

ROBINSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

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ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2016

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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, 2016 at a meeting of the Board of Trustees of such school district on the 23th day of January 2017.

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

Fred R. Shavers III, C.P.A.
Paul J. Christensen, C.P.A.
Danny R. Wright, C.P.A.

Thomas C. Cunningham, C.P.A.
Partner Emeritus

MEMBERS:

- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 the Robinson Independent School District, as of August 31, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and certain pension information on pages 6 - 10 and 42 - 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Robinson Independent School District's basic financial statements. The combining schedules for nonmajor governmental funds, required TEA schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining schedules for nonmajor governmental funds, the required TEA schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2017, on our consideration of the Robinson Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Robinson Independent School District's internal control over financial reporting and compliance.

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

Waco, Texas
January 20, 2017

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, 2016. 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 14.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$11,703,111. Of this amount, \$2,285,837 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's net position increased by \$421,620 as a result of this year's operations, or about 4%.
- During the year, the District had net expenses of \$20,507,781 which were less than the \$20,929,401 generated in tax and other revenues for governmental programs. Thus the revenues exceeded expense by \$421,620 for the current fiscal year.
- The General Fund ended the year with an unassigned fund balance of \$3,937,140.
- Property tax levy decreased \$149,738 over the prior year while the tax rate remained the same.

Using This Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position 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 20) 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 Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 12. 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 Position 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 position and changes in them. The District's net position (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 position 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 Position 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 18 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 Position 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)**

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 position (Table I) and changes in net assets (Table II) of the district's governmental activities.

Net position of the District's governmental activities increased from \$11,281,491 to \$11,703,111. Unrestricted net assets – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$2,285,837 at August 31, 2016.

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

	Governmental Activities 2016	Governmental Activities 2015	Variance
Current and other assets	\$ 9,075,262	\$ 22,714,297	\$ (13,639,035)
Capital assets	<u>34,713,417</u>	<u>20,428,175</u>	<u>14,285,242</u>
Total assets	<u>43,788,679</u>	<u>43,142,472</u>	<u>646,207</u>
Deferred Outflows	<u>2,165,094</u>	<u>469,036</u>	<u>1,696,058</u>
Long-term liabilities	28,059,921	29,289,856	(3,229,935)
Other liabilities	<u>7,897,030</u>	<u>2,523,543</u>	<u>5,373,487</u>
Total liabilities	<u>35,956,951</u>	<u>31,813,399</u>	<u>2,143,552</u>
Deferred Inflows	<u>293,711</u>	<u>513,618</u>	<u>(219,607)</u>
Net Position:			
Invested in capital assets net of related debt	7,194,978	7,164,601	30,377
Restricted	2,222,296	1,250,654	971,642
Unrestricted	<u>2,285,837</u>	<u>2,866,236</u>	<u>(580,399)</u>
Total net position	<u>\$ 11,703,111</u>	<u>\$ 11,281,491</u>	<u>\$ 421,620</u>

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

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

	Governmental Activities 2016	Governmental Activities 2015	Variance
Revenues:			
Program Revenues:			
Charges for Services	\$ 723,541	\$ 689,005	\$ 34,536
Operating grants and contributions	2,789,694	2,221,808	567,886
General Revenues:			
Maintenance and operations taxes	6,307,576	6,415,297	(107,721)
Debt service taxes	1,832,675	1,860,990	(28,315)
State aid - formula grants	12,464,631	11,797,145	667,486
Grants and contributions not restricted to specific functions	194,753	191,882	2,871
Investment Earnings	37,520	18,532	18,988
Miscellaneous	<u>92,246</u>	<u>122,544</u>	<u>(30,298)</u>
Total Revenue	<u>24,442,636</u>	<u>23,317,203</u>	<u>1,125,433</u>
Expenses:			
Instruction	13,121,666	12,463,925	657,741
Instructional Resources & Media Services	295,288	658,817	(363,529)
Curriculum and Staff Development	446,154	96,917	349,237
Instructional Leadership	345,169	307,984	37,185
School Leadership	1,475,003	1,245,098	229,905
Guidance, Counseling and Evaluation Services	843,143	526,009	317,134
Health Services	177,267	164,348	12,919
Student Transportation	773,317	783,331	(10,014)
Food Service	984,429	953,501	30,928
Co-Curricular/Extra Curricular Activities	1,144,141	1,091,650	52,491
General Administration	831,806	998,537	(166,731)
Plant maintenance and Operations	2,000,644	1,905,085	95,559
Security and Monitoring Service	83,630	87,724	(4,094)
Data Processing	346,372	80,810	265,562
Community Service	5,616	-0-	5,616
Debt Service	1,002,403	1,824,498	(822,095)
Payments to Juvenile Justice Alternative ED	30,893	33,607	(2,714)
Other Intergovernmental Charges	<u>114,075</u>	<u>-0-</u>	<u>114,075</u>
Total Expenses	<u>24,021,016</u>	<u>23,221,841</u>	<u>799,175</u>
Change in Net Position	421,620	95,362	326,258
Net Position at Beginning of Year	11,281,491	13,088,469	(1,806,978)
Prior Period Adjustment	<u>-0-</u>	<u>(1,902,340)</u>	<u>1,902,340</u>
Net Position at End of Year	<u>\$ 11,703,111</u>	<u>\$ 11,281,491</u>	<u>\$ 421,620</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 \$6,159,436, which is less than last year's total of \$21,228,542.

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 2016, the District had \$34,713,417 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:

Building and Improvements	\$ 845,902
Furniture and Vehicles	1,336,793
Work in Progress	13,183,610
Books	<u>19,464</u>
Total	<u>\$15,385,769</u>

Debt

At year-end, the District had noncurrent liabilities which totaled \$26,059,921.

