



CITY OF ROBINSON, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2012

CITY OF ROBINSON, TEXAS  
YEAR ENDED SEPTEMBER 30, 2012  
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# Cunningham, Shavers, Christensen & Wright, L.L.P.

*Certified Public Accountants*

2110 Austin Avenue  
Waco, Texas 76701  
(254)752-3436  
FAX (254)752-3463  
<http://www.waco-cpa.com>

*Thomas C. Cunningham, C.P.A.*  
*Fred R. Shavers III, C.P.A.*  
*Paul J. Christensen, C.P.A.*  
*Danny R. Wright, C.P.A.*  
*Nathaniel J. Pringle, C.P.A.*

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Robinson, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Robinson, Texas ("City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2012 and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013 on our consideration of the City'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 14 and 54 through 55 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.



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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The Schedule of Insurance Coverage and Securities and Exchange Commission Rule 15c2-12 Disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Cunningham, Shavers, Christensen & Wright, LLP*

Waco, Texas  
January 30, 2013

## Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

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As management of the City of Robinson, Texas ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Robinson, Texas for the fiscal year ended September 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### *Financial Highlights*

- The assets of the City *exceeded* its liabilities at the close of the fiscal year by \$21,584,233 (*net assets*). This is an increase of \$264,053 over the prior year.
- Of the \$264,053 increase (decrease) in net assets during the current year, \$(321,848) is attributable to governmental activities and \$585,901 is attributable to business-type activities.
- Ending net assets for governmental activities at September 30, 2012 was \$5,613,568, of which \$2,367,485 (unrestricted net assets) is available for spending at the City's discretion.

### *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

### **Basic Financial Statements**

The first two statements (pages 17 through 18) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (pages 20 through 28) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and, 2) the proprietary funds statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show details about the City's funding progress related to pension plans. Budgetary information required by state law also can be found in this part of the statements.

The final section, **other supplemental information**, contains information regarding insurance coverages of the City, combining nonmajor fund financial statements, and certain disclosures required by the Securities and Exchange Commission.

*Overview of the Financial Statements (continued)*

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and, 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, public works, and general administration. Taxes (property and sales), franchise fees and state and federal grant funds finance most of these activities. The business-type activities are those that the City provides at a charge to customers. These include the water and sewer services offered by the City.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the City budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year.

Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view in determining if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City adopts an annual budget for its General Fund, as required by state law. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary schedule provided for the General Fund demonstrates

*Overview of the Financial Statements (continued)*

how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted.

The budgetary comparison schedule was prepared on the *modified cash basis* of accounting, which is the method of accounting used by the City in preparing the budget. The actual results have been adjusted to the *modified cash basis* of accounting in order to give a more relevant comparison of budget to actual results. Information regarding the reconciliation of actual results to the *modified cash basis* can be found in the *note to required supplementary information* found on page 55. The schedule shows four columns: 1) the original budget as adopted by the City Council; 2) the final budget as amended by the City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – the City has two proprietary (enterprise) funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water activities and sewer activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 29 through 52 of this report.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Additionally, budgetary comparison information is found in this section. Required supplementary information can be found on pages 54 through 56 of this report.

*Government-Wide Financial Analysis*

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$21,584,233 at September 30, 2012. The City's net assets *increased* by \$264,053 for the fiscal year ended September 30, 2012. The largest portion of net assets, 72%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City's net assets, 16%, represents resources that are subject to external restrictions on how they may be used.

**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2012**

***Government-Wide Financial Analysis (continued)***

The following table provides a comparison of the City's financial position at September 30, 2012 to September 30, 2011.

**Summary of Net Assets**

	Government-wide	
	9/30/12	9/30/11
Current assets	\$ 4,206,576	\$ 4,109,480
Capital assets (net)	26,743,968	27,274,057
Restricted assets	5,601,371	6,708,031
Total assets	36,551,915	38,091,568
Short-term liabilities	3,043,777	2,982,166
Long-term liabilities	11,923,905	13,789,222
Total liabilities	14,967,682	16,771,388
Net assets:		
Invested in capital assets, net of related debt	12,875,008	15,763,455
Restricted for debt service	606,490	599,507
Restricted for repair and replacement	4,773,261	1,158,867
Restricted - other	41,584	-
Committed Fund Balance	48,142	
Unrestricted	3,239,748	3,798,351
Total net assets	\$ 21,584,233	\$ 21,320,180

Net assets of the City increased during the current year by \$264,053. The following table provides a comparison of the City's operations for the year ended September 30, 2012 to the year ended September 30, 2011.

**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2012**

**Changes in Net Assets**

	Government-wide	
	9/30/2012	9/30/2011
Revenues:		
Program revenues:		
Charges for services	\$ 5,456,952	\$ 5,384,970
Operating and capital grants	42,047	51,450
General revenues:		
Property taxes	2,378,014	2,239,884
Sales taxes	1,078,386	1,003,351
Franchise taxes	619,708	508,796
Tax penalties and interest	30,044	18,976
Investment earnings	61,421	73,951
Capital Contributions	80,039	
Other revenue	136,732	319,716
Total revenues	<u>9,883,343</u>	<u>9,601,094</u>
Expenses:		
Mayor and city council	133,569	122,881
Administration	724,414	815,535
Court	153,673	137,435
Physical plant	113,345	107,053
Inspection	215,501	168,927
Parks & Recreation	10,608	13,019
Police	1,298,559	1,996,228
Highways and street	1,366,278	616,036
Traffic Operations	861,812	-
Community Media	63,677	-
Sanitation	594,772	556,284
Parks & Recreation	5,692	-
Sewer	991,900	1,092,226
Water	2,912,418	2,747,739
Interest paid	172,072	198,633
Debt service fees and issuance costs	1,000	1,000
Int Total expenses	<u>9,619,290</u>	<u>8,572,996</u>
Change in net assets	264,053	1,028,098
Net assets, beginning	<u>21,320,180</u>	<u>20,292,082</u>
net assets, ending	<u>\$ 21,584,233</u>	<u>\$ 21,320,180</u>

***Government-Wide Financial Analysis (continued)***

**Governmental activities.** Governmental activities decreased the City's net assets by \$321,848 accounting for 1.5% decrease in the net assets of the City. Key elements of this decrease are as follows:

- Street repairs and improvements increased by \$750,242
- Traffic operations increased by \$164,143.

***Government-Wide Financial Analysis (continued)***

**Business-type activities:** Business-type activities increased the City's net assets by \$585,901 accounting for 2.75% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services continue to grow because additional users were added to the system while operating costs remain steady.

***Budget Analysis***

During the fiscal year, the City had one amendment to its budget. The City prepares its budget on the *modified cash basis* of accounting, which is a method of accounting other than that prescribed by generally accepted accounting principles (GAAP). In order to present a more accurate comparison of budget to actual results, the actual results from the operation of the general fund have been adjusted to the *modified cash basis* of accounting. A reconciliation from the *GAAP basis* of accounting to the *modified accrual basis* of accounting can be found in the *note to required supplementary information* on page 55.

For the fiscal year ended September 30, 2012, the City had a budget excess of \$117,402; revenues and expenditures were less than budget by \$83,570 and \$200,972 respectively. Significant budget variances are as follows:

- Franchise tax revenue was less than budget by \$26,402.
- Contributions and Donations exceeded budget by \$42,047.
- Fines were less than budget by \$159,058.
- Expenditures were less than budgeted for all departments, except, three which had minor expenditures exceeding budget.

***Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2012, totals \$27,201,213 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, and vehicles. The following table summarizes the City's investment in capital assets at September 30, 2012.

**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2012**

**Capital Assets at September 30, 2012**  
**(net of accumulated depreciation)**

	Governmental Activities	Business-type Activities	Total
Land	\$ 161,384	\$ 2,392,422	\$ 2,553,806
Infrastructure	4,916,355	4,568,765	9,485,120
Buildings	571,923	281,914	853,837
Improvements other than buildings	-	12,257,948	12,257,948
Vehicles and equipment	516,592	415,969	932,561
Construction in Progress	-	659,809	659,809
Total capital assets, net	<u>\$ 6,166,254</u>	<u>\$ 20,576,827</u>	<u>\$ 26,743,081</u>

***Capital Assets (continued)***

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

General Fund

- Purchase of:
  - Vehicles \$25,310;
  - New telephone system - \$23,484;
  - Sweeper and dump truck - \$51,789;
  - Park improvements - \$63,159;

Sewer Fund

- Purchase of:
  - Volvo Vactor truck - \$35,000;

Water Fund

- Purchase of:
  - Metal warehouse and office building - \$93,128.
  - New Ford F150 – 16976.

Additional information on the City's capital assets can be found in note 6 of the Basic Financial Statements.

***Long-term Debt***

As of September 30, 2012, the City had total bonded debt and long-term liabilities outstanding of \$14,294,655. Of this, \$4,740,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Long-term debt is as follows:

**Management's Discussion and Analysis**  
For the Fiscal Year Ended September 30, 2012

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Bonds and Certificates of Obligation	\$4,718,888	\$ 5,224,063	\$ 9,200,513	\$ 10,460,003	\$ 13,919,401	\$ 15,684,066
Other Long-Term Debt	-	-	-	-	-	-
	<u>\$4,718,888</u>	<u>\$ 5,224,063</u>	<u>\$ 9,200,513</u>	<u>\$ 10,460,003</u>	<u>\$ 13,919,401</u>	<u>\$ 15,684,066</u>

**The City's bond ratings are currently as follows:**

- Standard & Poors- AA-
- Fitch Ratings- A+
- Moody's- Withdrawn

*Note: The water and sewer utility system bonds are rated A- by Standard & Poor's.*

**Economic Factors and Next Year's Budgets and Rates**

- **Building Permits:** New residential and commercial construction activity was slower this year. There were 56 residential building permits valued at \$7,590,499, and 1 commercial building permit valued at \$2,500,000. A significant portion of this activity occurred in existing developing subdivisions and industrial area. Management anticipates that development will continue to improve as the economy recovers. The permit rate schedule will remain unchanged from the Fiscal Year 2011-2012 budget.
- **Sales Tax Revenue:** Sales tax was projected to generate \$947,288 during the end of the 2011-2012 fiscal year. It is projected that the 2012-2013 budget will generate \$967,633 in sales tax revenue to the city. This would be a 2.09% increase in sales tax. This projection takes into account possible recovery levels of consumer spending which directly affects sales tax revenues.
- **Population Growth:** The City of Robinson continues to grow amongst all other metropolitan and suburb communities. The 2010 Census estimated the population of Robinson as of January 2010 as 10,522. The current population is estimated as 11,055 (i.e. estimated using a 2.50% annual population increase). This is a 40.9% increase over the 2000 Census count of 7,845. The City of Robinson has been the fastest growing city in McLennan County during the past decade.
- **Ad Valorem Tax Base:** The certified tax roll is valued at \$595,095,835. This is a \$21,311,548 million increase from last year's \$573,784,287 million valuation. This net taxable amount suggests a 3.714% growth rate for the year.

