883,176	(55,685)
	EXPENDITURES:				
0035	Food Services	2,912,961	2,957,147	2,917,850	39,297
0051	Facilities Maintenance and Operations	48,160	59,852	55,480	4,372
6030	Total Expenditures	2,961,121	3,016,999	2,973,330	43,669
1200	Net Change in Fund Balances	(67,209)	(78,138)	(90,154)	(12,016)
0100	Fund Balance - September 1 (Beginning)	309,401	309,401	309,401	-
3000	Fund Balance - August 31 (Ending)	$ 242,192	$ 231,263	$ 219,247	$ (12,016)

EXHIBIT J-5

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 6,090,000	$ 6,090,000	$ 5,962,978	$ (127,022)
5020	Total Revenues	6,090,000	6,090,000	5,962,978	(127,022)
	EXPENDITURES:				
	Debt Service:				
0071	Debt Service - Principal on Long Term Debt	3,805,000	3,805,000	3,805,000	-
0072	Debt Service - Interest on Long Term Debt	1,973,847	1,973,847	1,973,847	-
0073	Debt Service - Bond Issuance Cost and Fees	6,000	6,000	1,300	4,700
6030	Total Expenditures	5,784,847	5,784,847	5,780,147	4,700
1200	Net Change in Fund Balances	305,153	305,153	182,831	(122,322)
0100	Fund Balance - September 1 (Beginning)	217,726	217,726	217,726	-
3000	Fund Balance - August 31 (Ending)	$ 522,879	$ 522,879	$ 400,557	$ (122,322)

FEDERAL AWARDS SECTION

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PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Granbury Independent School District
Granbury, Texas

Members of the Board:

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, 2008, which collectively comprise Granbury Independent School District's basic financial statements and have issued our report thereon dated December 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Granbury Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Granbury Independent School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Granbury Independent School District's internal control.

401 WEST HIGHWAY 6 ■ P. O. BOX 20725 ■ WACO, TX 76702-0725 ■ (254) 772-4901 ■ FAX: (254) 772-4920 ■ www.pbhcpa.com
AFFILIATE OFFICES: BROWNSVILLE, TX (956) 544-7778 ■ HILLSBORO, TX (254) 582-2583
TEMPLE, TX (254) 791-3460 ■ WHITNEY, TX (254) 694-4600 ■ ALBUQUERQUE, NM (505) 266-5904

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Granbury Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Pattillo, Brown & Hill, LLP

December 4, 2008

PB&H
PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Granbury Independent School District
Granbury, Texas

Members of the Board:

Compliance

We have audited the compliance of Granbury Independent School District (the "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, 2008. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the Untied 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 Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

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Internal Control Over Compliance

The management of Granbury Independent School District, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider item 2008-1 to be a material weakness.

The District's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Board of Trustees, others within the entity, 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.

Patillo, Brown & Hill, LLP

December 4, 2008

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
JROTC	12.000	111-901	$ 58,727
Total Direct Programs			$ 58,727
TOTAL DEPARTMENT OF DEFENSE			$ 58,727
U.S. DEPARTMENT OF EDUCATION			
Passed Through Weatherford College			
Vocational Ed-Tech Prep Flow	84.243	111-901	$ 675
Total Passed Through Weatherford College			$ 675
Passed Through Parker County Co-op			
IDEA - Part B, Discretionary	84.027	111-901	$ 13,164
IDEA - Part B, Deaf	84.027	111-901	8,129
Total CFDA Number 84.027			21,293
IDEA - Part B, Preschool Deaf	84.173	111-901	852
IDEA, Part C - Early Intervention (Deaf)	84.181A	111-901	178
Total Passed Through Parker County Co-op			$ 22,323
Passed Through State Department of Education			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	08610101111901	$ 1,193,006
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101111901	30,170
Total CFDA Number 84.010A			1,223,176
IDEA - Part B, Formula	84.027	086600061119016600	1,550,775
IDEA - Part B, Formula	84.027	096600061119016600	22,985
IDEA - Part B, Discretionary	84.027	086600011119016680	199,026
Total CFDA Number 84.027			1,772,786
Career and Technical - Basic Grant	84.048	08420006111901	62,232
IDEA - Part B, Preschool	84.173	086610011119016610	28,711
ESEA Title IV - Safe and Drug-Free Schools	84.186A	08691001111901	24,755
Title V, Part A - Innovative Programs	84.298	08685001111901	12,092
Title II, Part D -Enhancing Ed. Through Technology	84.318	08630001111901	12,711
Title III, Part A - English Language Acquisition	84.365A	08671001111901	39,694
Title III, Part A - English Language Acquisition	84.365A	09671001111901	5,959
Total CFDA Number 84.365A			45,653
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	08694501111901	243,217
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501111901	9,037
Total CFDA Number 84.367A			252,254
Total Passed Through State Department of Education			$ 3,434,370
TOTAL DEPARTMENT OF EDUCATION			$ 3,457,368
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education			
Medicaid Administrative Claiming Program - MAC	93.778	111-901	$ 6,229
Total Passed Through State Department of Education			$ 6,229
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 6,229
U.S. DEPARTMENT OF AGRICULTURE			

EXHIBIT K-1

GRANBURY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Passed Through State Department of Education			
National School Breakfast Program	10.553	714005	$ 294,947
National School Lunch Program	10.555	713005	922,350
Total Passed Through State Department of Education			$ 1,217,297
Passed Through Texas Health and Human Services			
Commodity Supplemental Food Program	10.565	111-901	$ 103,029
Total Passed Through Texas Health and Human Services			$ 103,029
TOTAL DEPARTMENT OF AGRICULTURE			$ 1,320,326
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,842,650

GRANBURY INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2008

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Granbury Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the financial statements.

3. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	$ 5,060,616
School health and related services revenue	(217,966)
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	$ 4,842,650

GRANBURY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2008

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	Yes
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	Yes
Dollar threshold considered between Type A and Type B federal programs	$300,000
Low risk auditee statement	The District was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Title I, Part A, CFDA #84.010A

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

(continued)

Findings and Questioned Costs for Federal Awards

Item 2008-1: Title I, Part A, Federal CFDA #84.010A

Compliance Requirement:	Allowable Costs
Criteria:	According to OMB Circular A-87, "An employee who works on multiple activities or cost objectives must maintain time and effort distribution records."
Condition:	As part of this program, the District has two employees who are split-funded between Title I, Part A and another cost objective. The District failed to maintain any time and effort distribution records documenting the actual split of these employees' time. The amount of questioned costs is $20,000.
Effect:	The cost is subject to disallowance and is, therefore, considered a questioned cost.
Cause:	District personnel were unaware that time and effort distribution records were required to be maintained.
Recommendation:	Management should emphasize the importance of being knowledgeable about the compliance requirements of the program. Personnel should be adequately trained on time and effort documentation requirements of the program to ensure federal funds are expended only for allowable costs.
Management's Response:	Management will ensure that time and effort distribution documentation is maintained for all split-funded employees in future years.
Contact Person Responsible For Corrective Action:	Sharay Boynton, Executive Director of Finance and Sharon Williams, Director of Curriculum
Anticipated Completion Date:	January 31, 2009

GRANBURY INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2008

None

OFFICE OF CURRICULUM & INSTRUCTION

For:	**Board of Trustees**
Date:	**December 15, 2008**
Action:	**Action**

To:	**Mr. William Harris, Superintendent**	**From:**	**Jan Van Dorn**
		Date:	**November 14, 2008**
		RE:	**Staff Development Waiver**

SUMMARY:
Pursuant to Texas Education Code (TEC) 25.081, this staff development waiver allows the district to train staff on various educational strategies designed to improve student performance. This waiver allows the district to utilize a maximum of three days of student instruction for that staff development.

We have requested three days for 2009-2010 and 2010-2011. These days will be used for math and science staff development.

This waiver has been approved by the DAC committee at the December meeting.

RECOMMENDATION: The Administration recommends the approval of the staff development waiver.

Respectfully submitted,

Jan Van Dorn
Assistant Superintendent

Staff Persons Responsible: Jan Van Dorn
Sharon Williams

APPLICATION FOR EXPEDITED AND GENERAL STATE WAIVERS

General Instructions. For Expedited Waivers, please complete Sections 1, 2, 3, and 4. For General State Waivers, please complete Sections 1, 2, 3, 6, and 7. **Bolded** items in Section 2 and Section 3 must be completed. Please direct questions to the State Waiver Unit at (512) 463-9630 or www.tea.state.tx.us/waivers.

SECTION 1. PLEASE COMPLETE THIS SECTION FOR ALL WAIVERS.

District Name:	Granbury ISD	County/District No.	111 - 901
Address:	600 W. Pearl St.	Telephone No.	(817) - 408 - 4035
City, State, Zip:	Granbury, TX 76048	Fax No.	(817) - 408 - 4045
Contact Person:	Sharon Williams	Telephone No.	(817) - 578 - 4383
Email:	sharon.williams@granburyisd.org		

SECTION 2. PLEASE COMPLETE THIS SECTION FOR ALL WAIVERS.

Superintendent: William Harris _____
☐ Dr. ☒ Mr. ☐ Mrs. ☐ Ms. Typed Name _____ Signature

Board President: Charlie Cloud _____
Typed Name _____ Signature

Date Board Approval: _____

Board Vote – For _____ **Against** _____ **Abstain** _____ **Absent** _____

SECTION 3. PLEASE COMPLETE THIS SECTION FOR ALL WAIVERS.

Comments of appropriate Site-Based Decision Making Committee: Additional staff development days for math and science are needed to address instructional issues related to lower test scores in these areas.

SBDM Committee Chairperson Signature _____

SECTION 4. EXPEDITED WAIVERS. PLEASE CHECK ALL THAT APPLY.

☒ **Staff Development Waiver**, pursuant to Texas Education Code (TEC) §25.081. This waiver allows the district or charter school to train staff on various educational strategies designed to improve student performance in lieu of a maximum of three days of student instruction. Please state the number of days requested. 3

Please check the years requested: ☐2008-2009 ☒ 2009-2010 ☒ 2010-2011

☒ **Reading/English Language Arts; Mathematics; Science; and/or Social Studies Staff Development Waiver,** pursuant to TEC §25.081. This waiver allows the district or charter school to conduct additional staff training for reading/english language arts, mathematics, science, or social studies strategies aligned with the Texas Essential Knowledge and Skills in lieu of a maximum of two days of student instruction.

Please check no more than two subject areas for only one day each:

☐ Reading/English Language Arts ___ ☒ Mathematics 1 ☒Science 1 ☐ Social Studies ___

Please check the years requested: ☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Staff Development through Participation in Eligible Conferences Waiver,** pursuant to TEC §25.081. This waiver allows the district or charter school to send staff to eligible conferences for staff development to improve student performance in lieu of one day of student instruction.

Please check the years requested: ☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Early Release Waiver,** pursuant to TEC §25.082. This waiver allows the district or charter school to conduct school for less than seven (7) hours for a total of six (6) days of student instruction to provide additional training in educational methodologies and/or to provide time to meet the needs of students and local communities. Please state the number of days requested. _____

Please check the years requested: ☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Modified Schedule/TAKS Testing Days Waiver,** pursuant to TEC §25.082. This waiver allows the district or charter school to modify the schedule of classes on TAKS testing days during the current school year to reduce interruptions during testing periods. This waiver is approved yearly.

SECTION 4. EXPEDITED WAIVERS

TEXTBOOK WAIVERS: Pursuant to TEC §7.056. This waiver allows school districts and open enrollment charter schools the opportunity to purchase instructional materials and obtain reimbursement up to the state maximum cost called for in a proclamation, for which no textbook was offered for consideration by publishers. These courses include, but are not limited to:

☐ **Proclamation 1997: Remedial Reading Grade 6:**
☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Proclamation 1999: Photojournalism, Astronomy; AP Environmental Science; IB Environmental Systems; and AP Human Geography:**
☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Proclamations 2001 and 2002: Business Education; Technology Education/Industrial Technology Education; Trade and Industrial Education; Languages Other Than English; and Fine Arts:**
☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

☐ **Proclamation 2004: IB Mathematical Studies Subsidiary Level; IB Mathematical Higher Level; and IB Advanced Mathematics Subsidiary Level.**
☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

A complete list of subjects eligible for waivers and the maximum costs allowed may be viewed at:
http://www.tea.state.tx.us/textbooks/waivers/subjectsnobids.pdf

☐ **Foreign Exchange Student Waiver**, pursuant to TEC §25.001(e). This expedited waiver allows the district to limit the number of foreign exchange students to a number that is not less than five per high school. An application to limit the number to less than five per high school must be submitted as a general waiver. The number requested by the district for an expedited waiver is __ (state number of students) per high school. The waiver is subject to the provisions in the attached guidelines and FAQ http://www.tea.state.tx.us/waivers/ForeignExchangeGuidelines.doc http://www.tea.state.tx.us/waivers/ForeignExchangeFAQ.doc. The waiver will be issued if it is determined that admission of more than this number indicated will (check all that apply):

☐ (1) create a financial or staffing hardship for the district;
☐ (2) diminish the district's ability to provide high quality educational services for the district's domestic students; or
☐ (3) require domestic students to compete with foreign exchange students for educational resources.

Please check the years requested: ☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

SECTION 5. GENERAL WAIVER

☐ **Disciplinary Alternative Education Programs**, pursuant to TEC 37.008(g). This waiver allows the district to use more than 18% of the district's SCE allotment to provide supplemental services for disciplinary alternative education programs established under Section 37.008. The school district is required to state the reason for needing to exceed the 18% limit and to report the number of students in each grade level, by demographic subgroup, not making satisfactory progress under the state's assessment system. The district is also required to submit a copy of their district/campus improvement plan which provides a description of their disciplinary alternative education program for TEA review. The district/campus improvement plan must conform to the requirements in TEC Section 11.252 and 11.253 and the Financial Accountability Resource Guide, 9.2.3. This waiver is granted for one year and the waiver must be resubmitted in writing by July 20 through the Texas Education Agency waiver office for each subsequent year, in accordance with TEA policies and deadlines for filing. Please state the total percentage of the district's SCE allotment that is being requested to provide basic services at the DAEP. _____

SECTION 6. PLEASE COMPLETE THIS SECTION FOR GENERAL WAIVERS.

☐ Course Requirement
☐ Pregnancy Related Services On-Campus CEHI
☐ Study of Electronic Courses
☐ Other Specify _____

☐ Foreign Exchange Student Waiver (one to four students)
Please indicate the number of students admitted in previous three years. _____ See Guidelines and FAQ
http://www.tea.state.tx.us/waivers/ForeignExchangeGuidelines.doc
http://www.tea.state.tx.us/waivers/ForeignExchangeFAQ.doc

SECTION 7. COMPLETE THIS SECTION FOR ALL WAIVERS OTHER THAN EXPEDITED WAIVERS.
PLEASE USE SEPARATE PAGE.

