

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT – WIDE  
FINANCIAL STATEMENTS**



## EXHIBIT 1

**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

	<b>PRIMARY GOVERNMENT</b>			
	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>COMPONENT UNITS</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,172,004	\$ 4,889,635	\$ 18,061,639	\$ 5,927,901
Receivables (net of allowance for uncollectibles)	1,620,629	1,468,400	3,089,029	529,290
Internal balances	(17,720)	17,720	-	-
Other assets	926	-	926	-
Inventories	146,819	66,372	213,191	-
Prepaid expenses	-	9,556	9,556	-
Restricted cash and cash equivalents	-	5,079,349	5,079,349	-
Capital assets:				
Non-depreciable	34,297,422	5,952,487	40,249,909	-
Depreciable (net of depreciation)	126,481,215	72,341,273	198,822,488	-
Deferred charges	475,913	757,984	1,233,897	57,212
<b>TOTAL ASSETS</b>	<b>\$ 176,177,208</b>	<b>\$ 90,582,776</b>	<b>\$ 266,759,984</b>	<b>\$ 6,514,403</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 2,442,062	1,085,573	\$ 3,527,635	\$ 93,661
Accrued interest payable	232,606	-	232,606	14,391
Retainage payable	184,898	-	184,898	-
Unearned revenue	38,670	-	38,670	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	328,436	328,436	-
Accrued interest payable	-	264,780	264,780	-
Customer meter deposits	-	786,547	786,547	-
Non-current liabilities:				
Due within one year	4,736,307	2,550,706	7,287,013	137,999
Due in more than one year	39,853,248	44,756,206	84,609,454	2,804,990
<b>TOTAL LIABILITIES</b>	<b>47,487,791</b>	<b>49,772,248</b>	<b>97,260,039</b>	<b>3,051,041</b>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	120,522,026	34,257,283	154,779,309	(2,807,145)
Restricted for:				
Debt service	1,378,540	2,008,372	3,386,912	-
Unrestricted	6,788,851	4,544,873	11,333,724	6,270,507
<b>TOTAL NET ASSETS</b>	<b>\$ 128,689,417</b>	<b>\$ 40,810,528</b>	<b>\$ 169,499,945</b>	<b>\$ 3,463,362</b>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General government	\$ 5,943,434	\$ 1,320,642	\$ -	\$ -
Public safety	11,933,601	1,556,809	63,901	-
Public works	6,639,121	1,010,664	163,418	3,965,947
Culture and recreation	4,167,366	26,283	1,402,269	-
Interest on long-term debt	2,164,609	-	-	-
<b>Total governmental activities</b>	<b>30,848,131</b>	<b>3,914,398</b>	<b>1,629,588</b>	<b>3,965,947</b>
Business-type Activities:				
Water and sewer	12,214,114	14,055,262	1,799,074	391,870
<b>Total business-type activities</b>	<b>12,214,114</b>	<b>14,055,262</b>	<b>1,799,074</b>	<b>391,870</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 43,062,245</b>	<b>\$ 17,969,660</b>	<b>\$ 3,428,662</b>	<b>\$ 4,357,817</b>
<b>COMPONENT UNITS:</b>				
The Colony Economic Development Corporation				
	\$ 2,715,736	\$ -	\$ -	\$ -
The Colony Community Development Corporation				
	1,675,002	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 4,390,738</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise taxes