Economic Factors and Next Year's Budgets and Rates

The District is concerned about possible school finance legislation. The property valuations decreased by 10 million dollars. The tax rate for 2015-2016 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 POSITION
AUGUST 31, 2016

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 8,202,405
1220 Property Taxes Receivable (Delinquent)	531,096
1230 Allowance for Uncollectible Taxes	(106,219)
1240 Due from Other Governments	443,490
1290 Other Receivables, net	4,490
Capital Assets:	
1510 Land	579,589
1520 Buildings, Net	15,057,178
1530 Furniture and Equipment, Net	1,688,950
1560 Library Books and Media, Net	457,897
1580 Construction in Progress	16,929,803
1000 Total Assets	43,788,679
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	2,165,094
1700 Total Deferred Outflows of Resources	2,165,094
LIABILITIES	
2110 Accounts Payable	1,120,385
2150 Payroll Deductions & Withholdings	(3,437)
2160 Accrued Wages Payable	910,993
2180 Due to Other Governments	15,338
2200 Accrued Expenses	21,963
2300 Unearned Revenue	425,707
Noncurrent Liabilities	
2501 Due Within One Year	1,458,518
2502 Due in More Than One Year	26,059,921
2540 Net Pension Liability (District's Share)	3,947,563
2000 Total Liabilities	33,956,951
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	293,711
2600 Total Deferred Inflows of Resources	293,711
NET POSITION	
3200 Net Investment in Capital Assets	7,194,978
3820 Restricted for Federal and State Programs	275,407
3850 Restricted for Debt Service	1,437,381
3860 Restricted for Capital Projects	509,508
3900 Unrestricted	2,285,837
3000 Total Net Position	\$ 11,703,111

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, 2016

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 13,121,666	\$ 96,330	\$ 1,616,160	\$ (11,409,176)
12 Instructional Resources and Media Services	295,288	-	28,520	(266,768)
13 Curriculum and Staff Development	446,154	-	161,860	(284,294)
21 Instructional Leadership	345,169	-	41,689	(303,480)
23 School Leadership	1,475,003	-	103,916	(1,371,087)
31 Guidance, Counseling and Evaluation Services	843,143	-	79,818	(763,325)
33 Health Services	177,267	-	13,985	(163,282)
34 Student (Pupil) Transportation	773,317	-	55,000	(718,317)
35 Food Services	984,429	537,145	546,841	99,557
36 Extracurricular Activities	1,144,141	72,087	38,215	(1,033,839)
41 General Administration	831,806	-	41,419	(790,387)
51 Facilities Maintenance and Operations	2,000,644	17,979	38,799	(1,943,866)
52 Security and Monitoring Services	83,630	-	3,822	(79,808)
53 Data Processing Services	346,372	-	14,762	(331,610)
61 Community Services	5,616	-	4,888	(728)
72 Debt Service - Interest on Long Term Debt	1,002,003	-	-	(1,002,003)
73 Debt Service - Bond Issuance Cost and Fees	400	-	-	(400)
95 Payments to Juvenile Justice Alternative Ed. Prg.	30,893	-	-	(30,893)
99 Other Intergovernmental Charges	114,075	-	-	(114,075)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 24,021,016	\$ 723,541	\$ 2,789,694	(20,507,781)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	6,307,576
DT	Property Taxes, Levied for Debt Service	1,832,675
SF	State Aid - Formula Grants	12,464,631
GC	Grants and Contributions not Restricted	194,753
IE	Investment Earnings	37,520
MI	Miscellaneous Local and Intermediate Revenue	92,246
TR	Total General Revenues	20,929,401
CN	Change in Net Position	421,620
NB	Net Position - Beginning	11,281,491
NE	Net Position--Ending	\$ 11,703,111

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,922,608	\$ 1,755,563	\$ 1,469,205
1220 Property Taxes - Delinquent	444,601	86,495	-
1230 Allowance for Uncollectible Taxes (Credit)	(88,920)	(17,299)	-
1240 Receivables from Other Governments	31,091	-	-
1260 Due from Other Funds	367,540	1,858	-
1290 Other Receivables	4,490	-	-
1000 Total Assets	<u>\$ 5,681,410</u>	<u>\$ 1,826,617</u>	<u>\$ 1,469,205</u>
LIABILITIES			
2110 Accounts Payable	\$ 143,046	\$ -	\$ 957,839
2150 Payroll Deductions and Withholdings Payable	(3,437)	-	-
2160 Accrued Wages Payable	860,405	-	-
2170 Due to Other Funds	-	320,040	1,858
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	17,678	-	-
2300 Unearned Revenues	370,897	-	-
2000 Total Liabilities	<u>1,388,589</u>	<u>320,040</u>	<u>959,697</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	355,681	69,196	-
2600 Total Deferred Inflows of Resources	<u>355,681</u>	<u>69,196</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	509,508
3480 Retirement of Long-Term Debt	-	1,437,381	-
3600 Unassigned Fund Balance	3,937,140	-	-
3000 Total Fund Balances	<u>3,937,140</u>	<u>1,437,381</u>	<u>509,508</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 5,681,410</u>	<u>\$ 1,826,617</u>	<u>\$ 1,469,205</u>

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

Other Funds	Total Governmental Funds
\$ 55,029	\$ 8,202,405
-	531,096
-	(106,219)
412,399	443,490
-	369,398
-	4,490
<u>\$ 467,428</u>	<u>\$ 9,444,660</u>
\$ 19,500	\$ 1,120,385
-	(3,437)
50,588	910,993
47,500	369,398
15,338	15,338
4,285	21,963
54,810	425,707
<u>192,021</u>	<u>2,860,347</u>
-	424,877
<u>-</u>	<u>424,877</u>
275,407	275,407
-	509,508
-	1,437,381
-	3,937,140
<u>275,407</u>	<u>6,159,436</u>
<u>\$ 467,428</u>	<u>\$ 9,444,660</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2016

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$	6,159,436
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 \$41,704,476 and the accumulated depreciation was (\$21,276,301). 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 decrease net position.		(8,592,138)
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 2015 capital outlays and debt principal payments is to increase net position.		16,795,250
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of 3,947,563, a Deferred Resource Inflow related to TRS in the amount of \$293,171 and a Deferred Resource Outflow related to TRS in the amount of \$2,165,094. This amounted to a decrease in Net Position in the amount of \$2,076,180.		(2,076,180)
4 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,100,527)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, 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 net position.		517,270
19 Net Position of Governmental Activities	\$	11,703,111