**Budget Highlights for the Fiscal Year Ending September 30, 2012**

- **Governmental Activities:** City revenues are derived from general fund (property tax, sales tax), municipal court fines, water consumption, and sanitary sewer usage. The total revenues for Fiscal Year 2011-2012 were \$10,183,253. The total projected revenues for Fiscal Year 2012-2013 are expected to be \$10,774,760. This is an increase of \$591,507 or 5.81% from last year's budget. Municipal

**Management's Discussion and Analysis**  
For the Fiscal Year Ended September 30, 2012

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court revenues are projected to decrease 13.84% from \$291,681 to \$251,304. Wastewater fund revenues are projected to increase 7.72% from \$1,220,931 to \$1,315,188. Water fund revenues are projected to increase 8.05% from \$3,305,937 to \$3,572,630. General Fund Revenue in Fiscal Year 2011-2012 was \$5,656,383. This fund increased 4.06% to \$5,886,942. Ad Valorem tax was \$2,408,804 in Fiscal Year 2011-2012. It is projected that the Fiscal Year 2012-2013 budget will generate \$2,725,247 or an increase of 13.14%.

Water and wastewater rate increases will be required to be effective on October 12, 2012, and March 13, 2013 in order to assemble funds to issue Certificates of Obligation Bonds for the construction of infrastructure improvements.

The contract with Progressive Waste Solutions (i.e. formerly IESI) for sanitation services was \$615,169 in Fiscal Year 2011-2012. IESI had requested an increase of approximately 5% for the upcoming year. This percentage may be decreased (i.e. 1.68%) when the actual numbers are submitted to the City. The amount of the revised contract for services will be \$628,825.

The projected personnel expenditures for Fiscal Year 2012-2013 are expected to be \$3,769,702. A new pay plan structure is proposed to provide for a 4% cost of living increase for all employees. The next budget year will be restructured to provide for a 6% performance pay plan. There was one new employee added to the wastewater department.

**Business – type Activities:** The fee schedule remained unchanged from 2010-2011 which affects the minimum for residential and commercial building permits; electrical inspections; water and sanitary sewer tap fees; water re-connect fees, and all applicable planning functions. The current year includes additional allowances for maintenance and repair of the collection system.

The City through its affiliation with the Waco Metropolitan Area Regional Sewerage System (WMARSS), has taken steps to increase its sewer treatment capacity. A new sewer interceptor has been completed through Robinson from west to east opening additional land for development. The additional capacity at the central treatment plant and diversion of a portion of the system flow to a satellite treatment plant is part of this improvement. The City has certificate of obligation funds to pay for its share of the WMARSS improvements. Debt service is already included in the current sewer rates.

**Requests for Information**

This report is designed to provide an overview of the City of Robinson, Texas finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Robert E. Cervenka, City Manager, City of Robinson, Texas at 111 W. Lyndale, Robinson, Texas 76706; telephone: (254) 662-1415 or fax: (254) 662-1035.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ROBINSON, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2012

	Primary Government		Total
	Governmental Activities	Business Type Activities	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 958,806	\$ 757,734	\$ 1,716,540
Investments - Current	1,523,741	302,567	1,826,308
Receivables (net of allowance for uncollectibles)	259,281	354,551	613,832
Internal Balances	(14,654)	14,654	-
Inventories	-	49,896	49,896
Restricted Assets:			
Permanently Restricted:			
Permanently Restricted Asset (Cash and Equivalent)	1,880,172	3,588,089	5,468,261
Permanently Restricted Asset (Investments)	-	133,110	133,110
Capital Assets:			
Land	161,384	2,392,422	2,553,806
Infrastructure, net	4,916,355	4,568,765	9,485,120
Buildings, net	571,923	281,914	853,837
Improvements other than Buildings, net	-	12,257,948	12,257,948
Machinery and Equipment, net	516,592	415,967	932,559
Construction in Progress	-	659,809	659,809
Other Assets	-	889	889
Total Assets	<u>10,773,600</u>	<u>25,778,315</u>	<u>36,551,915</u>
<b>LIABILITIES</b>			
Accounts Payable	243,369	198,647	442,016
Intergovernmental Payable	2,941	589	3,530
Accrued Interest Payable	26,124	61,067	87,191
Deferred Revenues	114,290	6,750	121,040
Other Current Liabilities	54,421	340,084	394,505
Noncurrent Liabilities			
Due Within One Year	593,321	1,402,175	1,995,496
Due in More Than One Year	4,125,567	7,798,338	11,923,905
Total Liabilities	<u>5,160,032</u>	<u>9,807,650</u>	<u>14,967,682</u>
<b>NET ASSETS</b>			
Restricted for Police Forfeitures	8,731	-	8,731
Restricted for Local Cable Access Channel	32,853	-	32,853
Restricted for Construction and Replacement	1,487,313	3,285,948	4,773,261
Restricted for Debt Service	194,009	412,481	606,490
Committed Fund Balance - City Park Improvement	48,142	-	48,142
Invested in Capital Assets, Net of Related Debt	1,475,035	11,399,973	12,875,008
Unrestricted Net Assets	2,367,485	872,263	3,239,748
Total Net Assets	<u>\$ 5,613,568</u>	<u>\$ 15,970,665</u>	<u>\$ 21,584,233</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ -	\$ 877,678	\$ -
Mayor & City Council	133,569	-	-
Administration	724,414	-	-
Court	153,673	-	-
Police	1,298,559	-	-
Physical Plant	113,345	-	-
Inspection	215,501	-	-
Parks & Recreation	10,608	-	-
Traffic Operations	861,812	-	-
Community Media	63,677	-	-
Highways and Streets	1,366,278	-	-
Sanitation	594,772	-	-
Parks	5,692	-	-
Bond Interest	172,072	-	-
Fiscal Agent Fees	1,000	-	-
Total Governmental Activities:	5,714,973	877,678	-
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Sewer Fund	991,900	1,188,191	80,039
Water Fund	2,912,418	3,391,084	-
Total Business-Type Activities:	3,904,318	4,579,275	80,039
<b>TOTAL PRIMARY GOVERNMENT:</b>	\$ 9,619,291	\$ 5,456,953	\$ 80,039

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Franchise Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ 877,678	\$ -	\$ 877,678
(133,569)	-	(133,569)
(724,414)	-	(724,414)
(153,673)	-	(153,673)
(1,298,559)	-	(1,298,559)
(113,345)	-	(113,345)
(215,501)	-	(215,501)
(10,608)	-	(10,608)
(861,812)	-	(861,812)
(63,677)	-	(63,677)
(1,366,278)	-	(1,366,278)
(594,772)	-	(594,772)
(5,692)	-	(5,692)
(172,072)	-	(172,072)
(1,000)	-	(1,000)
<u>(4,837,295)</u>	<u>-</u>	<u>(4,837,295)</u>
-	276,330	276,330
-	478,666	478,666
-	754,996	754,996
<u>(4,837,295)</u>	<u>754,996</u>	<u>(4,082,299)</u>
1,685,027	-	1,685,027
692,987	-	692,987
1,078,386	-	1,078,386
619,708	-	619,708
30,044	-	30,044
42,047	-	42,047
8,765	127,967	136,732
37,704	23,717	61,421
320,779	(320,779)	-
<u>4,515,447</u>	<u>(169,095)</u>	<u>4,346,352</u>
(321,848)	585,901	264,053
5,935,416	15,384,764	21,320,180
<u>\$ 5,613,568</u>	<u>\$ 15,970,665</u>	<u>\$ 21,584,233</u>

FUND FINANCIAL STATEMENTS

CITY OF ROBINSON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Capital Projects Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 958,806	\$ -	\$ -
Investments - Current	1,523,741	-	-
Taxes Receivable	62,444	26,604	-
Receivables (Net)	89,980	-	-
Intergovernmental Receivables	80,253	-	-
Restricted Assets:			
Cash and Cash Equivalents	96,640	190,814	1,489,291
<b>Total Assets</b>	<b>\$ 2,811,864</b>	<b>\$ 217,418</b>	<b>\$ 1,489,291</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 163,420	\$ -	\$ 1,978
Wages and Salaries Payable	77,870	-	-
Intergovernmental Payable	2,941	-	-
Due to Other Funds	14,655	-	-
Deferred Revenues	73,408	26,604	-
Other Current Liabilities	54,421	-	-
<b>Total Liabilities</b>	<b>386,715</b>	<b>26,604</b>	<b>1,978</b>
Fund Balances:			
Restricted for Debt Service	-	190,814	-
Restricted for Street, Sewer, Water Improvements	-	-	1,487,313
Restricted for Police Forfeitures	8,731	-	-
Restricted for Local Cable Access Channel	32,853	-	-
Committed for City Park Improvements	48,142	-	-
Unassigned Fund Balance	2,335,423	-	-
<b>Total Fund Balances</b>	<b>2,425,149</b>	<b>190,814</b>	<b>1,487,313</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,811,864</b>	<b>\$ 217,418</b>	<b>\$ 1,489,291</b>

The notes to the Financial Statements are an integral part of this statement.