Hotel/motel taxes

Penalties and interest

Interest on investments

Miscellaneous

Transfers

**Total general revenues and transfers**

**CHANGE IN NET ASSETS**

**NET ASSETS, beginning of year**

**NET ASSETS, end of year**

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

**EXHIBIT 2**

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>TOTAL</b>	<b>COMPONENT UNITS</b>
\$ (4,622,792)	\$ -	\$ (4,622,792)	\$ -
(10,312,891)	-	(10,312,891)	-
(1,499,092)	-	(1,499,092)	-
(2,738,814)	-	(2,738,814)	-
(2,164,609)	-	(2,164,609)	-
<u>(21,338,198)</u>	<u>-</u>	<u>(21,338,198)</u>	<u>-</u>
-	4,032,092	4,032,092	-
-	4,032,092	4,032,092	-
<u>\$ (21,338,198)</u>	<u>\$ 4,032,092</u>	<u>\$ (17,306,106)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,715,736)
-	-	-	(1,675,002)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,390,738)</u>
14,718,172	9,170	14,727,342	-
3,096,768	-	3,096,768	2,993,310
2,049,184	-	2,049,184	-
129,444	-	129,444	-
124,297	-	124,297	-
294,167	199,739	493,906	106,571
407,769	22,577	430,346	-
1,857,605	(1,857,605)	-	-
<u>22,677,406</u>	<u>(1,626,119)</u>	<u>21,051,287</u>	<u>3,099,881</u>
1,339,208	2,405,973	3,745,181	(1,290,857)
<u>127,350,209</u>	<u>38,404,555</u>	<u>165,754,764</u>	<u>4,754,219</u>
<u>\$ 128,689,417</u>	<u>\$ 40,810,528</u>	<u>\$ 169,499,945</u>	<u>\$ 3,463,362</u>

## EXHIBIT 3

**CITY OF THE COLONY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,999,101	\$ 1,350,846	3,825,020	\$ 806,142	\$ 12,981,109
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	214,173	85,871	-	-	300,044
Service accounts receivable	209,118	-	-	-	209,118
Franchise taxes	277,464	-	-	-	277,464
Sales taxes	529,289	-	-	-	529,289
Other	226,307	-	28,034	48,176	302,517
Other assets	926	-	-	-	926
<b>TOTAL ASSETS</b>	<b>\$ 8,456,378</b>	<b>\$ 1,436,717</b>	<b>\$ 3,853,054</b>	<b>\$ 854,318</b>	<b>\$ 14,600,467</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 1,384,660	\$ 58,177	\$ 797,303	\$ 74,258	\$ 2,314,398
Retainage payable	-	-	184,898	-	184,898
Deferred revenue	332,061	77,293	38,670	-	448,024
<b>TOTAL LIABILITIES</b>	<b>1,716,721</b>	<b>135,470</b>	<b>1,020,871</b>	<b>74,258</b>	<b>2,947,320</b>
<b>FUND BALANCES</b>					
Reserved:					
Reserved for encumbrances	128,959	-	-	97,326	226,285
Reserved for capital projects	-	-	2,832,183	-	2,832,183
Reserved for debt service	-	1,301,247	-	-	1,301,247
Reserved for court security and technology	-	-	-	288,755	288,755
Reserved - special revenue funds	-	-	-	557,490	557,490
Unreserved:					
Designated	165,000	-	-	-	165,000
Unreserved and undesignated	6,445,698	-	-	(163,511)	6,282,187
<b>TOTAL FUND BALANCES</b>	<b>6,739,657</b>	<b>1,301,247</b>	<b>2,832,183</b>	<b>780,060</b>	<b>11,653,147</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,456,378</b>	<b>\$ 1,436,717</b>	<b>\$ 3,853,054</b>	<b>\$ 854,318</b>	<b>\$ 14,600,467</b>