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, 2016

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 6,538,147	\$ 1,843,438	\$ 18,162
5800 State Program Revenues	12,587,760	717,861	-
5900 Federal Program Revenues	190,691	-	-
5020 Total Revenues	<u>19,316,598</u>	<u>2,561,299</u>	<u>18,162</u>
EXPENDITURES:			
Current:			
0011 Instruction	11,261,808	-	-
0012 Instructional Resources and Media Services	288,473	-	-
0013 Curriculum and Instructional Staff Development	270,402	-	-
0021 Instructional Leadership	294,390	-	-
0023 School Leadership	1,360,705	-	-
0031 Guidance, Counseling and Evaluation Services	753,649	-	-
0033 Health Services	163,204	-	-
0034 Student (Pupil) Transportation	697,375	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	911,763	-	-
0041 General Administration	771,566	-	-
0051 Facilities Maintenance and Operations	1,973,670	-	-
0052 Security and Monitoring Services	78,406	-	-
0053 Data Processing Services	325,837	-	-
0061 Community Services	728	-	-
Debt Service:			
0071 Principal on Long Term Debt	269,481	1,140,000	-
0072 Interest on Long Term Debt	34,182	1,060,214	-
0073 Bond Issuance Cost and Fees	-	400	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	15,265,393
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	30,893	-	-
0099 Other Intergovernmental Charges	114,075	-	-
6030 Total Expenditures	<u>19,600,607</u>	<u>2,200,614</u>	<u>15,265,393</u>
1200 Net Change in Fund Balances	(284,009)	360,685	(15,247,231)
0100 Fund Balance - September 1 (Beginning)	<u>4,221,149</u>	<u>1,076,696</u>	<u>15,756,739</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,937,140</u>	<u>\$ 1,437,381</u>	<u>\$ 509,508</u>

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

	Other Funds	Total Governmental Funds
\$	537,627	\$ 8,937,374
	170,562	13,476,183
	1,336,116	1,526,807
	2,044,305	23,940,364
	730,512	11,992,320
	-	288,473
	146,123	416,525
	25,446	319,836
	-	1,360,705
	24,056	777,705
	-	163,204
	55,000	752,375
	951,472	951,472
	-	911,763
	243	771,809
	5,116	1,978,786
	-	78,406
	-	325,837
	4,888	5,616
	-	1,409,481
	-	1,094,396
	-	400
	-	15,265,393
	-	30,893
	-	114,075
	1,942,856	39,009,470
	101,449	(15,069,106)
	173,958	21,228,542
\$	275,407	\$ 6,159,436

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, 2016

Total Net Change in Fund Balances - Governmental Funds	\$ (15,069,106)
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 2015 capital outlays and debt principal payments is to decrease net position.	16,795,250
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 position.	(1,100,527)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	148,577
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2015 caused the change in the ending net position to increase in the amount of \$349,830. Contributions made before the measurement but during the 2015 FY were also dexpended and recorded as a reduction in the net pension liability for the district. This caused a decrease in the change in net position totaling \$333,931. The District's propprtionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$367,473. The net result is to (decrease) the change in net position by \$352,574).	(352,574)
Change in Net Position of Governmental Activities	\$ 421,620

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

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

EXHIBIT D-1

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 28,497	\$ 155,927
Total Assets	<u>28,497</u>	<u>\$ 155,927</u>
LIABILITIES		
Due to Student Groups	-	\$ 155,927
Total Liabilities	<u>-</u>	<u>\$ 155,927</u>
NET POSITION		
Restricted for Scholarships	<u>28,497</u>	
Total Net Position	<u>\$ 28,497</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 POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 171
Total Additions	<u>171</u>
Change in Net Position	171
Total Net Position - September 1 (Beginning)	<u>28,326</u>
Total Net Position - August 31 (Ending)	<u>\$ 28,497</u>

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

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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.

Pensions. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of August 31, 2016, Robinson Independent School District retrospectively/prospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

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 Position 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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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.

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. 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 Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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.
3. **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.

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. **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:

3. **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.
4. **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:

5. **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.
6. **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.
7. **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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

- 8. 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.

E. 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.

F. OTHER ACCOUNTING POLICIES

1. 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.
2. 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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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.

3. 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.

4. 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

5. 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.
6. 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.
7. 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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

8. 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.
9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
10. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.
11. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position.

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, 2016 will change.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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 Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	\$ 579,589	\$ -0-	\$ 579,589	
Buildings	30,166,907	15,128,631	15,038,276	
Furniture & Equipment	6,773,354	6,147,670	625,684	
Books and Media	438,433	-0-	438,433	
Construction in Progress	<u>3,746,193</u>	<u>-0-</u>	<u>3,746,193</u>	
Change in Net Position				\$ 20,428,175
			<u>Payable at the</u> <u>Beginning of the Year</u>	
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>				
Bonds Payable			\$ 25,635,000	
Premium on Bonds Sold			2,133,465	
Capital Leases Payable			<u>1,251,848</u>	
Total Liabilities				<u>(29,020,313)</u>
Net Adjustment to Net Position				\$ <u>(8,592,138)</u>

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 position. The details of this adjustment are as follows:

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Buildings and Improvements	\$ 845,902		
Furniture & Equipment	1,336,793		
Library Books & Media	19,464		
Work in Progress	<u>13,183,610</u>		
Total Capital Outlay	<u>15,385,769</u>	<u>15,385,769</u>	<u>15,385,769</u>
<u>Debt Principal Payments</u>			
Bond Principal	1,140,000		
Loan	<u>269,481</u>		
Total Principal Payments	<u>1,409,481</u>	<u>1,409,481</u>	<u>1,409,481</u>
Total Adjustment to New Assets			<u>\$16,795,250</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 Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 70,199	\$ (70,199)	\$ -0-
Uncollected taxes (assumed collectible) from Current Year Levy	125,371	125,371	125,371
Uncollected Taxes (assumed collectible) from Prior Year Levy	299,506	-0-	299,506
Difference between Prior Years Estimated Delinquent Taxes Collectable and Actual Collection Rate and Correction	1,012	1,012	-0-
<u>Amortization of Bond Premium and Accrued Interest</u>			
Amortization	<u>92,393</u>	<u>92,393</u>	<u>92,393</u>
Total		<u>\$ 148,577</u>	<u>\$ 517,270</u>

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 Child Nutrition Program 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, Debt Service Fund Budget and Capital Projects Fund reports appear in Exhibits G-1, G2 and G-3 respectively and the Child Nutrition Program report is in Exhibit J-2.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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, 2016 <u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	<u>\$275,407</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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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.

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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

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 and its agencies; (2) guaranteed or secured certificates of deposit issued by state and 4 national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. 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, 2016, Robinson Independent School District had the following investments.