Special Revenue Funds	Total Governmental Funds
\$ -	\$ 958,806
-	1,523,741
-	89,048
-	89,980
-	80,253
103,427	1,880,172
<u>\$ 103,427</u>	<u>\$ 4,622,000</u>

\$ -	\$ 165,398
101	77,971
-	2,941
-	14,655
103,326	203,338
-	54,421
103,427	518,724
-	190,814
-	1,487,313
-	8,731
-	32,853
-	48,142
-	2,335,423
-	4,103,276
<u>\$ 103,427</u>	<u>\$ 4,622,000</u>

CITY OF ROBINSON, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2012

<b>Total Fund Balances - Governmental Funds</b>	\$	4,103,276
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 \$8,108,776 and the accumulated depreciation was \$1,830,728. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		1,024,665
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		677,043
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(283,837)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		92,421
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b>5,613,568</b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Debt Service Fund	Capital Projects Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,687,411	\$ 692,655	\$ -
General Sales and Use Taxes	1,078,386	-	-
Franchise Tax	619,708	-	-
Penalty and Interest on Taxes	21,001	9,043	-
Licenses and Permits	46,027	-	-
Intergovernmental Revenue and Grants	40,347	-	-
Charges for Services	605,741	-	-
Fines	198,052	-	-
Forfeits	4,846	-	-
Investment Earnings	22,086	3,110	11,844
Contributions & Donations from Private Sources	1,700	-	-
Other Revenue	-	1	-
Total Revenues	4,325,305	704,809	11,844
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Mayor & City Council	133,569	-	-
Administration	697,720	-	-
Court	123,122	-	-
Police	1,298,559	-	-
Physical Plant	113,345	-	-
Inspection	213,438	-	-
Parks & Recreation	10,608	-	-
Traffic Operations	765,342	-	-
Community Media	63,677	-	-
Highways and Streets	376,842	-	827,136
Sanitation	594,772	-	-
Debt Service:			
Bond Principal	-	505,000	-
Bond Interest	-	186,601	-
Fiscal Agent Fees	-	1,000	-
Capital Outlay:			
Capital Outlay	120,254	-	51,789
Total Expenditures	4,511,248	692,601	878,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,943)	12,208	(867,081)
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Real and Personal Property	3,662	-	-
Transfers In	320,779	-	31,750
Transfers Out (Use)	(31,750)	-	-
Total Other Financing Sources (Uses)	292,691	-	31,750
Net Change in Fund Balances	106,748	12,208	(835,331)
Fund Balance - October 1 (Beginning)	2,318,401	178,606	2,322,644
Fund Balance - September 30 (Ending)	\$ 2,425,149	\$ 190,814	\$ 1,487,313

The notes to the Financial Statements are an integral part of this statement.

Special Revenue Funds	Total Governmental Funds
\$ -	\$ 2,380,066
-	1,078,386
-	619,708
-	30,044
-	46,027
-	40,347
-	605,741
28,112	226,164
-	4,846
664	37,704
-	1,700
-	1
<u>28,776</u>	<u>5,070,734</u>
-	133,569
-	697,720
28,776	151,898
-	1,298,559
-	113,345
-	213,438
-	10,608
-	765,342
-	63,677
-	1,203,978
-	594,772
-	505,000
-	186,601
-	1,000
-	<u>172,043</u>
<u>28,776</u>	<u>6,111,550</u>
-	<u>(1,040,816)</u>
-	3,662
-	352,529
-	<u>(31,750)</u>
-	<u>324,441</u>
-	(716,375)
-	<u>4,819,651</u>
<u>\$ -</u>	<u>\$ 4,103,276</u>

CITY OF ROBINSON, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(716,375)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2012 capital outlays and debt principal payments is to increase (decrease) net assets.		677,043
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(283,838)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		1,322
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>(321,848)</b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012

	Business-Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 331,728	\$ 426,006	\$ 757,734
Investments - Current	302,567	-	302,567
Accounts Receivable-Net of Uncollectible Allowance	83,754	270,797	354,551
Due from Other Funds	-	14,655	14,655
Inventories	-	49,896	49,896
<b>Total Current Assets</b>	<b>718,049</b>	<b>761,354</b>	<b>1,479,403</b>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets - Noncurrent:</b>			
Cash and Cash Equivalents	866,831	2,721,258	3,588,089
Investments	-	133,110	133,110
<b>Capital Assets:</b>			
Land Purchase and Improvements	101,296	2,490,717	2,592,013
Infrastructure	3,186,517	4,163,940	7,350,457
Buildings	327,306	-	327,306
Improvements other than Buildings	4,547,745	17,146,072	21,693,817
Machinery and Equipment	615,721	639,832	1,255,553
Accumulated Depreciation - Capital Assets	(3,044,276)	(10,257,854)	(13,302,130)
Construction in Progress	201,172	458,637	659,809
Other	-	889	889
<b>Total Noncurrent Assets</b>	<b>6,802,312</b>	<b>17,496,601</b>	<b>24,298,913</b>
<b>Total Assets</b>	<b>7,520,361</b>	<b>18,257,955</b>	<b>25,778,316</b>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012

Business-Type Activities - Enterprise Funds

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	13,529	124,980	138,509
Wages and Salaries Payable	4,121	19,405	23,526
Compensated Absences Payable	(142)	36,754	36,612
Intergovernmental Payable	-	589	589
Accrued Interest Payable	9,683	51,384	61,067
Deferred Revenue	-	6,750	6,750
Bonds Payable - Current:			
Bonds Payable - Current	337,910	1,064,265	1,402,175
Other Current Liabilities	94,317	245,767	340,084
Total Current Liabilities	459,418	1,549,894	2,009,312
<b>NonCurrent Liabilities:</b>			
Bonds Payable - Noncurrent	1,772,270	5,991,032	7,763,302
Unamortized Premiums (Discounts) on Bonds	11,968	23,068	35,036
Total Noncurrent Liabilities	1,784,238	6,014,100	7,798,338
Total Liabilities	2,243,656	7,563,994	9,807,650
<b>NET ASSETS</b>			
Investments in Capital Assets, Net of Debt	3,836,103	7,563,870	11,399,973
Restricted for Debt Service	31,856	380,625	412,481
Restricted for Construction and Replacement	812,205	2,473,743	3,285,948
Unrestricted Net Assets	596,541	275,723	872,264
Total Net Assets	\$ 5,276,705	\$ 10,693,961	\$ 15,970,666

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Business-Type Activities - Enterprise Funds

	Sewer Fund	Water Fund	Total Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Water Services	\$ -	\$ 3,391,084	\$ 3,391,084
Charges for Sewerage Service	1,188,191	-	1,188,191
Rents and Royalties	666	69,901	70,567
Other Revenue	24,929	25,858	50,787
Total Operating Revenues	1,213,786	3,486,843	4,700,629
<b>OPERATING EXPENSES:</b>			
Personnel Services - Salaries and Wages	169,072	528,129	697,201
Personnel Services - Employee Benefits	59,047	190,866	249,913
Purchased Professional & Technical Services	35,390	77,418	112,808
Purchased Property Services	198,238	422,501	620,739
Other Operating Expenses	48,612	70,611	119,223
Supplies	135,809	653,506	789,315
Depreciation	252,875	602,023	854,898
Interest Expense	92,857	367,364	460,221
Total Operating Expenses	991,900	2,912,418	3,904,318
Operating Income	221,886	574,425	796,311
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Gain on Sale of Assets	2,738	3,875	6,613
Investment Earnings	8,082	15,635	23,717
Total Non-operating Revenue (Expenses)	10,820	19,510	30,330
Income Before Contributions & Transfers	232,706	593,935	826,641
Capital Contributions	80,039	-	80,039
Transfers Out	(114,818)	(205,961)	(320,779)
Change in Net Assets	197,927	387,974	585,901
Total Net Assets - October 1 (Beginning)	5,078,778	10,305,987	15,384,765
Total Net Assets - September 30 (Ending)	\$ 5,276,705	\$ 10,693,961	\$ 15,970,666

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities		Total Enterprise Funds
	Sewer Fund	Water Fund	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 1,354,420	\$ 3,507,891	\$ 4,862,312
Cash Payments to Employees for Services	(184,584)	(519,383)	(703,967)
Cash Payments for Suppliers	(560,389)	(1,358,396)	(1,918,785)
Net Cash Provided by Operating Activities	<u>609,447</u>	<u>1,630,112</u>	<u>2,239,559</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Advances to/from other funds	-	(14,655)	
Operating Transfers Out	(114,818)	(205,961)	(320,779)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(114,818)</u>	<u>(220,616)</u>	<u>(335,434)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	(235,948)	(272,610)	(508,558)
Principal payments/retirements of Long-term Debt	(325,916)	(1,006,765)	(1,332,681)
Proceeds from Additions/Refundings of Bonds	-	-	-
Interest payments on Long-term Debt	(82,492)	(326,774)	(409,266)
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(644,356)</u>	<u>(1,606,148)</u>	<u>(2,250,505)</u>
<u>Cash Flows from Investing Activities:</u>			
Additional investment in Certificates of Deposit	(1,749)	-	
Interest and Dividends on Investments	8,082	15,635	23,718
Net Cash Provided by Investing Activities	<u>6,333</u>	<u>15,635</u>	<u>21,969</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(143,394)	(181,016)	(324,411)
Cash and Cash Equivalents at Beginning of the Year:	1,341,953	3,328,281	4,670,234
Cash and Cash Equivalents at End of the Year:	<u>\$ 1,198,559</u>	<u>\$ 3,147,264</u>	<u>\$ 4,345,823</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities		
	Sewer Fund	Water Fund	Total Enterprise Funds
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>    Provided By Operating Activities:</u>			
Operating Income:	\$ 397,521	\$ 945,663	\$ 1,343,184
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	252,875	602,023	854,898
<u>Effect of Increases and Decreases in Current</u>			
<u>    Assets and Liabilities:</u>			
Decrease (Increase) in Receivables	54,718	9,722	64,440
Decrease (increase) in prepaid expenses	-	9	9
Decrease (Increase) in Inventories	-	(15,008)	(15,008)
Decrease (Increase) in Accounts Payable	(23,610)	71,505	47,895
Decrease (Increase) in Absences Payable	(14,295)	13,354	(941)
Decrease (Increase) in Accrued Salaries	(1,218)	(4,609)	(5,827)
Decrease (Increase) in Other Accrued Liabilities	(59,684)	-	(59,684)
Decrease (Increase) in Due to Other Funds	-	-	-
Decrease (Increase) in Customer Deposits	3,140	7,453	10,593
Net Cash Provided by Operating Activities	<u>\$ 609,447</u>	<u>\$ 1,630,112</u>	<u>\$ 2,239,559</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>			
Restricted Cash & Cash Equivalents	\$ 866,831	\$ 2,721,258	\$ 3,588,089
Unrestricted Cash & Cash Equivalents	331,728	426,006	757,734
Total Cash and Cash Equivalents	<u>\$ 1,198,559</u>	<u>\$ 3,147,264</u>	<u>\$ 4,345,823</u>

The notes to the Financial Statements are an integral part of this statement.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Robinson, Texas ("the City") was incorporated March 28, 1955, as a general law city. By approval of the voters, a new home rule charter was adopted May 1, 1999. The charter provides for a Council-Manager government. The Council consists of seven members elected for two-year terms; the Council elects from its members, a Mayor and Mayor Pro Tem. The City Manager, selected by Council, is the chief administrative officer of the City.

