

ROBINSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2012

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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, 2012 at a meeting of the Board of Trustees of such school district on the 21th day of January 2013.

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

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Waco, Texas 76701
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Thomas C. Cunningham, C.P.A.
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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, 2012 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, 2012, 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 2, 2013, 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.

Campbell Shivers Charney & Langford LLP

January 2, 2013

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, 2012. 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 \$12,340,975. Of this amount, \$3,231,435 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net assets increased by \$813,306 as a result of this year's operations, or about 7%.
- During the year, the District had net expenses of \$16,031,561 which were less than the \$16,844,867 generated in tax and other revenues for governmental programs. Thus the revenues exceeded expense by \$813,306 for the current fiscal year.
- The General Fund ended the year with an unrestricted fund balance of \$2,913,384.
- General Fund, tax levy increased \$268,049 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 \$11,561,342 to \$12,340,975. 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 \$3,231,435 at August 31, 2012.

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

	Governmental Activities 2011	Governmental Activities 2011	Variance
Current and other assets	\$ 4,888,906	\$ 5,133,975	\$ (245,069)
Capital assets	<u>19,398,343</u>	<u>19,318,239</u>	80,104
Total assets	<u>\$24,287,249</u>	<u>\$24,452,214</u>	<u>\$ (164,965)</u>
Long-term liabilities	\$10,381,388	\$11,253,695	\$ (872,307)
Other liabilities	<u>1,564,886</u>	<u>1,637,177</u>	<u>(72,291)</u>
Total liabilities	<u>\$11,946,274</u>	<u>\$12,890,872</u>	<u>\$ (944,598)</u>
Net Assets:			
Invested in capital assets net of related debt	\$ 8,290,044	\$ 8,204,427	\$ 85,617
Restricted	819,496	785,328	34,168
Unrestricted	<u>3,231,435</u>	<u>2,571,587</u>	<u>659,848</u>
Total net assets	<u>\$12,340,975</u>	<u>\$11,561,342</u>	<u>\$ 779,633</u>

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

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

	Governmental Activities 2012	Governmental Activities 2011	Variance
Revenues:			
Program Revenues:			
Charges for Services	\$ 737,912	\$ 644,968	\$ 92,944
Operating grants and contributions	2,465,502	2,713,453	(247,951)
General Revenues:			
Maintenance and operations taxes	5,622,313	5,384,474	237,839
Debt service taxes	695,627	666,186	29,441
State aid - formula grants	10,193,594	9,863,138	330,456
Grants and contributions not restricted to specific functions	178,960	578,992	(400,032)
Investment Earnings	22,135	36,319	(14,184)
Miscellaneous	132,238	128,748	3,490
Technology Grant	-0-	54,944	(54,944)
Total Revenue	<u>20,048,281</u>	<u>20,071,222</u>	<u>(22,941)</u>
Expenses:			
Instruction	11,070,976	11,361,369	(290,393)
Instructional Resources & Media Services	540,898	551,719	(10,821)
Curriculum and Staff Development	54,450	52,600	1,850
Instructional Leadership	174,624	179,108	(4,484)
School Leadership	1,055,751	1,120,501	(64,750)
Guidance, Counseling and Evaluation Services	457,348	480,539	(23,191)
Health Services	120,368	120,443	(75)
Student Transportation	612,075	655,341	(43,266)
Food Service	1,002,580	912,848	89,732
Co-Curricular/Extra Curricular Activities	940,074	994,611	(54,537)
General Administration	900,830	844,470	56,360
Plant maintenance and Operations	1,776,501	1,752,604	23,897
Security and Monitoring Service	63,533	63,474	59
Data Processing	24,370	25,180	(810)
Debt Service	421,599	436,887	(15,288)
Payments to Juvenile Justice Alternative ED	18,998	9,500	9,498
Total Expenses	<u>19,234,975</u>	<u>19,561,194</u>	<u>(326,219)</u>
Change in Net Assets	813,306	510,028	303,278
Net Assets at Beginning of Year	11,561,342	10,988,111	573,231
Prior Period Adjustment	(33,673)	63,203	(96,876)
Net Assets at End of Year	<u>\$ 12,340,975</u>	<u>\$ 11,561,342</u>	<u>\$ 779,633</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 \$3,732,880, which is more than last year's total of \$3,040,294.

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 2012, the District had \$19,398,343 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:

Athletic Improvements	\$ <u>1,075,957</u>
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Debt

At year-end, the District had noncurrent liabilities which totaled \$10,381,388.