<u>Investment Type</u>	<u>Investment Maturities (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
TexPool	\$ 3,391,855	\$ 3,391,855			
TexStar	1,008,689	1,008,689			
High Yield Savings	2,424,078	2,424,078			
Money Market	<u>362,404</u>	<u>362,404</u>			
Total	<u>\$7,187,026</u>	<u>\$7,187,026</u>			

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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles, the hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Robinson Independent School District has no investments measured at the Net Asset Value (NAV) per Share (or its equivalent).

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.

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, 2016, consisted of the following amounts:

Due to General Fund from:	
Debt Service Fund	\$320,040
Special Revenue Funds	<u>47,500</u>
Total Due to General Fund	<u>\$367,540</u>
Due to Debt Service Fund:	
Capital Project Fund	<u>\$ 1,858</u>

Interfund transfers for the year ended August 31, 2016 consisted of the following individual account:

None

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2016, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$355,681	\$ 31,091	\$ 4,490	\$ 391,262
Debt Service Fund	69,196	-0-	-0-	69,196
Nonmajor Governmental Funds	<u>-0-</u>	<u>412,399</u>	<u>-0-</u>	<u>412,399</u>
Total - Governmental Activities	<u>\$424,877</u>	<u>\$443,490</u>	<u>\$ 4,490</u>	<u>\$ 872,857</u>

Payables at August 31, 2016, were as follows:

	<u>Accounts Payable</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Accrued Expenses</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	\$ 143,046	\$856,968	\$ -0-	\$17,678	\$1,017,692
Capital Projects Fund	957,839	-0-	-0-	-0-	957,839
Nonmajor Gov. Funds	<u>19,500</u>	<u>40,474</u>	<u>15,338</u>	<u>4,285</u>	<u>79,597</u>
Total - Gov. Activities	<u>\$1,120,385</u>	<u>\$ 897,442</u>	<u>\$ 15,338</u>	<u>\$21,963</u>	<u>\$2,055,128</u>

Amounts not scheduled for payment during the subsequent year

\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2016, was as follows:

	<u>Primary Government</u>			
	<u>Balance 09/01/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 08/31/16</u>
Governmental Activities:				
Land	\$ 579,589	\$ -0-	\$ -0-	\$ 579,589
Buildings and Improvements	30,166,907	845,902	-0-	31,012,809
Furniture and Equipment	6,773,354	1,336,793	-0-	8,110,147
Books and Media	438,433	19,464	-0-	457,897
Construction in Progress	<u>3,746,193</u>	<u>13,183,610</u>	<u>-0-</u>	<u>16,929,803</u>
Totals at Historic Cost	<u>41,704,476</u>	<u>15,385,769</u>	<u>-0-</u>	<u>57,090,245</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(15,128,631)	(827,000)	-0-	(15,955,631)
Furniture and Equipment	<u>(6,147,670)</u>	<u>(273,527)</u>	<u>-0-</u>	<u>(6,421,197)</u>
Total Accumulated Depreciation	<u>(21,276,301)</u>	<u>(1,100,527)</u>	<u>-0-</u>	<u>(22,376,828)</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,428,175</u>	<u>\$ 14,285,242</u>	<u>\$ -0-</u>	<u>\$ 34,713,417</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

F. CAPITAL ASSET ACTIVITY (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 587,669
Instructional Resources and Media Services	10,042
Curriculum Development and Instructional Staff Development	12,686
Instructional Leadership	12,607
School Leadership	52,543
Guidance, Counseling and Evaluation Services	30,757
Health Services	6,604
Student (Pupil) Transportation	96,942
Food Services	11,463
Cocurricular/Extracurricular Activities	210,689
General Administration	26,804
Plant Maintenance and Operations	27,698
Security and Monitoring Services	2,408
Data Processing Services	<u>11,615</u>

Total Depreciation Expense \$ 1,100,527

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, 2016 is as follows:

DESCRIPTION	Interest	Amounts	Interest	Payable	Issued	Retired	Outstanding
	Rate	Original	Current	Amounts			
	Payable	Issue	Year	Outstanding			08/31/16
Unlimited Tax Refunding Bonds 2014	2-5%	\$17,585,000	\$ 779,400	\$ 17,400,000	\$-0-	\$ 340,000	\$ 17,060,000
Unlimited Tax Refunding Bonds – Series 2005	3.41%	9,060,000	<u>280,813</u>	<u>8,235,000</u>	<u>-0-</u>	<u>800,000</u>	<u>7,435,000</u>
TOTAL			<u>\$1,060,213</u>	<u>\$ 25,635,000</u>	<u>\$-0-</u>	<u>\$1,140,000</u>	<u>\$ 24,495,000</u>

Debt service requirements for bonds payable are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2017	\$1,180,000	\$1,022,733	\$2,202,733
2018	1,220,000	983,951	2,203,951
2019	1,260,000	943,846	2,203,846
2020	1,305,000	898,638	2,203,638
2021	1,350,000	851,807	2,201,807
2022-2026	5,730,000	3,502,051	9,232,051
2027-2031	3,955,000	2,610,750	6,565,750
2032-2036	4,915,000	1,656,000	6,571,000
2037-2041	<u>3,580,000</u>	<u>364,000</u>	<u>3,944,000</u>
Total	<u>\$24,495,000</u>	<u>\$12,833,776</u>	<u>\$37,328,776</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, 2016.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

H. COMMITMENTS UNDER CAPITAL LEASES AND CONTRACTUAL OBLIGATIONS

A lease purchase of \$362,500 was entered into on July 12, 2013 with American Capital Financial Services, Inc. for the purchase of computer equipment. Payments are one payment of \$57,831 on September 1, 2013 with three annual payments of \$93,277 beginning on September 1, 2014 and ending on September 1, 2017.

A lease purchase of \$90,822 was entered into on May 20, 2014 with Key Government Finance for the purchase of network infrastructure. Payments are \$19,485 per for five years with final payment on September 1, 2017.

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.

On April 19, 2012 the District issued maintenance tax notes of \$1,030,000. The notes have an coupon rate of 1.990%. Total annual payments vary between \$137,000 and \$142,000 and the final maturity date is February 15, 2020.

The following is a summary of the District's changes in capital leases and contractual obligations for the year ended August 31, 2016.