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

EXHIBIT 4

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

Total fund balances - governmental funds	\$ 11,653,147
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. (\$160,778,637 less \$32,464 in net fixed assets reported in internal service funds below).	160,746,173
Costs associated with the issuance of governmental long term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements. This amount represents the unamortized portion of bond issue costs.	475,913
Interest payable on long term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(232,606)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets. This amount is inclusive of the portion attributable to business-type activities of \$17,720 included in internal balances.	257,393
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	409,354
Termination benefits that does not require current financial resources, therefore are not reported as a liability in the governmental funds balance sheet.	(72,783)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. (\$44,589,555 less \$42,381 in compensated absences reported as liabilities in internal service funds above)	<u>(44,547,174)</u>
Net assets of governmental activities	<u><u>\$ 128,689,417</u></u>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>					
Ad valorem taxes, penalties and interest	\$ 10,579,312	\$ 4,328,641	\$ -	\$ -	\$ 14,907,953
Franchise taxes	2,024,098	-	-	25,086	2,049,184
Municipal sales tax	3,096,768	-	-	-	3,096,768
Licenses and permits	1,012,026	-	-	593,585	1,605,611
Charges for services	1,073,813	-	-	-	1,073,813
Fines and forfeitures	983,040	-	-	68,384	1,051,424
Grants	63,901	-	-	14,264	78,165
Gifts and contributions	241,110	642,386	748,716	139,697	1,771,909
Hotel / motel fees	-	-	-	129,444	129,444
Capital recovery fees	-	-	2,984,691	-	2,984,691
Interest earned	133,277	22,039	123,439	14,424	293,179
Miscellaneous	754,250	-	-	129,175	883,425
<b>Total revenues</b>	<u>19,961,595</u>	<u>4,993,066</u>	<u>3,856,846</u>	<u>1,114,059</u>	<u>29,925,566</u>
<b>EXPENDITURES</b>					
Current					
General government	5,372,394	-	-	-	5,372,394
Public safety	11,056,848	-	-	132,512	11,189,360
Public works	1,459,354	-	2,122,886	844,063	4,426,303
Cultural and recreation	3,145,628	-	-	730,933	3,876,561
Capital outlay	-	-	6,632,542	-	6,632,542
Debt service:					
Principal retirement	-	3,104,921	-	-	3,104,921
Interest and fiscal charges	-	1,991,916	-	-	1,991,916
<b>Total expenditures</b>	<u>21,034,224</u>	<u>5,096,837</u>	<u>8,755,428</u>	<u>1,707,508</u>	<u>36,593,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,072,629)</u>	<u>(103,771)</u>	<u>(4,898,582)</u>	<u>(593,449)</u>	<u>(6,668,431)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	2,107,309	281,094	903,988	626,123	3,918,514
Transfers to other funds	(991,000)	-	(610,483)	(487,432)	(2,088,915)
<b>Total other financing sources (uses)</b>	<u>1,116,309</u>	<u>281,094</u>	<u>293,505</u>	<u>138,691</u>	<u>1,829,599</u>
<b>NET CHANGE IN FUND BALANCES</b>	43,680	177,323	(4,605,077)	(454,758)	(4,838,832)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>6,695,977</u>	<u>1,123,924</u>	<u>7,437,260</u>	<u>1,234,818</u>	<u>16,491,979</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 6,739,657</u>	<u>\$ 1,301,247</u>	<u>\$ 2,832,183</u>	<u>\$ 780,060</u>	<u>\$ 11,653,147</u>

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

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Net change in fund balances - total governmental funds	\$ (4,838,832)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	8,497,212
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.	1,093,375
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. Amount does not include \$2,587 in depreciation expense attributed to internal service funds.	(5,470,777)
The net book value of capital assets sold or disposed of are not recognized as an expense in governmental funds since it does not require the use of current financial resources.	(18,565)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions in the liability for long-term debt in the government-wide financial statements.	3,104,921
Current year changes in long term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. Amount does not include change in compensated absences in internal service funds which decrease net assets by \$11,967.	(175,811)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	12,325
Current year amortization of the costs of bond issuance, premiums and deferred loss on refunding do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(185,018)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of amount allocated to business-type activities.	83,356
Termination benefits do not require the use of current financial resources, therefore are not reported as expenditures in governmental funds.	(72,783)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	(690,195)
Change in Net Assets of Governmental activities	<u>\$ 1,339,208</u>

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



## **PROPRIETARY FUNDS**





**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>	<b>GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,889,635	\$ 190,895
Receivables, net of allowance for uncollectibles:		
Ad valorem taxes	13,369	-
Accounts	1,449,916	-
Other	5,115	2,197
Inventories	66,372	146,819
Prepaid expenses	9,556	-
Restricted cash and cash equivalents	5,079,349	-
<b>Total current assets</b>	<b>11,513,312</b>	<b>339,911</b>
<b>NONCURRENT ASSETS</b>		
<b>CAPITAL ASSETS</b>		
Land	3,202,360	-
Water system	48,936,207	-
Sanitary sewer system	39,540,945	-
Buildings	548,217	-
Machinery and equipment	1,580,768	153,127
Engineering fees	2,473,213	-
Organizational costs	5,718,467	-
Construction in progress	2,750,127	-
<b>Total capital assets</b>	<b>104,750,304</b>	<b>153,127</b>
Less: accumulated depreciation	(26,456,544)	(120,663)
Capital assets, net of accumulated depreciation	78,293,760	32,464
<b>DEFERRED CHARGES</b>		
Bond issuance costs, net of amortization of \$326,063	757,984	-
<b>Total noncurrent assets</b>	<b>79,051,744</b>	<b>32,464</b>
<b>TOTAL ASSETS</b>	<b>\$ 90,565,056</b>	<b>\$ 372,375</b>