1. Give a brief narrative description of the requested waiver. For foreign exchange student waiver, description must address the circumstances applicable to the district under TEC § Section 25.001(e) (1), (2), or (3).
2. Does the district or campus plan reflect the need for this waiver? If yes, what is the specific objective impacted by the waiver?
3. Cite the Texas Education Code or the Texas Administration Code that the district or campus wishes to waive?
4. Describe the plan to be implemented, if the waiver is granted.
5. How will granting this waiver help achieve the district's or campus' objective?
6. Please explain how the school district or campus will evaluate the impact of the waiver towards meeting the district's or campus' goal.
7. Please specify the school years for which the waiver is requested, to a maximum of three years.
☐ 2008-2009 ☐ 2009-2010 ☐ 2010-2011

OFFICE OF CURRICULUM & INSTRUCTION

For:	**Board of Trustees**
Date:	**December 15, 2008**
Action:	**Approval**

To:	**Mr. William Harris, Superintendent**	**From:**	**Jan Van Dorn**
		Date:	**November 14, 2008**
		RE:	**Calendars**

SUMMARY:
Each year a school calendar is submitted for the board's approval. The calendar was devised by a calendar committee made up of DAC members who represented the campuses. The DAC committee approved the calendar at the December 4 meeting.

Similarly, STARS is submitting a calendar based on the above school calendar. Their faculty worked together to build their calendar, and we are asking that it be approved also.

RECOMMENDATION: Approval of both the school calendar and STARS calendar.

Respectfully submitted,

Jan Van Dorn

Jan Van Dorn
Assistant Superintendent

Staff Persons Responsible: Jan Van Dorn
DAC committee

GRANBURY ISD
Helping Students Reach New Heights

Draft copy
SCHOOL CALENDAR 2009-2010

July 2009

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 2009

S	M	T	W	T	F	S
						1
2	3	NH	NH	6	7	8
9	10	SC	SC	SC	14	15
16	W	P	P	P	P	22
23	24	25	26	27	28	29
30	31					

September 2009

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

October 2009

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

November 2009

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	W	W	W	H	H	28
29	30					

December 2009

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	H	H	H	H	H	26
27	H	H	H	H		

January 2010

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

February 2010

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 2010

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

April 2010

S	M	T	W	T	F	S
				1		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 2010

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	H					

June 2010

S	M	T	W	T	F	S
			P	P	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			

CALENDAR KEYS

NH	New Hire Orientation
SC	Summer Conference
P	Professional Learning/Principal choice/ Student Holiday
W	Waiver Day/Professional Service/ Student Holiday
	First & Last Day of School
H	Student/Teacher Holiday
	Bad Weather Days
	Beginning of six weeks
	End of six weeks

DATES AT A GLANCE

Aug 4 - 5 New Teacher Training
Aug 11 - 13 Staff Development
Sept 7 Labor Day
Oct 12 Columbus Day
Nov 23 - 27 Thanksgiving Break
Dec 21- Jan 1 Christmas Break
Jan 18 Martin Luther King Jr.
Mar 15 - 19 Spring Break
May 28 Graduation
May 31 Memorial Day

Bad Weather Days

April 2, 2010 1st to be used
June 1, 2010 2nd to be used

Grading Periods

First Semester - 87 days
1st Six Weeks - Aug 24 - Oct 2
2nd Six Weeks - Oct 5 - Nov 13
3rd Six Weeks - Nov 16 - Jan 15

Second Semester - 88 days
4th Six Weeks - Jan 19 - Feb 26
5th Six Weeks - Mar 1 - Apr 16
6th Six Weeks - Apr 19 - Jun 1

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STARS CALENDAR 2009-2010

July 2009

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 2009

S	M	T	W	T	F	S
						1
2	3	NH	NH	6	7	8
9	10	SC	SC	SC	14	15
16	W	P	P	P	P	22
23	24	25	26	27	28	29
30	31					

September 2009

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

October 2009

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

November 2009

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	W	W	W	H	H	28
29	30					

December 2009

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	G	16	17	18	19
20	H	H	H	H	H	26
27	H	H	H	H		

January 2010

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

February 2010

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 2010

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

April 2010

S	M	T	W	T	F	S
				1		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 2010

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	H					

June 2010

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

CALENDAR KEYS

NH	New Hire Orientation
SC	Summer Conference
P	Professional Learning/Principal choice/ Student Holiday
W	Waiver Day/Professional Service/ Student Holiday
	First & Last Day of School
H	Student/Teacher Holiday
	Bad Weather Days
	Beginning of semester
	End of semester
G	STARS Graduation

Dates at a Glance

Aug 10-11 New Teacher Training
Aug 12-14 Staff Development
Sept 7 Labor Day
Oct. 12 Columbus Day
Nov 23-27 Thanksgiving Break
Dec. 15- Graduation
Dec 21- Jan 1 Christmas Break
Mar 15 - 19 Spring Break
May 31 Memorial Day
June 4- Graduation

Bad Weather Days

April 2, 2010 1st to be used
June 4, 2010 2nd to be used

Grading Periods

First Semester - 87 days
Aug 24 - Jan 15

Second Semester - 92 days
January 18- June 3

Total Student Days - 179
Total Teachers Days - 192

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GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 15, 2008
For: Information

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 8, 2008
RE: 10/31/08 Financial Statements

SUMMARY:

Attached are the financial statements for the period ended October 31, 2008 for the general operating fund.

The statements for the period ended October 31, 2008 include only those transactions that occurred between the period of September 1, 2008 and October 31, 2008. Revenue collected to date equal 29.48% of the budgeted amount compared to 26.15% last year. Expenditures to date represent 17.80% of the budget compared to 25.30% last year.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton
Emmett Whitefield

Date Submitted: December 8, 2008

GRANBURY INDEPENDENT SCHOOL DISTRICT
GENERAL OPERATING FUND
INTERIM STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDED OCTOBER 31, 2008

	ANNUAL BUDGET	YTD ACTUAL	REMAINING BALANCE	YTD PERCENT
REVENUES				
5700 LOCAL SOURCES	36,901,407	1,847,840	35,053,567	5.01%
5800 STATE SOURCES	18,902,778	14,696,572	4,206,206	77.75%
5900 FEDERAL SOURCES	360,000	15,109	344,891	4.20%
TOTAL REVENUES	**56,164,185**	**16,559,521**	**39,604,664**	**29.48%**
EXPENDITURES				
6100 PAYROLL COSTS	47,586,079	7,999,551	39,586,528	16.81%
6200 PROFESSIONAL & CONTRACTED SERVICES	4,725,682	1,340,874	3,384,808	28.37%
6300 SUPPLIES/MATERIALS	2,862,580	646,153	2,216,427	22.57%
6400 OTHER OPERATING	1,278,639	415,832	862,806	32.52%
6500 DEBT SERVICE	0	0	0	#DIV/0!
6600 CAPITAL OUTLAY	2,481,826	88,997	2,392,828	3.59%
TOTAL EXPENDITURES	**58,934,806**	**10,491,408**	**48,443,397**	**17.80%**
OTHER SOURCES AND USES				
7900 OTHER RESOURCES	0	0	0	0.00%
8900 OTHER USES	0	0	0	0.00%
OTHER SOURCES(USES)	**0**	**0**	**0**	**0.00%**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(2,770,621)**	**6,068,113**	**(8,838,734)**	

GRANBURY INDEPENDENT SCHOOL DISTRICT
GENERAL OPERATING FUND - SORTED BY FUNCTION CODE
INTERIM STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDED OCTOBER 31, 2008

	ANNUAL BUDGET	YTD ACTUAL	REMAINING BALANCE	YTD PERCENT	PRIOR YTD PERCENT
REVENUES					
5700 LOCAL					
PROPERTY TAXES	35,068,240	1,584,116	33,484,124	4.52%	2.23%
INVESTMENT INCOME	1,000,000	94,181	905,819	9.42%	14.27%
OTHER LOCAL INCOME	833,167	169,543	663,624	20.35%	19.52%
5800 STATE					
STATE FUNDING	18,902,778	14,696,572	4,206,206	77.75%	79.26%
5900 FEDERAL					
FEDERAL PROJECTS	360,000	15,109	344,891	4.20%	9.62%
TOTAL REVENUES	**56,164,185**	**16,559,521**	**39,604,663**	**29.48%**	**26.15%**
EXPENDITURES					
11 INSTRUCTION	33,255,544	5,603,031	27,652,512	16.85%	16.31%
12 INSTRUCTIONAL RESOURCES & MEDIA	990,175	174,404	815,771	17.61%	17.11%
13 CURRICULUM & STAFF DEVELOPMENT	988,897	171,750	817,147	17.37%	18.21%
21 INSTRUCTIONAL LEADERSHIP	545,999	96,777	449,222	17.72%	18.17%
23 SCHOOL LEADERSHIP	3,676,989	659,554	3,017,435	17.94%	17.04%
31 GUIDANCE/COUNSELING	2,234,761	418,517	1,816,244	18.73%	17.18%
33 HEALTH SERVICES	388,243	66,429	321,814	17.11%	16.31%
34 TRANSPORTATION	3,498,030	635,065	2,862,965	18.15%	18.99%
35 FOOD SERVICE	0	0	0	#DIV/0!	0.00%
36 CO-CURRICULAR/EXTRACURRICULAR	1,856,256	379,972	1,476,283	20.47%	18.89%
41 GENERAL ADMINISTRATION	2,885,682	354,813	2,530,869	12.30%	13.03%
51 PLANT MAINTENANCE	6,337,084	1,638,775	4,698,309	25.86%	21.49%
52 SECURITY & MONITORING SERVICES	381,970	78,615	303,355	20.58%	14.98%
53 DATA PROCESSING	1,024,784	213,640	811,144	20.85%	22.38%
61 COMMUNITY EDUCATION	174,816	30,891	143,925	17.67%	20.51%
71 DEBT SERVICE	0	0	0	#DIV/0!	%
81 FACILITIES CONSTRUCTION & ACQUISITION	695,576	-30,825	726,401	-4.43%	88.40%
93 PAYMENTS TO FISCAL AGENT					
99 OTHER INTER GOV CHARGES	0	0	0	#DIV/0!	0.00%
TOTAL EXPENDITURES	**58,934,806**	**10,491,408**	**48,443,397**	**17.80%**	**25.30%**
OTHER SOURCES (USES)	0	0	0	0.00%	0.00%
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	**(2,770,621)**	**6,068,113**	**(8,838,734)**		

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

FINANCE AND BUSINESS AFFAIRS

To: Board of Trustees
Date: December 15, 2008
For: Information

TO: Mr. William Harris, Superintendent

FROM: Sharay Boynton
DATE: December 8, 2008
RE: 11/30/08 Financial Statements

SUMMARY:

Attached are the financial statements for the period ended November 30, 2008 for the general operating fund.

The statements for the period ended October 31, 2008 include only those transactions that occurred between the period of September 1, 2008 and November 30, 2008. Revenue collected to date equal 31.68% of the budgeted amount compared to 29.88% last year. Expenditures to date represent 25.44% of the budget compared to 31.66% last year.

Respectfully submitted,

Sharay S. Boynton
Executive Director of Finance

Staff Person Responsible: Sharay Boynton
Emmett Whitefield

Date Submitted: December 8, 2008

GRANBURY INDEPENDENT SCHOOL DISTRICT
GENERAL OPERATING FUND
INTERIM STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDED NOVEMBER 30, 2008

	ANNUAL BUDGET	YTD ACTUAL	REMAINING BALANCE	YTD PERCENT
REVENUES				
5700 LOCAL SOURCES	36,901,407	3,055,323	33,846,084	8.28%
5800 STATE SOURCES	18,902,778	14,723,420	4,179,358	77.89%
5900 FEDERAL SOURCES	360,000	15,109	344,891	4.20%
TOTAL REVENUES	**56,164,185**	**17,793,852**	**38,370,333**	**31.68%**
EXPENDITURES				
6100 PAYROLL COSTS	47,586,079	11,764,938	35,821,141	24.72%
6200 PROFESSIONAL & CONTRACTED SERVICES	4,724,374	1,571,685	3,152,689	33.27%
6300 SUPPLIES/MATERIALS	2,857,625	769,337	2,088,288	26.92%
6400 OTHER OPERATING	1,285,497	484,167	801,329	37.66%
6500 DEBT SERVICE	0	0	0	#DIV/0!
6600 CAPITAL OUTLAY	2,481,231	401,616	2,079,615	16.19%
TOTAL EXPENDITURES	**58,934,806**	**14,991,744**	**43,943,062**	**25.44%**
OTHER SOURCES AND USES				
7900 OTHER RESOURCES	0	0	0	0.00%
8900 OTHER USES	0	0	0	0.00%
OTHER SOURCES(USES)	**0**	**0**	**0**	**0.00%**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(2,770,621)**	**2,802,108**	**(5,572,729)**	

GRANBURY INDEPENDENT SCHOOL DISTRICT
GENERAL OPERATING FUND - SORTED BY FUNCTION CODE
INTERIM STATEMENT OF REVENUES AND EXPENDITURES
FOR THE PERIOD ENDED NOVEMBER 30, 2008

	ANNUAL BUDGET	YTD ACTUAL	REMAINING BALANCE	YTD PERCENT	PRIOR YTD PERCENT
REVENUES					
5700 LOCAL					
PROPERTY TAXES	35,068,240	2,725,240	32,343,000	7.77%	6.98%
INVESTMENT INCOME	1,000,000	97,732	902,268	9.77%	21.53%
OTHER LOCAL INCOME	833,167	232,351	600,816	27.89%	28.91%
5800 STATE					
STATE FUNDING	18,902,778	14,723,420	4,179,358	77.89%	80.15%
5900 FEDERAL					
FEDERAL PROJECTS	360,000	15,109	344,891	4.20%	14.98%
TOTAL REVENUES	**56,164,185**	**17,793,852**	**38,370,333**	**31.68%**	**29.88%**
EXPENDITURES					
11 INSTRUCTION	33,250,176	8,053,610	25,196,565	24.22%	23.70%
12 INSTRUCTIONAL RESOURCES & MEDIA	990,175	247,313	742,862	24.98%	24.58%
13 CURRICULUM & STAFF DEVELOPMENT	995,905	246,721	749,184	24.77%	25.19%
21 INSTRUCTIONAL LEADERSHIP	545,999	146,245	399,754	26.78%	25.50%
23 SCHOOL LEADERSHIP	3,678,425	931,899	2,746,526	25.33%	25.00%
31 GUIDANCE/COUNSELING	2,233,561	600,848	1,632,713	26.90%	25.04%
33 HEALTH SERVICES	388,263	96,295	291,968	24.80%	24.04%
34 TRANSPORTATION	3,498,030	848,862	2,649,168	24.27%	25.70%
35 FOOD SERVICE	0	0	0	#DIV/0!	
36 CO-CURRICULAR/EXTRACURRICULAR	1,856,256	513,032	1,343,223	27.64%	28.72%
41 GENERAL ADMINISTRATION	2,885,682	503,056	2,382,626	17.43%	18.28%
51 PLANT MAINTENANCE	6,336,284	2,091,172	4,245,112	33.00%	28.00%
52 SECURITY & MONITORING SERVICES	380,574	137,688	242,886	36.18%	17.42%
53 DATA PROCESSING	1,024,784	267,293	757,492	26.08%	28.89%
61 COMMUNITY EDUCATION	175,116	46,778	128,338	26.71%	29.98%
71 DEBT SERVICE	0	0	0	#DIV/0!	%
81 FACILITIES CONSTRUCTION & ACQUISITION	695,576	260,931	434,646	37.51%	88.18%
93 PAYMENTS TO FISCAL AGENT					
99 OTHER INTER GOV CHARGES	0	0	0	#DIV/0!	0.00%
TOTAL EXPENDITURES	**58,934,806**	**14,991,744**	**43,943,062**	**25.44%**	**31.66%**
OTHER SOURCES (USES)	0	0	0	0.00%	0.00%
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	**(2,770,621)**	**2,802,108**	**(5,572,729)**		

GRANBURY ISD
Helping Students Reach New Heights

Sharay Boynton
Executive Director of Finance

Business Office
600 W. Bridge Street 817.408.4015
Granbury, Texas 76048 817.408.4033 Fax

www.granburyisd.org/business
sharay.boynton@granburyisd.org

December 5, 2008

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 rate similar to the average benchmark yield. The benchmark used is the 90-day T-Bill.

