



CITY OF ROBINSON, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

CITY OF ROBINSON, TEXAS  
YEAR ENDED SEPTEMBER 30, 2014  
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**FINANCIAL SECTION**



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Council, and City Manager  
City of Robinson, Texas

### **Report on the Financial Statements**

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, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



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

Certified Public Accountants

Waco, Texas

***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 of Robinson, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and funding progress-Texas Municipal Retirement System (pages 7-15, 53-54, and 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Robinson, Texas's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

The insurance schedule and continuing disclosures are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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, L.L.P.

Certified Public Accountants

Waco, Texas

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the City of Robinson, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Robinson, Texas's internal control over financial reporting and compliance.

*Cunningham, Shavers, Christensen & Wright, LLP*

Waco, Texas

February 27, 2015

## Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2014

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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, 2014. 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 \$25,614,910 (*net position*). This is an increase of \$2,047,399 over the prior year.
- Of the \$2,047,399 increase (decrease) in net position during the current year, \$757,699 is attributable to governmental activities and \$1,289,700 is attributable to business-type activities.
- Ending net position for governmental activities at September 30, 2014 was \$7,073,332, of which \$2,447,307 (unrestricted net position) 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 20 through 21) 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 23 through 30) 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 sections, **supplemental information and other information**, contains information regarding insurance coverages of the City, combining nonmajor fund financial statements, and certain disclosures required by the Securities and Exchange Commission.

### **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 position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position 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 position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements, and in more detail, in Note 2 to the 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 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.

**Fund Financial Statements (continued)**

**Governmental Funds (continued)**

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 position 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 31 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 position may serve over time as one useful indicator of a government's financial condition. The assets of the City exceeded liabilities by \$25,614,910 at September 30, 2014. The City's net position *increased* by \$2,047,399 for the fiscal year ended September 30, 2014. The largest portion of net position, 77%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) plus funds restricted for ongoing construction 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 position, 7%, 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, 2014

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***Government-Wide Financial Analysis - continued***

The following table provides a comparison of the City's financial position at September 30, 2014 to September 30, 2013.

**Summary of Net Position**

	Government-wide	
	9/30/14	9/30/13
Current assets	\$ 5,336,583	\$ 4,845,679
Capital assets (net)	34,549,803	29,137,820
Restricted assets	16,331,516	21,871,679
Total assets	<u>56,217,902</u>	<u>55,855,178</u>
Short-term liabilities	3,310,480	2,921,030
Long-term liabilities	27,187,236	29,252,913
Total liabilities	<u>30,497,716</u>	<u>32,173,943</u>
Deferred Inflow or Resources	<u>105,276</u>	<u>113,728</u>
Net Position:		
Net investment in Capital Assets	19,717,556	20,217,231
Restricted for debt service	281,177	369,219
Restricted for capital improvements	1,419,692	-
Restricted for tourism	61,074	41,606
Restricted - Other	83,189	-
Unrestricted	<u>4,052,222</u>	<u>2,939,451</u>
Total net position	<u>\$ 25,614,910</u>	<u>\$ 23,567,507</u>

Net position of the City increased during the current year by \$2,047,399. The following table provides a comparison of the City's operations for the year ended September 30, 2014 to the year ended September 30, 2013.

**Management's Discussion and Analysis**  
**For the Fiscal Year Ended September 30, 2014**

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***Government-Wide Financial Analysis (continued)***  
**Changes in Net Position**

	Government-wide	
	9/30/2014	9/30/2013
Revenues:		
Program revenues:		
Charges for services	\$ 6,459,608	\$ 5,783,050
Operating and capital grants	124,522	51,775
General revenues:		
Property taxes	2,948,998	2,698,329
Sales taxes	1,266,462	1,136,373
Franchise taxes	544,462	555,835
Occupancy taxes	21,637	41,585
Tax penalties and interest	30,229	26,481
Investment earnings	35,992	51,811
Premium on Issue of Debt	-	1,060,138
Assets dedicated to City by Developers	406,850	-
Other revenue	609,975	340,931
Total revenues	12,448,735	11,746,308
Expenses:		
Mayor and city council	150,923	143,380
Administration	942,597	846,457
Court	141,786	146,821
Physical plant	124,332	122,007
Planning & Community Development	236,885	176,188
Parks & Recreation	39,515	15,378
Police	2,351,984	2,062,122
Highways and street	782,394	537,346
Traffic Operations	83,937	195,105
Community Media	76,021	67,745
Sanitation	620,198	626,266
Tourism	2,285	-
Sewer	1,121,873	1,203,897
Water	3,344,786	2,959,638
Interest paid	381,457	156,387
Debt service fees and issuance costs	363	1,212
Total expenses	10,401,336	9,259,949
Change in net position	2,047,399	2,486,359
Net position, beginning	23,567,511	21,584,230
Prior period adjustment	-	(503,078)
Net position, beginning	23,567,511	21,081,152
Net position, ending	\$ 25,614,910	\$ 23,567,511

**Management's Discussion and Analysis**  
 For the Fiscal Year Ended September 30, 2014

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

**Governmental activities.** Governmental activities increased the City's net position by \$757,699 accounting for 2.96% increase in the net position of the City. Key elements of this increase were increased property and sales tax revenues.

**Business-type activities:** Business-type activities increased the City's net position by \$1,289,700 accounting for 5.03% of the total growth in the government's net position. Key elements of this increase were the impact on user charges resulting from an increasing population while operating costs not increasing in the same proportion.

***Budget Analysis***

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. Reconciliation of 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, 2014, the City had a budget deficiency of \$156,070; revenues were \$137,842 less than budget; expenditures were \$66,819 less than budget; and other financing sources were \$85,047 less than budget. Significant budget variances are as follows:

- Municipal Court Fees and Fine revenue was less than budget by \$181,499 which substantially accounted for the overall budget deficit.

***Capital Assets***

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014, totals \$34,549,803 (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, 2014.

**Capital Assets at September 30, 2014**

	Governmental Activities	Business-type Activities	Total
Land and Improvements	\$ 161,384	\$ 291,097	\$ 452,481
Infrastructure	7,408,262	-	7,408,262
Buildings	2,635,385	399,440	3,034,825
Improvements other than buildings	-	20,421,866	20,421,866
Vehicles and equipment	1,092,983	339,255	1,432,238
Construction in Progress	-	1,800,131	1,800,131
Total capital assets, net	<u>\$ 11,298,014</u>	<u>\$ 23,251,789</u>	<u>\$ 34,549,803</u>

**Management's Discussion and Analysis**  
For the Fiscal Year Ended September 30, 2014

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***Capital Assets (continued)***

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

**General Fund**

- Purchase or dedication of:
  - New Fire Station-\$1,898,428;
  - Park Improvements-\$197,824;
  - Dedication of streets, curbing and drainage to the City by Developers - \$406,850;
  - Infrastructure (street improvements) - \$1,035,854;
  - Vehicles and other equipment-\$259,327.

**Sewer Fund**

- Purchase or dedication of:
  - Dedication of sewer lines to the City by Developers-\$170,190;
  - WMARSS facility expansion - \$200,948.

**Water Fund**

- Purchase or dedication of:
  - Dedication of water lines to the City by Developers-\$260,300;
  - Disinfection System - \$597,678;
  - Well and system upgrades - \$263,046;
  - Vehicle-\$19,296.

Additional information on the City's capital assets can be found in note 3(D) of the Basic Financial Statements.

***Long-term Debt***

As of September 30, 2014, the City had total long-term liabilities outstanding of \$29,265,555. Of this, \$4,135,000 is general obligation debt of the City. The remainder of the City's debt represents bonds and loans secured by specified revenue sources (i.e. revenue bonds). Long-term debt is as follows:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds and Certificates of Obligation	\$ 7,860,000	\$ 8,325,000	\$ 17,519,990	\$ 18,345,000	\$ 25,379,990	\$ 26,670,000
General Obligation Bonds	475,000	535,000	3,170,000	3,600,000	3,645,000	4,135,000
Other Long-Term Debt	81,098	68,456	159,467	172,480	240,565	172,480
	<u>\$ 8,416,098</u>	<u>\$ 8,928,456</u>	<u>\$ 20,849,457</u>	<u>\$ 22,117,480</u>	<u>\$ 29,265,555</u>	<u>\$ 30,977,480</u>

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

Standard & Poor's: A-

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

- **Building Permits:** New residential and commercial construction activity was slower this year. There were no industrial building permits issued. There were 42 residential building permits valued at \$7,766,375. There were 3 commercial building permits valued at \$5,420,000. A significant portion of this activity occurred in existing developing subdivisions and throughout the City. The permit rate schedule was unchanged during the Fiscal Year 2013-2014 budget.
- **Sales Tax Revenue:** Sales tax revenue budgeted for FY 2013-2014 was \$1,044,241. It is projected that the 2014-2015 Budget will generate \$1,139,928 in sales tax revenue to the city. This would be an 8.761 % 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 2014 population is estimated as 11,614 (i.e. estimated using a 2.50% annual population increase) The City of Robinson continues to be the fastest growing city in McLennan County.
- **Ad Valorem Tax Base:** The certified tax roll is valued at \$654,906,021. This is a \$26,243,944 million increase from last year's \$628,662,077 million valuation. This net taxable amount suggests a 4.1745% growth rate for the year in value. Ad Valorem tax was \$2,954,712 in Fiscal Year 2013-2014. It is projected that the Fiscal Year 2014-2015 budget will generate \$3,146,011 in Ad Valorem tax or an increase of 6.474 %.