Economic Factors and Next Year's Budgets and Rates

The District is concerned about possible school finance legislation. The property valuations increased by 20 million dollars in an effort to maximize state funding. The tax rate for 2011-2012 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, 2012

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 4,303,318
1220 Property Taxes Receivable (Delinquent)	397,563
1230 Allowance for Uncollectible Taxes	(79,513)
1240 Due from Other Governments	161,122
1420 Capitalized Bond and Other Debt Issuance Costs	106,416
Capital Assets:	
1510 Land	579,589
1520 Buildings, Net	17,510,008
1530 Furniture and Equipment, Net	918,519
1560 Library Books and Media, Net	390,227
1000 Total Assets	24,287,249
LIABILITIES	
2110 Accounts Payable	156,885
2160 Accrued Wages Payable	516,316
2180 Due to Other Governments	15,381
2200 Accrued Expenses	11,209
2300 Deferred Revenues	31,768
Noncurrent Liabilities	
2501 Due Within One Year	833,327
2502 Due in More Than One Year	10,381,388
2000 Total Liabilities	11,946,274
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	8,290,044
3820 Restricted for Federal and State Programs	136,759
3850 Restricted for Debt Service	682,737
3900 Unrestricted Net Assets	3,231,435
3000 Total Net Assets	\$ 12,340,975

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, 2012

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	Primary Gov.
				Governmental
				Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 11,070,976	\$ 79,324	\$ 1,781,739	\$ (9,209,913)
12 Instructional Resources and Media Services	540,898	-	24,757	(516,141)
13 Curriculum and Staff Development	54,450	-	16,713	(37,737)
21 Instructional Leadership	174,624	-	27,439	(147,185)
23 School Leadership	1,055,751	-	52,623	(1,003,128)
31 Guidance, Counseling and Evaluation Services	457,348	-	21,487	(435,861)
33 Health Services	120,368	-	6,551	(113,817)
34 Student (Pupil) Transportation	612,075	-	-	(612,075)
35 Food Services	1,002,580	574,161	469,385	40,966
36 Extracurricular Activities	940,074	74,043	18,278	(847,753)
41 General Administration	900,830	-	25,230	(875,600)
51 Facilities Maintenance and Operations	1,776,501	10,384	17,095	(1,749,022)
52 Security and Monitoring Services	63,533	-	3,351	(60,182)
53 Data Processing Services	24,370	-	854	(23,516)
72 Debt Service - Interest on Long Term Debt	421,599	-	-	(421,599)
95 Payments to Juvenile Justice Alternative Ed. Prg.	18,998	-	-	(18,998)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 19,234,975	\$ 737,912	\$ 2,465,502	(16,031,561)
Data				
Control				
Codes				
	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			5,622,313
DT	Property Taxes, Levied for Debt Service			695,627
SF	State Aid - Formula Grants			10,193,594
GC	Grants and Contributions not Restricted			178,960
IE	Investment Earnings			22,135
MI	Miscellaneous Local and Intermediate Revenue			132,238
TR	Total General Revenues			16,844,867
CN	Change in Net Assets			813,306
NB	Net Assets--Beginning			11,561,342
PA	Prior Period Adjustment			(33,673)
NE	Net Assets--Ending			\$ 12,340,975

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 3,467,914	\$ 682,737	\$ 152,667	\$ 4,303,318
1220 Property Taxes - Delinquent	355,685	41,878	-	397,563
1230 Allowance for Uncollectible Taxes (Credit)	(71,137)	(8,376)	-	(79,513)
1240 Receivables from Other Governments	87,597	-	73,525	161,122
1260 Due from Other Funds	-	-	2,643	2,643
1000 Total Assets	<u>\$ 3,840,059</u>	<u>\$ 716,239</u>	<u>\$ 228,835</u>	<u>\$ 4,785,133</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 150,697	\$ -	\$ 6,188	\$ 156,885
2160 Accrued Wages Payable	479,784	-	36,532	516,316
2170 Due to Other Funds	2,643	-	-	2,643
2180 Due to Other Governments	43	-	15,338	15,381
2200 Accrued Expenditures	8,960	-	2,249	11,209
2300 Deferred Revenues	284,548	33,502	31,769	349,819
2000 Total Liabilities	<u>926,675</u>	<u>33,502</u>	<u>92,076</u>	<u>1,052,253</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	136,759	136,759
3480 Retirement of Long-Term Debt	-	682,737	-	682,737
3600 Unassigned Fund Balance	2,913,384	-	-	2,913,384
3000 Total Fund Balances	<u>2,913,384</u>	<u>682,737</u>	<u>136,759</u>	<u>3,732,880</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,840,059</u>	<u>\$ 716,239</u>	<u>\$ 228,835</u>	<u>\$ 4,785,133</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, 2012

Total Fund Balances - Governmental Funds	\$	3,732,880
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 \$xxx,xxx,xxx and the accumulated depreciation was \$xxx,xxx,xxx. 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 (decrease) net assets.		8,204,427
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 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		1,193,774
3 The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(1,108,157)
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.		318,051
19 Net Assets of Governmental Activities	\$	12,340,975