The total book value of investments held by the District on November 30, 2008 was $ 26,612,526. 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. The yield between the pools and the interest bearing checking accounts is consistent with that of individual Treasuries and Agencies. Term investments were researched and will be purchased as feasible. Funds will be reallocated to take advantage of the higher yield associated with the long-term investments as the opportunities become available.

Throughout most of last quarter, LOGIC maintained higher yields than TexPool, TexasTerm Daily and TASB-Lone Star. TexasTerm I, investments with set maturities, yield was still lower than the pools and funds are not as liquid as they are in the pools. With the interest rate dropping, it will not serve well to limit interest income for a period of time. These rates are being watched and investments being made as feasible. The interest yield on the checking accounts is consistent with the 90 day t-bill. The depository agreement entered into effective 9/1/05 and renewed for an additional 2 years, realizes a floating interest rate depending on 90-day t-bill adjusted quarterly and should allow for a more competitive rate with the interest rate market as it is. Further, the depository has set up an investment account that maintains a rate consistent with TexPool's prior month average yield adjusted monthly. However, with the drop in TexPool's rate at a more severe amount than LOGIC, this is not as attractive as it has been. Funds are invested in this account as appropriate and it allows for more earnings while maintaining the diversity needed for public funds. Due to collateral and diversity issues, funds are invested in the pools and the bank depending on the needs of the individual funds.

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 11/30/08

GRANBURY ISD – GENERAL OPERATING INVESTMENT FUNDS

Beginning Book Value	$ 25,074,136
Beginning Market Value	$ 25,074,136
WAM at Beginning of Period	1 Days
Change to Market Value	$ 0
Ending Book Value	$ 25,074,136
Ending Market Value	$ 25,074,136
Gain/Loss	$ 0
WAM at Ending Date	1 Days
Period Yield to Maturity	1.88%
Period Average Benchmark Yield	0.01 %

GRANBURY ISD – FOOD SERVICE INVESTMENT FUNDS

Beginning Book Value	$ 247,742
Beginning Market Value	$ 247,742
WAM at Beginning of Period	1.0 Days
Change to Market Value	$ 0
Ending Book Value	$ 247,742
Ending Market Value	$ 247,742
Gain/Loss	$ 0
WAM at Ending Date	1.0 Days
Period Yield to Maturity	1.82%
Period Average Benchmark Yield	0.01%

GRANBURY ISD – SCHOLARSHIP/TRUST INVESTMENT FUNDS

Beginning Book Value	$ 96,651
Beginning Market Value	$ 96,651
WAM at Beginning of Period	1.0 Days
Change to Market Value	$ 0
Ending Book Value	$ 96,651
Ending Market Value	$ 96,651
Gain/Loss	$ 0
WAM at Ending Date	1.0 Days
Period Yield to Maturity	0.85%
Period Average Benchmark Yield	0.01%

GRANBURY ISD – DEBT SERVICE INVESTMENT FUNDS

Beginning Book Value	$	776,737
Beginning Market Value	$	776,737
WAM at Beginning of Period		1 Day
Change to Market Value	$	0
Ending Book Value	$	776,737
Ending Market Value	$	776,737
Gain/Loss	$	0
WAM at Ending Date		1 Day
Period Yield to Maturity		1.99%
Period Average Benchmark Yield		0.01%

GRANBURY ISD – BUILDING FUND INVESTMENT FUNDS

Beginning Book Value	$	14,579
Beginning Market Value	$	14,579
WAM at Beginning of Period		1.0 Days
Change to Market Value	$	0
Ending Book Value	$	14,579
Ending Market Value	$	14,579
Gain/Loss	$	0
WAM at Ending Date		1.0 Days
Period Yield to Maturity		0.91%
Period Average Benchmark Yield		0.01%

GRANBURY ISD –SELF INSURANCE INVESTMENT FUNDS

Beginning Book Value	$	402,682
Beginning Market Value	$	402,682
WAM at Beginning of Period		1.0 Days
Change to Market Value	$	0
Ending Book Value	$	402,682
Ending Market Value	$	402,682
Gain/Loss	$	0
WAM at Ending Date		1.0 Days
Period Yield to Maturity		0.85%
Period Average Benchmark Yield		0.85%

Prepared by: Finance Director _____

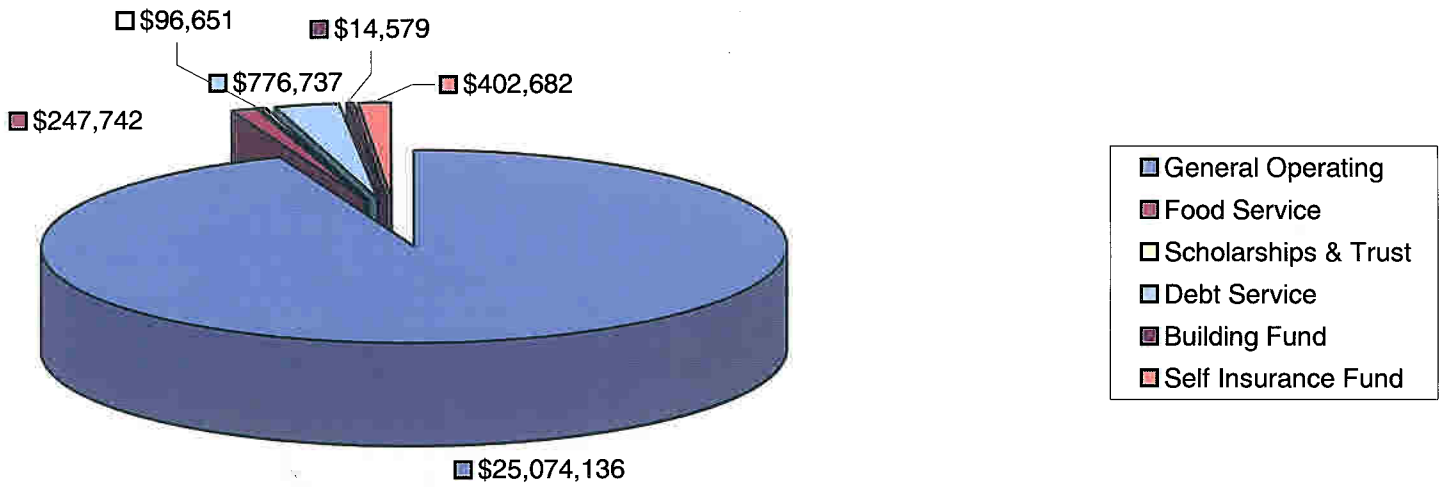
William Harris

Superintendent _____

GRANBURY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF POSITION - BY FUND
ENDED November 30, 2008

FUND	DEPOSITORY	LOCAL GOV'T INVESTMENT COOP (LOGIC)	LONE STAR INVESTMENT POOL	TEXPOOL INVESTMENT POOL	TEXAS TERM		TOTAL BY FUND
General Operating	$3,509,585	$10,088,815	$70,337	$946,876	$10,458,522		$25,074,136
Food Service	$36,937	$153,902		$56,903			$247,742
Scholarships & Trust	$96,651						$96,651
Debt Service	$2,944	$425,005	$7,357	$11,719	$329,711		$776,737
Building Fund	$13,545	$27		$1,007			$14,579
Self Insurance Fund	$402,680	$0		$0	$2		$402,682
Total by Type	$4,062,342	$10,667,749	$77,694	$1,016,505	$10,788,236		$ 26,612,526

Granbury ISD Statement by Position - By Fund



GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

GENERAL OPERATING FUND: LOGIC

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/30/2008							9,526,315	9,526,315
9/18/2008	1,000,000	Pool	Open	1,000,000		1,000,000	(1,000,000)	(1,000,000)
9/25/2008	4,000,000	Pool	Open	4,000,000	4,000,000		4,000,000	4,000,000
9/30/2008	2,000,000	Pool	Open	2,000,000		2,000,000	(2,000,000)	(2,000,000)
9/30/2008	21,678	Pool	Open	21,678	21,678		21,678	21,678
10/16/2008	1,000,000	Pool	Open	1,000,000		1,000,000	(1,000,000)	(1,000,000)
10/28/2008	2,500,000	Pool	Open	2,500,000	2,500,000		2,500,000	2,500,000
10/31/2008	2,000,000	Pool	Open	2,000,000		2,000,000	(2,000,000)	(2,000,000)
10/31/2008	22,614	Pool	Open	22,614	22,614		22,614	22,614
11/28/2008	18,208	Pool	Open	18,208	18,208		18,208	18,208
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							10,088,815	10,088,815

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

GENERAL OPERATING FUND: LONE STAR

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							70,088	70,088
9/30/2008	133	Pool	Open	133	133		133	133
10/31/2008	117	Pool	Open	117	117		117	117
*		Pool	Open				-	-
							-	-
							-	-
							70,337	70,337

* November Statement not yet received

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

GENERAL OPERATING FUND: TexPool

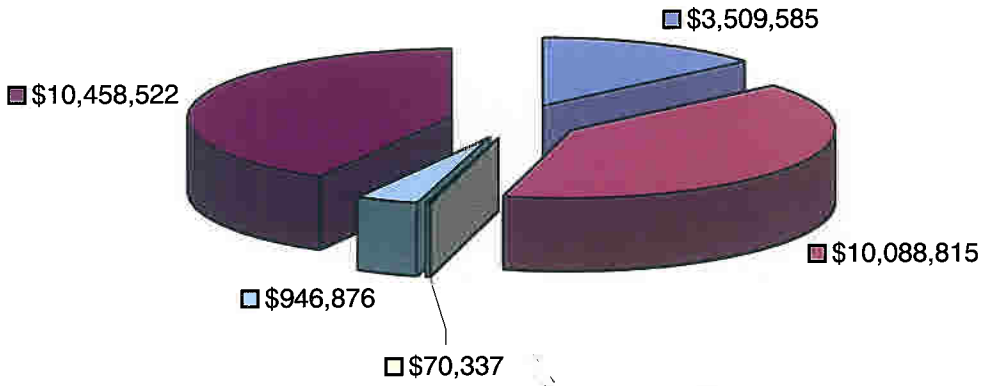
Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2009							2,936,611	2,936,611
9/30/2008	5,655	Pool	Open	5,655	5,655		5,655	5,655
9/30/2008	154	Pool	Open	154	154		154	154
10/15/2008	2,000,000	Pool	Open	2,000,000		2,000,000	(2,000,000)	(2,000,000)
10/31/2008	2,909	Pool	Open	2,909	2,909		2,909	2,909
10/31/2008	131	Pool	Open	131	131		131	131
11/28/2008	1,299	Pool	Open	1,299	1,299		1,299	1,299
11/28/2008	117	Pool	Open	117	117		117	117
		Pool	Open				-	-
		Pool	Open				-	-
		Pool	Open				-	-
		Pool	Open				-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							946,876	946,876

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

GENERAL OPERATING FUND: **TXTerm**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							5,654,433	5,654,433
9/25/2008	3,000,000	Pool	Open	3,000,000	3,000,000		3,000,000	3,000,000
9/30/2008	12,080	Pool	Open	12,080	12,080		12,080	12,080
10/28/2008	3,000,000	Pool	Open	3,000,000	3,000,000		3,000,000	3,000,000
10/31/2008	20,274	Pool	Open	20,274	20,274		20,274	20,274
11/5/2008	1,750,000	Pool	Open	1,750,000	1,750,000		1,750,000	1,750,000
11/14/2008	1,000,000	Pool	Open	1,000,000		1,000,000	(1,000,000)	(1,000,000)
11/28/2008	2,000,000	Pool	Open	2,000,000		2,000,000	(2,000,000)	(2,000,000)
11/28/2008	21,736	Pool	Open	21,736	21,736		21,736	21,736
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							10,458,522	10,458,522

Granbury ISD - Statement of Position - General Operating



GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

DEBT SERVICE FUND: **LOGIC**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							278,210	278,210
9/30/2008	616	Pool	Open	616	616		616	616
10/31/2008	614	Pool	Open	614	614		614	614
11/24/2008	145,000	Pool	Open	145,000	145,000		145,000	145,000
11/28/2008	565	Pool	Open	565	565		565	565
							-	-
							-	-
							-	-
							-	-
							-	-
							425,005	425,005

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

DEBT SERVICE FUND: **Lone Star**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							7,331	7,331
9/30/2008	14	Pool	Open	14	14		14	14
10/31/2008	12	Pool	Open	12	12		12	12
*		Pool	Open				-	-
							-	-
							7,357	7,357

* November Statement not yet received

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

DEBT SERVICE FUND: **TexPool**

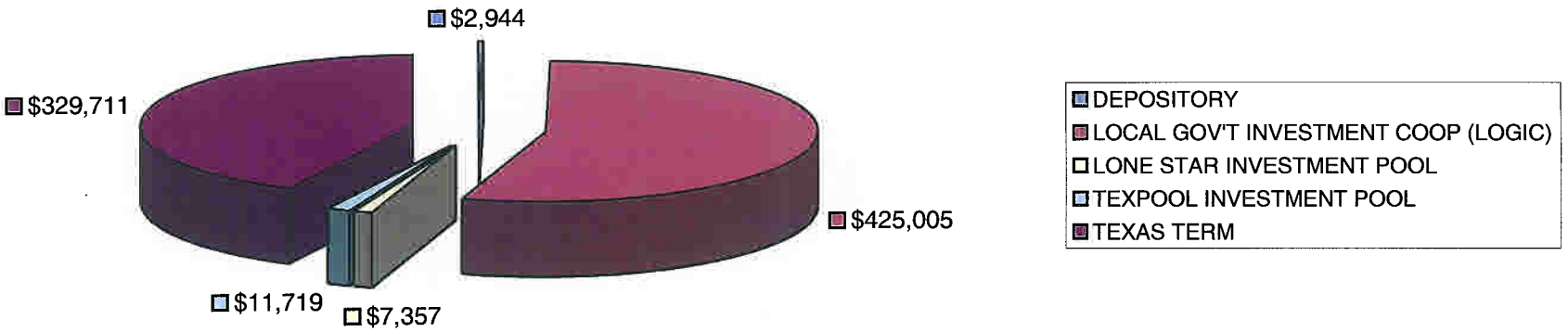
Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							11,659	11,659
9/30/2008	23	Pool	Open	23	23		23	23
10/31/2008	20	Pool	Open	20	20		20	20
11/28/2008	18	Pool	Open	18	18		18	18
		Pool	Open				-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							11,719	11,719

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

DEBT SERVICE FUND: **TxTerm**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							13,927	13,927
9/30/2008	27	Pool	Open	27	27		27	27
10/16/2008	140,000	Pool	Open	140,000	140,000		140,000	140,000
10/28/2008	50,000	Pool	Open	50,000	50,000		50,000	50,000
10/31/2008	200	Pool	Open	200	200		200	200
11/3/2008	125,000	Pool	Open	125,000	125,000		125,000	125,000
11/28/2008	558	Pool	Open	558	558		558	558
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							329,711	329,711