The City provides the following services: public safety (police), streets and other public improvements, parks, sanitation, planning and zoning, sewer and water services, and general administration.

The financial statements of the City of Robinson have been prepared in conformity with accounting principles generally accepted in the United States of America, (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

**A. Reporting Entity**

The City is an independent political subdivision of the State of Texas, governed by a mayor and six council members, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the City's financial reporting entity.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and includes all component units of which the City appoints a voting majority of the unit's board, the City is either able to impose its will on the unit, or a financial benefit or burden relationship exists.

*Discretely Presented Component Unit (s)*

Discretely presented component units are separate legal entities that meet the component unit criteria described above. Currently, the City does not have any organizations or units that meet the criteria for inclusion in the City's financial statements.

Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Financial Statement Presentation**

These financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments. The Statement includes the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the City’s governmental and business type activities.
- Fund financial statements focusing on the major funds.
- Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the reclassification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:
  - Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
  - Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through contractual provisions or enabling legislation.
  - Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the City as a whole. These statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Government-wide and Fund Financial Statements (continued)**

Separate financial statements are provided for governmental funds and proprietary funds, Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

GASB No. 34, paragraph 94, permits enterprise funds only, the option to apply all FASB Statements and Interpretations issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The City has elected to not follow such FASB guidance but rather to follow GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues, for the water and sewer funds are charges to customers for sales and services. Operating expenses for the enterprise funds include costs of sales, and services, administrative expenses, and depreciation on capital assets in providing the sales and services to the customers. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. Property taxes, franchise taxes, license fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Fund Financial Statement Presentation**

The government reports the following major governmental funds:

*General Fund*

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise fees, permit fees, and fines and forfeitures. Expenditures are for general government, finance, public safety, public works, planning, community services and engineering.

*Capital Projects Fund*

The Capital Projects Fund accounts for the acquisition of fixed assets or construction of major capital projects not being financed by other funds.

*Debt Service Fund*

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation debts of the City. The primary source of revenue for debt service is property taxes.

The following Funds are aggregated as other governmental fund (non-major Funds) in a single column of the fund financial statements:

*Special Revenue Funds*

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for special purposes. Special revenue funds include State of Texas and Federal grants.

The government reports the following major proprietary funds:

*Utility Funds – Water and Sewer Funds*

These funds are used to account for operations of the public utilities (water and sewer) services of the City.

**F. Budgets**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Sixty days prior to September 30 year-end, the City Manager submits to the City Council a proposed operating budget. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The final amended budget is used in this report. The operating budget includes proposed expenditures and the means of financing them. The budget is approved at the department level.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 15, the budget is legally enacted through passage of an ordinance.
4. Responsibility is assigned to each department head for maintaining expenditures within each object class account. Department heads are responsible for recommending transfers within the departments. Approval from the City Manager is necessary to complete the process.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Budgets (continued)**

5. Supplemental appropriation and budget adjustments to capital outlay object classes should be approved by the City Council.
6. All other supplemental appropriations should be approved by the City Council.
7. Formal budgetary procedures are employed as a management control device for the General Fund, certain Special Revenue Funds, and the Debt Service Fund.
8. Budgets for the following funds are adopted on the modified cash basis, a basis other than generally accepted accounting principles (GAAP). Adjustments necessary to convert the results of operations (which are on the GAAP basis) to the modified cash basis are made for purposes of budgetary comparison.  
  
General  
Debt Service  
Municipal Court Building  
Municipal Court Technology  
Child Safety  
Juvenile Case Manager
9. Appropriations lapse at year-end.

These budgets are created by ordinance and include all sources and uses of funds as approved by Council.

All annual budgets are prepared on a budgetary basis described above. The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Manager and Council. The legal level of budgetary control is the fund level.

For the year ended September 30, 2012, general fund expenditures did not exceed appropriations (the legal level of budgetary control).

**G. Cash and Temporary Investments**

Cash and temporary investments consist of amounts in demand accounts, money market mutual funds, petty cash funds, and the Texas Local Government Investment Pool (TEXPOOL), TexPool is an external investment pool established by interlocal contracts under state law.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Interest income is allocated to each respective individual fund monthly based on its respective share of pooled investments.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Cash and Temporary Investments (continued)**

The City maintains investments in a State supported governmental investment pool which amounts are stated at fair value. The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as "Cash" in the financial statements.

**H. Cash and Cash Equivalents**

For the purpose of the Statement of Cash Flows, the City considers all investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

**I. Receivables**

In the proprietary funds, the City records certain revenues billed to other governmental agencies, residents, and others on a monthly basis. Adjustments to revenue are made for uncollectible accounts as determined by management. At September 30, 2012 an allowance of \$27,126 was provided for possible adjustments for uncollectible accounts.

**J. Interfund Receivables and Payables**

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the Government-Wide Statement of Net Assets and are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. At September 30, 2012, there were \$14,655 of interfund receivables and payables.

**K. Inventory**

Inventories are recorded in the Enterprise Funds and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Fund Equity**

For the year ended September 30, 2011, the City has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

*Nonspendable* — amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* — amounts that can be used only for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. It is the policy of the City to also commit fund balances by adopting or amending the annual budget.

*Assigned* — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

*Unassigned* — all other spendable amounts.

The City typically uses Restricted fund balances first, followed by Committed resources, and then Assigned resources. However, the City reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds

**M. Compensated Absences**

It is the City's policy to pay employees upon separation of service for accumulated vacation and compensatory time earned but not taken. As of September 30, 2012, a liability of \$68,320 and \$36,754 has been recorded in the governmental and proprietary fund types respectively.

**N. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Capital Assets**

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure, purchased after October 1, 2003 (prospective method) is capitalized regardless of cost. The City inventoried its general fixed assets at October 1, 2003 and they are valued at original costs, where such cost was known, otherwise, they are valued at estimated historical cost.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings 50; Building improvements 50; Vehicles 5 ; Infrastructure 50; Equipment 10; Water and sewer system 40; Sanitation system-Disposal plant 40.

**P. Long Term Obligations**

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type 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 applicable bond premiums or discounts and bond issuance costs.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Q. Indirect Expense Allocations**

It is the policy of the City not to allocate indirect expenses to the various functions in the Government-wide Statement of Activities.

**R. Restricted Resources**

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**S. Tax Administration**

The City is a Home Rule Charter City with a maximum tax rate for all purposes of \$2.50 per \$100 assessed valuation. This maximum tax rate is imposed both by the Constitution of the State of Texas and the City Charter. Within this \$2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service. All taxes due the City on real or personal property are collected by the McLennan County Tax Assessor-Collector and may be paid at any time after the tax rolls have been completed and approved, which is not later than October 1. Current taxes become delinquent on February 1 following the tax year. There are various penalties for delinquent taxes. There are no discounts allowed on taxes. The procedure for collecting delinquent taxes is to refer to a collection attorney after sending delinquent notices. All properties located within the City limits on January 1 of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

**T. Interfund Transactions**

**Transactions Between Funds**

Transactions between funds that would be treated as revenues, expenditures, or expenses, if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements to a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. Nonrecurring or non-routine transfers of equity between funds are reported as additions to, or reductions of, the fund balance of governmental fund types. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary fund types.

## NOTE 2 - CASH AND INVESTMENTS

### **Cash and Cash Equivalents**

Cash and cash equivalents for reporting cash flows include all highly liquid investments with a maturity of three months or less from the date of purchase. At September 30, 2012, the City had total cash balances of \$7,184,801 primarily held by one local financial institution and by the Texas Local Government Investment Pool (TexPool) administered by the Texas State Treasurer.

Deposits at year-end are representative of the types of deposits maintained by the City during the year. The City's deposits at year-end were entirely covered by federal depository insurance or by acceptable pledged collateral held by the City's agent in the City's name.

### **City's Policies and Legal and Contractual Provisions Governing Deposits**

#### *Compliance with the Public Funds Investment Act*

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

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

#### *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 City and held by the City or its agent. Since the City complies with this law, it has no custodial credit risk for deposits.

#### *Deposits in TexPool and TexPool Prime*

Organized in 1989, TexPool is the largest and oldest local government investment pool in the State of Texas. TexPool currently provides investment services to over 2,000 communities throughout Texas.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

**NOTE 2 - CASH AND INVESTMENTS (continued)**

***Deposits in TexPool and TexPool Prime (continued)***

TexPool and TexPool *Prime* are managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool *Prime* invests in the above plus, commercial paper and certificates of deposits. TexPool and TexPool *Prime* are each rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool and TexPool *Prime*, like its participants, are governed by the Texas Public Funds Investment Act, and are in full compliance with the Act

**City's Policies and Legal and Contractual Provisions Governing Investments**

As of September 30, 2012, the City had the following investments:

Investment Type	Fair Value	Maturity (years) Investment Maturities (In Years)			
		Less than 1	1 - 5	6 - 10	More Than 10
Certificates of Deposit	\$ 1,959,418	\$ 1,959,418	\$ -	\$ -	\$ -

Additional policies and contractual provisions governing deposits and investments for the City are specified below:

*Credit Risk:* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the City limits investments to Certificates of Deposit, either insured by the Federal Deposit Insurance Corporation, or its successors or fully collateralized as described above, with maturities not exceeding one year (see "*Custodial Credit Risk for Deposits*" above).