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, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 5,925,640	\$ 708,994	\$ 574,738	\$ 7,209,372
5800 State Program Revenues	10,573,604	341,581	325,853	11,241,038
5900 Federal Program Revenues	178,960	-	1,417,481	1,596,441
5020 Total Revenues	<u>16,678,204</u>	<u>1,050,575</u>	<u>2,318,072</u>	<u>20,046,851</u>
EXPENDITURES:				
Current:				
0011 Instruction	9,288,769	-	1,255,169	10,543,938
0012 Instructional Resources and Media Services	553,888	-	-	553,888
0013 Curriculum and Instructional Staff Development	36,783	-	16,713	53,496
0021 Instructional Leadership	144,961	-	20,609	165,570
0023 School Leadership	1,005,525	-	-	1,005,525
0031 Guidance, Counseling and Evaluation Services	434,647	-	-	434,647
0033 Health Services	114,475	-	-	114,475
0034 Student (Pupil) Transportation	568,882	-	-	568,882
0035 Food Services	-	-	983,663	983,663
0036 Extracurricular Activities	1,790,352	-	-	1,790,352
0041 General Administration	752,682	-	-	752,682
0051 Facilities Maintenance and Operations	1,750,505	-	-	1,750,505
0052 Security and Monitoring Services	60,722	-	-	60,722
0053 Data Processing Services	23,653	-	-	23,653
Debt Service:				
0071 Principal on Long Term Debt	359,220	725,000	-	1,084,220
0072 Interest on Long Term Debt	39,567	333,325	-	372,892
Capital Outlay:				
0081 Facilities Acquisition and Construction	72,484	-	-	72,484
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	18,998	-	-	18,998
6030 Total Expenditures	<u>17,016,113</u>	<u>1,058,325</u>	<u>2,276,154</u>	<u>20,350,592</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(337,909)</u>	<u>(7,750)</u>	<u>41,918</u>	<u>(303,741)</u>
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	1,030,000	-	-	1,030,000
7080 Total Other Financing Sources (Uses)	<u>1,030,000</u>	<u>-</u>	<u>-</u>	<u>1,030,000</u>
1200 Net Change in Fund Balances	692,091	(7,750)	41,918	726,259
0100 Fund Balance - September 1 (Beginning)	2,254,966	690,487	94,841	3,040,294
1300 Increase (Decrease) in Fund Balance	(33,673)	-	-	(33,673)
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,913,384</u>	<u>\$ 682,737</u>	<u>\$ 136,759</u>	<u>\$ 3,732,880</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, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	726,259
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 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		1,193,774
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.		(1,108,157)
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 increase (decrease) net assets.		1,430
Change in Net Assets of Governmental Activities	\$	813,306

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, 2012

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	\$ 5,825,365	\$ 6,039,265	\$ 5,925,640	\$ (113,625)
5800 State Program Revenues	9,397,683	10,561,703	10,573,604	11,901
5900 Federal Program Revenues	80,000	180,000	178,960	(1,040)
5020 Total Revenues	15,303,048	16,780,968	16,678,204	(102,764)
EXPENDITURES:				
Current:				
0011 Instruction	9,068,868	9,697,265	9,288,769	408,496
0012 Instructional Resources and Media Services	549,578	607,967	553,888	54,079
0013 Curriculum and Instructional Staff Development	41,951	41,951	36,783	5,168
0021 Instructional Leadership	140,414	147,444	144,961	2,483
0023 School Leadership	973,846	1,027,934	1,005,525	22,409
0031 Guidance, Counseling and Evaluation Services	422,004	446,173	434,647	11,526
0033 Health Services	109,885	117,894	114,475	3,419
0034 Student (Pupil) Transportation	539,540	589,540	568,882	20,658
0036 Extracurricular Activities	753,304	1,844,148	1,790,352	53,796
0041 General Administration	667,737	754,932	752,682	2,250
0051 Facilities Maintenance and Operations	1,643,244	1,780,678	1,750,505	30,173
0052 Security and Monitoring Services	59,310	65,071	60,722	4,349
0053 Data Processing Services	23,085	25,477	23,653	1,824
Debt Service:				
0071 Principal on Long Term Debt	375,215	376,428	359,220	17,208
0072 Interest on Long Term Debt	23,572	23,572	39,567	(15,995)
Capital Outlay:				
0081 Facilities Acquisition and Construction	45,000	110,000	72,484	37,516
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	25,000	25,000	18,998	6,002
6030 Total Expenditures	15,461,553	17,681,474	17,016,113	665,361
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(158,505)	(900,506)	(337,909)	562,597
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	-	1,030,000	1,030,000	-
7080 Total Other Financing Sources (Uses)	-	1,030,000	1,030,000	-
1200 Net Change in Fund Balances	(158,505)	129,494	692,091	562,597
0100 Fund Balance - September 1 (Beginning)	2,254,966	2,254,966	2,254,966	-
1300 Increase (Decrease) in Fund Balance	-	-	(33,673)	(33,673)
3000 Fund Balance - August 31 (Ending)	\$ 2,096,461	\$ 2,384,460	\$ 2,913,384	\$ 528,924