<u>DESCRIPTION</u>	<u>Stated Interest</u>	<u>Current Year Interest</u>	<u>Amounts Outstanding 09/01/15</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 08/31/16</u>
American Capital	1.789%	\$ 3,374	\$ 181,478	\$ -0-	\$ 89,903	\$ 91,575
Key Government Finance	3.124%	1,741	54,937	-0-	17,744	37,193
Maintenance Tax Notes	1.990%	11,990	665,000	-0-	125,000	540,000
Government Capital Corp	4.800%	<u>17,161</u>	<u>350,434</u>	<u>-0-</u>	<u>36,833</u>	<u>313,601</u>
Totals		<u>\$ 34,266</u>	<u>\$ 1,251,849</u>	<u>\$ -0-</u>	<u>\$ 269,480</u>	<u>\$ 982,369</u>

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

Year Ended August 31,	<u>General Obligations</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 278,518	\$ 27,690	\$ 306,208
2018	194,416	20,879	215,295
2019	177,514	15,609	193,123
2020	184,596	10,791	195,387
2021	46,780	7,214	53,994
2022-2026	<u>100,545</u>	<u>7,445</u>	<u>107,990</u>
Total	<u>\$ 982,369</u>	<u>\$ 89,628</u>	<u>\$ 1,071,997</u>

I. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

At August 31, 2016, 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, 2016

J. DEFINED BENEFIT PENSION PLAN

Plan Description. Robinson Independent School District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2015 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2016.

<u>Net Pension Liability</u>	<u>Total</u>
Total Pension Liability	\$163,887,375,172
Less: Plan Fiduciary Net Position	(128,538,706,212)
Net Pension Liability	<u>\$35,348,668,960</u>
Net Position as percentage of Total Pension Liability	78.43%

Benefits Provided, TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of 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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	<u>2015</u>	<u>2016</u>
Member	6.7%	7.2%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Robinson ISD 2015 Employer Contributions		\$349,830
Robinson ISD 2015 Member Contributions		\$952,842
Robinson ISD 2015 NECE On-Behalf Contributions		\$684,799

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to.

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions. The total pension liability in the August 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2015
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return	8.00%
Inflation	2.5%
Salary Increases Including Inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes During the Year	None
Ad hoc Post Employment Benefit Changes	None

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post- retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return*</u>
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Edge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Sable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectations			2.2%
Alpha	0%		1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean Returns.

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2016**

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2015 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
Robinson's proportionate share of the net pension liability:	\$6,185,087	\$3,947,563	\$2,083,844

Pension Liabilities, Pension Expense, and Deferred Overflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2015, Robinson Independent School District reported a liability of \$3,947,563 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to Robinson Independent School District. The amount recognized by Robinson Independent School District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Robinson Independent School District were as follows:

District's Proportionate share of the collective net pension liability	\$ 3,947,563
State's proportionate share that is associated with the District	<u>8,172,644</u>
Total	<u>\$12,120,207</u>

The net pension liability was measured as of August 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2014 thru August 31, 2015.

At August 31, 2015 the employer's proportion of the collective net pension liability was .00111675%. which was an increase of 0.0048817% from its proportion measured as of August 31, 2014.

The Changes Since the Prior Actuarial Valuation — The following are changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items such as actuarial gains and losses by source.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the measurement period August 31, 2016, Robinson Independent School District recognized pension expense of \$1,164,470 and revenue of \$1,164,470 for support provided by the State.

At August 31, 2016, Robinson Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 21,596	\$ 151,708
Changes in actuarial assumptions	90,766	140,832
Difference between projected and actual investment earnings	587,314	-0-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>1,115,588</u>	<u>1,171</u>
Total as of August 31, 2015 measurement date	\$1,815,264	\$293,711
Contributions paid to TRS subsequent to the measurement date	<u>349,830</u>	<u>-0-</u>
Total	<u>\$2,165,094</u>	<u>\$293,711</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2017	\$276,718
2018	\$276,718
2019	\$276,720
2020	\$405,014
2021	\$160,615
Thereafter	\$125,768

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

Long-Term Liability Disclosure

	Beginning Balance	Additions	Retirements	Ending Balance
Net Pension Liability	<u>\$1,679,024</u>	<u>\$2,599,212</u>	<u>\$330,673</u>	<u>\$3,947,563</u>

K. RETIREE HEALTH PLAN

Plan Description. – The Robinson Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS–Care), a cost–sharing multiple–employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS–Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS–Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by calling the TRS Communications Department at 1–800–223–8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

Funding Policy. – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203 and 204 establish state, active employee and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015–2013.

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2016	.65%	\$86,023	1.0%	\$132,339	.55%	\$ 70,305
2015	.65%	\$81,330	1.0%	\$ 125,128	.55%	\$ 68,819
2014	.65%	\$79,626	1.0%	\$ 122,502	.55%	\$ 67,377
2013	.65%	\$76,589	.5%	\$ 58,915	.55%	\$ 64,808

Medicare Part D . 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. For the fiscal year ended August 31, 2016, 2015 and 2014 the subsidy payments received by TRS-Care on-behalf of the District was \$ 31,767, \$55,063, and \$31,798, respectively. The information for the year ended August 31, 2016 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2016, employees of the Robinson Independent School District were covered by a health insurance plan (the “Plan”). The District paid premiums of \$300 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.

ROBINSON INDEPENDENT SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
(Continued)
YEAR ENDED AUGUST 31, 2016**

M. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2016, 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 08/31/16</u>	<u>Unamortized Bond Premium At 08/31/16</u>
Governmental Activities:							
Bonds and Notes Payable:							
Unlimited Tax School Building Bonds - Series 2014	\$17,400,000	\$ -0-	\$ 340,000	\$17,060,000	\$ 355,000	\$ -0-	\$1,996,287
Unlimited Tax Refund Bonds - Series 2005	8,235,000	-0-	800,000	7,435,000	825,000	-0-	44,785
Other Liabilities:							
Capital Leases	586,849	-0-	144,480	442,369	148,518	-0-	-0-
Maintenance Tax Notes	<u>665,000</u>	<u>-0-</u>	<u>125,000</u>	<u>540,000</u>	<u>130,000</u>	<u>-0-</u>	<u>-0-</u>
Total Governmental Activities Long-term Liabilities	<u>\$26,886,849</u>	<u>\$ -0-</u>	<u>\$1,409,480</u>	<u>\$25,477,369</u>	<u>\$1,458,518</u>	<u>\$ -0-</u>	<u>\$2,041,072</u>

N. UNEARNED REVENUE

Unearned revenue at August 31, 2016 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Foundation Revenue	\$370,897	\$ -0-	\$370,897
Prepaid Meals	<u>-0-</u>	<u>54,810</u>	<u>54,810</u>
Total Deferred Revenue	<u>\$370,897</u>	<u>\$54,810</u>	<u>\$425,707</u>

O. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources at August 31, 2016 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	<u>\$355,681</u>	<u>\$69,196</u>	<u>\$424,877</u>

P. 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, 2016, 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>6,184</u>	\$ <u>406,215</u>	\$ <u>412,399</u>
General Fund	\$ <u>31,091</u>	\$ <u>-0-</u>	\$ <u>31,091</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

YEAR ENDED AUGUST 31, 2016

Q. 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>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Property Taxes	\$ 6,266,630	\$ 1,818,424	\$ -0-	\$ -0-	\$ 8,085,054
Penalties, Interest and Other Tax- related Income	61,850	16,781	-0-	-0-	78,631
Investment Income	10,709	8,233	18,162	417	37,521
Tuition and Fees	70,860	-0-	-0-	-0-	70,860
Food Sales	-0-	-0-	-0-	537,145	537,145
Co-curricular Student Activities	72,087	-0-	-0-	-0-	72,087
Rent	17,979	-0-	-0-	-0-	17,979
Gifts	2,400	-0-	-0-	-0-	2,400
Insurance Recovery	10,227				10,227
Other	<u>25,405</u>	<u>-0-</u>	<u>-0-</u>	<u>65</u>	<u>25,470</u>
Total	<u>\$ 6,538,147</u>	<u>\$ 1,843,438</u>	<u>\$ 18,162</u>	<u>\$ 537,627</u>	<u>\$ 8,937,374</u>

R. 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.

S. ACCRUED INTEREST AND PREMIUMS

Robinson Independent School District sold Capital Appreciation Bonds at a premium with due dates to August 31, 2016. 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.

	<u>Premium</u>	<u>Interest</u>
Balance 08/31/2016	<u>\$ 2,041,072</u>	<u>\$ -0-</u>

REQUIRED SUPPLEMENTARY INFORMATION

ROBINSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2016

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,872,682	\$ 6,872,682	\$ 6,538,147	\$ (334,535)
5800	State Program Revenues	12,636,099	12,636,099	12,587,760	(48,339)
5900	Federal Program Revenues	150,000	150,000	190,691	40,691
5020	Total Revenues	19,658,781	19,658,781	19,316,598	(342,183)
EXPENDITURES:					
Current:					
0011	Instruction	11,321,160	11,368,660	11,261,808	106,852
0012	Instructional Resources and Media Services	326,885	288,885	288,473	412
0013	Curriculum and Instructional Staff Development	255,496	272,496	270,402	2,094
0021	Instructional Leadership	284,058	296,058	294,390	1,668
0023	School Leadership	1,332,653	1,362,653	1,360,705	1,948
0031	Guidance, Counseling and Evaluation Services	713,519	756,519	753,649	2,870
0033	Health Services	156,866	163,866	163,204	662
0034	Student (Pupil) Transportation	761,000	706,000	697,375	8,625
0036	Extracurricular Activities	882,607	906,607	911,763	(5,156)
0041	General Administration	746,148	774,148	771,566	2,582
0051	Facilities Maintenance and Operations	1,978,317	1,958,317	1,973,670	(15,353)
0052	Security and Monitoring Services	84,977	78,977	78,406	571
0053	Data Processing Services	351,230	326,230	325,837	393
0061	Community Services	-	2,500	728	1,772
Debt Service:					
0071	Principal on Long Term Debt	269,000	269,000	269,481	(481)
0072	Interest on Long Term Debt	37,500	37,500	34,182	3,318
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	35,000	29,500	30,893	(1,393)
0099	Other Intergovernmental Charges	117,000	114,500	114,075	425
6030	Total Expenditures	19,653,416	19,712,416	19,600,607	111,809
1200	Net Change in Fund Balances	5,365	(53,635)	(284,009)	(230,374)
0100	Fund Balance - September 1 (Beginning)	4,221,149	4,221,149	4,221,149	-
3000	Fund Balance - August 31 (Ending)	\$ 4,226,514	\$ 4,167,514	\$ 3,937,140	\$ (230,374)

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, 2016

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	\$ 1,930,815	\$ 1,930,815	\$ 1,843,438	\$ (87,377)
5800 State Program Revenues	650,566	650,566	717,861	67,295
5020 Total Revenues	2,581,381	2,581,381	2,561,299	(20,082)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	1,140,000	1,140,000	1,140,000	-
0072 Interest on Long Term Debt	1,060,315	1,060,315	1,060,214	101
0073 Bond Issuance Cost and Fees	2,000	2,000	400	1,600
6030 Total Expenditures	2,202,315	2,202,315	2,200,614	1,701
1200 Net Change in Fund Balances	379,066	379,066	360,685	(18,381)
0100 Fund Balance - September 1 (Beginning)	1,076,696	1,076,696	1,076,696	-
3000 Fund Balance - August 31 (Ending)	\$ 1,455,762	\$ 1,455,762	\$ 1,437,381	\$ (18,381)

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED AUGUST 31, 2016

EXHIBIT G-3

Data Control Codes	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 18,000	\$ 18,000	\$ 18,162	\$ 162
5020 Total Revenues	18,000	18,000	18,162	162
EXPENDITURES:				
Capital Outlay:				
0081 Facilities Acquisition and Construction	15,456,739	15,756,739	15,265,393	491,346
6030 Total Expenditures	15,456,739	15,756,739	15,265,393	491,346
1200 Change in Fund Balance	(15,438,739)	(15,738,739)	(15,247,231)	491,508
0100 Fund Balance - September 1 (Beginning)	15,756,739	15,756,739	15,756,739	-
3000 Fund Balance - August 31 (Ending)	\$ 318,000	\$ 18,000	\$ 509,508	\$ 491,508

The accompanying notes are an integral part of this statement.

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM
 FOR THE YEAR ENDED AUGUST 31, 2016

	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0111675%	0.0062858%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,947,563	\$ 1,679,024
States Proportionate Share of the Net Pension Liability (Asset) associated with the District	<u>8,172,644</u>	<u>7,186,720</u>
Total	<u>\$ 12,120,207</u>	<u>\$ 8,865,744</u>
District's Covered Employee Payroll	\$ 12,512,271	\$ 12,250,162
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	31.55%	13.71%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	78.43%	83.25%

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM
 FOR FISCAL YEAR 2016

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 349,830	\$ 333,931
Contribution in Relation to the Contractually Required Contribution	<u>(349,830)</u>	<u>(333,931)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered Employee Payroll	\$ 13,233,912	\$ 12,512,271
Contributions as a percentage of Covered Employee Payroll	2.64%	2.67%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2014 - August 31, 2015.