Granbury ISD - Statement of Position - Debt Service



GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

BUILDING FUND: LOGIC

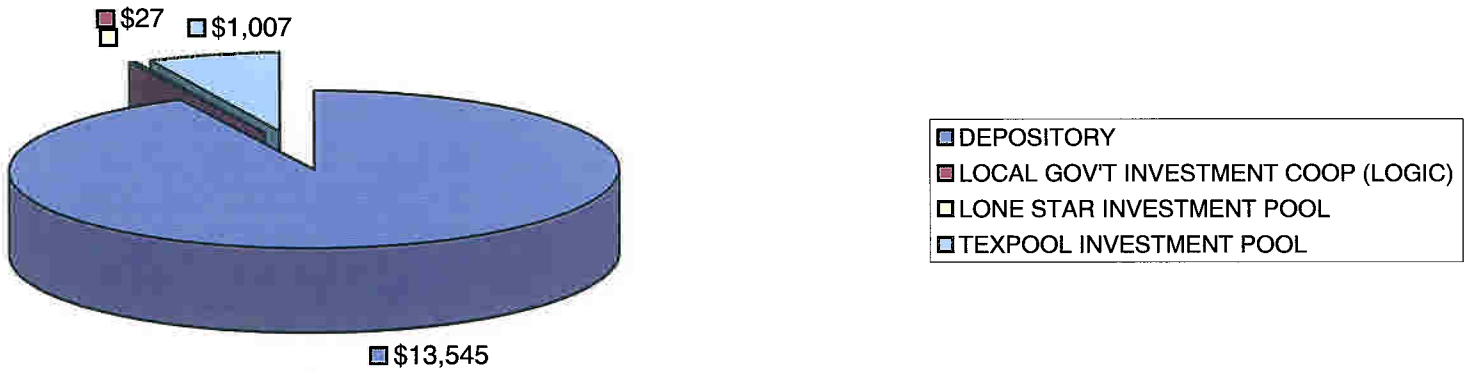
Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							27	27
9/30/2008	0	Pool	Open	0	0		0	0
10/31/2008	0	Pool	Open	0	0		0	0
11/28/2008	0	Pool	Open	0	0		0	0
							-	-
							-	-
							-	-
							27	27

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

BUILDING FUND: TexPool

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							1,002	1,002
9/30/2008	2	Pool	Open	2	2		2	2
10/31/2008	2	Pool	Open	2	2		2	2
11/28/2008	1	Pool	Open	1	1		1	1
							-	-
							-	-
							-	-
							-	-
							1,007	1,007

Granbury ISD - Statement of Position - Building Fund



GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

SELF INSURANCE FUND: LOGIC

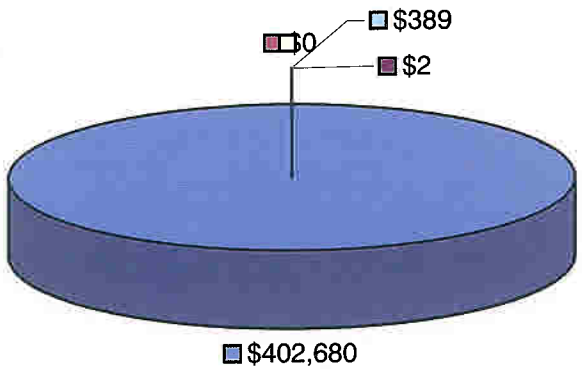
Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
11/30/2008							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

SELF INSURANCE FUND: **TxTerm**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
11/30/2008							2	2
							-	-
							-	-
							-	-
							-	-
							-	-
							-	-
							2	2

Self Insurance Fund



- DEPOSITORY
- LOCAL GOV'T INVESTMENT COOP (LOGIC)
- LONE STAR INVESTMENT POOL
- TEXPOOL INVESTMENT POOL
- TEXAS TERM

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

FOOD SERVICE FUND: **LOGIC**

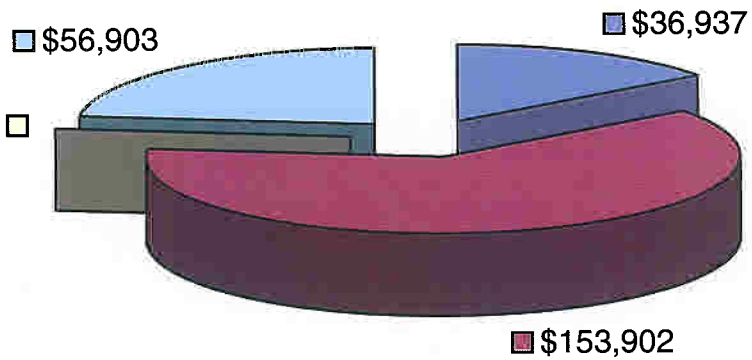
Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							252,517	252,517
9/30/2008	559	Pool	Open	559	559		559	559
10/15/2008	50,000	Pool	Open	50,000		50,000	(50,000)	(50,000)
10/31/2008	497	Pool	Open	497	497		497	497
11/18/2008	50,000	Pool	Open	50,000		50,000	(50,000)	(50,000)
11/28/2008	329	Pool	Open	329	329		329	329
							-	-
							153,902	153,902

GRANBURY INDEPENDENT SCHOOL DISTRICT
SUMMARY OF INVESTMENT ACTIVITY - BY FUND
ENDED November 30, 2008

FOOD SERVICE FUND: **TexPool**

Purchase Date	Purchase Price	Type of Investment	Maturity Date	Maturity Value	Purchases	Maturities	Ending Par Value	Ending Book Value
8/31/2008							81,493	81,493
9/30/2008	161	Pool	Open	161	161		161	161
10/15/2008	75,000	Pool	Open	75,000		75,000	(75,000)	(75,000)
10/28/2008	150,000	Pool	Open	150,000	150,000		150,000	150,000
10/31/2008	50,000	Pool	Open	50,000		50,000	(50,000)	(50,000)
10/31/2008	96	Pool	Open	96	96		96	96
11/28/2008	50,000	Pool	Open	50,000		50,000	(50,000)	(50,000)
11/28/2008	153	Pool	Open	153	153		153	153
							56,903	56,903

Granbury ISD Statement of Position - Food Service Fund



GRANBURY ISD

Helping Students Reach New Heights

2008 AEIS Report

Presented by

Sharon Williams

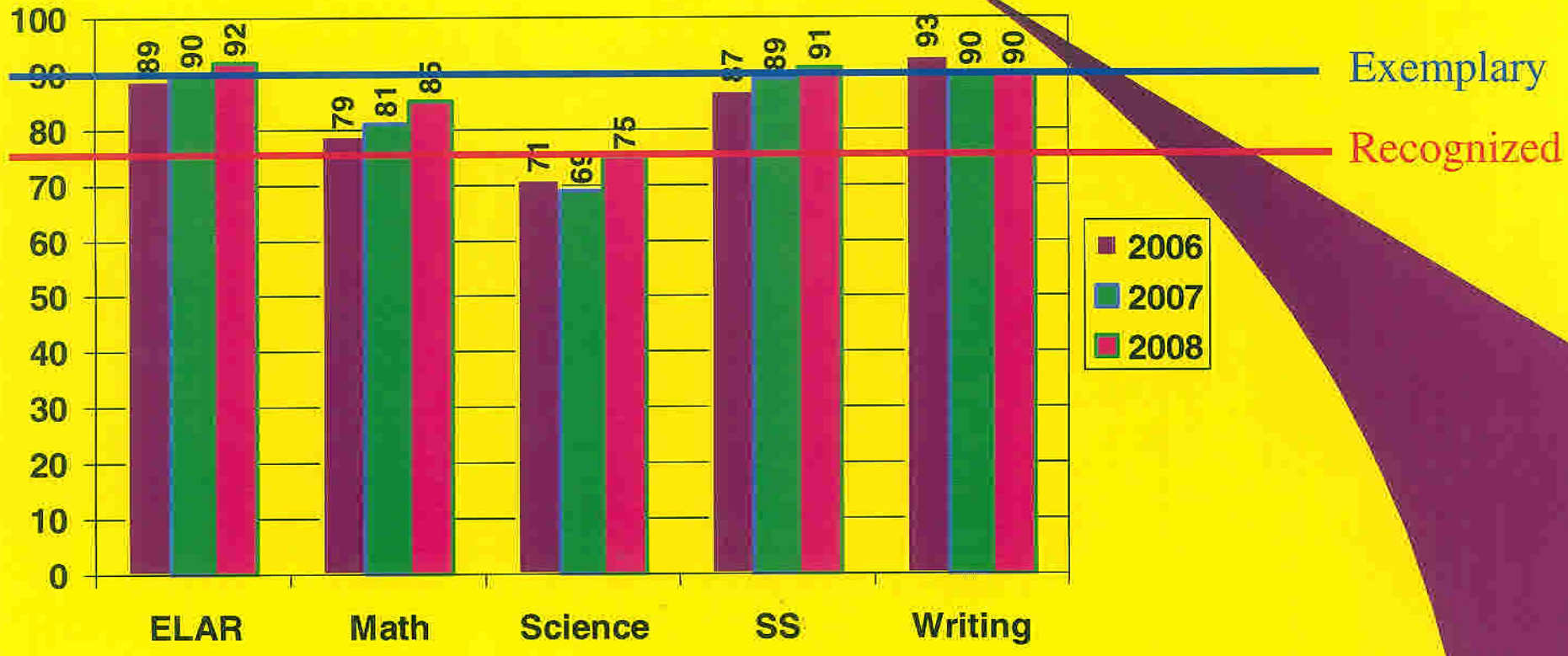
Director of Curriculum and Instruction

Academic Excellence Indicator System (AEIS)

- Mandated by the Texas Legislature to emphasize student achievement as the basis for accreditation of local school districts.
- The Academic Excellence Indicator System (AEIS) pulls together a wide range of information on the performance of students in each school and district in Texas every year.
- The following charts illustrate information gathered for the AEIS report that lends to accountability ratings.

Granbury ISD

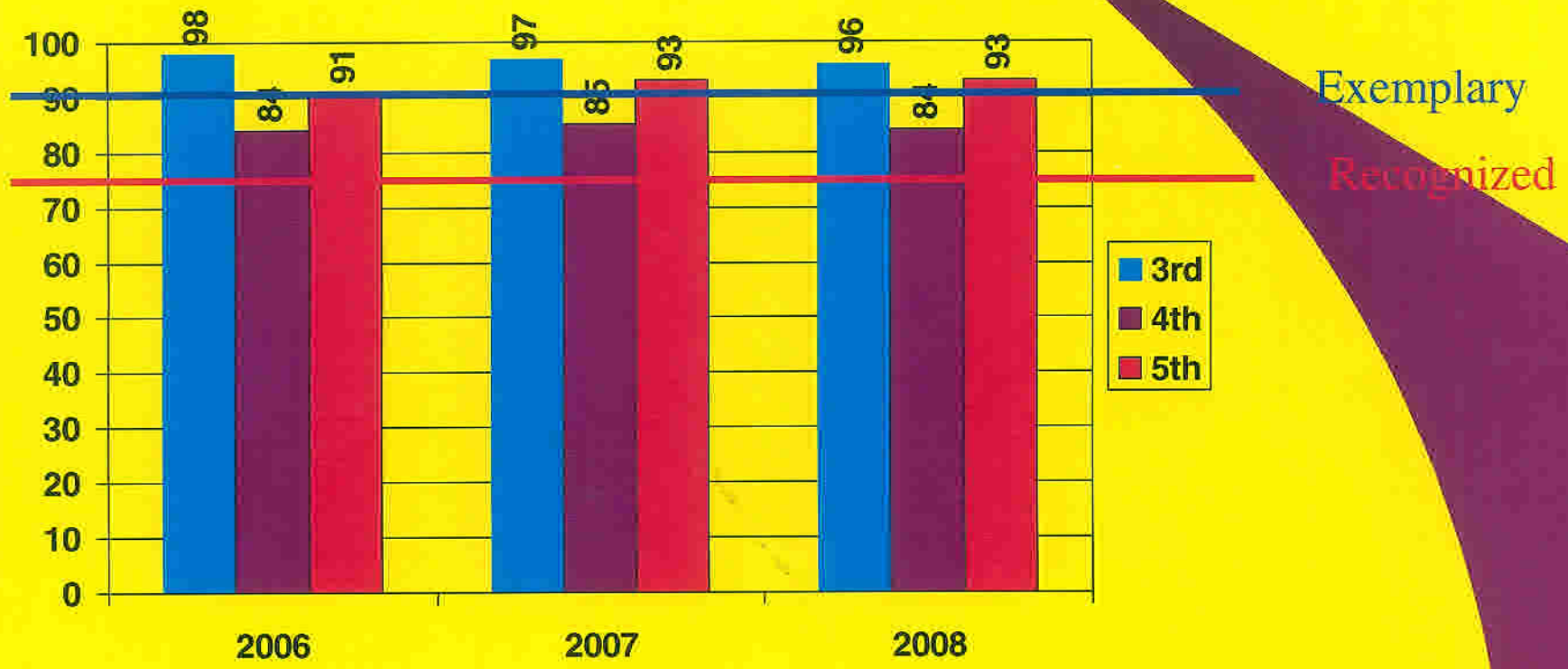
Longitudinal Data
2006-08



Data shown in percentages.

Granbury ISD

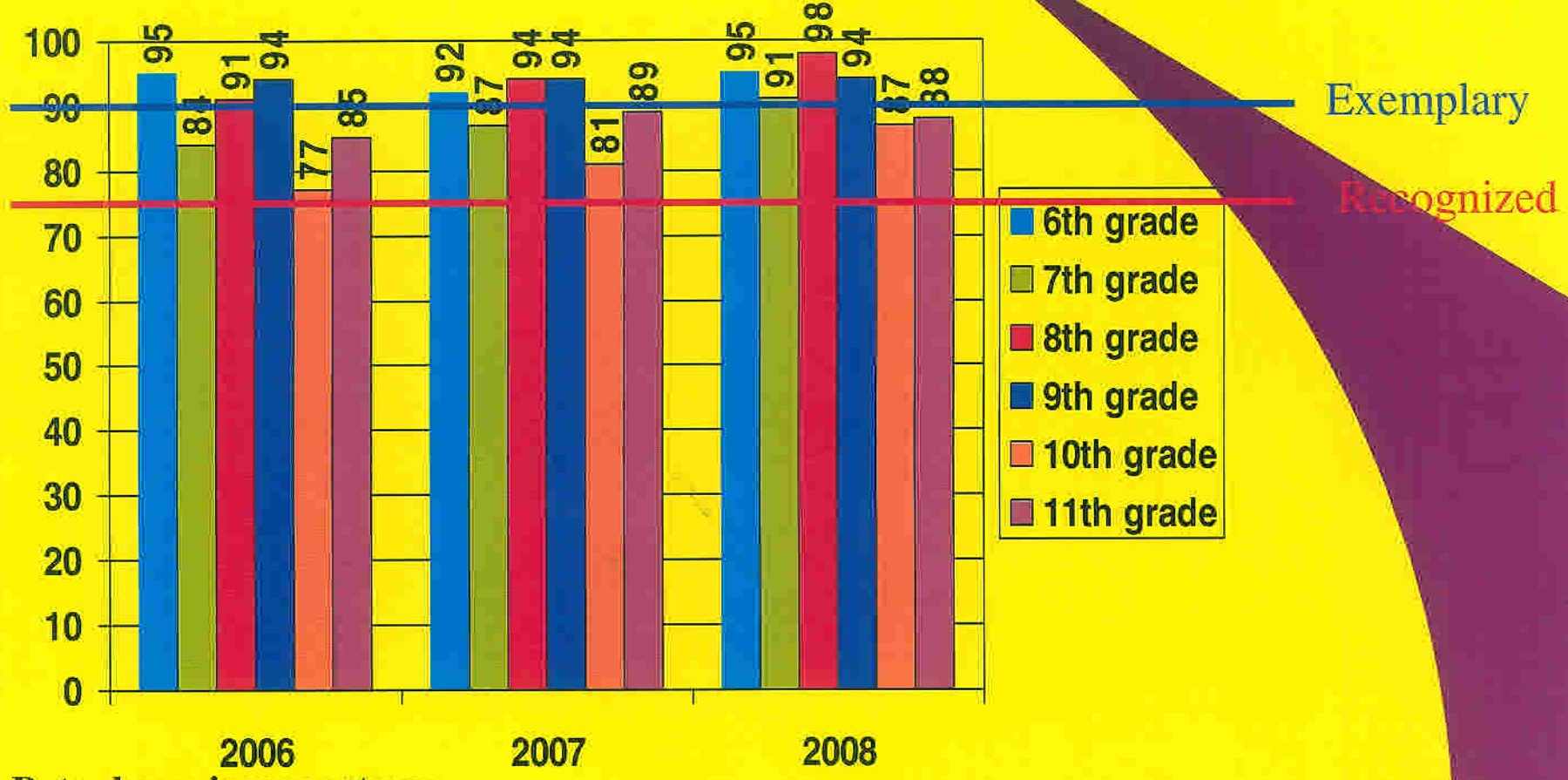
3rd – 5th Grade Reading
2006-08



Data shown in percentages.

