

ROBINSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2011

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2011

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CERTIFICATE OF BOARD

Robinson Independent School District
Name of School District

McLennan
County

161-922
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, 2011 at a meeting of the Board of Trustees of such school district on the 23th day of January 2012.

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)



Cunningham, Shavers, Christensen, & Wright, L.L.P.

Certified Public Accountants

2110 Austin Avenue
Waco, Texas 76701
(254)752-3436
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Thomas C. Cunningham, C.P.A.
Fred R. Shavers III, C.P.A.
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Danny R. Wright, C.P.A.
Nathaniel J. Pringle, C.P.A.

Independent Auditor's Report

Board of Trustees
Robinson Independent School District
500 W. Lyndale
Robinson, Texas 76706-5505

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Robinson Independent School District (the District) as of and for the year ended August 31, 2011 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Robinson Independent School District as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 6 through 10 is not a required part of the basic financial statements but is 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise Robinson Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements 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 Non-Profit Organizations*, and is also not a required part of the basic financial statements of Robinson Independent School District. The combining and individual nonmajor fund financial statements and the 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, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-3. These schedules 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.

January 20, 2012

Robinson Independent School District Management's Discussion and Analysis

In this section of the Annual Financial and Compliance Report, we, the managers of Robinson Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2011. Please read it in conjunction with the independent auditors' report on pages 4 and 5, and the District's Basic Financial Statements which begin on page 11.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$11,561,342. Of this amount, \$2,571,587 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net assets increased by \$510,028 as a result of this year's operations, or about 4%.
- During the year, the District had net expenses of \$16,202,733 which were less than the \$16,712,801 generated in tax and other revenues for governmental programs. Thus the revenues exceeded expense by \$510,068 for the current fiscal year.
- The General Fund ended the year with an unrestricted fund balance of \$2,254,966.
- General Fund, tax levy increased \$225,170 over the prior year while the tax remained at 1.17.
- We continue to work with Baylor University by providing placements for student interns with our teachers. Besides giving the college students an opportunity to spend time in the classroom for their benefit, this program also provides additional help and support to our students.

Using This Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (pages 12 and 13 respectively). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 14) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

**Robinson Independent School District
Management's Discussion and Analysis
(Continued)**

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities of/from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, the District has one kind of activity:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 14 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

**Robinson Independent School District
Management's Discussion and Analysis
(Continued)**

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities programs. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 20. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

We will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the district's governmental activities.

Net assets of the District's governmental activities increased from \$10,988,111 to \$11,561,342. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$2,571,587 at August 31, 2011.

**Table I
Robinson Independent School District
Net Assets**

	Governmental Activities 2011	Governmental Activities 2010	Variance
Current and other assets	\$ 5,133,975	\$ 4,278,254	\$ 855,721
Capital assets	<u>19,318,239</u>	<u>20,410,767</u>	<u>(1,092,528)</u>
Total assets	<u>\$24,452,214</u>	<u>\$24,689,021</u>	<u>\$ (236,807)</u>
Long-term liabilities	\$11,253,695	\$12,607,296	\$(1,353,601)
Other liabilities	<u>1,637,177</u>	<u>1,093,614</u>	<u>543,563</u>
Total liabilities	<u>\$12,890,872</u>	<u>\$13,700,910</u>	<u>\$ (810,038)</u>
Net Assets:			
Invested in capital assets net of related debt	\$ 8,204,427	\$ 8,250,016	\$ (45,589)
Restricted	785,328	744,035	41,293
Unrestricted	<u>2,571,587</u>	<u>1,994,060</u>	<u>577,527</u>
Total net assets	<u>\$11,561,342</u>	<u>\$10,988,111</u>	<u>\$ 573,231</u>

**Robinson Independent School District
Management's Discussion and Analysis
(Continued)**

**Table II
Robinson Independent School District
Changes in Net Assets**

	Governmental Activities 2011	Governmental Activities 2010	Variance
Revenues:			
Program Revenues:			
Charges for Services	\$ 644,968	\$ 643,186	\$ 1,782
Operating grants and contributions	2,713,453	2,910,505	(197,052)
General Revenues:			
Maintenance and operations taxes	5,384,474	5,140,290	244,184
Debt service taxes	666,186	639,245	26,941
State aid - formula grants	9,863,138	9,808,152	54,986
Grants and contributions not restricted to specific functions	578,992	628,088	(49,096)
Investment Earnings	36,319	48,947	(12,628)
Miscellaneous	128,748	90,045	38,703
Technology Grant	54,944	-0-	54,944
Total Revenue	<u>20,071,222</u>	<u>19,908,458</u>	<u>162,764</u>
Expenses:			
Instruction	11,361,369	11,275,444	85,925
Instructional Resources & Media Services	551,719	507,350	44,369
Curriculum and Staff Development	52,600	105,219	(52,619)
Instructional Leadership	179,108	178,804	304
School Leadership	1,120,501	1,090,285	30,216
Guidance, Counseling and Evaluation Services	480,539	523,445	(42,906)
Health Services	120,443	117,141	3,302
Student Transportation	655,341	635,723	19,618
Food Service	912,848	830,361	82,487
Co-Curricular/Extra Curricular Activities	994,611	1,020,856	(26,245)
General Administration	844,470	769,796	74,674
Plant maintenance and Operations	1,752,604	1,768,287	(15,683)
Security and Monitoring Service	63,474	65,662	(2,188)
Data Processing	25,180	24,807	373
Debt Service	436,887	641,569	(204,682)
Payments to Juvenile Justice Alternative ED	9,500	38,008	(28,508)
Total Expenses	<u>19,561,194</u>	<u>19,592,757</u>	<u>(31,563)</u>
Change in Net Assets	510,028	315,701	194,327
Net Assets at Beginning of Year	10,988,111	10,672,410	315,701
Prior Period Adjustment	63,203	-0-	63,203
Net Assets at End of Year	<u>\$ 11,561,342</u>	<u>\$ 10,988,111</u>	<u>\$ 573,231</u>

**Robinson Independent School District
Management's Discussion and Analysis
(Continued)**

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$3,040,294, which is more than last year's total of \$2,423,206.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category includes changes that the Council made during the year to take into account unexpected expenses that arose during the year. The third category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

Capital Asset and Debt Administration

Capital Assets

At the end of 2011, the District had \$19,318,239 net of depreciation invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions included:

Learnmate Online Training System	\$ 26,588
Library Books	<u>11,908</u>
Total	\$ <u>38,496</u>

Debt

At year-end, the District had noncurrent liabilities which totaled \$10,874,204.