*Custodial Credit Risk for Investments:* See "*Custodial Credit Risk for Deposits*" above.

*Concentration of Credit Risk:* To limit the risk of loss attributable to the magnitude of the City's investment in a single issuer, the City deposits/invests in only those entities who fully insure such deposits/investments or with TexPool, as described above. The City has no concentration of credit risk as all deposits/investments are either insured or fully collateralized.

*Interest Rate Risk:* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the City does not invest in anything with a maturity date exceeding one year.

*Foreign Currency Risk for Investments:* The City does not make investments denominated in any foreign currency.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

**NOTE 2 - CASH AND INVESTMENTS (continued)**

At, September 30, 2012, Cash and investments consisted of:

	Cash On Hand	Held in Banks, Money Markets, and CD's	TexPool	Total
<b>Governmental Activities</b>				
Major Funds				
General Fund	\$ 400	\$ 2,578,787	\$ -	\$ 2,579,187
Debt Service Fund		190,813	-	190,813
	400	2,769,600	-	2,770,000
<b>Other Non-Major Funds</b>				
Capital Projects		1,489,291		1,489,291
Special Revenue		103,427	-	103,427
	-	1,592,718	-	1,592,718
Total Governmental Activities	400	4,362,318	-	4,362,718
<b>Business-type Activities</b>				
Water and Sewer Utility Funds	700	4,135,369	645,431	4,781,500
	\$ 1,100	\$ 8,497,687	\$ 645,431	\$ 9,144,218

As of September 30, 2012, out of the cash and investments held by the City as listed above, a portion of the cash and investments is restricted for the following purposes:

	Cash in Banks, Money Markets, and CD's	TexPool	Total
<b>Governmental Activities</b>			
<i>General Fund</i>			
Parks	\$ 48,142	\$ -	\$ 48,142
Other	48,498	-	48,498
	96,640	-	96,640
<i>Debt Service Fund</i>			
General Obligation Debt Service	190,813	-	190,813
<i>Capital Projects Fund</i>			
Sewer, Water and Other Improvements	1,489,291		1,489,291
Total Major Funds	1,776,744	-	1,776,744
<i>Other Non-Major Funds</i>			
Special Revenue	103,427	-	103,427
Total Governmental Activities	1,880,171	-	1,880,171
<b>Business-type Activities (Water and Sewer Utility Funds)</b>			
Construction/Repair and Replacement	812,205	2,473,743	3,285,948
Debt Service and Other	54,626	380,625	435,251
Total Business -type Activities	866,831	2,854,368	3,721,199
Total Cash and Cash Equivalents	\$ 2,747,002	\$ 2,854,368	\$ 5,601,370

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

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**NOTE 3 - PROPERTY TAXES**

Property taxes for each year are levied on approximately October 1 and are due upon receipt of the tax bill and become delinquent on February 1 of the following year. On January 1 of each year, a tax lien is attached to the property to secure the payment of all taxes, penalties, and interest. The lien exists in the favor of the State and each taxing unit. Appraised values are established by the Central Appraisal District (CAD) of McLennan County, Texas, through procedures established by the Texas Legislature. The County Tax Assessor Collector bills and collects the City's property taxes. The County bills the City's tax levies as soon as possible after certification of taxable values by the CAD, which is approximately August 1 as noted above. Additional tax bills are sent in December, February, April, and July (which includes a surcharge for legal costs associated with collection). In August, delinquent taxes are turned over to the County's delinquent tax attorneys for final collection or other disposition.

The City has enacted ordinances providing for the exemption of \$10,000 of the assessed value of residential homesteads, for persons 65 years of age or older and \$10,000 for the disabled (maximum \$20,000), from property taxes. This is provided by Section 1-b(a) of Article 8 of the Constitution of Texas. An exemption from \$3,000 up to \$12,000 is allowed disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The property tax rates, to finance general governmental services and debt service for the 2011-2012 fiscal year, were \$0.294672 and \$0.120781, respectively, per \$100 of assessed valuation. The 2011 assessed value and total tax levy, as adjusted through September 30, 2012, were \$595,095,835 and \$2,472,343 respectively.

Property taxes receivable as of September 30, 2012, are as follows:

	General Fund	Debt Service Fund	Total
Current taxes receivable	\$ 23,662	\$ 8,346	\$ 32,008
Delinquent taxes receivable	38,782	18,259	57,041
Total taxes receivable	<u>\$ 62,444</u>	<u>\$ 26,605</u>	<u>\$ 89,049</u>

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

**NOTE 4 - RECEIVABLES**

The following is the detail of the September 30, 2012, receivables reported in the government-wide statements:

	Governmental Activities Funds	Sewer Fund	Water Fund	Total Business- type Activities
Taxes Receivable - General Revenue	\$ 62,444	\$ -	\$ -	\$ -
Taxes Receivable - Debt Service	26,604		-	-
Customer Accounts Receivable	45,456	76,226	231,769	307,995
Franchise Tax Receivable	31,184			
Wholesale Water Receivable	-		27,536	27,536
Sales Tax Receivable	83,898			-
Other Governmental Receivable	-			-
Other Receivables	12,778	15,562	30,584	46,146
	<u>262,364</u>	<u>91,788</u>	<u>289,889</u>	<u>381,677</u>
Less: Allowance for Doubtful Accounts	(3,083)	(8,034)	(19,092)	(27,126)
	<u>\$ 259,281</u>	<u>\$ 83,754</u>	<u>\$ 270,797</u>	<u>\$ 354,551</u>

**NOTE 5 – DEFERRED REVENUES**

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

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Property taxes receivable	\$ 62,444	\$ 26,605	\$ -	\$ 89,049
Unexpended Grants	-	-	103,326	103,326
Court Fines	9,964	-		9,964
Total deferred revenues	<u>\$ 72,408</u>	<u>\$ 26,605</u>	<u>\$ 103,326</u>	<u>\$ 202,339</u>

CITY OF ROBINSON, TEXAS  
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**NOTE 6 – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Retirements/ Reclassifications	Balance September 30, 2012
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 161,384	\$ -		\$ 161,384
Construction in Progress	-	-	-	-
	<u>161,384</u>	<u>-</u>	<u>-</u>	<u>161,384</u>
Capital assets, being depreciated:				
Buildings and Improvements	829,137			829,137
Automotive Equipment	809,275	23,510	(30,032)	802,753
Other Equipment	93,890	26,239		120,129
Street Equipment	557,121	51,788		608,909
Computers and Software	251,478	7,925		259,403
Infrastructure	5,406,491	63,159		5,469,650
	<u>7,947,392</u>	<u>172,621</u>	<u>(30,032)</u>	<u>8,089,981</u>
Less accumulated depreciation for:				
Buildings and Improvements	(241,313)	(15,901)		(257,214)
Automotive Equipment	(588,245)	(78,303)	30,032	(636,516)
Other Equipment	(15,816)	(13,882)		(29,698)
Street Equipment	(418,319)	(41,907)		(460,226)
Computers and Software	(190,304)	(20,439)		(210,743)
Infrastructure	(376,731)	(113,405)		(490,136)
Total accumulated depreciation	<u>(1,830,728)</u>	<u>(283,837)</u>	<u>30,032</u>	<u>(2,084,533)</u>
Total capital assets being depreciated, net	<u>6,116,664</u>	<u>(111,216)</u>	<u>-</u>	<u>6,005,448</u>
Governmental activities capital assets, net	<u>\$ 6,278,048</u>	<u>\$ (111,216)</u>	<u>\$ -</u>	<u>\$ 6,166,832</u>
	Balance October 1, 2011	Additions	Retirements/ Reclassifications	Balance September 30, 2012
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 596,098	\$ -	\$ -	\$ 596,098
Construction in Progress	1,203,779	308,250	(852,219)	659,810
	<u>1,799,877</u>	<u>308,250</u>	<u>(852,219)</u>	<u>1,255,908</u>
Capital assets, being depreciated:				
Buildings	325,747	94,686		420,433
Improvements other than buildings	30,024,574	892,660		30,917,234
Machinery and equipment	1,281,753	81,610	(77,983)	1,285,380
	<u>31,632,074</u>	<u>1,068,956</u>	<u>(77,983)</u>	<u>32,623,047</u>
Less accumulated depreciation	<u>(12,508,786)</u>	<u>(871,327)</u>	<u>77,983</u>	<u>(13,302,130)</u>
Total capital assets being depreciated, net	<u>19,123,288</u>	<u>197,629</u>	<u>-</u>	<u>19,320,917</u>
Business-type activities capital assets, net	<u>\$ 20,923,165</u>	<u>\$ 505,879</u>	<u>\$ (852,219)</u>	<u>\$ 20,576,825</u>

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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**NOTE 6 – CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions/programs for the fiscal year 2012 as follows:

Department/Function	Amount
<b>Governmental Activities:</b>	
Administration	\$ 24,831
Police	84,540
Municipal Court	2,560
Highways and Streets	161,644
Inspection	4,570
Parks	5,692
Total Governmental Activities	283,837
 <b>Business-type Activities:</b>	
Sewer	252,875
Water	602,023
	854,898
	\$ 1,138,735

**NOTE 7 - LONG-TERM DEBT**

The City's Long-Term Debt includes all outstanding bonded and contractual debt secured by the full faith and credit of the City. Such debt includes certificates of obligation, payable through taxes and revenues; general obligation bonds and other contractual debts, secured by the full faith and credit of the City, which are paid through the Debt Service Fund from tax revenues. The City's Water and Sewer fund has Bond issues recorded in the Enterprise Funds which are secured by revenues and the full faith and credit of the City. Although the debt payments are made from the Enterprise fund, payments may be required from tax revenues and other sources, to the extent not covered by available enterprise fund revenues.