**Budget Highlights for the Fiscal Year Ending September 30, 2014**

**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 2013-2014 were \$12,447,397. The total projected revenues for Fiscal Year 2014-2015 are expected to be \$12,941,202. This is an increase of \$493,805 or 3.967 % from last year's budget. Municipal court revenues are projected to decrease 31 % from \$190,000 to \$130,000. Wastewater fund revenues are projected to increase 15.761 % from \$1,645,266 to \$1,926,776. Water fund revenues are projected to increase 4.187% from \$4,337,667 to \$4,519,298. The current Hotel/Motel tax fund is \$52,668. This fund is projected to increase to \$77,232 during the next budget year. General Fund Revenue in Fiscal Year 2013-2014 was \$6,464,464. This fund is expected to increase 0.474 % to \$6,495,128.

**Budget Highlights for the Fiscal Year Ending September 30, 2014 (continued)**

In order to continue the implementation of the initial water and wastewater increase plan as of October 2012, a water and wastewater rate increase will be required to be effective on October 1, 2014 in order to continue to assemble funds to provide payments for Certificates of Obligation Bonds for the construction of capital infrastructure improvements.

The contract with Progressive Waste Solutions for sanitation services was \$640,750 in Fiscal Year 2013-2014. The contract for services will be \$657,369 in Fiscal Year 2014-2015. This includes a 2% increase adjustment for the Consumer Price Index. The contract that was adopted in 2013 will be effective until June 30, 2018.

The Robinson Volunteer Fire Department contract for services in Fiscal Year 2013-2014 was \$222,774. The Fiscal Year 2014-2015 budget will include an increase of \$2,555 in this contract to an amount of \$225,329.

A majority of the General Fund Budget is associated with human resource expenditures in various departments. The second year of the new pay plan structure suggests an average evaluation percentage of 4.65 percent. To balance the budget, and keep the tax increase amount low, this percentage was reduced to 3 percent by management. As a result of this action, the projected personnel expenditure for Fiscal Year 2014-2015 is expected to be \$4,381,002. There will be 1 administrative assistant added to this year's budget.

The City changed healthcare providers this past budget year to TMLIEBP. The City is pleased with the performance of this provider and will continue to use TMLIEBP into the next budget year. Management recommended an 8% increase in the budget for health insurance services and or adjustments during this time period. The City will continue efforts to maintain stability and additional cost savings in our health plan. The City will monitor the plan in the upcoming year for overall costs and for the impact of healthcare reform and will appropriately consider future contribution increases.

The City of Robinson's new street construction strategy to reclaim the City's streets continues to make progress since its inception in 2013. The initial first year saw the reconstruction of 5 miles of streets within the City. Season two in 2014 saw over 12 miles of reconstruction. The 2015 construction season will see over 14 miles of streets to be reconstructed.

**Business – type Activities:** The fee schedule remained unchanged from the previous year's budget 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.

**Management's Discussion and Analysis**  
For the Fiscal Year Ended September 30, 2014

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The City of Robinson entered into an “Agreement for the reservation of raw water and sale & delivery of treated water-wholesale customer” on October 31, 2012. A water line was extended from Corporation Parkway in the City of Waco across Interstate Highway 35 to Grieg Drive. A second connection was extended perpendicular to this line to Dayton Drive. These lines were activated July 10, 2013. The cost of treated water from the City of Waco will cost \$496,400 for the next budget year. This is a \$40,150 increase from last year’s budget amount of \$456,250.

**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 POSITION  
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,037,198	\$ 1,781,225	\$ 2,818,423
Investments - Current	1,546,950	305,914	1,852,864
Receivables (net of allowance for uncollectibles)	303,945	299,340	603,285
Inventories	-	62,011	62,011
Restricted Assets:			
Permanently Restricted:			
Cash and Cash Equivalents	1,955,574	14,375,942	16,331,516
Capital Assets:			
Land Purchase and Improvements	161,384	291,097	452,481
Infrastructure, net	7,408,262	-	7,408,262
Buildings, net	2,635,385	399,440	3,034,825
Improvements other than Buildings, net	-	20,421,866	20,421,866
Machinery and Equipment, net	1,092,983	339,255	1,432,238
Construction in Progress	-	1,800,131	1,800,131
Total Assets	<u>16,141,681</u>	<u>40,076,221</u>	<u>56,217,902</u>
<b>LIABILITIES</b>			
Accounts Payable	451,981	232,191	684,172
Intergovernmental Payable	2,941	589	3,530
Accrued Interest Payable	34,644	90,066	124,710
Other Current Liabilities	57,408	362,341	419,749
Noncurrent Liabilities			
Due Within One Year	540,000	1,538,319	2,078,319
Bonds Due in More Than One Year	7,876,099	19,311,137	27,187,236
Total Liabilities	<u>8,963,073</u>	<u>21,534,643</u>	<u>30,497,716</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Resource Inflow-Fed. and State Grants	105,276	-	105,276
Total Deferred Inflows of Resources	<u>105,276</u>	<u>-</u>	<u>105,276</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,939,281	16,778,275	19,717,556
Restricted for:			
Repayment of Long-Term Debt	122,789	158,388	281,177
Capital Improvements	1,419,692	-	1,419,692
Tourism	61,074	-	61,074
Other	83,189	-	83,189
Unrestricted Net Position	2,447,307	1,604,915	4,052,222
Total Net Position	<u>\$ 7,073,332</u>	<u>\$ 18,541,578</u>	<u>\$ 25,614,910</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, 2014

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
Mayor & City Council	\$ 150,923	\$ -	\$ -
Administration	942,597	39,920	-
Court	141,786	-	-
Police	2,351,984	171,836	1,708
Physical Plant	124,332	-	-
Hotel/Motel	2,285	-	-
Planning	236,885	-	-
Parks & Recreation	39,515	-	122,814
Traffic Operations	83,937	-	-
Community Media	76,021	-	-
Highways and Streets	782,394	-	-
Sanitation	620,198	675,594	-
Bond Interest	381,457	-	-
Debt Service Costs	363	-	-
Total Governmental Activities:	5,934,677	887,350	124,522
BUSINESS-TYPE ACTIVITIES:			
Sewer	1,121,873	1,545,570	-
Water	3,344,786	4,026,688	-
Total Business-Type Activities:	4,466,659	5,572,258	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 10,401,336</b>	<b>\$ 6,459,608</b>	<b>\$ 124,522</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Occupancy Taxes

Franchise Taxes

Penalty and Interest

Assets Dedicated to City by Developers

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position--Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (150,923)	\$ -	\$ (150,923)
(902,677)	-	(902,677)
(141,786)	-	(141,786)
(2,178,440)	-	(2,178,440)
(124,332)	-	(124,332)
(2,285)	-	(2,285)
(236,885)	-	(236,885)
83,299	-	83,299
(83,937)	-	(83,937)
(76,021)	-	(76,021)
(782,394)	-	(782,394)
55,396	-	55,396
(381,457)	-	(381,457)
(363)	-	(363)
(4,922,805)	-	(4,922,805)
-	423,697	423,697
-	681,902	681,902
-	1,105,599	1,105,599
(4,922,805)	1,105,599	(3,817,206)
2,152,640	-	2,152,640
796,358	-	796,358
1,266,462	-	1,266,462
21,637	-	21,637
544,462	-	544,462
30,229	-	30,229
406,850	430,490	837,340
41,114	138,371	179,485
18,426	17,566	35,992
402,326	(402,326)	-
5,680,504	184,101	5,864,605
757,699	1,289,700	2,047,399
6,315,633	17,251,878	23,567,511
\$ 7,073,332	\$ 18,541,578	\$ 25,614,910