Economic Factors and Next Year's Budgets and Rates

The District is concerned about possible school finance legislation. The property valuations increased by 21 million dollars in an effort to maximize state funding. The tax rate for 2010-2011 for the Maintenance and Operations remained at \$1.17.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Robinson Independent School District at 500 W. Lyndale, Waco, Texas 76706-5716 (254)662-0194.

BASIC FINANCIAL STATEMENTS

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,569,976
1220 Property Taxes Receivable (Delinquent)	395,776
1230 Allowance for Uncollectible Taxes	(79,154)
1240 Due from Other Governments	103,944
1290 Other Receivables, net	3,550
1420 Capitalized Bond and Other Debt Issuance Costs	139,883
Capital Assets:	
1510 Land	579,589
1520 Buildings, Net	17,285,376
1530 Furniture and Equipment, Net	1,071,264
1560 Library Books and Media, Net	382,010
1000 Total Assets	24,452,214
LIABILITIES	
2110 Accounts Payable	222,113
2160 Accrued Wages Payable	748,123
2180 Due to Other Governments	885
2200 Accrued Expenses	15,891
2300 Deferred Revenues	650,165
Noncurrent Liabilities	
2501 Due Within One Year	379,491
2502 Due in More Than One Year	10,874,204
2000 Total Liabilities	12,890,872
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	8,204,427
3820 Restricted for Federal and State Programs	94,841
3850 Restricted for Debt Service	690,487
3900 Unrestricted Net Assets	2,571,587
3000 Total Net Assets	\$ 11,561,342

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Assets
			Contributions	6
				Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 11,361,369	\$ 59,459	\$ 2,051,215	\$ (9,250,695)
12 Instructional Resources and Media Services	551,719	-	27,287	(524,432)
13 Curriculum and Staff Development	52,600	-	18,997	(33,603)
21 Instructional Leadership	179,108	-	29,519	(149,589)
23 School Leadership	1,120,501	-	57,259	(1,063,242)
31 Guidance, Counseling and Evaluation Services	480,539	-	24,622	(455,917)
33 Health Services	120,443	-	6,788	(113,655)
34 Student (Pupil) Transportation	655,341	-	-	(655,341)
35 Food Services	912,848	492,289	422,909	2,350
36 Extracurricular Activities	994,611	84,783	19,685	(890,143)
41 General Administration	844,470	-	26,231	(818,239)
51 Facilities Maintenance and Operations	1,752,604	8,437	19,039	(1,725,128)
52 Security and Monitoring Services	63,474	-	3,949	(59,525)
53 Data Processing Services	25,180	-	897	(24,283)
72 Debt Service - Interest on Long Term Debt	436,887	-	5,056	(431,831)
95 Payments to Juvenile Justice Alternative Ed. Prg.	9,500	-	-	(9,500)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 19,561,194	\$ 644,968	\$ 2,713,453	(16,202,773)

Data				
Control				
Codes				
	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			5,384,474
DT	Property Taxes, Levied for Debt Service			666,186
SF	State Aid - Formula Grants			9,863,138
GC	Grants and Contributions not Restricted			578,992
IE	Investment Earnings			36,319
MI	Miscellaneous Local and Intermediate Revenue			128,748
SI	Technology Grant Used to Pay Technology Note			54,944
TR	Total General Revenues and Special Items			16,712,801
CN	Change in Net Assets			510,028
NB	Net Assets--Beginning			10,988,111
PA	Prior Period Adjustment			63,203
NE	Net Assets--Ending			\$ 11,561,342

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,680,873	\$ 690,579	\$ 198,524	\$ 4,569,976
1220 Property Taxes - Delinquent	353,853	41,923	-	395,776
1230 Allowance for Uncollectible Taxes (Credit)	(70,770)	(8,384)	-	(79,154)
1240 Receivables from Other Governments	-	-	103,944	103,944
1260 Due from Other Funds	70,412	-	84,931	155,343
1290 Other Receivables	3,550	-	-	3,550
1000 Total Assets	<u>\$ 4,037,918</u>	<u>\$ 724,118</u>	<u>\$ 387,399</u>	<u>\$ 5,149,435</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 119,624	\$ -	\$ 102,489	\$ 222,113
2160 Accrued Wages Payable	669,010	-	79,113	748,123
2170 Due to Other Funds	84,931	-	70,412	155,343
2180 Due to Other Governments	793	92	-	885
2200 Accrued Expenditures	12,085	-	3,806	15,891
2300 Deferred Revenues	896,509	33,539	36,738	966,786
2000 Total Liabilities	<u>1,782,952</u>	<u>33,631</u>	<u>292,558</u>	<u>2,109,141</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	94,841	94,841
3480 Retirement of Long-Term Debt	-	690,487	-	690,487
3600 Unassigned Fund Balance	2,254,966	-	-	2,254,966
3000 Total Fund Balances	<u>2,254,966</u>	<u>690,487</u>	<u>94,841</u>	<u>3,040,294</u>
4000 Total Liabilities and Fund Balances	<u>\$ 4,037,918</u>	<u>\$ 724,118</u>	<u>\$ 387,399</u>	<u>\$ 5,149,435</u>

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total Fund Balances - Governmental Funds	\$	3,040,294
1 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 \$35,981,604 and the accumulated depreciation was \$15,570,838. 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.		8,250,016
2 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 the 2011 capital outlays and debt principal payments is to increase net assets.		1,132,233
3 The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(1,131,023)
4 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 the proceeds 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 (decrease) net assets.		269,822
19 Net Assets of Governmental Activities	<u>\$</u>	<u>11,561,342</u>