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, 2012

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	\$ 713,547	\$ 713,547	\$ 708,994	\$ (4,553)
5800 State Program Revenues	384,989	384,989	341,581	(43,408)
5020 Total Revenues	1,098,536	1,098,536	1,050,575	(47,961)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	725,000	725,000	725,000	-
0072 Interest on Long Term Debt	334,047	334,047	333,325	722
0073 Bond Issuance Cost and Fees	1,000	1,000	-	1,000
6030 Total Expenditures	1,060,047	1,060,047	1,058,325	1,722
1200 Net Change in Fund Balances	38,489	38,489	(7,750)	(46,239)
0100 Fund Balance - September 1 (Beginning)	690,487	690,487	690,487	-
3000 Fund Balance - August 31 (Ending)	\$ 728,976	\$ 728,976	\$ 682,737	\$ (46,239)

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, 2012

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 28,688	\$ 131,824
Total Assets	<u>28,688</u>	<u>\$ 131,824</u>
LIABILITIES		
Due to Student Groups	-	\$ 131,824
Total Liabilities	<u>-</u>	<u>\$ 131,824</u>
NET ASSETS		
Unrestricted Net Assets	<u>28,688</u>	
Total Net Assets	<u>\$ 28,688</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, 2012

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 167
Total Additions	<u>167</u>
DEDUCTIONS:	
Other Operating Costs	<u>1,300</u>
Total Deductions	<u>1,300</u>
Change in Net Assets	(1,133)
Total Net Assets - September 1 (Beginning)	<u>29,821</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 28,688</u></u>

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012 will change.

ROBINSON INDEPENDENT SCHOOL DISTRICT

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

YEAR ENDED AUGUST 31, 2012

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	11,674,006	17,285,376	
Furniture & Equipment	6,099,119	5,027,855	1,071,264	
Books and Media	<u>382,010</u>	<u>-0-</u>	<u>382,010</u>	
Change in Net Assets				<u>\$19,318,239</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
Bonds Payable			\$ 9,979,988	
Premium on Bonds Sold			3,175	
Accrued Interest on Bonds Payable			262,262	
Capital Lease and Loans Payable			<u>868,387</u>	
Total Liabilities				<u>(11,113,812)</u>
Net Adjustment to Net Assets				<u>\$ 8,204,427</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

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

YEAR ENDED AUGUST 31, 2012

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>			
Building and Improvements	\$1,075,957		
Furniture & Equipment	104,087		
Library Books & Media	<u>8,217</u>		
Total Capital Outlay	<u>1,188,261</u>	<u>1,188,261</u>	<u>\$1,188,261</u>
 <u>Debt Principal Payments</u>			
Bond Principal	725,000		
Loan	<u>359,221</u>		
Total Principal Payments	<u>1,084,221</u>	<u>1,084,221</u>	<u>1,084,221</u>
 <u>Bond Issue Cost</u>			
Amortization	243		
Accrued Interest	<u>(48,951)</u>		
Total Bond Issue Cost	<u>(48,708)</u>	<u>(48,708)</u>	<u>(48,708)</u>
 <u>New Debt Issue</u>			
Loan	<u>(1,030,000)</u>		
Total New Debt Issue	<u>(1,030,000)</u>	<u>(1,030,000)</u>	<u>(1,030,000)</u>
Total Adjustment to Net Asset			<u>\$ 1,193,774</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	\$ 121,489	\$(121,489)	\$ -0-
Uncollected taxes(assumed collectible) from Current Year Levy	113,958	113,958	113,958
Uncollected Taxes (assumed collectible) from Prior Year Levy	204,093	-0-	204,093
Difference between Prior Years Estimated Delinquent Taxes Collectable and Actual Collection Rate and Correction	<u>8,961</u>	<u>8,961</u>	<u>-0-</u>
Total		<u>1,430</u>	<u>318,651</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2012

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, 2012 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	<u>\$136,759</u>

- 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, 2012

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 not 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, 2012, 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	\$ 57,153	\$ 57,153			
TexStar	1,417,799	1,417,799			
Money Market	<u>2,421,289</u>	<u>2,421,289</u>			
Total	<u>\$3,896,241</u>	<u>\$3,896,241</u>			

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2012

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, 2012, consisted of the following amounts:

Due to Special Revenue Fund from:	
General Fund	<u>\$2,643</u>

Interfund transfers for the year ended August 31, 2012 consisted of the following individual account:

None

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2012**

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2012, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$284,548	\$ 87,597	\$ -0-	\$372,145
Debt Service Fund	33,502	-0-	-0-	33,502
Nonmajor Governmental Funds	<u>-0-</u>	<u>73,525</u>	<u>-0-</u>	<u>73,525</u>
Total - Governmental Activities	<u>\$318,050</u>	<u>\$161,122</u>	<u>\$ -0-</u>	<u>\$479,172</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, 2012, 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	\$ 150,697	\$ -0-	\$479,784	\$ 43	\$ 8,960	\$639,484
Debt Service Fund	-0-	-0-	-0-	-0-	-0-	-0-
Nonmajor Gov. Funds	<u>6,188</u>	<u>-0-</u>	<u>36,532</u>	<u>15,338</u>	<u>2,249</u>	<u>60,307</u>
Total - Gov. Activities	<u>\$ 156,885</u>	<u>\$ -0-</u>	<u>\$516,316</u>	<u>\$ 15,381</u>	<u>\$11,209</u>	<u>\$699,791</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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F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2012, was as follows:

	<u>Primary Government</u>			
	<u>Balance 09/01/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/12</u>
Governmental Activities:				
Land	\$ 579,589	\$ -0-	\$ -0-	\$ 579,589
Buildings and Improvements	28,959,382	1,075,957	-0-	30,035,339
Furniture and Equipment	6,099,119	104,087	-0-	6,203,206
Books and Media	<u>382,010</u>	<u>8,217</u>	<u>-0-</u>	<u>390,227</u>
Totals at Historic Cost	<u>36,020,100</u>	<u>1,188,261</u>	<u>-0-</u>	<u>37,208,361</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(11,674,006)	(851,325)	-0-	(12,525,331)
Furniture and Equipment	<u>(5,027,855)</u>	<u>(356,832)</u>	<u>-0-</u>	<u>(5,284,687)</u>
Total Accumulated Depreciation	<u>(16,701,861)</u>	<u>(1,108,157)</u>	<u>-0-</u>	<u>(17,810,018)</u>
Governmental Activities Capital Assets, Net	<u>\$19,318,239</u>	<u>\$ 80,104</u>	<u>\$ -0-</u>	<u>\$19,398,343</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2012**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$542,908
Instructional Resources and Media Services	22,005
Curriculum Development and Instructional Staff Development	954
Instructional Leadership	9,054
School Leadership	50,226
Guidance, Counseling and Evaluation Services	22,701
Health Services	5,893
Student (Pupil) Transportation	89,393
Food Services	18,917
Cocurricular/Extracurricular Activities	168,434
General Administration	148,186
Plant Maintenance and Operations	25,996
Security and Monitoring Services	2,811
Data Processing Services	<u>717</u>

Total Depreciation Expense \$1,108,157

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, 2012 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable	Issued	Retired	Outstanding 08/31/12
				Amounts Outstanding 09/01/11			
Unlimited Tax Refunding Bonds 2008	3.2-3.35%	\$2,564,998	\$ 48,800	\$1,525,000	\$-0-	\$595,000	\$ 930,000
Unlimited Tax Refunding Bonds – Series 2005	3.41%	9,060,000	285,247	8,365,000	-0-	130,000	8,235,000
Capital Appreciation Bonds	4.05%	89,988	<u>-0-</u>	<u>89,988</u>	<u>-0-</u>	<u>-0-</u>	<u>89,988</u>
TOTAL			\$ <u>334,047</u>	\$ <u>9,979,988</u>	\$ <u>-0-</u>	\$ <u>725,000</u>	\$ <u>9,254,988</u>

Debt service requirements for bonds payable are as follows:

Year Ended August 31,	<u>General Obligations</u>		Total Requirements
	<u>Principal</u>	<u>Interest</u>	
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	825,000	253,533	1,078,533
2018-2022	4,560,000	826,072	5,386,072
2023-2027	<u>2,050,000</u>	<u>105,369</u>	<u>2,155,369</u>
Total	\$ <u>9,254,988</u>	\$ <u>3,638,080</u>	\$ <u>12,893,068</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, 2012.

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2012**

H. COMMITMENTS UNDER CAPITAL LEASES AND CONTRACTUAL OBLIGATIONS

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 09/01/11</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 08/31/12</u>
Key Governmental Finance-						
Security equipment	4.396%	\$ 12,227	\$ 272,568	\$ -0-	\$272,568	\$ -0-
Maintenance equipment	1.990%	-0-	-0-	1,030,000	-0-	1,030,000
Fidelity-Technology Equip	3.000%	3,769	114,462	-0-	56,231	58,231
Government Capital Corp	4.800%	<u>23,572</u>	<u>481,357</u>	<u>-0-</u>	<u>30,422</u>	<u>450,935</u>
TOTAL		<u>\$39,568</u>	<u>\$ 868,387</u>	<u>\$1,030,000</u>	<u>\$359,221</u>	<u>\$1,539,166</u>

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

Year Ended August 31,	<u>General Obligations</u>		Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 205,143	\$ 49,815	\$ 254,958
2014	158,475	37,484	195,959
2015	160,114	33,358	193,472
2016	161,833	29,151	190,984
2017	168,637	24,809	193,446
2018-2022	633,490	58,820	692,310
2023-2027	<u>51,474</u>	<u>2,521</u>	<u>53,995</u>
Total	<u>\$1,539,166</u>	<u>\$235,958</u>	<u>\$1,775,124</u>

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2012, the District had no liability for any accumulated unpaid vacation or sick leave benefits.