In prior years, the City issued combined tax and revenue Certificates of Obligation Bonds for constructing and acquiring improvements, extensions, and additions to the City's sewer and water systems. These certificates of obligation are payable from City ad valorem taxes and certain revenues of the City's waterworks and sanitary sewer system. The taxes are pledged to the extent that revenues may be insufficient or unavailable for the payment of the principal and interest on these certificates. Such pledge is, and shall be, junior and subordinate in all respects to the pledge of such net revenues to the payment of any obligation of the City which the City designates as having a pledge senior to these certificates. This schedule includes these transactions in the Enterprise Fund as the City is currently repaying these bonds from water and sewer revenues.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

**NOTE 7 - LONG-TERM DEBT (continued)**

Long-term debt currently outstanding is as follows:

	Interest Rates	Original Issue	Maturity	Governmental	Business-type Activities
<b>Bonds and Notes:</b>					
Combination Tax and Revenue Refunding Bonds, Series 1997	4-4.9%	5,335,000	2013	-	535,000
Waterworks System Revenue Refunding Bonds, Series 2000	4.6-5.25%	1,270,000	2013	-	130,000
General Obligation Refunding Bonds, Series 2005	3.580%	2,735,000	2022	-	1,985,000
Combination Tax and Revenue Certificates of Obligation, Series 2005	3.440%	3,000,000	2015	890,000	415,000
Note, Office of Rural Community Affairs - 2004	0%	54,581	2013	-	4,549
Note, City of Waco (WMARSS) - 2004	3.65%	534,647	2024	-	185,106
Combination Tax and Revenue Certificates of Obligation, Series 2007	4.25%	4,975,000	2027	600,000	3,330,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	2-4.125%	3,500,000	2029	2,495,000	935,000
General Obligation Refunding Bonds, Series 2010	2-4%	3,590,000	2021	755,000	2,035,000
		<u>\$ 24,994,228</u>		<u>\$ 4,740,000</u>	<u>\$ 9,554,655</u>
					<u>\$ 14,294,655</u>

**Annual Requirements**

The annual requirements to amortize all long-term debt outstanding as of September 30, 2012, are as follows:

Fiscal Year(s) Ending	Governmental Activities Long-Term Debt			Business-type Activities Long-Term Debt		
	Principal	Interest	Totals	Principal	Interest	Totals
2013	\$ 525,000	\$ 171,184	\$ 696,184	\$ 1,402,175	\$ 358,822	\$ 1,760,996
2014	525,000	155,359	680,359	763,024	303,624	1,066,647
2015	540,000	138,551	678,551	953,319	277,272	1,230,591
2016	290,000	118,894	408,894	773,800	246,129	1,019,929
2017	300,000	109,131	409,131	799,656	218,774	1,018,430
2018-22	925,000	434,969	1,359,969	3,120,924	716,672	3,837,595
2023-27	1,125,000	242,625	1,367,625	1,596,757	233,108	1,829,866
2027-31	510,000	31,450	541,450	145,000	8,988	153,988
	<u>\$ 4,740,000</u>	<u>\$ 1,402,163</u>	<u>\$ 6,142,163</u>	<u>\$ 9,554,655</u>	<u>\$ 2,363,388</u>	<u>\$ 11,918,043</u>

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

**NOTE 7 - LONG-TERM DEBT (continued)**

The amount of \$603,295 is available to service long-term debt (\$190,814 for general long-term debt and \$412,581 for business type activity debt).

There are a number of limitations and restrictions contained in the various bond indentures. For the year ended September 30, 2012, the City is in compliance with all significant limitations and restrictions.

Long-term liability activity for the year ended September 30, 2012 was as follows:

	Balance September 30, 2011	(Refunding's Additions	Reductions and Retirements	Balance September 30, 2012	Due Within One Year
<b>Governmental Activities:</b>					
Combination Tax and Revenue Certificates of Obligation, Series 2005	1,070,000		(180,000)	890,000	190,000
Combination Tax and Revenue Certificates of Obligation, Series 2007	705,000		(105,000)	600,000	110,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	2,500,000		(5,000)	2,495,000	5,000
General Obligation Refunding Bonds, Series 2010	970,000		(215,000)	755,000	220,000
<b>Total Governmental Activities</b>	<b>5,245,000</b>	<b>-</b>	<b>(505,000)</b>	<b>4,740,000</b>	<b>525,000</b>
<b>Business-type Activities:</b>					
Combination Tax and Revenue Refunding Bonds, Series 1997	1,040,000		(505,000)	535,000	535,000
Waterworks System Revenue Refunding Bonds, Series 2000	255,000		(125,000)	130,000	130,000
Combination Tax and Revenue Certificates of Obligation, Series 2005	510,000		(95,000)	415,000	100,000
General Obligation Refunding Bonds, Series 2005	2,140,000		(155,000)	1,985,000	165,000
Note, Office of Rural Community Affairs - 2004	10,007		(5,458)	4,549	4,549
Note, City of Waco (WMARSS) - 2004	197,329		(12,223)	185,106	12,626
Combination Tax and Revenue Certificates of Obligation, Series 2007	3,470,000		(140,000)	3,330,000	155,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	975,000		(40,000)	935,000	45,000
General Obligation Refunding Bonds, Series 2010	2,290,000		(255,000)	2,035,000	255,000
Less: Unamortized issue cost	(427,333)		73,191	(354,142)	
<b>Total Business-type Activities</b>	<b>10,460,003</b>	<b>-</b>	<b>(1,259,490)</b>	<b>9,200,513</b>	<b>1,402,175</b>
<b>Total Government-wide</b>	<b>\$ 15,705,003</b>	<b>\$ -</b>	<b>\$ (1,764,490)</b>	<b>\$ 13,940,513</b>	<b>\$ 1,927,175</b>

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2012

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**NOTE 7 - LONG-TERM DEBT (continued)**

**Prior Year Refundings**

*Waterworks System Refunding Revenue Bonds, Series 1988*

The Waterworks System Improvement and Refunding Revenue Bonds, Series 1990 defeased the Waterworks System Refunding Revenue Bonds, Series 1988 and they were removed as a liability from the City's Waterworks Fund. As of September 30, 2012, the balance of the debt so removed was \$ 131,000.

*Waterworks System Improvement and Refunding Revenue Bonds, Series 1990*

A portion (\$5,654,530) of the proceeds of the Combination Tax and Revenue Refunding Bonds, Series 1997, were used to legally defease \$5,280,000 of the Waterworks System Improvement and Refunding Revenue Bonds, Series 1990 with \$2,000,000 remaining outstanding at the time of defeasance. The \$5,654,530 was placed in trust and invested by the trustee; the investment and its earnings are expected to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and has been removed as a liability from the City's Waterworks Fund. As of September 30, 2012, the amount of defeased debt outstanding but removed from the Waterworks Fund is \$605,000.

*General Obligation Refunding Bonds, Series 2005*

April 1, 2005, the City issued \$2,530,000 of General Obligation Refunding Bonds, Series 2005, in order to legally defease a like amount of the Combination Tax and Revenue Certificates of Obligation, Series 1997, with \$290,000 remaining outstanding at the time of defeasance. This action was taken to save approximately \$299,525 in future debt payments and further provide present value savings of approximately \$239,100. The refunded Certificates of Obligation are considered legally defeased and have been removed from the Waterworks Fund. As of September 30, 2012, the amount of defeased debt outstanding but removed from the Waterworks Fund is \$1,920,000.

*General Obligation Refunding Bonds, Series 2010*

On June 17, 2010, \$ 3.59 million in general obligation bonds were issued to advance refund \$3.37 million of outstanding certificates of obligation and other contractual debt. The net proceeds of \$ 3.52 million were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The debt removed is as follows: Tax and Revenue Certificates of Obligation, Series 1999 and 2001, \$445,000 and \$2,180,000 respectively, and \$745,000 on an installment sale obligation due Brazos River Authority. As of September 30, 2012, the amount of defeased debt outstanding but removed from the General, Sewer, and Waterworks Funds is \$2,705,000.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

**NOTE 8 - OTHER PAYABLES**

Other payables, at September 30, 2012 are as follows:

	Governmental Activities Funds	Sewer Fund	Water Fund	Total Business-type Activities
Court Appearance Bonds Refundable	\$ 6,929	\$ -	\$ -	\$ -
Customer Utility Deposits	42,417	94,317	243,885	338,202
Escrowed Deposits Refundable	-	-	-	-
Payroll Deductions - Employee Insurance	4,825	-	-	-
Other	250	-	1,882	1,882
	<u>\$ 54,421</u>	<u>\$ 94,317</u>	<u>\$ 245,767</u>	<u>\$ 340,084</u>

**NOTE 9 - INTERFUND OPERATING TRANSFERS and INTERNAL BALANCES**

For the year ended September 30, 2012, interfund transfers in support of operations and debt service and interfund balances were as follows:

Fund	Transfers In	Transfers Out	Due (To)/From
<b>General Fund</b>			
Sewer Fund	\$ 114,818	\$ -	\$ -
Water Fund	205,961	-	(14,654)
	<u>320,779</u>	<u>-</u>	<u>(14,654)</u>
<b>Sewer Fund</b>			
General Fund	-	114,818	-
<b>Water Fund</b>			
General Fund	-	205,961	14,654
	<u>\$ 320,779</u>	<u>\$ 320,779</u>	<u>\$ -</u>

**NOTE 10 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk-Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2012, the City paid premiums of approximately \$102,536 for provisions of various liability, property, and casualty insurance.

The City has various deductible amounts ranging from \$500 to \$10,000 on various policies. At year-end, the City did not have any significant claims.

The City also provides workers compensation insurance on its employees through TML. The workers compensation premiums for the year ended September 30, 2012, were approximately \$52,909. Workers compensation is subject to change when audited by TML. At year end September 30, 2012, the City believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

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**NOTE 10 – RISK MANAGEMENT (continued)**

During the year ended September 30, 2012, employees of the City were covered by a health insurance plan (the plan) with Blue Cross/Blue Shield. The City paid premiums for employee coverage; optional dependent coverage is at the employee's expense. The City does not retain any risk of loss on health insurance.