Granbury ISD

6-11 ELA/Reading
2006-08

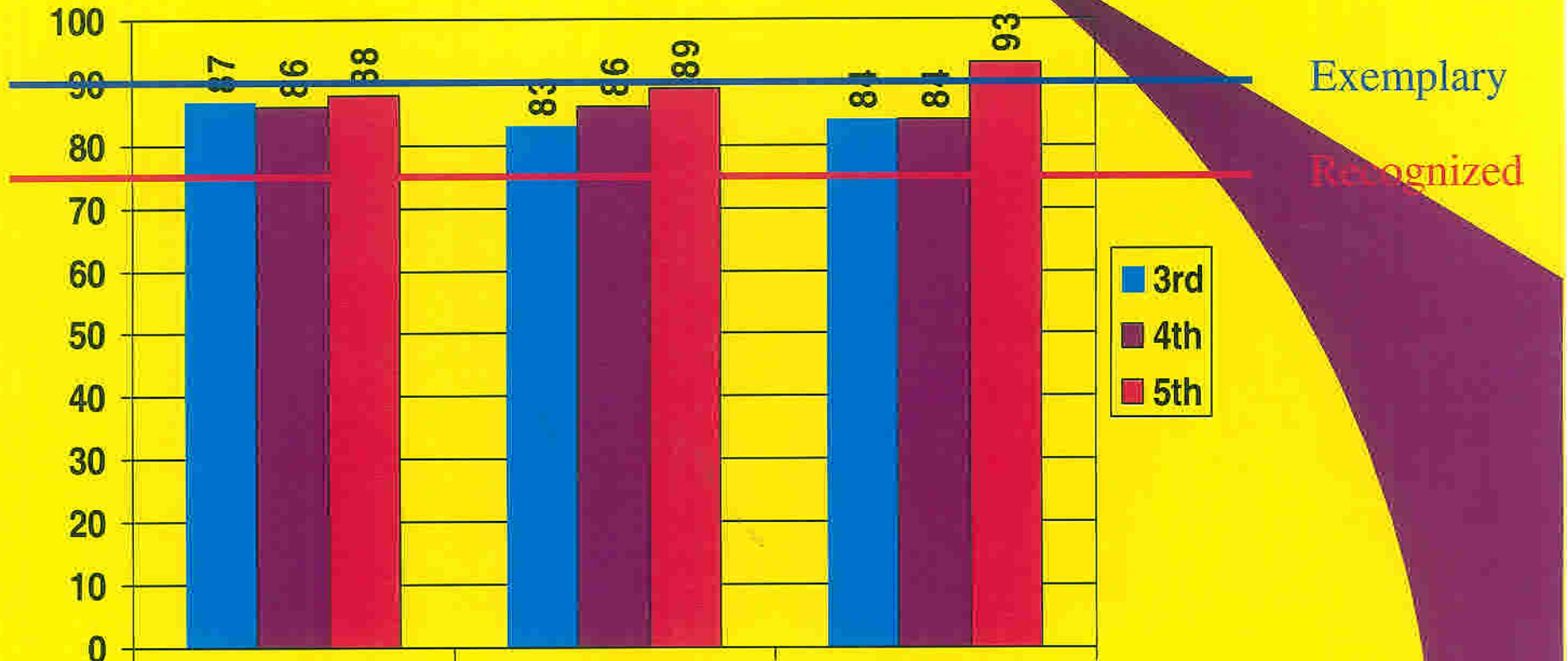


Data shown in percentages.

Granbury ISD

3rd – 5th Math

2006-08

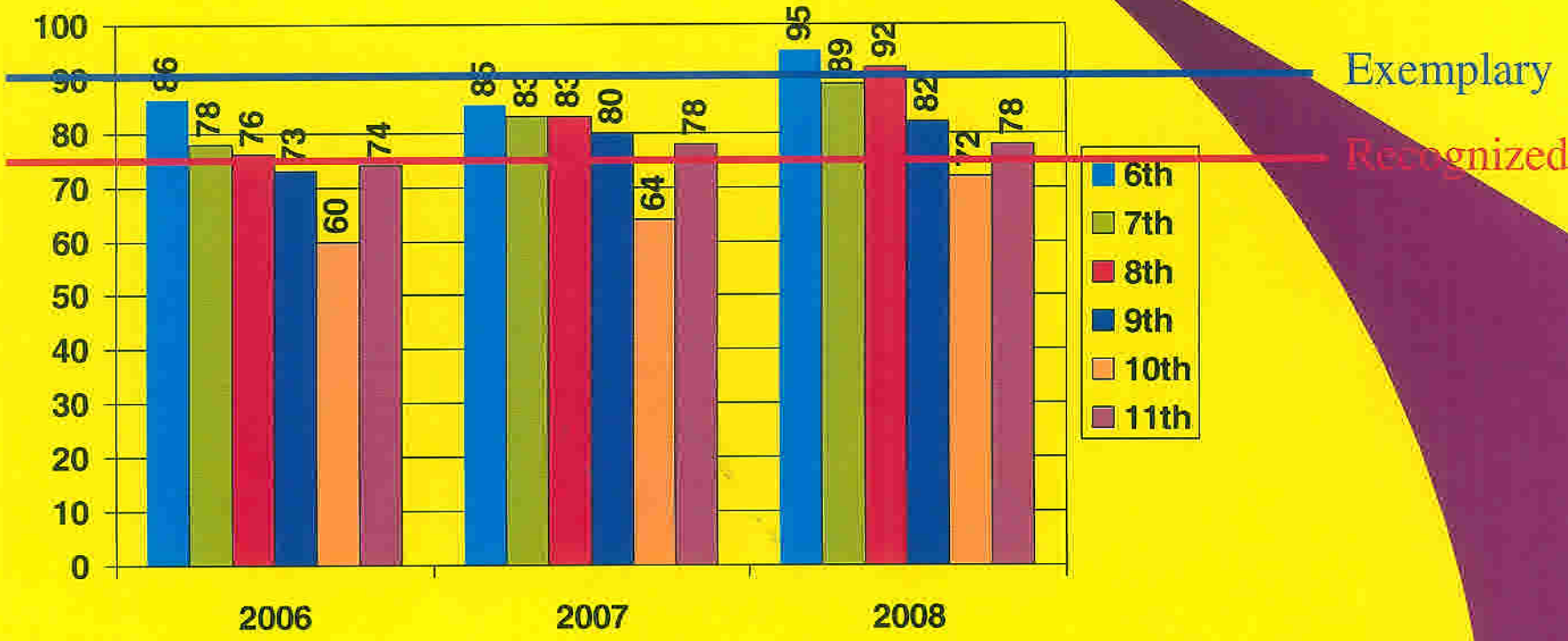


Data shown in percentages.

Granbury ISD

6th – 11th Math

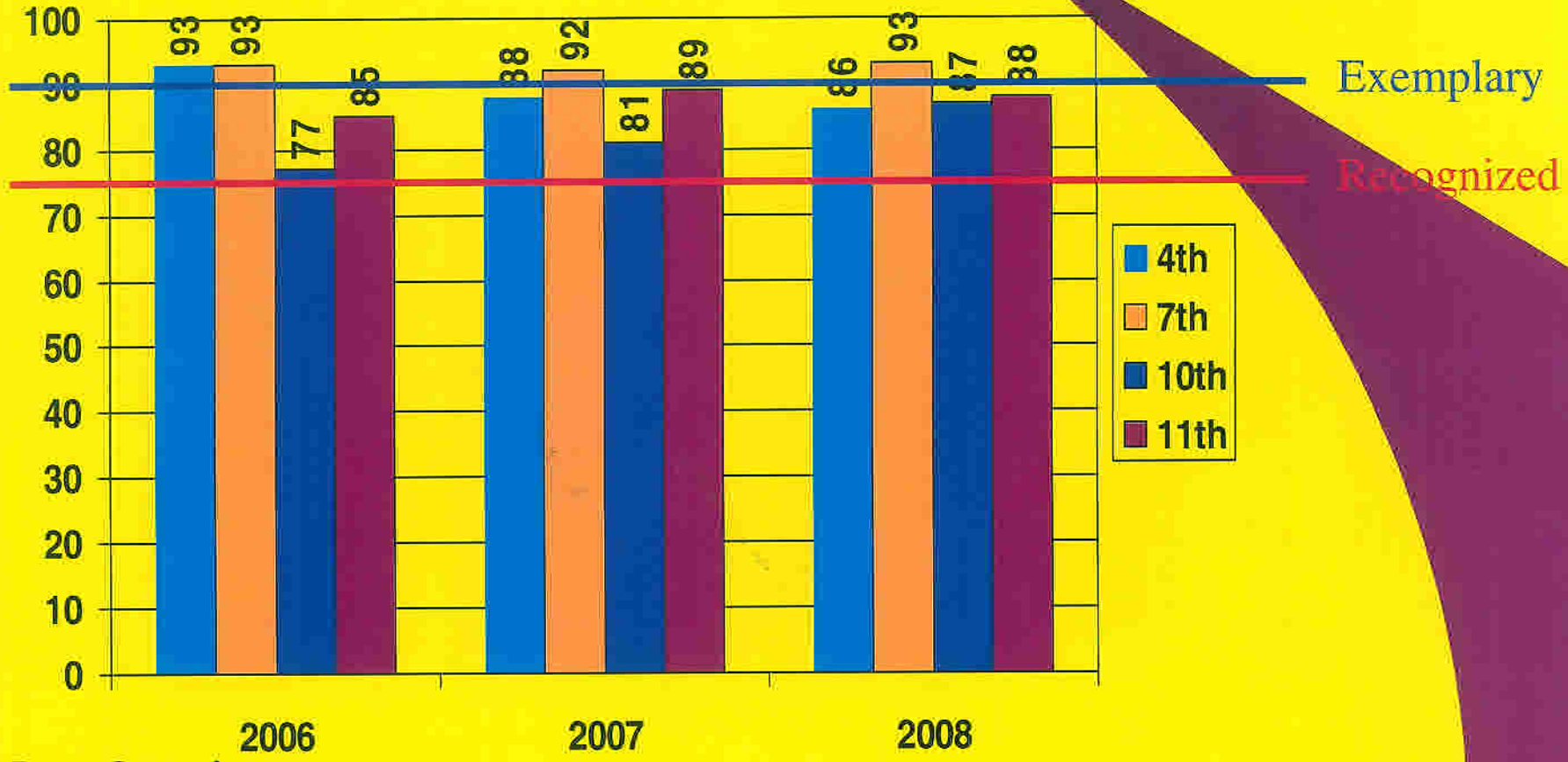
2006-08



Data shown in percentages.

Granbury ISD

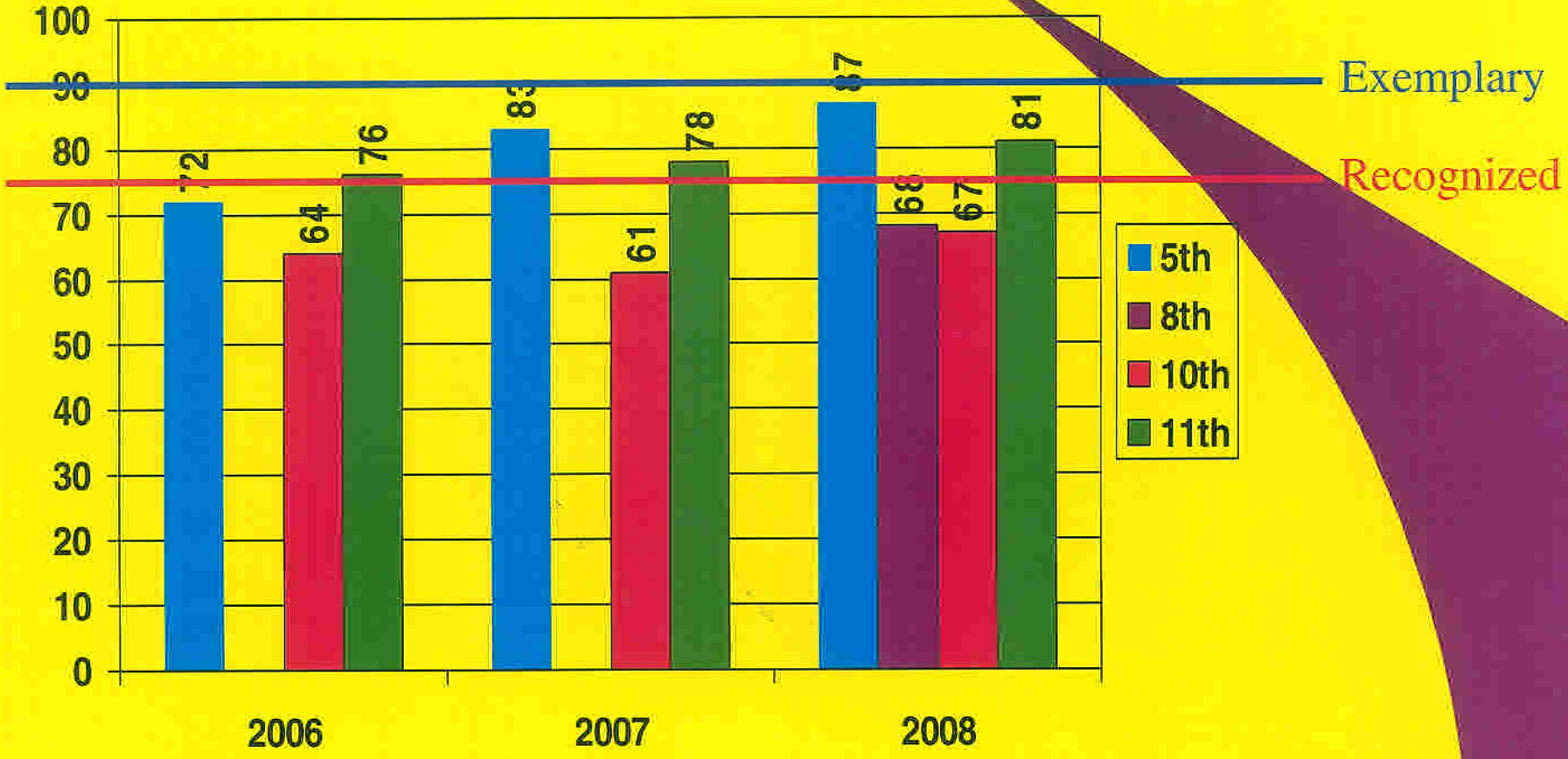
4th and 7th Writing and 10th – 11th ELA
2006-08



Data shown in percentages.