Note: Only two years of data is presented in accordance with GASB #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROBINSON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2016

Changes of benefit terms.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions.

The following are changes to the actuarial assumptions or other inputs that affected the measurement of the total pension liability since the prior measurement period.

Economic Assumptions

1. The inflation assumption was decreased from 3.00% to 2.50%.
2. The ultimate merit assumption for long-service employees was decreased from 1.25% to 1.00%.
3. In accordance with the observed experience, there were small adjustments in the service-based promotional/longevity component of the salary scale.
4. The payroll growth assumption was lowered from 3.50% to 2.50%.

Mortality Assumptions

5. The post-retirement mortality tables for non-disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
6. The post-retirement mortality tables for disabled retirees were updated to reflect recent TRS member experience. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.
7. The pre-retirement mortality tables for active employees were updated to use 90% of the recently published RP-2014 mortality table for active employees. Mortality rates will be assumed to continue to improve in the future using a fully generational approach and Scale BB.

Other Demographic Assumptions

8. Previously, it was assumed 10% of all members who had contributed in the past 5 years to be an active member. This was an implicit rehire assumption because teachers have historically had a high incidence of terminating employment for a time and then returning to the workforce at a later date. This methodology was modified to add a more explicit valuation of the rehire incidence in the termination liabilities, and therefore these 10% are no longer being counted as active members.
9. There were adjustments to the termination patterns for members consistent with experience and future expectations. The termination patterns were adjusted to reflect the rehire assumption. The timing of the termination decrement was also changed from the middle of the year to the beginning to match the actual pattern in the data.
10. Small adjustments were made to the retirement patterns for members consistent with experience and future expectations.
11. Small adjustments to the disability patterns were made for members consistent with experience and future expectations. Two separate patterns were created based on whether the member has 10 years of service or more.
12. For members that become disabled in the future, it is assumed 20% of them will choose a 100% joint and survivor annuity option.

Actuarial Methods and Policies

13. The method of using celled data in the valuation process was changed to now using individual data records to allow for better reporting of some items, such as actuarial gains and losses by source.

COMBINING STATEMENTS

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2016

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	\$ (67,820)	\$ (197,195)	\$ (2,073)	\$ 356,555
1240	Receivables from Other Governments	110,432	240,883	2,538	13,243
1000	Total Assets	\$ 42,612	\$ 43,688	\$ 465	\$ 369,798
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 19,500
2160	Accrued Wages Payable	13,613	25,726	424	6,438
2170	Due to Other Funds	27,673	-	-	13,643
2180	Due to Other Governments	-	15,338	-	-
2200	Accrued Expenditures	1,326	2,624	41	-
2300	Unearned Revenues	-	-	-	54,810
2000	Total Liabilities	42,612	43,688	465	94,391
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	275,407
3000	Total Fund Balances	-	-	-	275,407
4000	Total Liabilities and Fund Balances	\$ 42,612	\$ 43,688	\$ 465	\$ 369,798

255 ESEA II,A Training and Recruiting	282 Consolidation Admind Fds NCLB	331 SSA - Career & Technical - Basic Grant	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ (20,663)	\$ -	\$ (8,752)	\$ -	\$ (5,023)	\$ 55,029
23,715	-	10,381	6,184	5,023	412,399
<u>\$ 3,052</u>	<u>\$ -</u>	<u>\$ 1,629</u>	<u>\$ 6,184</u>	<u>\$ -</u>	<u>\$ 467,428</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,500
2,781	-	1,606	-	-	50,588
-	-	-	6,184	-	47,500
-	-	-	-	-	15,338
271	-	23	-	-	4,285
-	-	-	-	-	54,810
<u>3,052</u>	<u>-</u>	<u>1,629</u>	<u>6,184</u>	<u>-</u>	<u>192,021</u>
-	-	-	-	-	275,407
-	-	-	-	-	275,407
<u>\$ 3,052</u>	<u>\$ -</u>	<u>\$ 1,629</u>	<u>\$ 6,184</u>	<u>\$ -</u>	<u>\$ 467,428</u>

ROBINSON INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2016

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
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 537,627
5800 State Program Revenues	-	-	-	22,611
5900 Federal Program Revenues	266,676	476,154	7,317	497,799
5020 Total Revenues	<u>266,676</u>	<u>476,154</u>	<u>7,317</u>	<u>1,058,037</u>
EXPENDITURES:				
Current:				
0011 Instruction	131,870	382,350	7,317	-
0013 Curriculum and Instructional Staff Development	132,080	8,793	-	-
0021 Instructional Leadership	-	5,955	-	-
0031 Guidance, Counseling and Evaluation Services	-	24,056	-	-
0034 Student (Pupil) Transportation	-	55,000	-	-
0035 Food Services	-	-	-	951,472
0041 General Administration	243	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	5,116
0061 Community Services	2,483	-	-	-
6030 Total Expenditures	<u>266,676</u>	<u>476,154</u>	<u>7,317</u>	<u>956,588</u>
1200 Net Change in Fund Balance	-	-	-	101,449
0100 Fund Balance - September 1 (Beginning)	-	-	-	173,958
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,407</u>

255 ESEA II,A Training and Recruiting	282 Consolidation Admind Fds NCLB	331 SSA - Career & Technical - Basic Grant	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 537,627
-	-	-	142,928	5,023	170,562
59,458	-	28,712	-	-	1,336,116
59,458	-	28,712	142,928	5,023	2,044,305
54,658	-	8,471	142,928	2,918	730,512
4,500	-	750	-	-	146,123
-	-	19,491	-	-	25,446
-	-	-	-	-	24,056
-	-	-	-	-	55,000
-	-	-	-	-	951,472
-	-	-	-	-	243
-	-	-	-	-	5,116
300	-	-	-	2,105	4,888
59,458	-	28,712	142,928	5,023	1,942,856
-	-	-	-	-	101,449
-	-	-	-	-	173,958
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,407