**NOTE 11 – PENSION PLAN**

**Plan Description**

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2011	Plan Year 2012
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

**NOTE 11 – PENSION PLAN (continued)**

The City contributes to the TMRS Plan at an actuarially determined rate. Both employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2010	\$289,552	\$ 289,552	100%	\$ -
2011	\$323,792	\$ 323,792	100%	\$ -
2012	\$315,602	\$ 315,602	100%	\$ -

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011 also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	28.6 years: closed period	27.7 years: closed period	26.9 years: closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0.9%	0.9%	0.9%

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2012

**NOTE 11 – PENSION PLAN (continued)**

**Funded Status and Funding Progress** – The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2011	\$4,610,555	\$6,276,338	73.5%	\$ 1,665,983	\$2,579,018	64.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Supplemental Death Benefits Fund**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit”, or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

The City’s contributions to the TMRS SDBF for the years ended 2012, 2011, and 2010 were \$3,751, \$5,178, and \$4,132, respectively, which equaled the required contributions each year.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Commitments**

At September 30, 2012 the City was obligated on the following contracts:

- The City entered into a sixty month contract with Robinson Volunteer Fire Department, Inc. for fire protection services effective December 9, 2009 through November 9, 2013. The contract provides for monthly payments of \$4.31 per commercial and residential customer, less a 5% service fee for collection. Monthly payments approximate \$17,850.

**B. Federally Assisted Programs - Compliance Audits**

The City receives federal grants, all of which are subject to audit by the respective agencies. Subsequent audits may disallow expenditures financed by government grants. It is the opinion of management that disallowed expenditures, if any, based on prior audit experience, will not be material in relation to the City's financial statements as of September 30, 2012.

**C. Concentration of Credit Risk**

The City has receivables from residents and businesses, all of which are located in the City.

**NOTE 13 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through the date the financial statements were available for issuance on January 30, 2013. No matters were identified affecting the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL -(BUDGET BASIS) GENERAL FUND  
 SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts (BUDGETARY BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	2,383,804	\$ 2,383,804	\$ 2,377,409	\$ (6,395)
General Sales and Use Taxes	998,039	998,039	1,078,386	80,347
Franchise Tax	563,321	563,321	536,919	(26,402)
Penalty and Interest on Taxes	25,000	25,000	32,701	7,701
Licenses and Permits	58,000	58,000	46,027	(11,973)
Intergovernmental Revenue and Grants	2,000	2,000		(2,000)
Charges for Services	655,169	655,169	639,257	(15,912)
Fines	487,645	487,645	328,587	(159,058)
Forfeitures	300	300	4,846	4,546
Investment Earnings	17,000	17,000	22,086	5,086
Contributions and Donations	-	-	42,047	42,047
Other Revenue	-	-		-
Total Revenues	5,190,278	5,190,278	5,108,264	(82,013)
<b>EXPENDITURES:</b>				
Mayor and City Council	127,915	126,415	132,967	(6,552)
Administration	735,781	737,281	697,062	40,219
Court	384,628	384,628	246,063	138,565
Physical Plant	100,167	100,167	113,345	(13,178)
Inspection	218,627	218,627	214,609	4,018
Police	2,050,818	2,050,818	2,057,197	(6,379)
Highway and Streets	1,116,204	1,116,204	1,110,847	5,357
Sanitation	599,025	599,025	594,772	4,253
Parks & Recreation	13,000	13,000	10,553	2,447
Capital Outlay	152,476	152,476	120,254	32,222
Debt Service:				
Debt Service Fees				-
Issuance Costs				-
Total Expenditures	5,498,641	5,498,641	5,297,669	200,972
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	320,779	320,779	320,779	-
Total Other Financing Sources (Uses):	320,779	320,779	320,779	-
Budgeted (use) contribution to Fund Balance	12,416	\$ 12,416	\$ 131,374	\$ 118,959

CITY OF ROBINSON, TEXAS  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL -(BUDGET BASIS) GENERAL FUND  
SEPTEMBER 30, 2012

**NOTE 1 - BUDGETARY INFORMATION**

Since Robinson prepares its annual budget on a modified cash basis that differs from the "GAAP Basis", additional schedules of revenues and expenditures are presented for the General Fund to provide meaningful comparison of actual results to budget on the "Budget Basis".

Adjustments necessary to convert the results of operations of the General Fund for the year ended September 30, 2012 on the "GAAP Basis" to the "Budget Basis" are as follows:

*Revenues:*

Total General Fund Revenues - GAAP Basis	\$ 4,279,320
Sales tax revenue is budgeted based on cash collections	1,557
Ad valorem tax is budgeted based on all collections as revenue to general fund and debt service portions as appropriations	701,698
Fines remitted to state are budgeted as revenue with amounts sent to state as expenditures	108,215
Special revenue fund collections are budgeted as revenues with appropriations out to related funds	17,474
 Total General Fund Receipts - Budget Basis	 \$ 5,108,264

*Expenditures:*

Total General Fund Expenditures - GAAP Basis	\$ 4,470,282
Remittance of court cost to the State of Texas are budgeted as expenditures	108,215
Ad valorem tax is budgeted based on all collections as revenue to general fund and portions due to debt service fund as transfers out	701,698
Special revenue fund collections are budgeted as revenues with equal appropriations out to related funds	17,474
 Total General Fund Disbursements - Budget Basis	 \$ 5,297,669

**NOTE 2 - EXCESS OF EXPEDITURES OVER APPROPRIATIONS**

For the year ended September 30, 2011, the following expenditures exceed appropriations in the General Fund:

- Mayor an City Council	\$ 6,552
- Physical Plant	\$ 13,178
- Police	\$ 6,379

CITY OF ROBINSON, TEXAS  
 SCHEDULE OF FUNDING PROGRESS (unaudited)  
 Texas Municipal Retirement System

**Required Supplementary Information**

**Schedule of Funding Progress (unaudited)**

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a percentage of covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2009	\$3,269,629	\$ 4,818,602	67.9%	\$1,548,973	\$ 2,270,718	68.2%
12/31/2010	\$3,911,393	\$ 5,423,081	72.1%	\$1,511,688	\$ 2,369,728	63.8%
12/31/2011	\$4,610,555	\$ 6,276,538	73.5%	\$1,665,983	\$ 2,579,018	64.6%

OTHER SUPPLEMENTARY INFORMATION

CITY OF ROBINSON, TEXAS  
SCHEDULE OF INSURANCE COVERAGE - ALL FUNDS  
SEPTEMBER 30, 2012

Name of Insuror	Risk Covered	Expiration Date	Limits	Deductible
Texas Municipal League	General Liability	10/1/2013		
	Annual Aggregate		\$ 2,000,000	\$ -
	Each Occurrence		\$ 1,000,000	\$ -
	Law Enforcement Liability	10/1/2013		
	Annual Aggregate		\$ 2,000,000	
	Each Occurrence		\$ 1,000,000	\$ 5,000
	Errors & Omissions Liability	10/1/2013		
	Annual Aggregate		\$ 2,000,000	
	Each Wrongful Act		\$ 1,000,000	\$ 5,000
	Automobile Liability	10/1/2013		
	Limit of Liability		\$ 1,000,000	\$ -
	Medical Payment Limit		\$ 25,000	\$ -
	Automobile Physical Damage	10/1/2013		
	Each Vehicle		per schedule	per schedule
	Each Occurrence		per schedule	\$ 10,000
	Fire and Extended Coverage	10/1/2013		
	Real and Personal Property		\$ 15,592,200	\$ 500
	Mobile Equipment		\$ 944,019	\$ 500
	Boiler and Machinery		\$ 4,000,000	\$ 500
	Public Employee Dishonesty	10/1/2013		
	Each Occurrence		\$ 150,000	\$ 5,000
Supplemental Sewage Back-up	10/1/2013			
Each Structure		\$ 25,000	\$ 250	
Each Occurrence		\$ 50,000	\$ 250	

CITY OF ROBINSON, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2012

	Muni Court Technology Fund	Muni Court Building Security Fund	Child Safety Fund	Juvenile Case Manager Fund
<b>ASSETS</b>				
Restricted Assets:				
Cash and Cash Equivalents	\$ 16,758	\$ 22,198	\$ 6,646	\$ 57,825
Total Assets	<u>\$ 16,758</u>	<u>\$ 22,198</u>	<u>\$ 6,646</u>	<u>\$ 57,825</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Wages and Salaries Payable	\$ -	\$ -	\$ -	\$ 101
Deferred Revenues	16,758	22,198	6,646	57,724
Total Liabilities	<u>16,758</u>	<u>22,198</u>	<u>6,646</u>	<u>57,825</u>
Total Liabilities and Fund Balances	<u>\$ 16,758</u>	<u>\$ 22,198</u>	<u>\$ 6,646</u>	<u>\$ 57,825</u>

The notes to the Financial Statements are an integral part of this statement.

Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
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\$ 103,427	\$ 103,427
------------	------------

\$ 103,427	\$ 103,427
------------	------------

\$ 101	\$ 101
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103,326	103,326
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103,427	103,427
---------	---------

\$ 103,427	\$ 103,427
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CITY OF ROBINSON, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Muni Court Technology Fund	Muni Court Building Security Fund	Child Safety Fund	Juvenile Case Manager Fund
<b>REVENUES:</b>				
Fines	\$ 6,336	\$ 18,667	\$ -	\$ 3,109
Investment Earnings	117	193	-	354
Total Revenues	6,453	18,860	-	3,463
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Court	6,453	18,860	-	3,463
Total Expenditures	6,453	18,860	-	3,463
Net Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The notes to the Financial Statements are an integral part of this statement.