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2012**

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 the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2012, 2011 and 2010, and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6% for fiscal year 2012. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution. State contributions to TRS made on behalf of the Robinson Independent School District's employees for the years ended August 31, 2012, 2011 and 2010 were \$ 740,178, \$708,279, and \$732,634, respectively. Robinson Independent School District paid additional state contributions for the years ended August 31, 2012, 2011, and 2010 in the amount of \$82,304, \$87,337, and \$87,297, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

K. HEALTH CARE COVERAGE

During the year ended August 31, 2012, 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, 2012, 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 08/31/12</u>	<u>Unamortized Bond Premium At 08/31/12</u>
Governmental Activities:							
Bonds and Notes Payable:							
Unlimited Tax Refund Bonds – Series 2008	\$ 2,525,000	\$ -0-	\$ 595,000	\$ 930,000	\$ 615,000	\$ -0-	\$ 42,170
Unlimited Tax Refund Bonds – Series 2005	8,365,000	-0-	1230,000	8,365,000	-0-	-0-	67,177
Capital Appreciation Bonds – Series 2005	89,988	-0-	-0-	89,988	13,184	311,214	-0-
Other Liabilities:							
Capital Leases	481,357	-0-	30,422	450,935	31,912	-0-	-0-
Loans	387,030	-0-	328,799	58,231	58,231	-0-	-0-
Loans	<u>-0-</u>	<u>1,030,000</u>	<u>-0-</u>	<u>1,030,000</u>	<u>115,000</u>	<u>-0-</u>	<u>-0-</u>
Total Governmental Activities Long-term Liabilities	<u>\$10,848,375</u>	<u>\$1,030,000</u>	<u>\$1,084,221</u>	<u>\$10,794,154</u>	<u>\$ 833,327</u>	<u>\$311,214</u>	<u>\$109,347</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2012**

M. DEFERRED REVENUE

Deferred revenue at August 31, 2012 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Fund</u>	<u>Total</u>
Net Tax Revenue	\$284,548	\$ 33,502	\$ -0-	\$318,050
Prepaid Meals	<u>-0-</u>	<u>-0-</u>	<u>31,769</u>	<u>31,769</u>
Total	<u>\$284,548</u>	<u>\$ 33,502</u>	<u>\$31,769</u>	<u>\$349,819</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, 2012, 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 Fund	<u>\$32,200</u>	<u>\$41,325</u>	<u>\$73,525</u>
General Fund	<u>\$87,597</u>	<u>\$ -0-</u>	<u>\$87,597</u>

O. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$5,620,655	\$ -0-	\$696,620	\$6,317,275
Penalties, Interest and Other Tax- related Income	78,759	-0-	9,726	88,485
Investment Income	19,487	577	2,648	22,712
Tuition and Fees	47,069	-0-	-0-	47,069
Food Sales	-0-	572,161	-0-	574,161
Co-curricular Student Activities	74,043	-0-	-0-	74,043
Rent	10,384	-0-	-0-	10,384
Gifts	42,989	-0-	-0-	42,989
Other	<u>32,254</u>	<u>-0-</u>	<u>-0-</u>	<u>32,254</u>
Total	<u>\$5,925,640</u>	<u>\$574,738</u>	<u>\$708,994</u>	<u>\$7,209,372</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2012

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 Cost	Premium	Interest
Balance 08/31/2012	<u>\$104,416</u>	<u>\$109,347</u>	<u>\$311,214</u>

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 \$29,604, \$36,767, and \$29,429 were recognized as equal revenues and expenditures for the years ended August 31, 2012, 2011 and 20109, respectively. Also for August 31, 2012, \$29,666 was recognizes as equal revenue and expenditure for EARP.

S. CORRECTION OF BEGINNING FUND BALANCE

General Fund Balance is restated from \$2,254,966 to \$2,221,293. Changes are detailed as follows:

Beginning Fund Balance as Previously Reported	\$2,254,966
Increases	
Correction of Prior-year state funding	<u>(33,673)</u>
Beginning fund balance as restated	<u>\$2,221,293</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2012

T. FUND BALANCE NOTE

The Governmental Accounting Standard Board has issued Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balances categories list below:

1. Nonspendable Fund Balance - includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid accounts. It also includes the long-term amount of the loans and notes receivable.
2. Restricted Fund Balance - includes amounts that cannot that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision of enabling legislations.
3. Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
4. Assigned Fund Balance – includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the superintendent or his/her designees.
5. Unassigned Fund Balance – is the residual classification for the general fund. The classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District will utilize fund in the following spending order: restricted, Committed, Assigned and Unassigned.