REQUIRED T.E.A. SCHEDULES

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2016

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2007 and prior years	Various	Various	\$ 376,315,530
2008	1.040000	0.131530	414,114,371
2009	1.040000	0.140000	455,104,651
2010	1.170000	0.146000	479,254,557
2011	1.170000	0.145000	501,161,478
2012	1.170000	0.145000	521,849,215
2013	1.170000	0.145000	504,013,612
2014	1.170000	0.145000	536,613,384
2015	1.170000	0.340000	551,014,569
2016 (School year under audit)	1.170000	0.340000	541,099,814
1000 TOTALS			

(10) Beginning Balance 9/1/2015	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2016
\$ 79,689	\$ -	\$ 930	\$ 114	\$ (14,349)	\$ 64,296
17,143	-	45	6	(698)	16,394
18,867	-	5	1	(760)	18,101
23,489	-	97	12	(755)	22,625
28,381	-	110	14	(120)	28,137
37,682	-	1,577	195	4,681	40,591
41,513	-	4,147	514	4,617	41,469
52,826	-	8,241	1,021	5,423	48,987
161,276	-	41,198	11,972	(14,324)	93,782
-	8,170,582	6,209,422	1,804,446	-	156,714
<u>\$ 460,866</u>	<u>\$ 8,170,582</u>	<u>\$ 6,265,772</u>	<u>\$ 1,818,295</u>	<u>\$ (16,285)</u>	<u>\$ 531,096</u>

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, 2016

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	\$ 550,808	\$ 550,808	\$ 537,627	\$ (13,181)
5800	State Program Revenues	5,700	5,700	22,611	16,911
5900	Federal Program Revenues	446,156	446,156	497,799	51,643
5020	Total Revenues	1,002,664	1,002,664	1,058,037	55,373
EXPENDITURES:					
0035	Food Services	997,578	997,578	951,472	46,106
0051	Facilities Maintenance and Operations	5,000	5,000	5,116	(116)
6030	Total Expenditures	1,002,578	1,002,578	956,588	45,990
1200	Net Change in Fund Balances	86	86	101,449	101,363
0100	Fund Balance - September 1 (Beginning)	173,958	173,958	173,958	-
3000	Fund Balance - August 31 (Ending)	\$ 174,044	\$ 174,044	\$ 275,407	\$ 101,363

FEDERAL AWARDS SECTION



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

Certified Public Accountants

Fred R. Shavers III, C.P.A.
Paul J. Christensen, C.P.A.
Danny R. Wright, C.P.A.

Thomas C. Cunningham, C.P.A.
Partner Emeritus

MEMBERS:

- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

Members of the Board:

We have audited, in accordance with the 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, 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, 2016, and the related notes to the financial statements, which collectively comprise Robinson Independent School District's basic financial statements, and have issued our report thereon dated January 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Robinson Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Robinson Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Robinson Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Robinson Independent School District's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 1.

Response to the Finding

The District's response to the finding identified in the preceding paragraph is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applies in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cunningham, Shivers, Henderson & Wright, L.L.P.

Waco, Texas
January 20, 2017



Cunningham, Shavers, Christensen & Wright, L.L.P.
Certified Public Accountants

Fred R. Shavers III, C.P.A.
Paul J. Christensen, C.P.A.
Danny R. Wright, C.P.A.

Thomas C. Cunningham, C.P.A.
Partner Emeritus

MEMBERS:

- AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
- TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Robinson Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Robinson Independent School District's major federal programs for the year ended August 31, 2016. Robinson Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Robinson Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Robinson Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Robinson Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Report on Internal Control over Compliance

Management of Robinson Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Robinson Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Robinson Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of McGregor Independent School District as of and for the year ended August 31, 2016, and have issued our report thereon dated January 20, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Waco, Texas
January 20, 2017

ROBINSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

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 unmodified opinion.
- b. There were no significant deficiencies in internal control disclosed by the audit of the financial statements.
- c. Noncompliance disclosed by the audit of the basic financial statements were:

None
- 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 unmodified 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 84,027
IDEA – Part B Preschool CFDA 84,173

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

None

III. Findings and Questioned Costs for Federal Awards.

None

ROBINSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2016

<u>Findings</u>	<u>Status of Prior Year's Findings/Noncompliance</u>
Career and Technology funds not adequately spent.	This finding was corrected

ROBINSON INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2016

Findings/Noncompliance

Corrective Action Plan

None

Contact Person(s):

Stacey Proctor, Director of Finance
Robinson Independent School District

ROBINSON INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2016

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	16610101161922	\$ 251,736
ESEA, Title I, Part A - Improving Basic Programs	84.010A	17710101161922	14,940
Total CFDA Number 84.010A			266,676
*IDEA - Part B, Formula	84.027	166600011619226600	447,804
*IDEA - Part B, Formula	84.027	176600011619226600	28,350
Total CFDA Number 84.027			476,154
*IDEA - Part B, Preschool	84.173	166610011619226610	6,851
*IDEA - Part B, Preschool	84.173	176610011619226610	465
Total CFDA Number 84.173			7,316
Total Special Education Cluster (IDEA)			483,470
SSA - Career and Technical - Basic Grant	84.048	16420006161922	27,083
SSA - Career and Technical - Basic Grant	84.048	17420006161922	1,629
Total CFDA Number 84.048			28,712
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	16694501161922	56,406
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	17694501161922	3,052
Total CFDA Number 84.367A			59,458
Total Passed Through State Department of Education			\$ 838,316
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 838,316
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 93,929
*National School Lunch Program - Cash Assistance	10.555		325,735
*National School Lunch Prog. - Non-Cash Assistance	10.555		78,136
Total CFDA Number 10.555			403,871
Total Child Nutrition Cluster			497,800
Total Passed Through the State Department of Agriculture			\$ 497,800
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 497,800
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,336,116

*Clustered Programs

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

ROBINSON INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2016

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. 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.
4. CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Programs (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFSA 10.565).
5. Federal program revenues as shown in the Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3) are reported as \$1,526,807. However, federal program revenues as shown in the Schedule of Expenditures of Federal Awards (Exhibit K-1) are reported as \$1,336,116. The difference of \$190,641 is funded program revenue for SHARS.

SCHOOLS FIRST QUESTIONNAIRE

Robinson Independent School District

Fiscal Year 2016

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	
SF11	Net Pension Assets (1920) at fiscal year-end.	
SF12	Net Pension Liabilities (2540) at fiscal year-end.	3947563
SF13	Pension Expense (6147) at fiscal year-end.	352574