Granbury ISD

5th, 8th, 10th, and 11th Science
2006-08



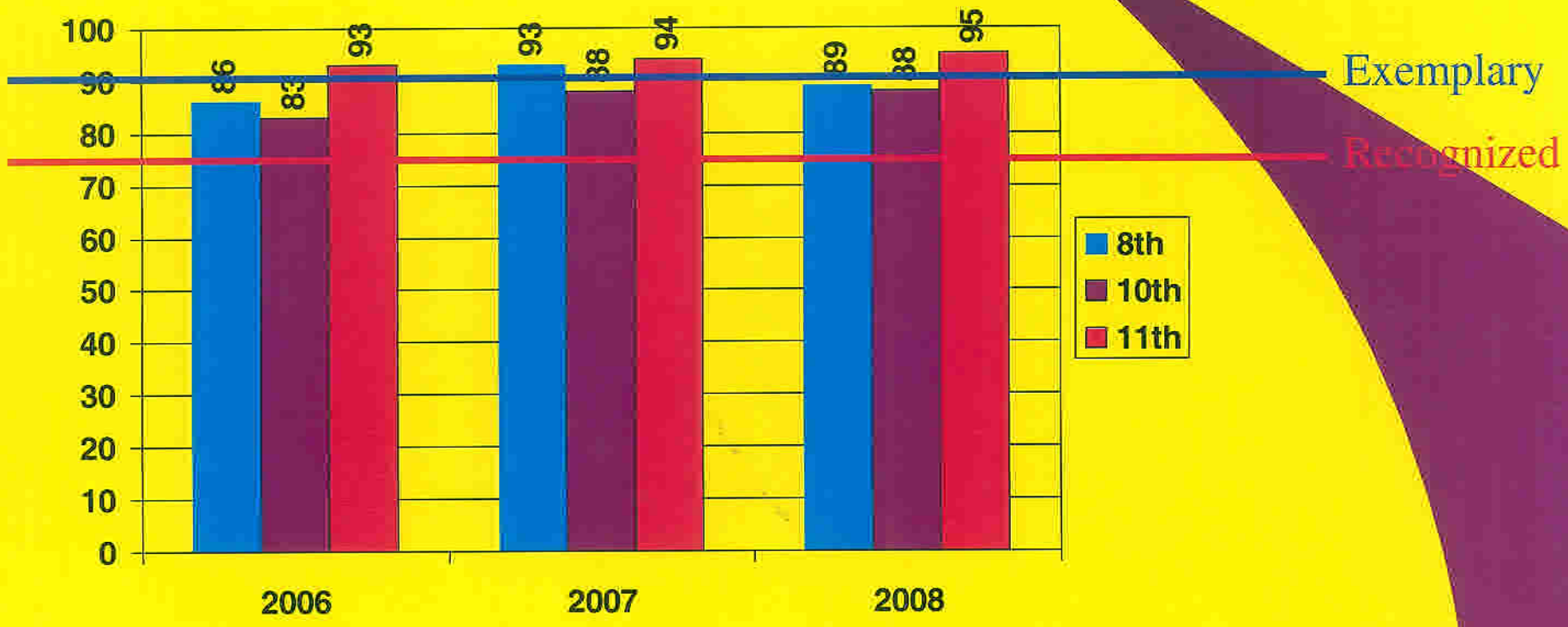
Data shown in percentages.

****2008 first year for 8th grade Science accountability.**

Granbury ISD

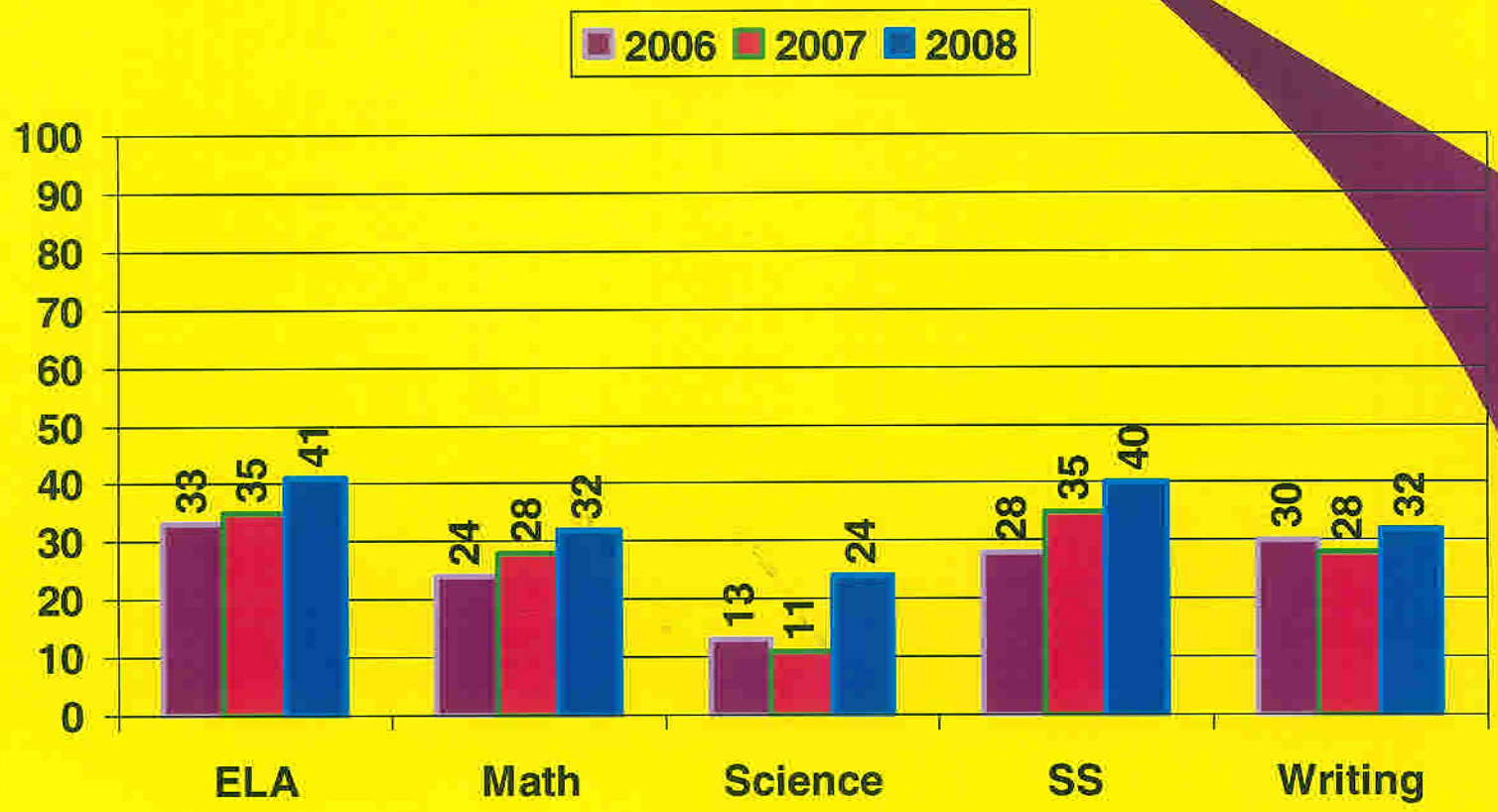
8th, 10th, 11th Social Studies

2006-08



Data shown in percentages.

Granbury ISD
Commended Performance
2006-08



Data shown in percentages.

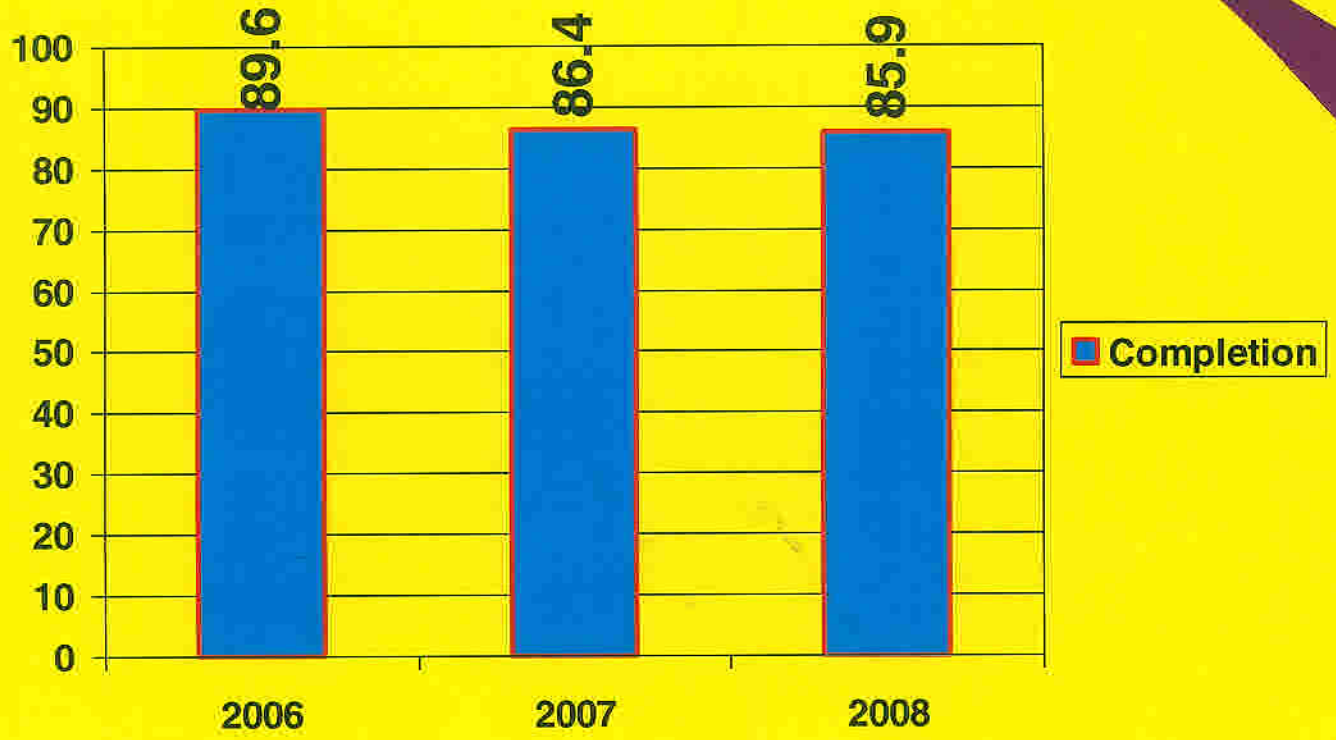
Granbury ISD

7th and 8th Drop Out
2006-08

- 2006 – 0%
- 2007 – 0.2%
- 2008 – 0.2%

Granbury ISD

Completion Rate
2006-08



Data shown in percentages.

2008 Accountability Rate: Academically Acceptable

7 Recognized Campuses – AES, BES, ERES, Mambrino, OW, BIS, Crossland

3 Academically Acceptable Campuses – AMS, GMS, GHS

Response to Needs of GISD Students

- GISD continues a strong partnership with the Charles Dana Center in the areas of Math and Science
- GISD is working with ahaprocess (Ruby Payne) in addressing the needs of our Low Socioeconomic students
- GISD policy requires all secondary content teachers to have 18 hours of initial and 6 hour annual update SIOP (Sheltered Instruction Observation Protocol) training and is currently sending key instructional leaders to a training of trainers
- GISD secondary instructional leaders are attending training for drop out intervention and prevention
- GISD continues to refine the Fenwick English model of curriculum and instruction being aligned between the written, taught, and tested

- GISD continues to implement Professional Learning Communities (PLC)
- GISD will conduct another training of trainers with Abydos (NJWPT) to address the writing process and the implementation of the new ELA TEKS in the year 2009-2010

Conclusion

- A copy of the full report can be obtained online at: http://www.tea.state.tx.us/perfreport/aeis/2008/district.srch.html
- For further information, please contact Sharon Williams, Director of Curriculum and Instruction at 817-408-4035 or sharon.williams@granburyisd.org

GRANBURY INDEPENDENT SCHOOL DISTRICT

INTEROFFICE MEMO

HUMAN RESOURCES

To: Board of Trustees
Date: December 15, 2008
For: Information

TO: Mr. William Harris, Superintendent

FROM: Troy K. Green
DATE: November 20, 2008
RE: Public Notification of Teacher Quality

SUMMARY:

According to the No Child Left Behind Act of 2001 (NCLB) each local school district is required to report how the District compares to measurable highly qualified (HQ) teacher objectives established by the State of Texas.

Please find attached the report that is presented for your information and will be made available to the public via the District website.

Respectfully submitted,

William Harris

William Harris, Superintendent of Schools

Staff Person Responsible: Troy Green, Executive Director of Human Resources

Date Submitted: November 20, 2008

"PUBLIC NOTIFICATION of TEACHER QUALITY (HIGHLY QUALIFIED)"

The No Child Left Behind Act of 2001 (NCLB) requires each local school district to report progress of the district toward meeting the State's measurable highly qualified (HQ) teacher objectives. The baseline for these statewide objectives was established during the 2002-03 school year. During the current year, the District is required to report this information to the Board of Trustees in a public report by December 15, 2008.

The following table indicates the target percentages established by the state per year compared to the actual percentage of highly qualified teachers employed by the Granbury Independent School District (GISD) and the statewide results.

School Year	Percentage of HQ Teachers (State Aggregate) **Target**	State Actual Percentage	G I S D Percentage of HQ Teachers
2002-03 (State Baseline/State Actual/GISD Actual)	76.2	93.09	97.47
Since 2006-07 And Beyond	100.0	N/A	100.0

During the baseline year (2002-03) the District was able to report 97.47% of its teaching faculty in the academic core areas (compared to the State result of 93.09%) as highly qualified classroom teachers. The District's percentage of highly qualified teachers has continued to increase since the baseline year, reaching 100% at the end of the 2006-07. Since the 2006-07 school year the state requirement has been that Districts be 100%. GISD has remained 100% since 2006-07.

Additionally, all teachers of core academic subjects* on all local campuses are Highly Qualified teachers as indicated below:

PERCENTAGE OF HQ TEACHERS REPORTED BY CAMPUS

CAMPUS	PERCENTAGE
o Granbury High	100.00
o Behavior Transition Center	100.00
o STARS	100.00
o Crossland 9th Grade Center	100.00
o Granbury Middle	100.00
o Acton Middle	100.00
o Oak Woods Intermediate	100.00
o Brawner Intermediate	100.00
o Acton Elementary	100.00
o Baccus Elementary	100.00
o Roberson Elementary	100.00
o Mambrino Elementary	100.00

*Core Academic Subjects – English, Reading or Language Arts, Mathematics, Science, Foreign Languages (languages other than English), Civics and Government, Economics, Arts (Music, Art, Theatre and Dance), History and Geography.