FUND FINANCIAL STATEMENTS

CITY OF ROBINSON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2014

	General Fund	Debt Service Fund	Capital Projects
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 931,907	\$ -	\$ -
Investment in Certificates of Deposit	1,546,950	-	-
Taxes Receivable	91,541	35,297	-
Receivables for Services-(Net)	80,091	-	-
Intergovernmental Receivables	97,016	-	-
Restricted Cash	83,189	122,789	1,688,522
<b>Total Assets</b>	<b>\$ 2,830,694</b>	<b>\$ 158,086</b>	<b>\$ 1,688,522</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 167,007	\$ -	\$ 268,830
Wages and Salaries Payable	16,129	-	-
Intergovernmental Payable	2,941	-	-
Other Current Liabilities	57,408	-	-
<b>Total Liabilities</b>	<b>243,485</b>	<b>-</b>	<b>268,830</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	91,541	35,297	-
Deferred Resource Inflow-State and Fed. Grants	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>91,541</b>	<b>35,297</b>	<b>-</b>
<b>FUND BALANCES</b>			
Restricted-Capital Improvements	-	-	1,419,692
Restricted-Retirement of Long-Term Debt	-	122,789	-
Restricted-Tourism	-	-	-
Restricted-Other	83,189	-	-
Unassigned Fund Balance	2,412,479	-	-
<b>Total Fund Balances</b>	<b>2,495,668</b>	<b>122,789</b>	<b>1,419,692</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 2,830,694</b>	<b>\$ 158,086</b>	<b>\$ 1,688,522</b>

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

Other Funds	Total Governmental Funds
\$ 105,291	\$ 1,037,198
-	1,546,950
-	126,838
-	80,091
-	97,016
61,074	1,955,574
<u>\$ 166,365</u>	<u>\$ 4,843,667</u>
\$ -	\$ 435,837
15	16,144
-	2,941
-	57,408
<u>15</u>	<u>512,330</u>
-	126,838
105,276	105,276
<u>105,276</u>	<u>232,114</u>
-	1,419,692
-	122,789
61,074	61,074
-	83,189
-	2,412,479
<u>61,074</u>	<u>4,099,223</u>
<u>\$ 166,365</u>	<u>\$ 4,843,667</u>

CITY OF ROBINSON, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014

<b>Total Fund Balances - Governmental Funds</b>	\$	4,099,223
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 \$9,807,202 and the accumulated depreciation was \$2,268,735. 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 position.		(1,413,722)
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 2014 capital outlays and debt principal payments is to increase (decrease) net position.		4,372,449
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(494,752)
Assets dedicated to City by developers increases capital assets. The net effect of current year's asset dedication is to increase net position.		406,850
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 position.		103,284
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>7,073,332</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, 2014

	General Fund	Debt Service Fund	Capital Projects
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 2,135,334	\$ 788,389	\$ -
General Sales and Use Taxes	1,266,462	-	-
Franchise Tax	544,462	-	-
Penalty and Interest on Taxes	21,939	8,290	-
Licenses and Permits	39,920	-	-
Intergovernmental Revenue and Grants	13,609	-	-
Charges for Services	675,594	-	-
Fines	141,127	-	-
Forfeits	17,133	-	-
Investment Earnings	14,763	1,795	1,482
Contributions & Donations from Private Sources	122,814	-	-
<b>Total Revenues</b>	<b>4,993,157</b>	<b>798,474</b>	<b>1,482</b>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Mayor & City Council	150,923	-	-
Administration	910,574	-	-
Court	125,628	-	-
Police	2,213,056	-	-
Physical Plant	124,332	-	-
Tourism	-	-	-
Planning	228,260	-	-
Parks & Recreation	29,768	-	-
Traffic Operations	81,869	-	-
Community Media	75,941	-	-
Highways and Streets	468,782	-	-
Sanitation	620,198	-	-
Debt Service:			
Bond Principal	-	525,000	-
Bond Interest	-	370,546	-
Debt Service Fees	-	363	-
Capital Outlay:			
Capital Outlay	384,981	-	3,466,698
<b>Total Expenditures</b>	<b>5,414,312</b>	<b>895,909</b>	<b>3,466,698</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(421,155)	(97,435)	(3,465,216)
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Real and Personal Property	33,443	-	-
Transfers In	353,482	9,820	52,584
Transfers Out (Use)	(13,560)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>373,365</b>	<b>9,820</b>	<b>52,584</b>
Net Change in Fund Balances	(47,790)	(87,615)	(3,412,632)
Fund Balance - October 1 (Beginning)	2,543,458	210,404	4,832,324
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 2,495,668</b>	<b>\$ 122,789</b>	<b>\$ 1,419,692</b>

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

Other Funds	Total Governmental Funds
\$ 21,637	\$ 2,945,360
-	1,266,462
-	544,462
-	30,229
-	39,920
-	13,609
-	675,594
13,576	154,703
-	17,133
386	18,426
-	122,814
35,599	5,828,712
-	150,923
-	910,574
13,846	139,474
-	2,213,056
-	124,332
2,285	2,285
-	228,260
-	29,768
-	81,869
-	75,941
-	468,782
-	620,198
-	525,000
-	370,546
-	363
-	3,851,679
16,131	9,793,050
19,468	(3,964,338)
-	33,443
-	415,886
-	(13,560)
-	435,769
19,468	(3,528,569)
41,606	7,627,792
\$ 61,074	\$ 4,099,223

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, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(3,528,569)
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 2014 capital outlays and debt principal payments is to increase (decrease) the change in net position.		4,372,449
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 the change in net position.		(494,752)
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) the change in net position.		1,721
Assets dedicated to the City by developers increases capital assets. The net effect of these dedications is to increase (decrease) the change in net position.		406,850
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>757,699</b>

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

CITY OF ROBINSON, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Total Enterprise Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 586,875	\$ 1,194,350	\$ 1,781,225
Investments - Current	305,914	-	305,914
Accounts Receivable-Net of Uncollectible Allowance	68,474	230,866	299,340
Inventories	-	62,011	62,011
<b>Total Current Assets</b>	<b>961,263</b>	<b>1,487,227</b>	<b>2,448,490</b>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets - Noncurrent:</b>			
Cash and Cash Equivalents	4,763,544	9,612,398	14,375,942
<b>Capital Assets:</b>			
Land Purchase and Improvements	110,995	2,560,679	2,671,674
Infrastructure	3,186,517	4,163,940	7,350,457
Buildings	297,943	-	297,943
Improvements other than Buildings	5,035,897	19,886,454	24,922,351
Machinery and Equipment	643,315	659,128	1,302,443
Accumulated Depreciation - Capital Assets	(3,538,908)	(11,554,302)	(15,093,210)
Construction in Progress	875,536	924,595	1,800,131
<b>Total Noncurrent Assets</b>	<b>11,374,839</b>	<b>26,252,892</b>	<b>37,627,731</b>
<b>Total Assets</b>	<b>12,336,102</b>	<b>27,740,119</b>	<b>40,076,221</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	25,491	163,686	189,177
Wages and Salaries Payable	1,939	5,487	7,426
Compensated Absences Payable	4,202	31,386	35,588
Intergovernmental Payable	-	589	589
Accrued Interest Payable	23,653	66,413	90,066
Bonds Payable - Current	644,495	893,824	1,538,319
Other Current Liabilities	100,963	261,378	362,341
<b>Total Current Liabilities</b>	<b>800,743</b>	<b>1,422,763</b>	<b>2,223,506</b>
<b>NonCurrent Liabilities:</b>			
Bonds Payable - Noncurrent	5,406,579	13,904,558	19,311,137
<b>Total Noncurrent Liabilities</b>	<b>5,406,579</b>	<b>13,904,558</b>	<b>19,311,137</b>
<b>Total Liabilities</b>	<b>6,207,322</b>	<b>15,327,321</b>	<b>21,534,643</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,323,765	11,454,510	16,778,275
Restricted for Debt Service	33,381	125,007	158,388
Unrestricted Net Position	771,634	833,281	1,604,915
<b>Total Net Position</b>	<b>\$ 6,128,780</b>	<b>\$ 12,412,798</b>	<b>\$ 18,541,578</b>

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 POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Business-Type Activities - Enterprise Funds

	Sewer Fund	Water Fund	Total Enterprise Funds
OPERATING REVENUES:			
Charges for Water Services	\$ -	\$ 4,026,688	\$ 4,026,688
Charges for Sewerage Service	1,545,570	-	1,545,570
Rents and Royalties	-	8,750	8,750
Other Revenue	64,570	65,051	129,621
Total Operating Revenues	1,610,140	4,100,489	5,710,629
OPERATING EXPENSES:			
Personnel Services - Salaries and Wages	247,758	553,730	801,488
Personnel Services - Employee Benefits	93,662	196,219	289,881
Purchased Professional & Technical Services	33,354	531,893	565,247
Purchased Property Services	128,117	330,428	458,545
Other Operating Expenses	39,031	111,176	150,207
Supplies	134,424	458,515	592,939
Depreciation	253,742	681,798	935,540
Interest Expense	191,785	481,027	672,812
Total Operating Expenses	1,121,873	3,344,786	4,466,659
Operating Income	488,267	755,703	1,243,970
NON-OPERATING REVENUES (EXPENSES):			
Investment Earnings	7,350	10,216	17,566
Total Non-operating Revenue (Expenses)	7,350	10,216	17,566
Income Before Contributions & Transfers	495,617	765,919	1,261,536
Capital Contributions	170,190	260,300	430,490
Transfers Out	(145,754)	(256,572)	(402,326)
Change in Net Position	520,053	769,647	1,289,700
Total Net Position - October 1 (Beginning)	5,608,727	11,643,151	17,251,878
Total Net Position - September 30 (Ending)	\$ 6,128,780	\$ 12,412,798	\$ 18,541,578