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,682,839	\$ 683,836	\$ 492,873	\$ 6,859,548
5800 State Program Revenues	10,587,456	434,505	181,506	11,203,467
5900 Federal Program Revenues	160,215	-	1,846,260	2,006,475
5020 Total Revenues	<u>16,430,510</u>	<u>1,118,341</u>	<u>2,520,639</u>	<u>20,069,490</u>
EXPENDITURES:				
Current:				
0011 Instruction	9,318,472	-	1,521,771	10,840,243
0012 Instructional Resources and Media Services	540,248	-	-	540,248
0013 Curriculum and Instructional Staff Development	32,642	-	18,996	51,638
0021 Instructional Leadership	147,254	-	22,902	170,156
0023 School Leadership	1,069,155	-	-	1,069,155
0031 Guidance, Counseling and Evaluation Services	457,973	-	-	457,973
0033 Health Services	114,746	-	-	114,746
0034 Student (Pupil) Transportation	551,244	-	-	551,244
0035 Food Services	-	-	893,876	893,876
0036 Extracurricular Activities	830,620	-	-	830,620
0041 General Administration	696,284	-	-	696,284
0051 Facilities Maintenance and Operations	1,721,142	-	-	1,721,142
0052 Security and Monitoring Services	60,441	-	-	60,441
0053 Data Processing Services	24,514	-	-	24,514
Debt Service:				
0071 Principal on Long Term Debt	333,783	705,000	54,944	1,093,727
0072 Interest on Long Term Debt	28,173	356,869	5,056	390,098
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	9,500	-	-	9,500
6030 Total Expenditures	<u>15,936,191</u>	<u>1,061,869</u>	<u>2,517,545</u>	<u>19,515,605</u>
1200 Net Change in Fund Balances	494,319	56,472	3,094	553,885
0100 Fund Balance - September 1 (Beginning)	1,679,171	634,015	110,020	2,423,206
1300 Increase (Decrease) in Fund Balance	81,476	-	(18,273)	63,203
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,254,966</u>	<u>\$ 690,487</u>	<u>\$ 94,841</u>	<u>\$ 3,040,294</u>

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

ROBINSON 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, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	553,885
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 2011 capital outlays and debt principal payments is to increase net assets.		1,132,223
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.		(1,131,023)
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.		(45,057)
Change in Net Assets of Governmental Activities	\$	510,028

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011

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	\$ 5,508,745	\$ 5,727,445	\$ 5,682,839	\$ (44,606)
5800 State Program Revenues	10,470,146	11,182,646	10,587,456	(595,190)
5900 Federal Program Revenues	80,000	161,000	160,215	(785)
5020 Total Revenues	16,058,891	17,071,091	16,430,510	(640,581)
EXPENDITURES:				
Current:				
0011 Instruction	9,267,432	10,001,900	9,318,472	683,428
0012 Instructional Resources and Media Services	509,076	548,726	540,248	8,478
0013 Curriculum and Instructional Staff Development	47,475	47,475	32,642	14,833
0021 Instructional Leadership	138,643	157,500	147,254	10,246
0023 School Leadership	1,018,403	1,079,928	1,069,155	10,773
0031 Guidance, Counseling and Evaluation Services	492,267	517,267	457,973	59,294
0033 Health Services	108,300	122,700	114,746	7,954
0034 Student (Pupil) Transportation	528,000	564,000	551,244	12,756
0036 Extracurricular Activities	790,665	867,975	830,620	37,355
0041 General Administration	674,629	714,079	696,284	17,795
0051 Facilities Maintenance and Operations	1,682,979	1,724,423	1,721,142	3,281
0052 Security and Monitoring Services	60,310	66,000	60,441	5,559
0053 Data Processing Services	23,960	26,460	24,514	1,946
Debt Service:				
0071 Principal on Long Term Debt	335,863	337,037	333,783	3,254
0072 Interest on Long Term Debt	25,963	25,963	28,173	(2,210)
Capital Outlay:				
0081 Facilities Acquisition and Construction	54,926	54,926	-	54,926
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	50,000	50,000	9,500	40,500
6030 Total Expenditures	15,808,891	16,906,359	15,936,191	970,168
1200 Net Change in Fund Balances	250,000	164,732	494,319	329,587
0100 Fund Balance - September 1 (Beginning)	1,760,647	1,760,647	1,679,171	(81,476)
1300 Increase (Decrease) in Fund Balance	-	-	81,476	81,476
3000 Fund Balance - August 31 (Ending)	\$ 2,010,647	\$ 1,925,379	\$ 2,254,966	\$ 329,587

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2011

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	\$ 671,349	\$ 671,349	\$ 683,836	\$ 12,487
5800 State Program Revenues	409,612	409,612	434,505	24,893
5020 Total Revenues	1,080,961	1,080,961	1,118,341	37,380
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	705,000	705,000	705,000	-
0072 Interest on Long Term Debt	356,869	356,869	356,869	-
0073 Bond Issuance Cost and Fees	1,000	1,000	-	1,000
6030 Total Expenditures	1,062,869	1,062,869	1,061,869	1,000
1200 Net Change in Fund Balances	18,092	18,092	56,472	38,380
0100 Fund Balance - September 1 (Beginning)	634,015	634,015	634,015	-
3000 Fund Balance - August 31 (Ending)	\$ 652,107	\$ 652,107	\$ 690,487	\$ 38,380

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2011

	Scholarship Trust Fund	Student Activity Fund
ASSETS		
Cash and Cash Equivalents	\$ 29,821	\$ 122,002
Total Assets	<u>29,821</u>	<u>\$ 122,002</u>
LIABILITIES		
Due to Student Groups	-	\$ 122,002
Total Liabilities	<u>-</u>	<u>\$ 122,002</u>
NET ASSETS		
Unrestricted Net Assets	<u>29,821</u>	
Total Net Assets	<u>\$ 29,821</u>	

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

	Scholarship Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 743
Total Additions	743
DEDUCTIONS:	
Other Operating Costs	1,000
Total Deductions	1,000
Change in Net Assets	(257)
Total Net Assets - September 1 (Beginning)	30,078
Total Net Assets - August 31 (Ending)	\$ 29,821

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

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Robinson Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Robinson Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, 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 revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

Additionally, the District reports the following fund type(s):

Governmental Funds:

- 1. Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
- 2. Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. The District has no capital projects funds.
- 3. Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Funds:

- 4. Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no non-major enterprise funds.
- 5. Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has no internal service funds.

Fiduciary Funds:

- 6. Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is a scholarship fund.
- 7. Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no Pension Trust Funds.
- 8. Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no Investment Trust Funds.
- 9. Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is Student Activities.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as revenue and related expenditure when received.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

4. Employees are allowed to accrue five days of state personal leave each year without limit. State personal leave does not vest under the District's policy and accordingly, employees can only utilize state personal leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the basic financial statements.

Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are required to work each year.

In the event of termination an employee is reimbursed for any unused accumulated vacation leave. The District has no liability for unused vacation pay since all vacation leave is used or paid if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	39
Building Improvements	20
Vehicles	7
Office Equipment	7
Computer Equipment	7

6. 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.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide database for policy development and funding plans.
9. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year may vary until the time when final values for all factors in the state aid 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 estimate for the year ended August 31, 2011 will change.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in</u> <u>Net Assets</u>
Land	\$ 579,589	\$ -0-	\$ 579,589	
Buildings	28,959,382	10,959,211	18,000,171	
Furniture & Equipment	6,072,531	4,611,627	1,460,904	
Books and Media	<u>370,102</u>	<u>-0-</u>	<u>370,102</u>	
Change in Net Assets				<u>\$20,410,766</u>
			<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>				
Bonds Payable			\$11,288,827	
Premium on Bonds Sold			3,420	
Accrued Interest on Bonds Payable			409,249	
Capital Lease and Loans Payable			<u>459,254</u>	
Total Liabilities				<u>(12,160,750)</u>
Net Adjustment to Net Assets				<u>\$ 8,250,016</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)**

YEAR ENDED AUGUST 31, 2011

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Current Year Capital Outlay</u>			
Furniture & Equipment	\$ 26,588		
Library Books & Media	<u>11,908</u>		
Total Capital Outlay	<u>38,496</u>	<u>38,496</u>	\$ <u>38,496</u>
 <u>Debt Principal Payments</u>			
Bond Principal	705,000		
Loan	<u>388,727</u>		
Total Principal Payments	<u>1,093,727</u>	<u>1,093,727</u>	<u>1,093,727</u>
Total Adjustment to Net Asset			\$ <u>1,132,223</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 119,060	\$(119,060)	\$ -0-
Uncollected taxes(assumed collectible) from Current Year Levy	111,714	111,714	111,714
Uncollected Taxes (assumed collectible) from Prior Year Levy	204,907	-0-	204,907
Difference between Prior Years Estimated Delinquent Taxes Collectable and Actual Collection Rate and Correction	9,078	9,078	-0-
 <u>Bond Issue Cost</u>			
Amortization	245	245	245
Accrued Interest	<u>47,034</u>	<u>(47,034)</u>	<u>(47,034)</u>
Total		<u>(45,057)</u>	<u>269,832</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit C-6 and J-3.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose 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 ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. 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. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

August 31, 2011
Fund Balance

Appropriated Budget Funds - Food Service Special Revenue Fund	\$94,841
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- a. 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. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are presented below:

General Fund	\$-0-
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ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The District did have adequate securities pledged to cover funds deposited.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currency.

District Policies and Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Robinson Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2011, Robinson Independent School District had the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
TexPool	\$ 6,560	\$ 6,560			
TexStar	316,251	316,251			
Money Market	<u>3,328,373</u>	<u>3,328,373</u>			
Total	<u>\$3,651,184</u>	<u>\$3,651,184</u>			

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

Additional policies and contractual provisions governing deposits and investments for Robinson Independent School District are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in certificates of deposit or investment pools.

Custodial Credit Risk for Investments To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the district and hand them over to the District or its designated agent. This includes securities in securities lending transactions.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires all investments to have less than one year of maturity.

Foreign Currency Risk for Investments The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not investing in foreign currency.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2011, consisted of the following amounts:

Due to General Fund from:	
Special Service Funds	<u>\$70,412</u>
Due to Special Revenue Fund from:	
General Fund	<u>\$84,931</u>

Interfund transfers for the year ended August 31, 2011 consisted of the following individual account:

None

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2011**

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2011, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$353,853	\$ -0-	\$ 3,550	\$357,403
Debt Service Fund	41,923	-0-	-0-	41,923
Nonmajor Governmental Funds	<u>-0-</u>	<u>103,944</u>	<u>-0-</u>	<u>103,944</u>
Total - Governmental Activities	<u>\$395,776</u>	<u>\$103,944</u>	<u>\$ 3,550</u>	<u>\$503,270</u>

Amounts not scheduled for
collection during the
subsequent year

	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>0-</u>	\$ <u>-0-</u>
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Payables at August 31, 2011, were as follows:

	<u>Accounts Payable</u>	<u>Loans, Leases and Bonds Payable – Current Year</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Accrued Expenses</u>	<u>Total Payables</u>
Governmental Activities:						
General Fund	\$ 119,624	\$ -0-	\$669,010	\$ 793	\$ 12,096	\$801,523
Debt Service Fund	-0-	-0-	-0-	92	-0-	92
Nonmajor Gov. Funds	<u>102,489</u>	<u>-0-</u>	<u>7,9113</u>	<u>-0-</u>	<u>3,805</u>	<u>185,407</u>
Total - Gov. Activities	<u>\$ 222,113</u>	<u>\$ -0-</u>	<u>\$748,123</u>	<u>\$ 885</u>	<u>\$15,901</u>	<u>\$987,022</u>

Amounts not scheduled
for payment during the
subsequent year

	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
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ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2011**

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2011, was as follows:

	Primary Government			
	<u>Balance</u> <u>09/01/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>08/31/11</u>
Governmental Activities:				
Land	\$ 579,589	\$ -0-	\$ -0-	\$ 579,589
Buildings and Improvements	28,959,382	-0-	-0-	28,959,382
Furniture and Equipment	6,072,531	26,588	-0-	6,099,119
Books and Media	<u>370,102</u>	<u>11,908</u>	<u>-0-</u>	<u>382,010</u>
Totals at Historic Cost	<u>35,981,604</u>	<u>38,496</u>	<u>-0-</u>	<u>36,020,100</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(10,959,211)	(714,795)	-0-	(11,674,006)
Furniture and Equipment	<u>(4,611,627)</u>	<u>(416,228)</u>	<u>-0-</u>	<u>(5,027,855)</u>
Total Accumulated Depreciation	<u>(15,570,838)</u>	<u>(1,131,023)</u>	<u>-0-</u>	<u>(16,701,861)</u>
Governmental Activities Capital Assets, Net	<u>\$20,410,766</u>	<u>\$ (1,092,527)</u>	<u>\$ -0-</u>	<u>\$19,318,239</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$547,714
Instructional Resources and Media Services	23,379
Curriculum Development and Instructional Staff Development	962
Instructional Leadership	8,952
School Leadership	51,346
Guidance, Counseling and Evaluation Services	22,566
Health Services	5,697
Student (Pupil) Transportation	104,097
Food Services	18,972
Cocurricular/Extracurricular Activities	163,991
General Administration	148,186
Plant Maintenance and Operations	31,462
Security and Monitoring Services	3,033
Data Processing Services	<u>666</u>