COMBINING STATEMENTS

ROBINSONINDEPENDENT SCHOOL DISTRICT
 COMBININGBALANCESHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2012

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ (7,925)	\$ 14,338	\$ -	\$ 179,454
1240 Receivables from Other Governments	10,201	21,419	279	5,428
1260 Due from Other Funds	2,643	-	-	-
1000 Total Assets	<u>\$ 4,919</u>	<u>\$ 35,757</u>	<u>\$ 279</u>	<u>\$ 184,882</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 6,188
2160 Accrued Wages Payable	4,523	18,763	257	10,166
2180 Due to Other Governments	-	15,338	-	-
2200 Accrued Expenditures	396	1,656	22	-
2300 Deferred Revenues	-	-	-	31,769
2000 Total Liabilities	<u>4,919</u>	<u>35,757</u>	<u>279</u>	<u>48,123</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	136,759
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,759</u>
4000 Total Liabilities and Fund Balances	<u>\$ 4,919</u>	<u>\$ 35,757</u>	<u>\$ 279</u>	<u>\$ 184,882</u>

255 ESEA II,A Training and Recruiting	287 Education Jobs Fund	331 SSA - Career & Technical - Basic Grant	397 Advanced Placement Incentives	410 State Textbook Fund	411 Technology Allotment	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ (24,943)	\$ -	\$ (8,257)	\$ 152,667
2,001	-	997	-	24,943	-	8,257	73,525
-	-	-	-	-	-	-	2,643
<u>\$ 2,001</u>	<u>\$ -</u>	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,835</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,188
1,840	-	983	-	-	-	-	36,532
-	-	-	-	-	-	-	15,338
161	-	14	-	-	-	-	2,249
-	-	-	-	-	-	-	31,769
<u>2,001</u>	<u>-</u>	<u>997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,076</u>
-	-	-	-	-	-	-	136,759
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,759</u>
<u>\$ 2,001</u>	<u>\$ -</u>	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,835</u>

ROBINSONINDEPENDENTSCHOOLDISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUNDBALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211	224	225	240	255	287	331	397	410	411	429	Total
	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool	National Breakfast and Lunch Program	ESEA II, A Training and Recruiting	Education Jobs Fund	SSA - Career & Technical - Basic Grant	Advanced Placement Incentives	State Textbook Fund	Technology Allotment	Other State Special Revenue Funds	Nonmajor Governmental Funds
REVENUES:												
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 574,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574,738
5800	State Program Revenues	-	-	-	23,782	-	-	1,835	213,750	4,304	82,182	325,853
5900	Federal Program Revenues	184,771	372,435	6,699	427,061	51,308	343,158	32,049	-	-	-	1,417,481
5020	Total Revenues	184,771	372,435	6,699	1,025,581	51,308	343,158	32,049	1,835	213,750	4,304	2,318,072
EXPENDITURES:												
Current:												
0011	Instruction	173,173	372,435	6,699	-	48,240	343,158	10,000	1,835	213,750	4,304	1,255,169
0013	Curriculum and Instructional Staff Development	11,598	-	-	-	3,068	-	1,440	-	-	607	16,713
0021	Instructional Leadership	-	-	-	-	-	-	20,609	-	-	-	20,609
0035	Food Services	-	-	-	983,663	-	-	-	-	-	-	983,663
6030	Total Expenditures	184,771	372,435	6,699	983,663	51,308	343,158	32,049	1,835	213,750	4,304	2,276,154
1200	Net Change in Fund Balance	-	-	-	41,918	-	-	-	-	-	-	41,918
0100	Fund Balance - September 1 (Beginning)	-	-	-	94,841	-	-	-	-	-	-	94,841
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 136,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,759

T.E.A. REQUIRED SCHEDULES

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1) Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes	(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
	Maintenance	Debt Service							
2003 and prior years	Various	Various	\$ Various	\$ 39,156	\$ -	\$ 484	\$ 57	\$ (6,346)	\$ 32,269
2004	1.486550	0.170500	279,670,590	13,975	-	241	28	-	13,706
2005	1.500000	0.151000	312,834,083	18,740	-	489	49	-	18,202
2006	1.500000	0.127490	336,748,801	31,044	-	2,427	206	-	28,411
2007	1.370000	0.140902	376,315,530	27,365	-	2,167	223	(41)	24,934
2008	1.040000	0.131530	414,114,371	28,418	-	6,560	852	(104)	20,902
2009	1.040000	0.140000	455,104,651	40,645	-	11,839	1,594	(190)	27,022
2010	1.170000	0.146000	479,254,557	56,791	-	18,546	2,314	(2,293)	33,638
2011	1.170000	0.145000	501,161,478	139,642	-	65,398	8,105	(10,107)	56,032
2012 (School year under audit)	1.170000	0.145000	521,849,215	-	6,396,538	5,511,839	683,092	(59,160)	142,447
1000 TOTALS				\$ 395,776	\$ 6,396,538	\$ 5,619,990	\$ 696,520	\$ (78,241)	\$ 397,563