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, 2014

	Business-Type Activities		
	Sewer Fund	Water Fund	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 1,594,489	\$ 4,067,035	\$ 5,661,524
Cash Payments to Employees for Services	(247,674)	(550,160)	(797,834)
Cash Payments for Suppliers	(812,780)	(2,031,869)	(2,844,649)
Net Cash Provided by Operating Activities	534,035	1,485,006	2,019,041
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Repayment from other funds	-	-	
Operating Transfers Out	(145,754)	(256,572)	(402,326)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(145,754)	(256,572)	(402,326)
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	(770,480)	(1,387,007)	(2,157,487)
Principal payments/retirements of Long-term Debt	(454,200)	(813,824)	(1,268,024)
Net Cash Provided by (Used for) Capital & Related Financing Activities	(1,224,680)	(2,200,831)	(3,425,511)
<u>Cash Flows from Investing Activities:</u>			
Additional investment in Certificates of Deposit	(1,525)		
Interest and Dividends on Investments	7,350	10,216	17,566
Net Cash Provided by Investing Activities	5,825	10,216	16,041
Net Increase (Decrease) in Cash and Cash Equivalents	(830,574)	(962,181)	(1,792,755)
Cash and Cash Equivalents at Beginning of the Year	6,180,993	11,768,929	17,949,922
Cash and Cash Equivalents at End of the Year	<u>\$ 5,350,419</u>	<u>\$ 10,806,748</u>	<u>\$ 16,157,167</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, 2014

	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:	\$ 488,267	\$ 755,703	\$ 1,243,970
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	253,742	681,798	935,540
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	(15,337)	(21,998)	(37,335)
Decrease (Increase) in Inventories	-	1,552	1,552
(Decrease) Increase in Accounts Payable	(127,220)	64,894	(62,326)
(Decrease) Increase in Absences Payable	(959)	(135)	(1,094)
(Decrease) Increase in Accrued Salaries	1,044	3,705	4,749
(Decrease) Increase in Other Accrued Liabilities	(70,263)	(3,473)	(73,736)
(Decrease) Increase in Deferred Revenue	-	(6,750)	(6,750)
(Decrease) Increase in Customer Deposits	4,761	9,710	14,471
Total Adjustments	(207,974)	47,505	(160,469)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 534,035</u>	<u>\$ 1,485,006</u>	<u>\$ 2,019,041</u>
 <u>Noncash Capital Financing Activities:</u>			
Contribution of capital assets by developers	<u>\$ 170,190</u>	<u>\$ 260,300</u>	<u>\$ 430,490</u>
 <u>Reconciliation of Total Cash and Cash Equivalents to the Statement of Net</u>			
<u>Position:</u>			
Unrestricted Cash & Cash Equivalents	\$ 586,875	\$ 1,194,350	\$ 1,781,225
Restricted Cash & Cash Equivalents	4,763,544	9,612,398	14,375,942
Total Cash and Cash Equivalents	<u>\$ 5,350,419</u>	<u>\$ 10,806,748</u>	<u>\$ 16,157,167</u>

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

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

The financial statements of the City of Robinson, Texas (the “City”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) applicable to state and local governments. The Governmental Accounting standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

**A. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and a seven member council. 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 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.

As required by GAAP, these financial statements present the City and any component units, entities for which the City is considered to be financially accountable. A component unit is included in the City’s reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The City had no component unit(s), as defined above, but was a member of a joint venture, which also has a September year-end.

***Joint Venture***

The Waco Metropolitan Area Regional Sewer System (“WMARSS”) is a joint venture to facilitate wastewater treatment by the Cities of Bellmead, Hewitt, Lacy Lakeview, Lorena, Robinson, Waco, and Woodway, Texas. This centralized facility is intended to reduce the potential environmental impact of multiple wastewater treatment facilities and protect and preserve natural resources. Wastewater collection by the regional system has also helped to reduce the costs associated with treatment, thereby assisting WMARSS participating cities in maintaining affordable rates for customers.

The City is obligated to fund construction of the facilities, including the sanitary interceptor and related lines, in proportions stated in the inter-local agreement. The City has financed its portion of construction funds through a loan from the City of Waco and issuance and sale of tax and revenue certificates of obligation. The City’s net investment and its share of the operating results of the WMARSS are reported in the City’s sewer fund. The City’s equity interest in the WMARSS was \$1,847,650 at September 30, 2014.

Additional financial information concerning WMARSS can be obtained from the City of Waco, Waco, Texas.

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

**B. Basis of Presentation**

While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City's funds. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The debt service fund is used to account for property taxes assessed for debt retirement, other than enterprise fund (sewer and water) debt.

The capital projects fund is used to account for construction and improvement projects while such activity has not reached completion. Upon completion, the resulting assets are transferred to the infrastructure of the City or to its enterprise funds.

The City reports the following major proprietary funds:

The water and sewer funds are used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments, where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time 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.

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. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long term debt is reported as an other-financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the government receives cash.

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

**D. Budgetary Information**

***Budgetary Basis of Accounting***

Annual budgets are adopted on a modified cash basis (which differs from generally accepted accounting principles) for the general fund, capital projects fund, and debt service fund. 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.

The appropriated budget is prepared by fund, department, and function. Department Managers may transfer unencumbered appropriations within a department. City Manager approval is necessary for transfers of unencumbered appropriations between departments. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

***Excess of Expenditures over Appropriations***

For the year ended September 30, 2014, expenditures in the general fund's Police Department exceeded appropriations by \$7,066, the Physical Plant Department exceeded appropriations by \$20,932, Street Department exceeded appropriations by \$41,520, the Parks Department exceeded appropriations by \$8,807 and capital asset expenditures exceeded appropriations by \$91,264. These were all planned expenditures and were approved by the City Manager.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Deposits and Investments***

Cash and cash equivalents for purposes of reporting cash flows of proprietary funds are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in Obligations of Governmental Entities, Certificates of Deposit, Repurchase Agreements, Commercial Paper, Mutual Funds, and Investment Pools.

In accordance with state law, TexPool, a local government investment pool, operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method

***Receivables***

In the general and 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, 2014 an allowance of \$30,209 was provided for possible adjustments for uncollectible accounts. See Note 3(K) regarding the City's 2013/2014 adjustment for accounts deemed uncollectible.

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

***Interfund Receivables and Payables***

At September 30, 2014, there were no interfund receivables or payables.

***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.

***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.

Donated capital assets (those dedicated to the City) 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.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no deferred outflows of resources at September 30, 2014.

In addition to liabilities, the statement of financial position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

***Deferred Outflows/Inflows of Resources (continued)***

The government has one item in this category, arising from Federal or State grants. This deferred resource inflow will be recognized as outflow upon expenditure of the grant funds.

***Net Position Flow Assumptions***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Policies and Flow Assumptions***

Governmental fund's fund balances classified as restricted are balances constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balance. The City Council must take the same level of action to remove or change the constraint. Assigned fund balances are constrained by intent to use for a specific purpose but are neither restricted nor committed. Assignments are made by City management based on Council direction.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in more than one classification, it is the City's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

**F. Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Amounts are classified as revenues if collectible within sixty days after year-end.

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

***Property Taxes***

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.

The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

***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, 2014, a liability of \$81,098 and \$35,588 has been recorded in the governmental and proprietary fund types respectively.

***Proprietary Funds Operating and Non-operating Revenues and Expenses***

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 of the water and sewer fund are charges to customers for sales and services. Operating expenses for water and sewer funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**G. 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.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Reconciliation of Governmental Fund Balances to Government-wide Net Position*

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ (1,413,722)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement but are increases in capital assets and reduction of long-term debt in the government-wide financial statements.	4,372,449
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(494,752)
Assets dedicated to the City by developers	406,850
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 :	103,284
	2,974,109
Governmental Fund Balance at September 30, 2014	4,099,223
	\$ 7,073,332

The above is reconciliation between fund balance– total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “Various other reclassifications and eliminations are necessary to convert from the modified basis of accounting to accrual basis of accounting, etc.” The details of this \$103,284 difference are as follows:

Current year change in:	
Accrued interest	\$ (10,911)
Compensated absences	(12,643)
Prior year uncollected taxes	68,354
Current year uncollected taxes	58,484
	\$ 103,284

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)**

*Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities*

The governmental fund statement of revenue, expenditures and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Various other reclassifications and eliminations are necessary to convert the modified accrual basis of accounting to accrual basis of accounting, etc.” The details of this \$1,721 difference are as follows:

Current change in accrued interest	\$ (10,911)
Reclass collection of prior year taxes to Net Position-beginning	(38,118)
Tax adjustment to prior assessments as decrease to current income	4,909
Recognize uncollected current taxes as revenue this year	58,484
Current change in Compensated absences	(12,643)
	\$ 1,721

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the carrying amount of the City's deposits was \$5,876,644 and the bank balance was \$5,649,929. The bank balance was completely covered by federal depository insurance or by collateral held by the City's agent in the City's name.