Total Depreciation Expense \$1,131,023

G. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in bonds payable for the year ended August 31, 2011 is as follows:

<u>DESCRIPTION</u>	<u>Interest</u> <u>Rate</u> <u>Payable</u>	<u>Amounts</u> <u>Original</u> <u>Issue</u>	<u>Interest</u> <u>Current</u> <u>Year</u>	<u>Payable</u> <u>Amounts</u> <u>Outstanding</u> <u>09/01/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u> <u>08/31/11</u>
Unlimited Tax Refunding Bonds 2008	3.2-3.35%	\$2,564,998	\$ 67,360	\$2,105,000	\$-0-	\$580,000	\$1,525,000
Unlimited Tax Refunding Bonds – Series 2005	3.41%	9,060,000	289,509	8,490,000	-0-	125,000	8,365,000
Capital Appreciation Bonds	4.05%	89,988	<u>-0-</u>	<u>89,988</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL			<u>\$ 356,869</u>	<u>\$10,684,988</u>	<u>\$-0-</u>	<u>\$705,000</u>	<u>\$9,979,988</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2011**

Debt service requirements for bonds payable are as follows:

Year Ended August 31,	<u>General Obligations</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 725,000	\$ 334,047	\$1,059,047
2013	628,184	432,389	1,060,573
2014	348,007	707,886	1,055,893
2015	43,797	1,032,017	1,075,814
2016	800,000	280,814	1,080,814
2017-2021	4,415,000	976,624	5,391,624
2022-2025	<u>3,020,000</u>	<u>208,351</u>	<u>3,228,351</u>
Total	<u>\$9,979,988</u>	<u>\$3,972,128</u>	<u>\$13,952,116</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2011.

H. COMMITMENTS UNDER CAPITAL LEASES AND CONTRACTUAL OBLIGATIONS

A loan in the amount of \$65,026 was taken out February 11, 2008 for the purchase of maintenance equipment with an interest rate of 4.5% payable \$23,686 yearly for three years with a maturity date of February 11, 2011.

A loan in the amount of \$278,853 was taken out June 1, 2008 for the purchase of computer equipment with an interest rate of 3% payable \$60,000 yearly for five years with a maturity date of December 1, 2012.

A lease purchase of \$564,364 was entered into on December 21, 2007 for the purchase of lighting retrofit of various campuses as authorized under Local Government Code Section 271.005. Payments are \$53,994 yearly for fifteen years with a maturity date of December 15, 2022.

A lease purchase of \$837,054 was entered into on July 1, 2010 for the purchase of a security identification system at all campuses as authorized under Local Government Code Section 271.005. Payments are \$284,793 for three years with a maturity date of September 2011.

The following is a summary of the District's changes in capital leases and contractual obligations for the year ended August 31, 2011.

<u>DESCRIPTION</u>	<u>Stated Interest</u>	<u>Current Year Interest</u>	<u>Amounts Outstanding 09/01/10</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 08/31/11</u>
Key Governmental Finance-						
Security equipment	4.396%	\$ 2,034	\$ 555,327	\$ -0-	\$282,759	\$ 272,568
Fidelity-Maint equipment	4.500%	969	22,022	-0-	22,022	-0-
Fidelity-Technology Equip	3.000%	5,170	169,406	-0-	54,944	114,462
Government Capital Corp	4.800%	<u>24,992</u>	<u>510,359</u>	<u>-0-</u>	<u>29,002</u>	<u>481,357</u>
TOTAL		<u>\$33,165</u>	<u>\$1,257,114</u>	<u>\$ -0-</u>	<u>\$388,727</u>	<u>\$ 868,387</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

Debt service requirements for lease purchase and contractual obligations are as follows:

Year Ended August 31,	<u>General Obligations</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 359,492	\$ 39,296	\$ 398,788
2013	89,872	23,857	113,729
2014	33,475	20,520	53,995
2015	35,114	18,880	53,994
2016	36,833	17,161	53,994
2017-2021	213,056	56,915	269,971
2022-2023	<u>100,545</u>	<u>7,444</u>	<u>107,989</u>
Total	<u>\$868,387</u>	<u>\$184,073</u>	<u>\$1,052,460</u>

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2011, the District had no liability for any accumulated unpaid vacation or sick leave benefits.

J. DEFINED BENEFIT PENSION PLAN

Plan Description. Robinson 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.

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 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 2011, 2010 and 2009, and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January through August 2011. State contributions to TRS made on behalf of the Robinson Independent School District's employees for the years ended August 31, 2011, 2010 and 2009 were \$708,279, \$732,634, and \$701,862, respectively. Robinson Independent School District paid additional state contributions for the years ended August 31, 2011, 2010, and 2009 in the amount of \$87,337, \$87,297, and \$64,862, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2011**

K. HEALTH CARE COVERAGE

During the year ended August 31, 2011, employees of the Robinson Independent School District were covered by a health insurance plan (the "Plan"). The District paid premiums of \$225 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for employees and dependents. All premiums were paid to the Teacher Retirement System Active Care.

L. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Acc. Interest at 08/31/11</u>	<u>Unamortized Bond Premium At 08/31/11</u>
Governmental Activities:							
Bonds and Notes Payable:							
Unlimited Tax Refund Bonds – Series 2008	\$ 2,105,000	\$ -0-	\$ 580,000	\$ 1,525,000	\$595,000	\$ -0-	\$ 70,283
Unlimited Tax Refund Bonds – Series 2005	8,490,000	-0-	125,000	8,365,000	130,000	-0-	72,775
Capital Appreciation Bonds – Series 2005	89,988	-0-	-0-	89,988	-0-	262,259	-0-
Other Liabilities:							
Capital Leases	510,359	-0-	29,002	481,357	30,422	-0-	-0-
Loans	<u>746,755</u>	<u>-0-</u>	<u>359,725</u>	<u>387,030</u>	<u>329,069</u>	<u>-0-</u>	<u>-0-</u>
Total Governmental Activities Long-term Liabilities	<u>\$11,942,102</u>	<u>\$ -0-</u>	<u>\$1,093,727</u>	<u>\$10,848,375</u>	<u>\$1,084,491</u>	<u>\$262,259</u>	<u>\$143,058</u>

M. DEFERRED REVENUE

Deferred revenue at August 31, 2011 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Fund</u>	<u>Total</u>
Net Tax Revenue	\$283,083	\$ 33,539	\$ -0-	\$316,622
Foundation Revenue	613,426	- 0-	-0-	613,426
Advance Placement Funds	-0-	-0-	1,835	1,835
Technology Funds	-0-	-0-	4,304	4,304
Prepaid Meals	-0-	-0-	29,992	29,992
Campus Awards	<u>-0-</u>	<u>-0-</u>	<u>607</u>	<u>607</u>
Total	<u>\$896,509</u>	<u>\$ 33,539</u>	<u>\$36,738</u>	<u>\$966,786</u>

N. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2011, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>TOTAL</u>
Special Revenue	<u>\$36,378</u>	<u>\$67,566</u>	<u>\$103,944</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2011**

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Debt Service <u>Fund</u>	<u>Total</u>
Property Taxes	\$5,382,244	\$ -0-	\$667,151	\$6,049,395
Penalties, Interest and Other Tax- related Income	72,952	-0-	9,232	82,184
Investment Income	28,867	584	7,453	36,904
Tuition and Fees	42,418	-0-	-0-	42,418
Food Sales	-0-	492,289	-0-	492,289
Co-curricular Student Activities	84,783	-0-	-0-	84,783
Rent	8,437	-0-	-0-	8,437
Gifts	46,098	-0-	-0-	46,098
Other	<u>17,040</u>	<u>-0-</u>	<u>-0-</u>	<u>17,040</u>
 Total	 <u>\$5,682,839</u>	 <u>\$492,873</u>	 <u>\$683,836</u>	 <u>\$6,859,548</u>

P. DEFEASED DEBT

On June 29, 2005, Robinson Independent School District issued Unlimited Tax School Building and Refunding Bonds – Series 2005 of \$9,149,988 to advance refund \$9,150,000 of School Bonds – Series 1999. The proceeds from the issuance of the bonds generated \$9,999,202. The net proceeds from the issuance of the bonds were deposited in an irrevocable trust with an escrow agent to provide debt service payments. The issuance cost and underwriters discount were \$101,720. The defeased debt resulted in a reduction of the cash flow requirement over the life of the bonds of \$1,955,166. This results in a net present value benefit of \$1,418,450 or 15.502%. The advance refunding met the requirements of an in-substance debt-defeasance and the term bonds were removed from the School General Long-Term Debt Account Group.

On September 23, 2008, Robinson Independent School District issued Unlimited Tax School Building and Refunding Bonds – Series 2008 of \$2,564,998 to advance refund \$2,565,000 of School Bonds – Series 1999. The proceeds from the issuance of the bonds generated \$2,719,620. The net proceeds from the issuance of the bonds were deposited in an irrevocable trust with an escrow agent to provide debt service payments. The issuance cost and underwriters discount were \$56,044. The defeased debt resulted in a reduction of the cash flow requirement over the life of the bonds of \$96,481. This results in a net present value benefit of \$86,861. The advance refunding met the requirements of an in-substance debt-defeasance and the term bonds were removed from the School General Long-Term Debt Account Group.

Q. ACCRUED INTEREST AND PREMIUMS

Robinson Independent School District sold Capital Appreciation Bonds at a premium with due dates to August 15, 2015. Payments are only made at the end of the bond term. Interest is calculated yearly and accrued. The premium is being amortized over the life of the bonds.

	Issuance <u>Cost</u>	<u>Premium</u>	<u>Interest</u>
Balance 08/31/2011	\$ <u>139,883</u>	\$ <u>143,058</u>	\$ <u>262,259</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2011

R. DEFINED BENEFIT PENSION PLAN

Medicare Part D – On-behalf Payments. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments of \$36,767, \$29,429, and \$25,007 were recognized as equal revenues and expenditures for the years ended August 31, 2011, 2010 and 2009, respectively.

S. CORRECTION OF BEGINNING FUND BALANCE

General Fund Balance is restated from \$1,679,171 to \$1,760,647. Changes are detailed as follows:

Beginning Fund Balance as Previously Reported	\$1,679,171
Increases	
Correction of Prior-year state funding	62,643
Reclassify refund from Key government	9,208
Correction of prior payroll liabilities	<u>9,625</u>
Beginning fund balance as restated	<u>\$1,760,647</u>

National Breakfast and Lunch Program Fund Balance is restated from \$110,020, to 91,747. Changes are as follows:

Beginning Fund Balance as Previously Reported	\$110,020
Decreases	
Correction of Prior Inventory	(8,833)
Correction to Prior Prepaid Meals	<u>(9,440)</u>
	\$ <u>91,747</u>

COMBINING STATEMENTS

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

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	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	11,714	26,755
1260	Due from Other Funds	-	84,931	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 96,645</u>	<u>\$ 26,755</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ 86,330	\$ -
2160	Accrued Wages Payable	-	9,469	24,567
2170	Due to Other Funds	-	-	-
2200	Accrued Expenditures	-	846	2,188
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>-</u>	<u>96,645</u>	<u>26,755</u>
Fund Balances:				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 96,645</u>	<u>\$ 26,755</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	269 Title V, Pt.A Innovative Programs	283 IDEA, Pt. B ARRA Formula	285 ESEA I,A Improving Basic Program	287 Eucation Jobs Fund
\$ 192,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	3,254	-	-	-	-	-	23,805
-	-	-	-	-	-	-	-
<u>\$ 192,385</u>	<u>\$ 3,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,805</u>
\$ 16,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,752	2,989	-	-	-	-	-	23,358
34,641	-	-	-	-	-	-	-
-	265	-	-	-	-	-	447
29,992	-	-	-	-	-	-	-
<u>97,544</u>	<u>3,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,805</u>
94,841	-	-	-	-	-	-	-
<u>94,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 192,385</u>	<u>\$ 3,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,805</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON MAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	331 SSA - Career & Technical - Basic Grant	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 1,835	\$ -	\$ -
1240	Receivables from Other Governments	1,584	-	1,375	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 1,584</u>	<u>\$ 1,835</u>	<u>\$ 1,375</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	1,561	-	-	-
2170	Due to Other Funds	-	-	1,375	-
2200	Accrued Expenditures	23	-	-	-
2300	Deferred Revenues	-	1,835	-	-
2000	Total Liabilities	<u>1,584</u>	<u>1,835</u>	<u>1,375</u>	<u>-</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,584</u>	<u>\$ 1,835</u>	<u>\$ 1,375</u>	<u>\$ -</u>