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

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	\$ -	\$ -	\$ 143,314	\$ 370,497	\$ -	\$ -	\$ 513,811
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	27,164	-	-	-	27,164
6212	Audit Services	-	-	-	17,950	-	-	17,950
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	101,113	-	-	-	-	101,113
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	23,671	-	-	23,671
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	13,216	-	-	13,216
6240	Contr. Maint. and Repair	-	-	-	-	45	-	45
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	2,945	-	-	2,945
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	-	50,684	-	-	50,684
6410	Travel, Subsistence, Stipends	5,733	-	2,443	3,000	-	-	11,176
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	12,209	-	-	-	-	-	12,209
6490	Miscellaneous Operating	-	-	-	2,284	-	-	2,284
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 17,942	\$ 101,113	\$ 172,921	\$ 484,247	\$ 45	\$ -	\$ 776,268

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 19,292,269

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,188,261
Total Debt & Lease(6500)	(11)	398,788
Plant Maintenance (Function 51, 6100-6400)	(12)	1,750,505
Food (Function 35, 6341 and 6499)	(13)	660,719
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>484,247</u>

SubTotal: 4,482,519

Net Allowed Direct Cost \$ 14,809,750

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 30,035,339
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)	\$ 6,203,206
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$23,586 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, 2012

Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 534,816	\$ 534,816	\$ 574,738	\$ 39,922
		27,600	23,782	(3,818)
5900 Federal Program Revenues	-	440,000	427,061	(12,939)
5020 Total Revenues	860,856	1,002,416	1,025,581	23,165
EXPENDITURES:				
0035 Food Services	804,229	981,225	983,663	(2,438)
6030 Total Expenditures	804,229	981,225	983,663	(2,438)
1200 Net Change in Fund Balances	56,627	21,191	41,918	20,727
0100 Fund Balance - September 1 (Beginning)	94,841	94,841	94,841	-
3000 Fund Balance - August 31 (Ending)	\$ 151,468	\$ 116,032	\$ 136,759	\$ 20,727

FEDERAL AWARDS SECTION



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

Certified Public Accountants

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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, 2012. These collectively comprise the District's basic financial statements. We have issued our report on them dated January 2, 2013.

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*.

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.

Cynthia Shivers, Chartered Accountant LLP

January 2, 2013



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, 2012. 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, 2012.

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, 2012 and have issued our report thereon dated January 2, 2013. 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.

Campbell Sherris Charis and Company LLP

January 2, 2013

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2012

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
 - 2. National School Breakfast Program CFDA 10.553
National School Lunch Program CFDA 10.555
Food Donation (Commodities) CFDA 10.555
 - 3. Education Jobs Fund – 84.410

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

- 1. Condition: We identified instances in where FDIC coverage and pledged security did not cover the cash in the bank.
 Criteria: The school should maintain adequate security pledged to cover funds deposited.
 Cause: Adequate securities were not maintained to cover funds deposit.
 Effect: Funds were not covered on September 23, 2011 of \$104,430 on October 25, 2011 of \$381,476 and on November 17, 2011 of \$487,075.
 Recommendation: Review cash balance to ensure adequate securities were pledge to cover cash balance.
 Management Response: We will review securities pledge by the bank to ensure adequate securities have been pledged to cover cash balance.

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, 2012

Findings	Status of Prior Year's Findings/Noncompliance
None	

ROBINSON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2012

<u>Findings/Noncompliance</u>	<u>Corrective Action Plan</u>
Adequate security not pledged to cover cash balance	Security will be monitoring to ensure security pledged to cover cash balance

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, 2012

(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	12610101161922	\$ 174,570
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101161922	10,201
Total CFDA Number 84.010A			184,771
Total Title I, Part A Cluster			184,771
*IDEA - Part B, Formula	84.027	126600011619226600	351,016
*IDEA - Part B, Formula	84.027	136600011619226600	21,419
Total CFDA Number 84.027			372,435
*IDEA - Part B, Preschool	84.173	126610011619226610	6,420
*IDEA - Part B, Preschool	84.173	136610011619226610	279
Total CFDA Number 84.173			6,699
Total Special Education Cluster (IDEA)			379,134
SSA - Career and Technical - Basic Grant	84.048	12420006161922	31,052
SSA - Career and Technical - Basic Grant	84.048	13420006161922	997
Total CFDA Number 84.048			32,049
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501161922	49,307
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501161922	2,001
Total CFDA Number 84.367A			51,308
Education Jobs Fund- ARRA	84.410	11550101161922	343,158
Total Passed Through State Department of Education			\$ 990,420
TOTAL DEPARTMENT OF EDUCATION			\$ 990,420
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 74,062
*National School Lunch Program - Cash Assistance	10.555		301,354
*National School Lunch Prog. - Non-Cash Assistance	10.555		51,645
Total CFDA Number 10.555			352,999
Total Child Nutrition Cluster			427,061
Total Passed Through the State Department of Agriculture			\$ 427,061
TOTAL DEPARTMENT OF AGRICULTURE			\$ 427,061
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,417,481

*Clustered Programs

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2012

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.