Further, the City had cash on deposit with TexPool (as previously described in these notes) of \$14,964,737. These deposits are considered cash or cash equivalents, due to the immediate availability of the funds. In accordance with state law, TexPool collateralizes its deposits separately from the City

As of September 30, 2014, the City had the following investments:

Investment	Fair Value	Percent of Portfolio	Weighted Average Maturity (in days)
Certificates of Deposit	\$ 1,852,864	100.00%	345

While the City's current policy is to have a weighted average maturity of 270 days or less, current interest rates on short-term deposits do not produce the desired rate of return. The City is currently considering revision of its investment policies in light of current conditions.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***A. Deposits and Investments (continued)***

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the maturities of its investments as follows: maturities its approved investments cannot exceed two years.

*Credit Risk*

For an investment, credit risk is the risk that an investment issuer or other counterparty to an investment will not fulfill obligations. Texas Government Code Chapter 2256, Public Funds Investment Act, restricts the types of investments in which the City may invest. The City's investment policy addresses credit quality by further restricting authorized investments to the following:

- Obligations of the United States or its agencies or instrumentalities
- Direct obligations of the State of Texas or its agencies or instrumentalities
- Certificates of Deposit issued by state and national banks and savings and loan associations domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successors or by other pledged collateral as provided by law
- Commercial Paper with a stated maturity of 270 days or less which is rated not less than "A-1" or "P-1" or an equivalent rating by at least two nationally recognized credit rating agencies
- Money market mutual funds regulated by the Securities and Exchange Commission, with a dollar-weighted average portfolio maturity of 90 days or less
- Local Government investment pools organized and operating in compliance with the Public Funds Investment Act.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investments in the securities of a single issuer. The City's investment policy includes an investment objective of seeking diversification to avoid unreasonable risk. The City's investments as to type and percentage are as stated above.

*Custodial Credit Risk*

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. City policy requires all deposits to be fully secured in accordance with the Texas Government Code, Chapter 2257, by either surety bonds, letters of credit of the United States or its agencies and instrumentalities, or by eligible securities held by an independent third-party custodian.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

**A. Deposits and Investments (continued)**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City would not be able to recover the value of its investment or collateralized securities that are in the possession of an outside third party. The City's investment policy requires that the purchase of investment securities be settled on a delivery basis through the City's Safekeeping Agent.

**B. Receivables**

Receivables at September 30, 2014 were:

	Governmental Activities Funds	Sewer Fund	Water Fund	Total Business- type Activities
Taxes Receivable - General Revenue	\$ 91,541	\$ -	\$ -	\$ -
Taxes Receivable - Debt Service	35,297			-
Customer Accounts Receivable	36,357	76,508	218,274	294,783
Franchise Tax Receivable	42,289			-
Wholesale Water Receivable			31,002	31,002
Sales Tax Receivable	99,849			-
Other Governmental Receivable				-
Other Receivables	1,695		681	681
	<u>307,028</u>	<u>76,508</u>	<u>249,957</u>	<u>326,466</u>
Less: Allowance for Doubtful Accounts	(3,083)	(8,034)	(19,092)	(27,126)
	<u>\$ 303,945</u>	<u>\$ 68,474</u>	<u>\$ 230,865</u>	<u>\$ 299,340</u>

**C: Interfund Transfers**

	Governmental Activities	Business-Type Activities
Transfers In:		
General Fund	\$ 353,482	\$ -
Capital Projects Fund	39,024	-
Debt Service Fund	9,820	-
	<u>402,326</u>	<u>-</u>
Transfers Out:		
Sewer Fund		145,754
Water Fund		256,572
	<u>-</u>	<u>402,326</u>
	<u>\$ 402,326</u>	<u>\$ 402,326</u>

Transfers are used to move revenues from the fund responsible for collecting them to the fund responsible for expending them as required by statute or budget.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***D: Capital Assets***

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance October 1, 2013	Additions	Retirements/ Reclassifications	Balance September 30, 2014
<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	829,136	2,096,252		2,925,388
Automotive Equipment	988,414	239,378	(100,630)	1,127,162
Other Equipment	151,199	18,178		169,377
Street Equipment	1,117,266	1,772		1,119,038
Computers and Software	259,403	-		259,403
Infrastructure	6,285,768	1,913,350		8,199,118
	<u>9,631,186</u>	<u>4,268,930</u>	<u>(100,630)</u>	<u>13,799,486</u>
Less accumulated depreciation for:				
Buildings and Improvements	(273,114)	(16,890)		(290,004)
Automotive Equipment	(648,298)	(128,563)	100,630	(676,231)
Other Equipment	(50,488)	(27,076)		(77,564)
Street Equipment	(461,812)	(120,203)		(582,015)
Computers and Software	(229,333)	(16,853)		(246,186)
Infrastructure	(605,689)	(185,167)		(790,856)
Total accumulated depreciation	<u>(2,268,734)</u>	<u>(494,752)</u>	<u>100,630</u>	<u>(2,662,856)</u>
Total capital assets being depreciated, net	7,362,452	3,774,178	-	11,136,630
Governmental activities capital assets, net	<u>\$ 7,523,836</u>	<u>\$ 3,774,178</u>	<u>\$ -</u>	<u>\$ 11,298,014</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land Purchase and Improvements	\$ 596,098	\$ 9,696	\$ -	\$ 605,794
Construction in Progress	793,170	1,220,011	(213,051)	1,800,130
	<u>1,389,268</u>	<u>1,229,707</u>	<u>(213,051)</u>	<u>2,405,924</u>
Capital assets, being depreciated:				
Buildings	461,031	-	-	461,031
Improvements other than buildings	32,621,240	1,524,531		34,145,771
Machinery and equipment	1,287,162	45,108		1,332,270
	<u>34,369,433</u>	<u>1,569,639</u>	<u>-</u>	<u>35,939,072</u>
Less accumulated depreciation	(14,157,668)	(935,540)		(15,093,208)
Total capital assets being depreciated, net	<u>20,211,765</u>	<u>634,099</u>	<u>-</u>	<u>20,845,864</u>
Business-type activities capital assets, net	<u>\$ 21,601,033</u>	<u>\$ 1,863,807</u>	<u>\$ (213,051)</u>	<u>\$ 23,251,788</u>

The City capitalized \$21,335 of interest in connection with various enterprise fund construction projects completed during the year.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

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**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***D: Capital Assets (continued)***

Depreciation expense was charged to functions/programs for the fiscal year 2014 as follows:

Department/Function	Amount
<b>Governmental Activities:</b>	
Administration	\$ 28,295
Police	136,405
Municipal Court	1,957
Highways and Streets	309,834
Planning & Community Development	4,570
Traffic Operations	3,944
Parks	9,747
Total Governmental Activities	494,752
<b>Business-type Activities:</b>	
Sewer	253,742
Water	681,798
	935,540
	\$ 1,430,292

***E: Other Current Liabilities***

Other current liabilities at September 30, 2014 were:

	Governmental Activities Funds	Sewer Fund	Water Fund	Total Business-type Activities
Customer Utility Deposits	\$ 45.139	\$ 100.962	\$ 259.720	\$ 360.682
Escrowed Deposits Refundable	419	-	-	-
Court Bonds and Refunds	7.275	-	-	-
Payroll Deductions - Employee Insurance	4.575	-	-	-
Other	-	-	1.659	1.659
	\$ 57.408	\$ 100.962	\$ 261.379	\$ 362.341

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

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**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***F: Long-Term Debt***

The City's debt includes tax and revenue certificates of obligation, secured by, and payable through taxes and revenues; general obligation bonds and other contractual debts are paid through tax revenues. Although certain debt payments are to be made from the enterprise funds net revenues, payments may be required from tax revenues and other sources, to the extent not covered by available enterprise fund revenues. The pledge of ad valorem taxes is junior and subordinate in all respects to the pledge of sewer and water system net revenues to the payment of any obligation of the City which the City designates as having a pledge senior to these certificates.