411 Technology Allotment	428 High School Allotment	429 Date Cycle 2, Year 1	Total Nonmajor Governmental Funds
\$ 4,304	\$ -	\$ -	\$ 198,524
-	-	35,003	103,944
-	-	-	84,931
<u>\$ 4,304</u>	<u>\$ -</u>	<u>\$ 35,003</u>	<u>\$ 387,399</u>
\$ -	\$ -	\$ -	\$ 102,489
-	-	-	79,113
-	-	34,396	70,412
-	-	-	3,806
4,304	-	607	36,738
<u>4,304</u>	<u>-</u>	<u>35,003</u>	<u>292,558</u>
-	-	-	94,841
-	-	-	94,841
<u>\$ 4,304</u>	<u>\$ -</u>	<u>\$ 35,003</u>	<u>\$ 387,399</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

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	2,800	168,083	448,297
5020	Total Revenues	<u>2,800</u>	<u>168,083</u>	<u>448,297</u>
EXPENDITURES:				
Current:				
0011	Instruction	2,800	159,802	448,297
0013	Curriculum and Instructional Staff Development	-	8,281	-
0021	Instructional Leadership	-	-	-
0035	Food Services	-	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
6030	Total Expenditures	<u>2,800</u>	<u>168,083</u>	<u>448,297</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization	269 Title V, Pt.A Innovative Programs	283 IDEA, Pt. B ARRA Formula	285 ESEA I,A Improving Basic Program	287 Eucation Jobs Fund
\$ 492,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23,891	-	-	-	-	-	-	-
380,206	66,920	239	619,786	-	70,183	30,638	23,805
896,970	66,920	239	619,786	-	70,183	30,638	23,805
-	58,989	-	619,786	-	70,183	30,638	23,805
-	7,931	239	-	-	-	-	-
-	-	-	-	-	-	-	-
893,876	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
893,876	66,920	239	619,786	-	70,183	30,638	23,805
3,094	-	-	-	-	-	-	-
110,020	-	-	-	-	-	-	-
(18,273)	-	-	-	-	-	-	-
\$ 94,841	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	331 SSA - Career & Technical - Basic Grant	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	13,442	1,935
5900	Federal Program Revenues	28,365	-	-
5020	Total Revenues	<u>28,365</u>	<u>-</u>	<u>13,442</u>
EXPENDITURES:				
Current:				
0011	Instruction	3,918	-	13,442
0013	Curriculum and Instructional Staff Development	1,545	-	-
0021	Instructional Leadership	22,902	-	-
0035	Food Services	-	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
6030	Total Expenditures	<u>28,365</u>	<u>-</u>	<u>13,442</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

411 Technology Allotment	428 High School Allotment	429 Date Cycle 2, Year 1	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 492,873
60,000	-	82,238	181,506
-	-	-	1,846,260
<u>60,000</u>	<u>-</u>	<u>82,238</u>	<u>2,520,639</u>
-	-	81,238	1,521,771
-	-	1,000	18,996
-	-	-	22,902
-	-	-	893,876
54,944	-	-	54,944
5,056	-	-	5,056
<u>60,000</u>	<u>-</u>	<u>82,238</u>	<u>2,517,545</u>
-	-	-	3,094
-	-	-	110,020
-	-	-	(18,273)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,841</u>

T.E.A. REQUIRED SCHEDULES

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2002 and prior years	Various	Various	\$ 215,299,167
2003	1.486550	0.153780	259,361,358
2004	1.486550	0.170500	279,670,590
2005	1.500000	0.151000	312,834,083
2006	1.500000	0.127490	336,748,801
2007	1.370000	0.140902	376,315,530
2008	1.040000	0.131530	414,114,371
2009	1.040000	0.140000	455,104,651
2010	1.170000	0.146000	479,254,557
2011 (School year under audit)	1.170000	0.145000	501,161,478
1000 TOTALS			

(10) Beginning Balance 9/1/2010	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2011
\$ 39,376	\$ -	\$ 1,874	\$ 337	\$ (8,742)	\$ 28,423
12,863	-	1,831	189	(110)	10,733
15,434	-	1,221	140	(98)	13,975
20,464	-	1,586	160	22	18,740
32,504	-	1,126	96	(238)	31,044
28,291	-	731	75	(120)	27,365
33,238	-	3,589	466	(765)	28,418
53,413	-	10,941	1,473	(354)	40,645
158,029	-	82,882	10,343	(8,013)	56,791
-	6,128,489	5,276,004	653,864	(58,979)	139,642
<u>\$ 393,612</u>	<u>\$ 6,128,489</u>	<u>\$ 5,381,785</u>	<u>\$ 667,143</u>	<u>\$ (77,397)</u>	<u>\$ 395,776</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 141,536	\$ 369,273	\$ -	\$ -	\$ 510,809
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	7,952	-	-	-	7,952
6212	Audit Services	-	-	-	15,950	-	-	15,950
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	90,913	-	-	-	-	90,913
621X	Other Professional Services	-	-	-	6,182	-	-	6,182
6220	Tuition and Transfer Payments	-	-	-	-	-	56	56
6230	Education Service Centers	-	-	-	14,504	-	-	14,504
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	2,994	-	-	2,994
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	-	47,844	-	-	47,844
6410	Travel, Subsistence, Stipends	17,169	-	1,909	3,108	-	-	22,186
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	-	-	-	1,407	-	-	1,407
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 17,169	\$ 90,913	\$ 151,397	\$ 461,262	\$ -	\$ 56	\$ 720,797