	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$	28,112	\$ 28,112
	664	664
	28,776	28,776
	<u>28,776</u>	<u>28,776</u>
	28,776	28,776
	-	-
	-	-
\$	-	\$ -

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2011 Market Valuation Established by McLennan County Appraisal District		\$ 692,980,877
Less: Exemption/Reductions at 100% Market Value:		
Productivity Loss	(43,920,819)	
Homestead Exemptions	(3,052,969)	
Disability	(810,000)	
Disabled Veterans	(7,749,527)	
House Bill 366	(10,261)	
Over 65	(9,811,489)	
Surviving spouse	(90,000)	
Exempt Property	(32,439,977)	(97,885,042)
2010 Certified Taxable Assessed Valuation		\$ 595,095,835
City Funded Debt Payable from Ad Valorem Taxes:		
General Purpose Obligations (as of 9-30-12)		\$ 14,294,655
Total Funded Debt Payable from Ad Valorem Taxes		14,294,655
Less: Self-Supporting Water and Sewer System Debt		9,554,655
Total Net Funded Debt Payable from Ad Valorem Taxes		\$ 4,740,000
Ratio Funded Debt to Taxable Assessed Valuation		2.40%
Ratio Net Funded Debt to Taxable Assessed Valuation		0.80%
2010 Census plus 2.5% estimated annual growth rate - 11,055		
2011 Per Capita Taxable Assessed Valuation - \$53,830		
Per Capita Net Funded Debt - \$428.78		

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 2 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9-30	Estimated Population	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Funded Debt Outstanding at End of Year	Ratio Funded Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2008	10,570	\$ 502,025,947	\$ 47,495	\$ 4,022,190	0.80%	380.53
2009	10,895	522,898,624	47,994	3,602,860	0.69%	330.69
2010	11,110	522,563,064	47,035	5,708,620	1.09%	513.83
2011	10,782	549,632,041	50,977	5,245,000	0.95%	486.45
2012	11,055	595,095,835	53,830	4,740,000	0.80%	428.76

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 3 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9-30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2008	0.417	0.28887	0.12813	1,893,689	98.2%	99.9%
2009	0.417	0.299764	0.11724	2,085,575	98.6%	100.2%
2010	0.407	0.293835	0.11267	2,124,224	98.3%	99.4%
2011	0.407	0.271221	0.13528	2,246,092	98.1%	99.8%
2012	0.415	0.294672	0.120781	2,472,343	98.27%	100.04%

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 4 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2011 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Matus Construction Group, LLC	Commercial	\$ 11,954,642	27.02%
Oncor Electric Delivery Co.	Electric Utility	\$ 7,158,130	16.18%
Beauford-Breton Investments, LLC	Commercial	\$ 5,555,444	12.55%
Robinson Hotel Mgmt Group LLP	Commercial	\$ 4,040,302	9.13%
PTCCA Texas LP	Commercial	\$ 3,779,731	8.54%
Brookshire Grocery Company	Commercial	\$ 3,231,371	7.30%
H-M Texas Real Estate L. P.	Commercial	\$ 2,836,485	6.41%
McClung, Melvin C.	Commercial	\$ 2,098,631	4.74%
Young, Francis M.	Commercial	\$ 1,903,033	4.30%
Archland Property II, LP	Commercial	\$ 1,693,458	3.83%

CITY OF ROBINSON, TEXAS  
 SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES  
 SEPTEMBER 30, 2012

**TABLE 5 - CURRENT INVESTMENTS**

As of September 30, 2012, the following percentages of the City's investable funds were invested in the following categories of investments:

Type of Investment	Description	Purchase Price	% of Portfolio
	Interest Bearing Checking	\$ 1,486,251	16.26%
	Certificates of Deposit	1,656,851	18.12%
	Money Market Funds	<u>6,000,016</u>	<u>65.62%</u>
	Total	<u>\$ 9,143,119</u>	<u>100.00%</u>

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15C2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 6 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9-30	Existing G. O. Debt Service <sup>1</sup>	Total Debt Service	LESS: Self- Supporting Debt Service	Total Net Tax-Supported Debt Service
2013	\$ 1,927,175	\$ 1,927,175	\$ 1,402,175	\$ 525,000
2014	1,288,024	1,288,024	763,024	525,000
2015	1,493,319	1,493,319	953,319	540,000
2016	1,063,800	1,063,800	773,800	290,000
2017	1,099,656	1,099,656	799,656	300,000
2018	785,107	785,107	615,107	170,000
2019	815,544	815,544	635,544	180,000
2020	846,162	846,162	661,162	185,000
2021	876,763	876,763	686,763	190,000
2022	722,347	722,347	522,347	200,000
2023	508,107	508,107	303,107	205,000
2024	533,651	533,651	318,651	215,000
2025	535,000	535,000	310,000	225,000
2026	560,000	560,000	325,000	235,000
2027	585,000	585,000	340,000	245,000
2028	320,000	320,000	70,000	250,000
2029	335,000	335,000	75,000	260,000
	<u>\$ 14,294,655</u>	<u>\$ 14,294,655</u>	<u>\$ 9,554,655</u>	<u>\$ 4,740,000</u>

<sup>1</sup> includes self-supporting debt service

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 7 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-13		\$ 696,184
Interest and Sinking Fund 9-30-12	\$ 190,814	
Estimated Interest Earnings	5,000	
Interest and Sinking Fund Tax Levy at 98% Collection	<u>747,246</u>	<u>943,060</u>
Estimated Balance, 9-30-12		\$ 246,876

CITY OF ROBINSON, TEXAS  
SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES  
SEPTEMBER 30, 2012

**TABLE 8 - COMPUTATION OF SELF-SUPPORTING DEBT<sup>(1)</sup>**

Net Revenue from Waterworks and Sewer Systems, Fiscal Year Ending 9-30-12 <sup>2</sup>	\$ 1,814,368
Less: Maximum Annual Revenue Bond Requirements, 2013	<u>1,210,458</u>
Balance Available for Other Purposes	603,910
Maximum Annual System-Supported General Obligation Debt Service Requirements, 2013	<u>550,538</u>
Balance	<u><u>\$ 53,372</u></u>
Percentage of System General Obligation Self-Supporting Debt	<u><u>31.26%</u></u>

<sup>(1)</sup> Any transfer of Waterworks System revenue for the payment of general obligation debt is discretionary. No assurance can be given that the City Council will, in the future, authorize the use of any Waterworks System revenues to pay debt service on the Certificates or any other City debt payable from ad valorem taxes.

<sup>(2)</sup> Includes \$23,717 in interest income and excludes interest expense of \$460,221 and depreciation expense of \$854,898..

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**FINANCIAL INFORMATION**

**TABLE 9 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	2008	2009	2010	2011	2012
<b>Revenues:</b>					
Taxes	\$ 2,698,644	\$ 2,938,754	\$ 3,117,665	\$ 3,016,817	\$ 3,406,506
Licenses, Permits and Fines	305,502	278,023	416,207	316,566	244,079
Intergovernmental	22,438	2,696	58,509	51,450	40,347
Charges for Services	524,492	533,037	544,577	612,789	605,741
Miscellaneous	69,361	26,462	35,082	18,656	28,632
<b>Total Revenues</b>	<b>3,620,437</b>	<b>3,778,972</b>	<b>4,172,040</b>	<b>4,016,278</b>	<b>4,325,305</b>
<b>Expenditures:</b>					
General Government	1,081,993	1,121,312	1,481,919	1,297,308	1,281,194
Community Media					63,677
Parks and Recreation	-	-	46,169	8,642	10,608
Public Safety	1,533,546	1,604,975	1,883,618	1,910,234	2,063,901
Public Works	781,703	884,997	878,379	995,804	971,614
Miscellaneous	147,431	32,950	31,904	35,150	120,254
<b>Total Expenditures</b>	<b>3,544,673</b>	<b>3,644,234</b>	<b>4,321,989</b>	<b>4,247,138</b>	<b>4,511,248</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>75,764</b>	<b>134,738</b>	<b>(149,949)</b>	<b>(230,860)</b>	<b>(185,943)</b>
<b>Budgeted Transfers In<sup>(1)</sup></b>	<b>234,758</b>	<b>207,660</b>	<b>189,133</b>	<b>212,676</b>	<b>320,779</b>
<b>Budgeted Transfers Out</b>	<b>-</b>	<b>(219,169)</b>	<b>(3,840)</b>	<b>-</b>	<b>(31,750)</b>
<b>Other Financing Sources</b>	<b>31,718</b>				<b>3,662</b>
<b>Total Transfers</b>	<b>266,476</b>	<b>(11,509)</b>	<b>185,293</b>	<b>212,676</b>	<b>292,691</b>
<b>Net Change in Fund Balance</b>	<b>342,240</b>	<b>123,229</b>	<b>35,344</b>	<b>(18,184)</b>	<b>106,748</b>
<b>Other Miscellaneous Adjustments</b>	<b>47,224</b>	<b>(82,260)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance</b>	<b>1,870,808</b>	<b>2,260,272</b>	<b>2,301,241</b>	<b>2,336,585</b>	<b>2,318,401</b>
<b>Ending Fund Balance</b>	<b>\$ 2,260,272</b>	<b>\$ 2,301,241</b>	<b>\$ 2,336,585</b>	<b>\$ 2,318,401</b>	<b>\$ 2,425,149</b>

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 10 - MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1.5% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the office of Comptroller of Public Accounts, of the State of Texas, which remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9-30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2008	879,714	46.3%	0.1932	83.23
2009	918,629	43.8%	0.1828	84.32
2010	965,738	45.5%	0.1850	86.93
2011	1,003,351	44.7%	0.1818	93.06
2012	1,028,811	41.6%	0.1729	93.06
2013 <sup>(1)</sup>	211,073			

<sup>(1)</sup> Partial through December, 2012

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2012**

**TABLE 11 - CURRENT INVESTMENTS**

As of September 30, 2012, the City's investible funds were invested in the following categories:

Description	Market Value
Non-Interest Bearing Checking	\$ -
Interest Bearing Checking	1,486,251
Certificates of Deposit	1,656,851
Money Market Funds	6,000,016
Cash on hand and cash held by others	-
	<u>\$ 9,143,119</u>

As of such date, the market value of the investment portfolio was approximately 100% of its purchase price.

COMPLIANCE AND INTERNAL CONTROL SECTION



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

Certified Public Accountants

Waco, Texas

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*

To the City Council  
City of Robinson, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Robinson, Texas ("City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

*Cunningham, Shavers, Christensen & Wright, LLP*

Waco, Texas  
January 30, 2013