At September 30, 2014, the City's debt was:

	Interest Rates	Original Issue	Maturity	Governmental	Business-type Activities
<b>Bonds and Notes:</b>					
General Obligation Refunding Bonds, Series 2005	3.580%	\$ 2,735,000	2022	\$ -	\$ 1,650,000
Combination Tax and Revenue Certificates of Obligation, Series 2005	3.440%	3,000,000	2015	355,000	210,000
Note, City of Waco (WMARSS) - 2004	3.65%	534,647	2024	-	159,457
Combination Tax and Revenue Certificates of Obligation, Series 2007	4.25%	4,975,000	2027	375,000	3,005,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	2-4.125%	3,500,000	2029	2,485,000	845,000
General Obligation Refunding Bonds, Series 2010	2-4%	3,590,000	2021	475,000	1,520,000
Combination Tax and Revenue Certificates of Obligation, Series 2012	2-3%	9,305,000	2032		8,915,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	2-3%	9,305,000	2033	4,645,000	4,545,000
		<u>\$ 36,944,647</u>		<u>\$ 8,335,000</u>	<u>\$ 20,849,457</u>
					<u>\$ 29,184,457</u>

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***F: Long-Term Debt-continued***

Long-term liability activity for the year ended September 30, 2014 was:

	Balance September 30, 2013	(Refunding's) Additions	Reductions and Retirements	Balance September 30, 2014	Due Within One Year
<b>Governmental Activities:</b>					
Combination Tax and Revenue Certificates of Obligation, Series 2005	\$ 700,000		\$ (345,000)	\$ 355,000	\$ 355,000
Combination Tax and Revenue Certificates of Obligation, Series 2007	490,000		(115,000)	375,000	120,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	2,490,000		(5,000)	2,485,000	5,000
General Obligation Refunding Bonds, Series 2010	535,000		(60,000)	475,000	60,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	4,645,000			4,645,000	-
Total Governmental Activities	8,860,000	-	(525,000)	8,335,000	540,000
<b>Business-type Activities:</b>					
Combination Tax and Revenue Certificates of Obligation, Series 2005	315,000		(105,000)	210,000	210,000
General Obligation Refunding Bonds, Series 2005	1,820,000		(170,000)	1,650,000	180,000
Note, City of Waco (WMARSS) - 2004	172,480		(13,023)	159,457	13,319
Combination Tax and Revenue Certificates of Obligation, Series 2007	3,175,000		(170,000)	3,005,000	240,000
Combination Tax and Revenue Certificates of Obligation, Series 2010	890,000		(45,000)	845,000	45,000
General Obligation Refunding Bonds, Series 2010	1,780,000		(260,000)	1,520,000	265,000
Combination Tax and Revenue Certificates of Obligation, Series 2012	9,305,000		(390,000)	8,915,000	395,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	4,660,000		(115,000)	4,545,000	190,000
Total Business-type Activities	22,117,480	-	(1,268,023)	20,849,457	1,538,319
Total Government-wide	\$ 30,977,480	\$ -	\$ (1,793,023)	\$ 29,184,457	\$ 2,078,319

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***F: Long-Term Debt-continued***

Future maturities are:

Fiscal Year(s)	Governmental Activities Long-Term Debt			Business-type Activities Long-Term Debt		
	Principal	Interest	Totals	Principal	Interest	Totals
2015	540,000	277,156	817,156	1,538,319	659,280	2,197,599
2016	495,000	258,244	753,244	1,368,800	615,691	1,984,491
2017	510,000	244,381	754,381	1,409,656	576,437	1,986,093
2018	385,000	229,556	614,556	1,765,107	577,000	2,342,107
2019	395,000	220,156	615,156	1,100,544	481,830	1,582,374
2020-24	2,170,000	910,156	3,080,156	5,567,031	1,870,319	7,437,350
2025-29	2,580,000	506,775	3,086,775	5,100,000	963,706	6,063,706
2030-33	1,260,000	112,000	1,372,000	3,000,000	215,250	3,215,250
	<u>\$ 8,335,000</u>	<u>\$ 2,758,424</u>	<u>\$ 11,093,424</u>	<u>\$ 20,849,457</u>	<u>\$ 5,959,513</u>	<u>\$ 23,593,720</u>

The City had \$281,177, at September 30, 2014, in interest and sinking accounts. Additionally, the City makes deposits, as required to such accounts, in order to have adequate funds available as debt matures.

The various debt instruments contain certain limitations and restrictions, with which the City was compliant.

**Prior Year Refundings**

*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, 2014, the amount of defeased debt outstanding but removed from the Waterworks Fund is \$1,620,000.

*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, 2014, the amount of defeased debt outstanding but removed from the General, Sewer, and Waterworks Funds is \$1,960,000

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***G: 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, 2014, the City paid premiums of approximately \$160,191 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, 2013, were approximately \$80,111. Workers compensation is subject to change when audited by TML. At year end September 30, 2014, the City believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

During the year ended September 30, 2014, employees of the City were covered by a health insurance plan (the plan) with Blue Cross/Blue Shield, switching to TML MultiState Intergovernmental Employee Benefits Plan. The City paid premiums for employee coverage; optional dependent coverage is at the employee's expense. The City retains no risk of loss related to the health insurance plan.

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

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**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***H: Restricted Assets***

Restricted assets at September 30, 2014 were:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	Cash and cash equivalents	Investments	Cash and cash equivalents	Investments
<i>General Fund</i>				
Police	\$ 27,258			
Court bonds	7,067			
Local Media	30,743			
Parks	18,121			
<i>Hotel &amp; Motel Tax Fund</i>				
Tourism	61,074			
<i>Debt Service Fund</i>				
Debt Service	122,789			
<i>Capital Projects Fund</i>				
Construction	1,688,522			
	1,955,574	-		
<i>Sewer Fund</i>				
Construction			4,730,163	
Debt Service			33,381	
<i>Water Fund</i>				
Construction			9,487,391	
Debt Service			125,007	
	\$ 1,955,574	\$ -	\$ 14,375,942	\$ -

***I: Contingent Liabilities and Commitments***

The City, occasionally receives grants for various sources. While the City makes every effort to comply with grant stipulations, upon audit, the grantor could disallow expenditures and request repayment. The City believes that any such repayment request(s) would not be material to its financial statements.

*Robinson Volunteer Fire Department ("VFD")*

The City, by contract, until September 15, 2015, agreed to pay the VFD monthly, an amount, based on the number of residential and commercial utility customers times \$4.09. Such payment approximates \$18,250 monthly.

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

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**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***I: Contingent Liabilities and Commitments (continued)***

*Water sale and purchase commitments*

The City is committed, until April, 2018, to provide the City of Lorena, Texas, 500,000 gallons of water daily. Monthly collections for such sale of water approximate \$28,000.

The City is committed, until May, 2045, to purchase from the City of Waco, Texas, 500,000 gallons of water daily. Monthly payments for such water approximate \$23,600.

Subsequent to September 30, 2014, the City awarded bids as follows:

- U.S. 77, McLendon, Hillview, and Nelson water/wastewater improvements-\$1,011,008;
- Greig Drive pump station improvements-\$382,000;
- Elizabeth ground storage tank improvements-\$498,300.

Additionally, the City entered into a contract to purchase land and improvements from Grace Presbytery, Inc. for \$180,000.

***J: 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 2013	Plan Year 2014
Employee deposit rate	7%	7%
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

CITY OF ROBINSON, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***J: Pension Plan (continued)***

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the 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.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the 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. (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent single Amortization Period	26.9 years; closed period	26.0 years; closed period	30.0 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*	7.00%	7.00%	7.00%
Projected Salary Increases*	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	0.90%	0.90%	0.90%

CITY OF ROBINSON, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2014

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**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***J: Pension Plan (continued)***

**Funding Status and Funding Progress**

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, 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)
12/31/2013	\$ 6,098,525	\$ 8,418,239	72.4%	\$ 2,319,714	\$ 2,849,451	81.40%

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.

**Supplementary 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.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)**

***J: Pension Plan (continued)***

**Contributions**

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 September 30, 2014, 2013, and 2012 were \$4,425, \$2,336, and \$2,438, respectively, which equaled the required contributions each year.

***L: Subsequent Events***

The City has evaluated subsequent events through the date the financial statements were available for issuance on February 27, 2015. No matters were identified affecting the financial statements.