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 18,453,736

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 38,497
Total Debt & Lease(6500)	(11)	421,956
Plant Maintenance (Function 51, 6100-6400)	(12)	1,721,142
Food (Function 35, 6341 and 6499)	(13)	957
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>461,262</u>

SubTotal: 2,643,814

Net Allowed Direct Cost \$ 15,809,922

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 28,959,382
Historical Cost of Building over 50 years old	(16)	\$ -
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 6,099,120
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 475,794
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$24,514 in Function 53 expenditures are included in this report on administrative costs.
 No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2011

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	\$ 393,632	\$ 475,275	\$ 492,873	\$ 17,598
5800 State Program Revenues	-	20,000	23,891	3,891
5900 Federal Program Revenues	320,369	326,287	380,206	53,919
5020 Total Revenues	714,001	821,562	896,970	75,408
EXPENDITURES:				
0035 Food Services	687,001	1,149,232	893,876	255,356
6030 Total Expenditures	687,001	1,149,232	893,876	255,356
1200 Net Change in Fund Balances	27,000	(327,670)	3,094	330,764
0100 Fund Balance - September 1 (Beginning)	110,020	110,020	110,020	-
1300 Increase (Decrease) in Fund Balance	-	(18,273)	(18,273)	-
3000 Fund Balance - August 31 (Ending)	\$ 137,020	\$ (235,923)	\$ 94,841	\$ 330,764

FEDERAL AWARDS SECTION



Cunningham, Shavers, Christensen, & Wright, L.L.P.

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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*

Independent Auditor's Report

Board of Trustees
Robinson Independent School District
500 W. Lyndale
Robinson, Texas 76706-5505

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Robinson Independent School District (the District) as of and for the year ended August 31, 2011. These collectively comprise the District's basic financial statements. We have issued our report on them dated January 20, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Robinson Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Robinson Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Robinson Independent School 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 function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 the entity's internal control.

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 considered to be material weaknesses as defined above.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Robinson 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*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Schedule of Findings and Questioned Costs.

Robinson Independent School District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses.

This report is intended for the information of the District's trustees, the audit committee, the administration, Texas Education Agency, 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.

January 20, 2012



Cunningham, Shavers, Christensen, & Wright, L.L.P.

Certified Public Accountants

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

Independent Auditor's Report

Board of Trustees
Robinson Independent School District
500 W. Lyndale
Robinson, Texas 76706-5505

Members of the Board:

Compliance

We have audited the compliance of Robinson Independent School District with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Robinson Independent School District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Robinson Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Robinson Independent School District's compliance with those requirements.

In our opinion, Robinson 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, 2011.

Internal Control Over Compliance

The administration of Robinson 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 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 of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A material weakness is a significant deficiency or a 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.

Our consideration of the internal control over compliance 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 compliance that we consider to be material weaknesses as defined above.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Robinson Independent School District as of and for the year ended August 31, 2011 and have issued our report thereon dated January 20, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robinson Independent School District's response to the findings in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Robinson Independent School District's response and accordingly express no opinion on it.

This report is intended for the information and use of the District's trustees, the audit committee, the administration, Texas Education Agency, 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.

January 20, 2012

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

I. Summary of the Auditor's Results:

- a. The type of report issued on the basic financial statements of Robinson Independent School District was an unqualified opinion.
- b. There were no significant deficiencies in internal control disclosed by the audit of the financial statements.
- c. There were no instances of noncompliance disclosed by the audit of the financial statements.
- d. There were no significant deficiencies in internal control over major programs disclosed by the audit of the basic financial statements.
- e. The type of report on compliance with major programs was an unqualified opinion.
- f. There were no material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program disclosed by the audit of the basic financial statements.
- g. The dollar threshold considered between Type A and Type B federal programs was \$300,000.
- h. The District was classified as a low-risk auditee in the context of OMB Circular A-133.
- i. The District's major federal programs were:
 - 1. IDEA - Part B, Formula CFDA 84.024
IDEA - Part B, Preschool CFDA 84.173
IDEA - Part B, Formula ARRA 84.391
 - 2. National School Breakfast Program CFDA 10.553
National School Lunch Program CFDA 10.555
Food Donation (Commodities) CFDA 10.555
 - 3. Title XIV, State Fiscal Stabilization Fund - ARRA

II. Findings Relating to the Basic Financial Statements which were Required to be Reported in Accordance with *Government Auditing Standards*:

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f. above.

None

ROBINSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011

<u>Findings</u>	<u>Status of Prior Year's Findings/Noncompliance</u>
Budget Variances	Items were in budget

ROBINSON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2011

Findings/Noncompliance	Corrective Action Plan
------------------------	------------------------

None

Contact Person(s):

Wesley Brooks, Business Manager
Robinson Independent School District

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11610101161922	\$ 166,683
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101161922	1,400
Total CFDA Number 84.010A			168,083
*ESEA, Title I, A - ARRA - Improving Basic Programs	84.389	10551001161922	30,638
Total Title I, Part A Cluster			198,721
*IDEA - Part B, Formula	84.027	116600011619226600	448,297
*IDEA - Part B, Preschool	84.173	116610011619226610	6,938
*IDEA, Part B, Formula - ARRA	84.391	10554001161922	70,183
Total Special Education Cluster (IDEA)			525,418
SSA - Career and Technical - Basic Grant	84.048	11420006161922	28,365
ESEA Title IV, Pt. A - Safe and Drug-Free Schools	84.186A	11691001161922	2,800
*Title II, Part D - Enhancing Ed Through Technology	84.318	11630001161922	239
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11694501161922	66,920
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001161922	619,786
Education Jobs Fund	84.410	11550101161922	23,805
Total Passed Through State Department of Education			\$ 1,466,054
TOTAL DEPARTMENT OF EDUCATION			\$ 1,466,054
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 67,713
*National School Lunch Program - Cash Assistance	10.555		271,740
*National School Lunch Prog. - Non-Cash Assistance	10.555		40,753
Total CFDA Number 10.555			312,493
Total Child Nutrition Cluster			380,206
Total Passed Through the State Department of Agriculture			\$ 380,206
TOTAL DEPARTMENT OF AGRICULTURE			\$ 380,206
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,846,260

*Clustered Programs

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2011

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.