The attached graph (page 5) will show the District's progress compared to the State and to the State Aggregate target percentage.

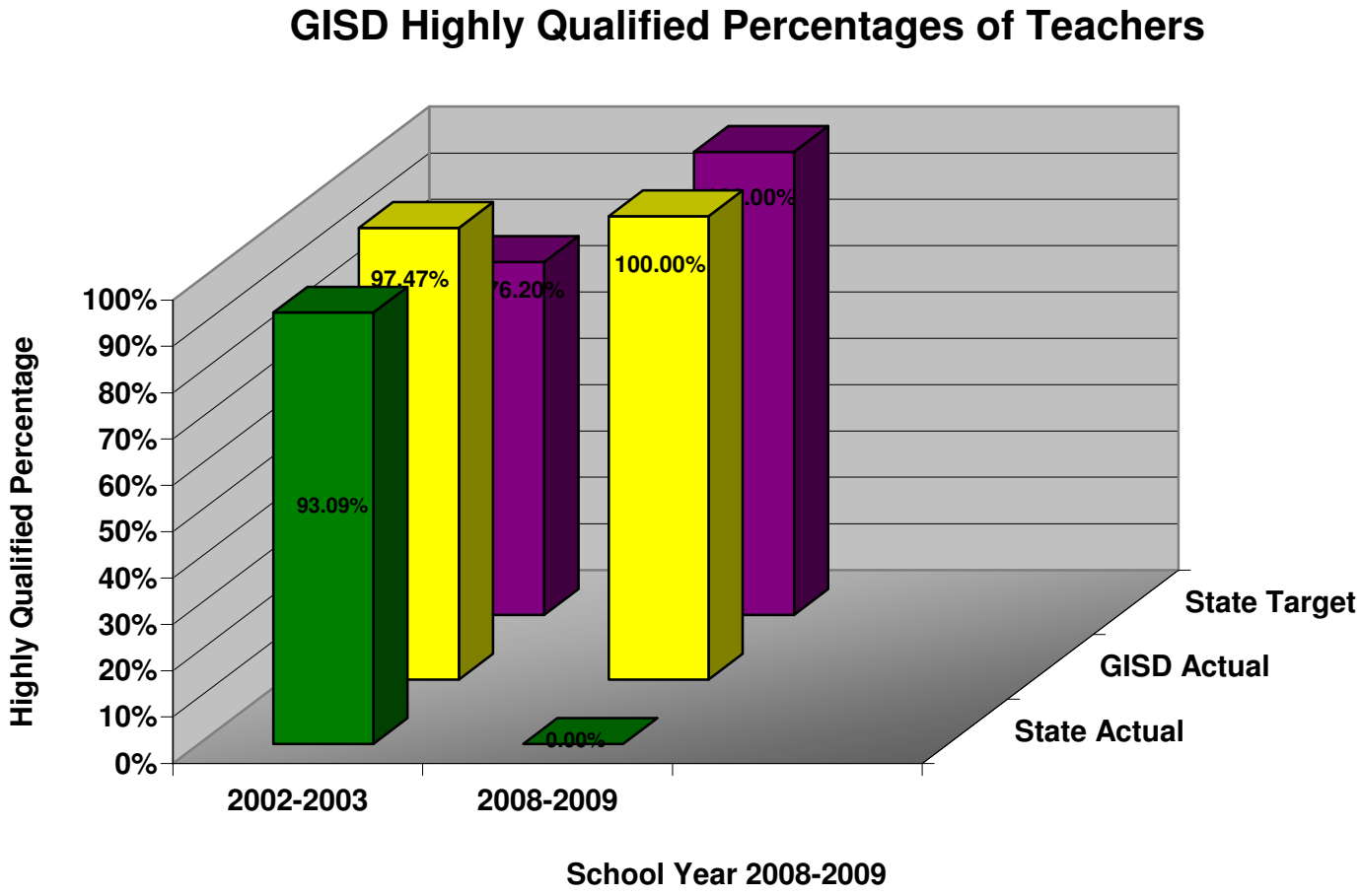
The following chart shows the percentage of Highly Qualified teachers at each campus during the 2002-2003 (the baseline year) and 2008-2009.

Campus	**02-03 HQ %**	**08-09 HQ %**
Acton Elem	100.00%	100.00%
Baccus Elem	96.43%	100.00%
Roberson Elem	96.15%	100.00%
Mambrino	100.00%	100.00%
Brawner Int	100.00%	100.00%
Oakwoods Int	100.00%	100.00%
AMS	94.59%	100.00%
GMS	93.18%	100.00%
Crossland 9th Grd Cntr	N/A	100.00%
GHS	98.51%	100.00%
BTC	66.67%	100.00%
STARS	100.00%	100.00%
HCRJC	100.00%	N/A
District Total	97.47%	100.00%

Another objective of the No Child Left Behind (NCLB) law is to reduce the number of core academic subject classes being taught by non-Highly Qualified Teachers or Teachers out-of-field for all students but particularly for the lower socio-economic students. The classes taught by Highly Qualified Teachers are more of a focus of the reports than they have been in the past.

The following chart (page 6) will show you that we have reached the target of 100% of all core academic subjects* as well as 100% of Highly Qualified Teachers.

*Core Academic Subjects – English, Reading or Language Arts, Mathematics, Science, Foreign Languages (languages other than English), Civics and Government, Economics, Arts (Music, Art, Theatre and Dance), History and Geography.


GISD Highly Qualified Percentages of Teachers
Highly Qualified Percentage
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
93.09%
97.47%
76.20%
0.00%
100.00%
2002-2003
2008-2009
School Year 2008-2009
State Target
GISD Actual
State Actual

Texas State Measurable Highly Qualified Teacher Objectives

A	B	C	D	E	F	G	H	I	J	K
Baseline Data and Targets	**State Target Percentage of Classes Taught by HQ Teachers**	**State Actual Percentage of Classes Taught by HQ Teachers**	**Granbury Actual Percentage of Classes Taught by HQ Teachers**	**State Actual Percentage of Classes Taught by HQ Teachers (Low-Poverty Schools)**	**Granbury Percentages of Classes Taught by HQ Teachers (Low-Poverty Schools)**	**State Target Percentage of HQ Teachers**	**State Actual Percentage of HQ Teachers**	**Granbury Percentage of HQ Teachers**	**State Target Percentage of Teachers receiving high-quality professional development (State Aggregate)**	**Granbury Percentage of Teachers receiving high-quality professional development (Title I, Part A Compliance Report)**
2002 -2003 Baseline	75.80%	91.14%	97.21%	N/A	N/A	76.20%	93.09%	97.47%	90.50%	92.30%
2008 -2009 Result	100.00%	98.77%	100.00%	Not available at Press Time	100.00%	100.00%	N/A	100.00%	100.00%	100.00%

GRANBURY INDEPENDENT SCHOOL DISTRICT
SECTION 403(B) PLAN DOCUMENT

Effective:
January 1, 2009

Under the Third Party Administration of First Financial Administrators, Inc.

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GRANBURY INDEPENDENT SCHOOL DISTRICT

Section 403(b) Plan Document

SECTION 1
DEFINITION OF TERMS USED

The following words and terms, when used in the Plan, have the meaning set forth below.

1.1 **Account**: The account or accumulation maintained for the benefit of any Participant or Beneficiary under an Annuity Contract or a Custodial Account.

1.2 **Account Balance**: The bookkeeping account maintained for each Participant which reflects the aggregate amount credited to the Participant's Account under all Accounts, including the Participant's Elective Deferrals, the earnings or loss of each Annuity Contract or a Custodial Account (net of expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section 6 for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in section 414(p)(8) of the Code).

1.3 **Administrator**: First Financial Administrators, Inc.

1.4 **Annuity Contract**: A nontransferable contract as defined in section 403(b)(1) of the Code, established for each Participant by the Employer, or by each Participant individually, that is issued by an insurance company qualified to issue annuities in the state in which the Employer or Participant, as applicable, resides and that includes payment in the form of an annuity.

1.5 **Beneficiary**: The designated person who is entitled to receive benefits under the Plan after the death of a Participant, subject to such additional rules as may be set forth in the Individual Agreements.

1.6 **Custodial Account**: The group or individual custodial account or accounts, as defined in section 403(b)(7) of the Code, established for each Participant by the Employer, or by each Participant individually, to hold assets of the Plan.

1.7 **Code**: The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

1.8 **Compensation**: All cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including an election under Section 2 made to reduce compensation in order to have Elective Deferrals under the Plan).

1.9 **Disabled**: The definition of disability provided in the applicable Individual Agreement.

1.10 **Elective Deferral**: The Employer contributions made to the Plan at the election of the Participant in lieu of receiving cash compensation. Elective Deferrals are limited to pre-tax salary reduction contributions, unless the Plan permits Roth 403(b) Contributions under Section 2.2(b).

1.11 **Employee**: Each individual, whether appointed or elected, who is a common law employee of the Employer performing services for a public school as an employee of the Employer. This definition is not applicable unless the employee's compensation for performing services for a public school is paid by the Employer. Further, a person occupying an elective or appointive public office is not an employee performing services for a public school unless such office is one to which an individual is elected or appointed only if the individual has received training, or is experienced, in the field of education. A public office includes any elective or appointive office of a State or local government.

1.12 **Employer**: Granbury Independent School District

1.13 **Employer Contributions** Non-elective contributions made to the Plan by the Employer, if Plan permits under Section 2.3.

1.14 **Funding Vehicles.**: The Annuity Contracts or Custodial Accounts issued for funding amounts held under the Plan and specifically approved by Employer for use under the Plan.

1.15 **Includible Compensation**: An Employee's actual wages in box 1 of Form W-2 for a year for services to the Employer, but subject to a maximum of $200,000 (or such higher maximum as may apply under section 401(a)(17) of the Code) and increased (up to the dollar maximum) by any compensation reduction election under section 125, 132(f), 401(k), 403(b), or 457(b) of the Code (including any Elective Deferral under the Plan). The amount of Includible Compensation is determined without regard to any community property laws.

1.16 **Individual Agreement**: The agreements between a Vendor and the Employer or a Participant that constitutes or governs a Custodial Account or an Annuity Contract.

1.17 **Participant**: An individual for whom Elective Deferrals are currently being made, or for whom Elective Deferrals have previously been made, under the Plan and who has not received a distribution of his or her entire benefit under the Plan.

1.18 **Plan**: Granbury Independent School District Section 403(b) Plan

1.19 **Plan year**: The calendar year.

1.20 **Related Employer**: The Employer and any other entity which is under common control with the Employer under section 414(b) or (c) of the Code. For this purpose, the Employer shall determine which entities are Related Employers based on a reasonable, good faith standard and taking into account the special rules applicable under Notice 89-23, 1989-1 C.B. 654.

1.21 **Severance from Employment**: For purpose of the Plan, Severance from Employment means Severance from Employment with the Employer and any Related Entity. However, a Severance from Employment also occurs on any date on which an Employee ceases to be an employee of a public school, even though the Employee may continue to be employed by a Related Employer that is another unit of the State or local government that is not a public school or in a capacity that is not employment with a public school (e.g., ceasing to be an employee performing services for a public school but continuing to work for the same State or local government employer).

1.22 **Vendor**: The provider of an Annuity Contract or Custodial Account.

1.23 **Valuation Date**: The last day of the calendar month

1.24 **Roth 403(b) Contribution** If an option in the Plan, any contribution made by a Participant which is designated as a Roth 403(b) contribution in accordance with Section 2.2(b) of the Plan that qualifies as a Roth 403(b) Contribution under section 403A of the Code.

SECTION 2
PARTICIPATION AND CONTRIBUTIONS

2.1 **Eligibility.** Each Employee shall be eligible to participate in the Plan and elect to have Elective Deferrals made on his or her behalf hereunder immediately upon becoming employed by the Employer.

2.2 **Compensation Reduction Election.** (a) Elective contributions: An Employee elects to become a Participant by executing an election to reduce his or her Compensation (and have that amount contributed as an Elective Deferral on his or her behalf) and filing it with the Administrator. This Compensation reduction election shall be made on the agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. The Administrator may establish an annual minimum deferral amount no higher than $200, and may change such minimum to a lower amount from time to time. The participation election shall also include designation of the Funding Vehicles and Beneficiary. Any such election shall remain in effect until a new election is filed. Only an individual who performs services for the Employer as an Employee may reduce his or her Compensation under the Plan. Each Employee will become a Participant in accordance with the terms and conditions of the Individual Agreements. All Elective Deferrals shall be made on a pre-tax basis. An Employee shall become a Participant as soon as administratively practicable following the date applicable under the employee's election.

(b) Roth 403(b) Contributions: Not an available option in the Plan.

2.3 **Employer Contributions** The Employer may make nonelective Employer contributions to Accounts of designated Employees. Employer Contributions made under this section 2.3 shall be deposited into each Participant's Account in accordance with sections 2.5 and 2.6 of the Plan.

1. Employer may make contributions into the 403(b) accounts of former employees, provided that any such contributions satisfy all of the following conditions:

a. Contributions may not be made later than the fifth calendar year following the year in which the former Employee ceased to be an Employee.

b. Contributions may not be made following the month of the former Employee's death.

c. Contributions shall be based on includible compensation as defined in section 403(b)(3) of the Code as modified by IRS regulations and shall be subject to the limitations of section 415(c)(1) of the Code.

2.4 **Information Provided by the Employee.** Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including any information required under the Individual Agreements.

2.5 **Change in Elective Deferrals Election.** Subject to the provisions of the applicable Individual Agreements, an Employee may at any time revise his or her participation election, including a change of the amount of his or her Elective Deferrals, a change in the allocation of his or her Elective Deferrals to reflect pre-tax contributions or Roth 403(b) Contributions (if permitted under the Plan), and/or change his or her investment direction, and his or her designated Beneficiary. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Vendor.

2.6 **Contributions Made Promptly.** Elective Deferrals under the Plan shall be transferred to the applicable Funding Vehicle within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

2.7 **Leave of Absence**. Unless an election is otherwise revised, if an Employee is absent from work by leave of absence, Elective Deferrals under the Plan shall continue to the extent that Compensation continues.

SECTION 3
LIMITATIONS ON AMOUNTS DEFERRED

3.1 **Basic Annual Limitation.** Except as provided in Sections 3.2 and 3.3, the maximum amount of the Elective Deferral under the Plan for any calendar year shall not exceed the lesser of (a) the applicable dollar amount or (b) the Participant's Includible Compensation for the calendar year. The applicable dollar amount is the amount established under section 402(g)(1)(B) of the Code, which is $15,500 for 2008, and is adjusted for cost-of-living after 2008 to the extent provided under section 415(d) of the Code.

3.2 **Special Section 403(b) Catch-up Limitation for Employees With 15 Years of Service**. Not an option in the Plan.

3.3 **Age 50 Catch-up Elective Deferral Contributions.** An Employee who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Elective Deferrals, up to the maximum age 50 catch-up Elective Deferrals for the year. The maximum dollar amount of the age 50 catch-up Elective Deferrals for a year is $5,000 for 2008, and is adjusted for cost-of-living after 2008 to the extent provided under the Code.

3.4 **Coordination**. Amounts in excess of the limitation set forth in Section 3.1 shall be allocated first to the special 403(b) catch-up under Section 3.2 and next as an age 50 catch-up contribution under Section 3.3. However, in no event can the amount of the Elective Deferrals for a year be more than the Participant's Compensation for the year.