***M: Future Governmental Accounting Standards Board ("GASB") Pronouncements***

GASB Statement No. 68 (GASB 68), effective for fiscal years beginning after June 15, 2014, will now require the City to record a net pension liability (NPL) on its financial statements; additionally, the city will include disclosures as a participant in an agent, multiple-employer plan. The amount of such liability will be determined by TMRS, at a future date.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROBINSON, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL-(BUDGET BASIS) GENERAL FUND  
SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts (BUDGETARY BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property Taxes	\$ 2,954,711	\$ 2,954,712	\$ 2,923,723	\$ (30,989)
General Sales and Use Taxes	1,096,952	1,096,952	1,255,615	158,663
Franchise Tax	560,000	560,000	544,462	(15,538)
Occupancy Tax	26,000	26,000	-	(26,000)
Penalty and Interest on Taxes	19,000	19,000	30,230	11,230
Licenses and Permits	53,000	53,000	39,920	(13,080)
Intergovernmental Revenue and Grants	-	-	13,609	13,609
Charges for Services	663,904	663,904	675,594	11,690
State Fees-Municipal Court	220,054	220,054	108,927	(111,127)
Fines	190,000	190,000	119,628	(70,372)
Forfeits	300	300	17,133	16,833
Investment Earnings	16,000	16,000	16,559	559
Miscellaneous Revenue	21,500	35,634	-	(35,634)
Contributions and Donations	150,000	150,000	122,814	(27,186)
Park Grant	-	-	-	-
Other Revenue	5,500	20,500	-	(20,500)
Total Revenues	5,976,921	6,006,056	5,868,214	(137,842)
<b>EXPENDITURES:</b>				
Mayor and City Council	194,788	194,788	150,923	43,865
Administration	879,820	913,664	910,574	3,090
Court	343,190	327,070	213,056	114,014
Physical Plant	103,400	103,400	124,332	(20,932)
Planning & Comm. Dev.	208,763	235,097	228,260	6,837
Police	2,266,165	2,205,990	2,213,056	(7,066)
Highway and Streets	436,943	427,262	468,782	(41,520)
Sanitation	640,750	640,750	620,198	20,552
Parks	20,961	20,961	29,768	(8,807)
Traffic Operations	90,136	89,288	81,869	7,419
Capital Outlay	240,551	293,717	384,981	(91,264)
Community Media	113,159	115,774	75,941	39,833
Appropriation for Debt Repayment	896,707	896,707	895,909	798
Total Expenditures	6,435,333	6,464,468	6,397,649	66,819
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Fixed Assets	-	-	33,443	33,443
Transfers In	458,412	458,412	353,482	(104,930)
Transfers Out	-	-	(13,560)	(13,560)
Total Other Financing Sources (Uses):	458,412	458,412	373,365	(85,047)
Budgeted (use) contribution to Fund Balance	-	-	(156,070)	(156,070)
Fund Balance - September 30, 2013 (beginning)	2,543,458	2,543,458	2,543,458	
Fund Balance - September 30, 2014 (ending)	\$ 2,543,458	\$ 2,543,458	\$ 2,387,388	\$ (156,070)

CITY OF ROBINSON, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL-(BUDGET BASIS) GENERAL FUND  
SEPTEMBER 30, 2014

**NOTE 1 - BUDGETARY INFORMATION**

The financial statements of the City are prepared in accordance with generally accepted accounting principles ("GAAP Basis"). 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, 2014 on the "GAAP Basis" to the "Budget Basis" are as follows:

***Revenues:***

Total General Fund Revenues - GAAP Basis	\$ 4,993,157
Sales tax revenue is budgeted based on cash collections	(10,847)
Ad valorem tax is budgeted based on all collections as revenue to general fund and debt service portions as appropriations	788,389
Fines remitted to state are budgeted as revenue with amounts sent to state as expenditures	87,428
Penalties and interest and interest earned on deposits- appropriated for debt service	10,087
 Total General Fund Receipts - Budget Basis	 \$ 5,868,214

***Expenditures:***

Total General Fund Expenditures - GAAP Basis	\$ 5,414,312
Remittance of court cost to the State of Texas are budgeted as expenditures	87,428
Ad valorem tax is budgeted based on all collections as revenue to general fund and portions due to debt service fund as transfers out	895,909
 Total General Fund Disbursements - Budget Basis	 \$ 6,397,649

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

For the year ended September 30, 2014, the following expenditures exceed appropriations in the General Fund:

- Physical Plant	\$ 20,932
- Police	\$ 7,066
- Highways and Streets	\$ 41,520
- Parks	\$ 8,807
- Capital Outlay	\$ 91,264

CITY OF ROBINSON, TEXAS  
SCHEDULE OF FUNDING PROGRESS (unaudited)  
Texas Municipal Retirement System  
September 30, 2014

**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)
12/31/2011	\$ 4,610,555	\$ 6,276,538	73.5%	\$ 1,665,983	\$ 2,579,018	64.6%
12/31/2012	\$ 5,302,419	\$ 7,010,510	75.6%	\$ 1,708,091	\$ 2,662,999	64.1%
12/31/2013	\$ 6,098,525	\$ 8,418,239	72.4%	\$ 2,319,714	\$ 2,849,451	81.4%

**SUPPLEMENTARY INFORMATION**

CITY OF ROBINSON, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014

	Hotel/Motel Tax Fund	Muni Court Technology Fund	Muni Court Building Security Fund	Child Safety Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 13,219	\$ 20,232	\$ 8,386
Restricted Assets:				
Restricted Cash	61,074	-	-	-
Total Assets	<u>\$ 61,074</u>	<u>\$ 13,219</u>	<u>\$ 20,232</u>	<u>\$ 8,386</u>
<b>LIABILITIES</b>				
Wages and Salaries Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Resource Inflow-State and Fed. Grants	-	13,219	20,232	8,386
Total Deferred Inflows of Resources	<u>-</u>	<u>13,219</u>	<u>20,232</u>	<u>8,386</u>
<b>FUND BALANCES</b>				
Restricted-Tourism	61,074	-	-	-
Total Fund Balances	<u>61,074</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 61,074</u>	<u>\$ 13,219</u>	<u>\$ 20,232</u>	<u>\$ 8,386</u>

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

Juvenile Case Manager Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 63,454	\$ 105,291	\$ 105,291
-	61,074	61,074
<u>\$ 63,454</u>	<u>\$ 166,365</u>	<u>\$ 166,365</u>
<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 15</u>
15	15	15
63,439	105,276	105,276
<u>63,439</u>	<u>105,276</u>	<u>105,276</u>
-	61,074	61,074
-	61,074	61,074
<u>\$ 63,454</u>	<u>\$ 166,365</u>	<u>\$ 166,365</u>

CITY OF ROBINSON, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Hotel/Motel Tax Fund	Muni Court Technology Fund	Muni Court Building Security Fund	Child Safety Fund
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 21,637	\$ -	\$ -	\$ -
Fines	-	9,772	1,336	-
Investment Earnings	116	46	57	-
Total Revenues	<u>21,753</u>	<u>9,818</u>	<u>1,393</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Court	-	9,818	1,393	-
Tourism	2,285	-	-	-
Total Expenditures	<u>2,285</u>	<u>9,818</u>	<u>1,393</u>	<u>-</u>
Net Change in Fund Balance	19,468	-	-	-
Fund Balance - October 1 (Beginning)	<u>41,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 61,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Juvenile Case Manager Fund	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
\$ -	\$ 21,637	\$ 21,637
2,468	13,576	13,576
167	386	386
2,635	35,599	35,599
2,635	13,846	13,846
-	2,285	2,285
2,635	16,131	16,131
-	19,468	19,468
-	41,606	41,606
\$ -	\$ 61,074	\$ 61,074

## OTHER INFORMATION

CITY OF ROBINSON, TEXAS  
SCHEDULE OF INSURANCE COVERAGE - ALL FUNDS  
SEPTEMBER 30, 2014

Name of Insuror	Risk Covered	Expiration Date	Limits	Deductible
Texas Municipal League Intergovernmental Risk Pool	General Liability	10/1/2014		
	Annual Aggregate		\$ 2,000,000	\$ -
	Each Occurrence		\$ 1,000,000	\$ -
	Law Enforcement Liability	10/1/2014		
	Annual Aggregate		\$ 2,000,000	
	Each Occurrence		\$ 1,000,000	\$ 5,000
	Errors & Omissions Liability	10/1/2014		
	Annual Aggregate		\$ 2,000,000	
	Each Wrongful Act		\$ 1,000,000	\$ 5,000
	Automobile Liability	10/1/2014		
	Limit of Liability		\$ 1,000,000	\$ -
	Medical Payment Limit		\$ 25,000	\$ -
	Automobile Physical Damage	10/1/2014		
	Each Vehicle		per schedule	per schedule
	Each Occurrence		per schedule	\$ 10,000
	Fire and Extended Coverage	10/1/2014		
	Real and Personal Property		\$ 15,853,800	\$ 500
	Mobile Equipment		\$ 1,138,344	\$ 500
	Boiler and Machinery		\$ 4,000,000	\$ 500
	Public Employee Dishonesty	10/1/2014		
	Each Occurrence		\$ 150,000	\$ 5,000
	Supplemental Sewage Back-up	10/1/2014		
	Each Structure		\$ 25,000	\$ 250
	Each Occurrence		\$ 50,000	\$ 250

The City renewed the above coverages, on substantially the same terms, for the period October 1, 2014 to October 1, 2015.

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

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

2013 Market Valuation Established by McLennan County Appraisal District		\$ 737,505,619
Less: Exemption/Reductions at 100% Market Value:		
Productivity Loss	\$ (44,565,927)	
Homestead Exemptions	(8,252,185)	
Disability	(939,730)	
Disabled Veterans	(8,649,557)	
House Bill 366	(11,950)	
Over 65	(10,033,758)	
Surviving spouse	(80,000)	
Exempt Property	<u>(37,300,886)</u>	<u>(109,833,993)</u>
2013 Certified Taxable Assessed Valuation		627,671,626
City Funded Debt Payable from Ad Valorem Taxes:		
General Purpose Obligations (as of 9-30-14)		<u>29,184,457</u>
Total Funded Debt Payable from Ad Valorem Taxes		29,184,457
Less: Self-Supporting Water and Sewer System Debt		<u>20,849,457</u>
Total Net Funded Debt Payable from Ad Valorem Taxes		\$ 8,335,000
Ratio Funded Debt to Taxable Assessed Valuation		4.65%
Ratio Net Funded Debt to Taxable Assessed Valuation		1.33%

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2010 Census plus 2.5% estimated annual growth rate - 11,614  
2013 Per Capita Taxable Assessed Valuation - \$54,043  
Per Capita Net Funded Debt - \$717.65

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**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**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
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
2013	11,331	594,245,632	52,444	8,860,000	1.49%	781.92
2014	11,614	627,671,626	54,043	8,335,000	1.33%	717.65

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**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
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%
2013	0.45375	0.336463	0.117287	2,696,390	98.74%	99.61%
2014	0.47	0.343286	0.126714	2,950,057	98.14%	99.11%

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**TABLE 4 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2013 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Matus Construction Group, LLC	Commercial	\$ 14,454,230	2.30%
Oncor Electric Delivery Co.	Electric Utility	7,545,430	1.20%
Beauford-Breton Investments, LLC	Commercial	5,555,480	0.89%
Robinson Hotel Mgmt Group LLP	Commercial	4,251,790	0.68%
PTCCA Texas LP	Commercial	3,834,810	0.61%
Brookshire Grocery Company	Commercial	3,176,080	0.51%
H-M Texas Real Estate L. P.	Commercial	2,899,230	0.46%
VHD Indian Creek Properties, Ltd.	Commercial	2,469,500	0.39%
McClung, Melvin C.	Commercial	2,121,020	0.34%
Young, Francis M.	Commercial	2,084,460	0.33%

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**TABLE 5 - CURRENT INVESTMENTS**

As of September 30, 2014, the following percentages of the City's investable funds were invested in the following categories of investments:

<u>Type of Investment</u>	<u>Description</u>	<u>Purchase Price</u>	<u>% of Portfolio</u>
	Interest Bearing Checking	\$ 665,870	3.17%
	Certificates of Deposit	1,852,864	8.82%
	Money Market Funds	<u>18,482,969</u>	<u>88.01%</u>
	Total	<u>\$ 21,001,703</u>	<u>100.00%</u>

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**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
2015	\$ 3,014,755	\$ 3,014,755	\$ 2,196,854	\$ 817,901
2016	2,737,735	2,737,735	1,984,491	753,244
2017	2,740,474	2,740,474	1,986,092	754,381
2018	2,385,362	2,385,362	1,770,806	614,556
2019	2,387,031	2,387,031	1,771,874	615,156
2020	2,392,477	2,392,477	1,777,020	615,456
2021	2,389,632	2,389,632	1,772,457	617,175
2022	2,198,775	2,198,775	1,581,100	617,675
2023	1,953,537	1,953,537	1,340,912	612,625
2024	1,964,885	1,964,885	1,347,660	617,225
2025	1,940,294	1,940,294	1,324,169	616,125
2026	1,948,119	1,948,119	1,328,644	619,475
2027	1,948,869	1,948,869	1,326,744	622,125
2028	1,657,681	1,657,681	1,043,606	614,075
2029	1,655,519	1,655,519	1,040,544	614,975
2030	1,310,000	1,310,000	965,900	344,100
2031	1,307,000	1,307,000	963,400	343,600
2032	1,307,850	1,307,850	965,100	342,750
2033	662,400	662,400	320,850	341,550
	<u>\$ 37,902,394</u>	<u>\$ 37,902,394</u>	<u>\$ 26,808,224</u>	<u>\$ 11,094,170</u>

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

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

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

Net General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-15		\$ 817,901
Interest and Sinking Fund 9-30-14	\$ 122,789	
Estimated Interest Earnings	1,800	
Interest and Sinking Fund Tax Levy at 98% Collection	<u>802,218</u>	<u>926,807</u>
Estimated Balance, 9-30-15		\$ 108,905

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

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

Net Revenue from Waterworks and Sewer Systems, Fiscal Year Ending 9-30-14 <sup>2</sup>	\$ 2,467,562
Less: Maximum Annual Revenue Bond Requirements, 2015	<u>1,645,643</u>
Balance Available for Other Purposes	821,919
Maximum Annual System-Supported General Obligation Debt Service Requirements, 2015	<u>551,955</u>
Balance	<u><u>\$ 269,964</u></u>
Percentage of System General Obligation Self-Supporting Debt	<u><u>25.12%</u></u>

<sup>(1)</sup> Any transfer of Sewer or 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 \$17,566 in interest income and excludes interest expense of \$672,812 and depreciation expense of \$935,540.

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**FINANCIAL INFORMATION**

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

	2010	2011	2012	2013	2014
<b>Revenues:</b>					
Taxes	\$ 3,117,665	\$ 3,016,817	\$ 3,406,506	\$ 3,702,248	\$ 3,968,197
Licenses, Permits and Fines	416,207	316,566	244,079	56,787	198,180
Intergovernmental	58,509	51,450	40,347	36,600	13,609
Charges for Services	544,577	612,789	605,741	765,581	675,594
Miscellaneous	35,082	18,656	28,632	35,763	137,577
<b>Total Revenues</b>	<b>4,172,040</b>	<b>4,016,278</b>	<b>4,325,305</b>	<b>4,596,979</b>	<b>4,993,157</b>
<b>Expenditures:</b>					
General Government	1,481,919	1,297,308	1,281,194	1,382,337	1,539,717
Community Media			63,677	67,745	75,941
Parks and Recreation	46,169	8,642	10,608	7,538	29,768
Public Safety	1,883,618	1,910,234	2,063,901	2,154,375	2,294,925
Public Works	878,379	995,804	971,614	963,044	1,088,980
Miscellaneous	31,904	35,150	120,254	173,462	384,981
<b>Total Expenditures</b>	<b>4,321,989</b>	<b>4,247,138</b>	<b>4,511,248</b>	<b>4,748,501</b>	<b>5,414,312</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(149,949)</b>	<b>(230,860)</b>	<b>(185,943)</b>	<b>(151,522)</b>	<b>(421,155)</b>
<b>Budgeted Transfers In</b>	<b>189,133</b>	<b>212,676</b>	<b>320,779</b>	<b>244,392</b>	<b>353,482</b>
<b>Budgeted Transfers Out</b>	<b>(3,840)</b>	<b>-</b>	<b>(31,750)</b>	<b>-</b>	<b>(13,560)</b>
<b>Other Financing Sources</b>			<b>3,662</b>	<b>34,040</b>	<b>33,443</b>
<b>Total Transfers</b>	<b>185,293</b>	<b>212,676</b>	<b>292,691</b>	<b>278,432</b>	<b>373,365</b>
<b>Net Change in Fund Balance</b>	<b>35,344</b>	<b>(18,184)</b>	<b>106,748</b>	<b>126,910</b>	<b>(47,790)</b>
<b>Other Miscellaneous Adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,601)</b>	
<b>Beginning Fund Balance</b>	<b>2,301,241</b>	<b>2,336,585</b>	<b>2,318,401</b>	<b>2,425,149</b>	<b>2,543,458</b>
<b>Ending Fund Balance</b>	<b>\$ 2,336,585</b>	<b>\$ 2,318,401</b>	<b>\$ 2,425,149</b>	<b>\$ 2,543,458</b>	<b>\$ 2,495,668</b>

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**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
2010	\$ 965,738	45.5%	0.1850	\$ 91.78
2011	1,003,351	44.7%	0.1818	93.03
2012	1,028,811	41.6%	0.1729	93.07
2013	1,085,646	40.3%	0.1827	95.81
2014	1,255,615	42.6%	0.2000	108.11
2015 <sup>(1)</sup>	340,517			

<sup>(1)</sup> Partial through December, 2014

**CITY OF ROBINSON, TEXAS**  
**SECURITIES and EXCHANGE COMMISSION RULE 15c2-12 DISCLOSURES**  
**SEPTEMBER 30, 2014**

**TABLE 11 - CURRENT INVESTMENTS**

As of September 30, 2014, the City's investible funds were invested in the following categories:

Description	Market Value
Non-Interest Bearing Checking	\$ -
Interest Bearing Checking	665,870
Certificates of Deposit	1,852,864
Money Market Funds	18,482,969
Cash on hand and cash held by others	1,100
	\$ 21,002,803

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

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

The Honorable Mayor, City Council, and City Manager  
City of Robinson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Robinson, Texas as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise City of Robinson, Texas's basic financial statements, and have issued our report thereon dated February 27, 2015.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



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

Certified Public Accountants

Waco, Texas

**Purpose of this Report**

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

*Cunningham, Shavers, Christensen & Wright, LLP*

Waco, Texas

February 27, 2015