3.5 **Special Rule for a Participant Covered by Another Section 403(b) Plan.** For purposes of this Section 3, if the Participant is or has been a participant in one or more other plans under section 403(b) of the Code (and any other plan that permits elective deferrals under section 402(g) of the Code), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section 3. For this purpose, the Administrator shall take into account any other such plan maintained by any Related Employer and shall also take into account any other such plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan. Notwithstanding the foregoing, another plan maintained by a Related Entity shall be taken into account for purposes of Section 3.2 only if the other plan is a § 403(b) plan.

3.6 **Correction of Excess Elective Deferrals.** If the Elective Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another plan of the employer under section 403(b) of the Code, then the Elective Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.

3.7 **Protection of Persons Who Serve in a Uniformed Service.** An Employee whose employment is interrupted by qualified military service under section 414(u) of the Code or who is on a leave of absence for qualified military service under section 414(u) of the Code may elect to make additional Elective Deferrals upon resumption of employment with the Employer equal to the maximum Elective Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Elective Deferrals, if any, actually made for the Employee during the period of the interruption or leave. Except to the extent provided under section 414(u) of the Code, this right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

3.8 **Annual Contribution Limits**. The aggregate annual amount contributed into a Participant's Account shall not exceed the amount permitted under section 415(c)(1) of the Code, the excess contributions shall be segregated and treated in a manner consistent with applicable IRS guidance on excess "annual additions."

SECTION 4
LOANS

4.1 **Loans**. Loans shall not be permitted under the Plan.

SECTION 5
BENEFIT DISTRIBUTIONS

5.1 **Benefit Distributions At Severance from Employment or Other Distribution Event**. Except as permitted under Section 3.6 (relating to excess Elective Deferrals), Section 5.4 (relating to withdrawals of amounts rolled over into the Plan), Section 5.5 (relating to hardship), or Section 8.3 (relating to termination of the Plan), distributions from a Participant's Account may not be made earlier than the earliest of the date on which the Participation has a Severance from Employment, dies, becomes Disabled, or attains age 59½. Distributions shall otherwise be made in accordance with the terms of the Individual Agreements.

5.2 **Small Account Balances**. The terms of the Individual Agreement may permit distributions to be made in the form of a lump-sum payment, without the consent of the Participant or Beneficiary, but no such payment may be made without the consent of the Participant or Beneficiary unless the Account Balance does not exceed $5,000 (determined without regard to any separate account that holds rollover contributions under Section 6.1) and any such distribution shall comply with the requirements of section 401(a)(31)(B) of the Code (relating to automatic distribution as a direct rollover to an individual retirement plan for distributions in excess of $1,000).

5.3 **Minimum Distributions**. Each Individual Agreement shall comply with the minimum distribution requirements of section 401(a)(9) of the Code and the regulations thereunder. For purposes of applying the distribution rules of section 401(a)(9) of the Code, each Individual Agreement is treated as an individual retirement account (IRA) and distributions shall be made in accordance with the provisions of Treas. Reg. §1.408-8 of the Income Tax Regulations, except as provided in §1.403(b)-6(e) of the Income Tax Regulations.

5.4 **In-Service Distributions From Rollover Account.** If a Participant has a separate account attributable to rollover contributions to the plan, to the extent permitted by the applicable Individual Agreement, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account.

5.5 **Hardship Withdrawals**. Not an available option in the Plan:

5.6 **Rollover Distributions**.

(a) A Participant or the Beneficiary of a deceased Participant (or a Participant's spouse or former spouse who is an alternate payee under a domestic relations order, as defined in section 414(p) of the Code) who is entitled to an eligible rollover distribution may elect to have any portion of an eligible rollover distribution (as defined in section 402(c)(4) of the Code) from the Plan paid directly to an eligible retirement plan (as defined in section 402(c)(8)(B) of the Code) specified by the Participant in a direct rollover. In the case of a distribution to a Beneficiary who at the time of the Participant's death was neither the spouse of the Participant nor the spouse or former spouse of the participant who is an alternate payee under a domestic relations order, a direct rollover is payable only to an individual retirement account or individual retirement annuity (IRA) that has been established on behalf of the Beneficiary as an inherited IRA (within the meaning of section 408(d)(3)(C) of the Code).

(b) Each Vendor shall be separately responsible for providing, within a reasonable time period before making an initial eligible rollover distribution, an explanation to the Participant of his or her right to elect a direct rollover and the income tax withholding consequences of not electing a direct rollover.

SECTION 6
ROLLOVERS TO THE PLAN AND TRANSFERS

6.1 **Eligible Rollover Contributions to the Plan.**

(a) **Eligible Rollover Contributions**. To the extent provided in the Individual Agreements, an Employee who is a Participant who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. Such rollover contributions shall be made in the form of cash only. The Vendor may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with section 402 of the Code and to confirm that such plan is an eligible retirement plan within the meaning of section 402(c)(8)(B) of the Code. However, unless Roth 403(b) Contributions are authorized under the Plan, in no event does the Plan accept a rollover contribution from a Roth elective deferral account under an applicable retirement plan described in section 402A(e)(1) of the Code or a Roth IRA described in section 408A of the Code.

(b) **Eligible Rollover Distribution**. For purposes of Section 6.1(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, or (3) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under section 401(a)(9) of the Code. In addition, an eligible retirement plan means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, a qualified trust described in section 401(a) of the Code, an annuity plan described in section 403(a) or 403(b) of the Code, or an eligible governmental plan described in section 457(b) of the Code, that accepts the eligible rollover distribution.

(c) **Separate Accounts**. The Vendor shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan.

6.2 **Plan-to-Plan Transfers to the Plan**. Not an available option in the Plan.

6.3 **Plan-to-Plan Transfers from the Plan.**

(a) At the direction of the Employer, the Administrator may permit a class of Participants and Beneficiaries to elect to have all or any portion of their Account Balance transferred to another plan that satisfies section 403(b) of the Code in accordance with § 1.403(b)-10(b)(3) of the Income Tax Regulations. A transfer is permitted under this Section 6.3(a) only if the Participants or Beneficiaries are employees or former employees of the employer (or the business of the employer) under the receiving plan and the other plan provides for the acceptance of plan-to-plan transfers with respect to the Participants and Beneficiaries and for each Participant and Beneficiary to have an amount deferred under the other plan immediately after the transfer at least equal to the amount transferred.

(b) The other plan must provide that, to the extent any amount transferred is subject to any distribution restrictions required under section 403(b) of the Code, the other plan shall impose restrictions on distributions to the Participant or Beneficiary whose assets are transferred that are not less stringent than those imposed under the Plan. In addition, if the transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the Plan, the other plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

(c) Upon the transfer of assets under this Section 6.3, the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 6.3 (for example, to confirm that the receiving plan satisfies section 403(b) of the Code and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to § 1.403(b)-10(b)(3) of the Income Tax Regulations.

6.4 **Contract and Custodial Account Exchanges**.

(a) A Participant or Beneficiary is permitted to change the investment of his or her Account Balance among the Vendors under the Plan, subject to the terms of the Individual Agreements. However, an investment change that includes an investment with a Vendor that is not eligible to receive contributions under Section 2 (referred to below as an exchange) is not permitted unless the conditions in paragraphs (b) through (d) of this Section 6.4 are satisfied.

(b) The Participant or Beneficiary must have an Account Balance immediately after the exchange that is at least equal to the Account Balance of that Participant or Beneficiary immediately before the exchange (taking into account the Account Balance of that Participant or Beneficiary under both section 403(b) Annuity Contracts or Custodial Accounts immediately before the exchange).

(c) The Individual Agreement with the receiving Vendor has distribution restrictions with respect to the Participant that are not less stringent than those imposed on the investment being exchanged.

(d) The Employer enters into an agreement with the receiving Vendor for the other contract or custodial account under which the Employer and the Vendor will from time to time in the future provide each other with the following information:

(1) Information necessary for the resulting contract or custodial account, or any other contract or custodial accounts to which contributions have been made by the Employer, to satisfy section 403(b) of the Code, including the following:

(i) the Employer providing information as to whether the Participant's employment with the Employer is continuing, and notifying the Vendor when the Participant has had a Severance from Employment (for purposes of the distribution restrictions in Section 5);

(ii) the Vendor notifying the Employer or TPA of any hardship withdrawal under Section 5.5 if the withdrawal results in a 6-month suspension of the Participant's right to make Elective Deferrals under the Plan; and

(iii) the Vendor providing information to the Employer or other Vendors concerning the Participant's or Beneficiary's section 403(b) contracts or custodial accounts or qualified employer plan benefits (to enable a Vendor to determine the amount of any plan loans and any rollover accounts that are available to the Participant under the Plan in order to satisfy the financial need under the hardship withdrawal rules of Section 5.5); and

(2) Information necessary in order for the resulting contract or custodial account and any other contract or custodial account to which contributions have been made for the Participant by the Employer to satisfy other tax requirements, including the following: (i) the amount of any plan loan that is outstanding to the Participant in order for a Vendor to determine whether an additional plan loan satisfies the loan limitations of Section 4.3, so that any such additional loan is not a deemed distribution under section 72(p)(1); and (ii) information concerning the Participant's or Beneficiary's after-tax employee contributions in order for a Vendor to determine the extent to which a distribution is includible in gross income.

(e) If any Vendor ceases to be eligible to receive Elective Deferrals under the Plan, the Employer will enter into an information sharing agreement as described in Section 6.4(d) to the extent the Employer's contract with the Vendor does not provide for the exchange of information described in Section 6.4(d)(1) and (2).

6.5 **Permissive Service Credit Transfers.**

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in section 414(d) of the Code) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 6.5(a) may be made before the Participant has had a Severance from Employment.

(b) A transfer may be made under Section 6.5(a) only if the transfer is either for the purchase of permissive service credit (as defined in section 415(n)(3)(A) of the Code) under the receiving defined benefit governmental plan or a repayment to which section 415 of the Code does not apply by reason of section 415(k)(3) of the Code.

(c) In addition, if a plan-to-plan transfer does not constitute a complete transfer of the Participant's or Beneficiary's interest in the transferor plan, the Plan shall treat the amount transferred as a continuation of a pro rata portion of the Participant's or Beneficiary's interest in the transferor plan (e.g., a pro rata portion of the Participant's or Beneficiary's interest in any after-tax employee contributions).

SECTION 7
INVESTMENT OF CONTRIBUTIONS

7.1 **Manner of Investment**. All Elective Deferrals or other amounts contributed to the Plan, all property and rights purchased with such amounts under the Funding Vehicles, and all income attributable to such amounts, property, or rights shall be held and invested in one or more Annuity Contracts or Custodial Accounts. Each Custodial Account shall provide for it to be impossible, prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Custodial Account to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

7.2 **Investment of Contributions**. Each Participant or Beneficiary shall direct the investment of his or her Account among the investment options available under the Annuity Contract or Custodial Account in accordance with the terms of the Individual Agreements. Transfers and exchanges among Annuity Contracts and Custodial Accounts may be made to the extent provided in the Individual Agreements and permitted under applicable Income Tax Regulations.

7.3 **Current and Former Vendors**. The Administrator shall maintain a list of all Vendors under the Plan. Such list is described in Exhibit A and attached for reference. Each Vendor and the Administrator shall exchange such information as may be necessary to satisfy section 403(b) of the Code or other requirements of applicable law. In the case of a Vendor which is not eligible to receive Elective Deferrals under the Plan (including a Vendor which has ceased to be a Vendor eligible to receive Elective Deferrals under the Plan and a Vendor holding assets under the Plan in accordance with Section 6.2 or 6.4), the Employer shall keep the Vendor informed of the name and contact information of the Administrator in order to coordinate information necessary to satisfy section 403(b) of the Code or other requirements of applicable law.

SECTION 8
AMENDMENT AND PLAN TERMINATION

8.1 **Termination of Contributions**. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, the Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan at any time without any liability hereunder for any such discontinuance.

8.2 **Amendment and Termination**. The Employer reserves the authority to amend or terminate this Plan at any time.

8.3 **Distribution upon Termination of the Plan**. The Employer may provide that, in connection with a termination of the Plan and subject to any restrictions contained in the Individual Agreements, all Accounts will be distributed, provided that the Employer and any Related Employer on the date of termination do not make contributions to an alternative section 403(b) contract that is not part of the Plan during the period beginning on the date of plan termination and ending 12 months after the distribution of all assets from the Plan, except as permitted by the Income Tax Regulations.

SECTION 9
MISCELLANEOUS

9.1 **Non-Assignability.** Except as provided in Section 9.2 and 9.3, the interests of each Participant or Beneficiary under the Plan are not subject to the claims of the Participant's or Beneficiary's creditors; and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

9.2 **Domestic Relation Orders.** Notwithstanding Section 9.1, if a judgment, decree or order (including approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or the marital property rights of a spouse or former spouse, child, or other dependent of a Participant is made pursuant to the domestic relations law of any State ("domestic relations order"), then the amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan. The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the domestic relations order.

9.3 **IRS Levy.** Notwithstanding Section 9.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

9.4 **Tax Withholding**. Contributions to the Plan are subject to applicable employment taxes (including, if applicable, Federal Insurance Contributions Act (FICA) taxes with respect to Elective Deferrals, which constitute wages under section 3121 of the Code). Any benefit payment made under the Plan is subject to applicable income tax withholding requirements (including section 3401 of the Code and the Employment Tax Regulations thereunder). A payee shall provide such information as the Administrator may need to satisfy income tax withholding obligations, and any other information that may be required by guidance issued under the Code.

9.5 **Payments to Minors and Incompetents.** If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

9.6 **Mistaken Contributions.** If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contribution (adjusted for any income or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

9.7 **Procedure When Distributee Cannot Be Located.** The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means

(a) the mailing by certified mail of a notice to the last known address shown on the employer's or the Administrator's records, (b) notification sent to the Social Security Administration or the Pension Benefit Guaranty Corporation (under their program to identify payees under retirement plans), and (c) the payee has not responded within 6 months. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the funding vehicle shall continue to hold the benefits due such person.

9.8 **Incorporation of Individual Agreements**. The Plan, together with the Individual Agreements, is intended to satisfy the requirements of section 403(b) of the Code and the Income Tax Regulations thereunder. Terms and conditions of the Individual Agreements are hereby incorporated by reference into the Plan, excluding those terms that are inconsistent with the Plan or section 403(b) of the Code. In such event, the Individual Agreements shall be interpreted, to the extent possible, in a manner to conform to the Plan and applicable requirements.

9.9 **Governing Law**. The Plan will be construed, administered and enforced according to the Code and the laws of the State in which the Employer has its principal place of business.

9.10 **Headings**. Headings of the Plan have been inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof.

9.11 **Gender**. Pronouns used in the Plan in the masculine or feminine gender include both genders unless the context clearly indicates otherwise.

The Employer has agreed to adopt this Plan which is the 403(b) Plan Document. This plan Document and any underlying Annuity contracts and Custodial Accounts provided by the Vendors authorized in the plan, as well as necessary forms and administrative policies and procedures incorporated by the Employer, First Financial Administrators, Inc. or any Funding Vehicle shall constitute the entire plan.

IN WITNESS WHEREOF, the Employer has caused this Plan to be executed this

_____ day of _____, _____.

Employer: _____

By: _____

Title: _____

Date signed: _____

Effective Date of the Plan: _____January 1, 2009_____