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

EXHIBIT 7

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>	<b>GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,085,573	\$ 54,881
Accrued compensated absences	238,875	42,381
Payable from restricted assets:		
Accounts payable and accrued expenses	328,436	-
Unamortized bond premium	59,286	-
Revenue bonds payable	2,252,545	-
Accrued interest payable	264,780	-
Customer meter deposits	786,547	-
<b>Total current liabilities</b>	<b>5,016,042</b>	<b>97,262</b>
<b>NON-CURRENT LIABILITIES</b>		
Revenue bonds payable	43,850,492	-
Unamortized bond premium	905,714	-
<b>Total non-current liabilities</b>	<b>44,756,206</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>49,772,248</b>	<b>97,262</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	34,257,283	32,464
Restricted for:		
Revenue bond principal and interest	2,008,372	-
Unrestricted	4,527,153	242,649
<b>TOTAL NET ASSETS</b>	<b>\$ 40,792,808</b>	<b>\$ 275,113</b>

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF PROPRIETARY FUNDS TO THE  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2009**

Amounts reported for business-type activities in the statement of net assets are different because:

<b>Total net assets per statement of net assets</b>	<b>\$ 40,792,808</b>
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Internal service funds are used by management to charge the costs of fleet management to individual funds

The assets and liabilities of internal service funds are included in the governmental activities in the government-wide statement of net assets. The amount shown is allocated to business-type activities as the net receivable from internal service funds which is reported within business-type activities.

	<u>17,720</u>
<b>Total net assets of business-type activities</b>	<b><u><u>\$ 40,810,528</u></u></b>

**CITY OF THE COLONY, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>	<b>GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>		
Charges for sales and services:		
Water service	\$ 7,486,968	\$ -
Wastewater treatment service	4,428,120	-
Other fees and penalties	1,286,618	-
Service charges	-	797,119
Miscellaneous	22,577	23,460
<b>Total operating revenues</b>	<b>13,224,283</b>	<b>820,579</b>
<b>OPERATING EXPENSES:</b>		
Personnel services	2,939,236	428,612
Contractual services	2,221,796	10,687
Supplies	387,068	109,520
Maintenance	749,267	183,913
Water purchases	1,674,187	-
Depreciation	2,155,761	3,521
<b>Total operating expenses</b>	<b>10,127,315</b>	<b>736,253</b>
<b>OPERATING INCOME</b>	<b>3,096,968</b>	<b>84,326</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Property taxes	9,170	
Interest income	199,739	988
Interest expense	(2,104,519)	-
Development fees	835,678	-
<b>Total non-operating revenues (expenses)</b>	<b>(1,059,932)</b>	<b>988</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<b>2,037,036</b>	<b>85,314</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>		
Grants and contributions	1,799,074	-
Capital contributions	391,870	-
Transfers from other funds	610,483	28,006
Transfers to other funds	(2,468,088)	-
<b>Total capital contributions and transfers</b>	<b>333,339</b>	<b>28,006</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,370,375</b>	<b>113,320</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>38,422,433</b>	<b>161,793</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 40,792,808</b>	<b>\$ 275,113</b>

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

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS  
OF PROPRIETARY FUNDS TO THE GOVERNMENT – WIDE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Amounts reported for business-type activities in the statement of activities are different because:

<b>Net change in fund net assets- total enterprise funds</b>	<b>\$ 2,370,375</b>
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Internal service funds are used by management to charge the costs of fleet management to individual funds

The net expenses of certain activities of internal service funds are reported within business-type activities.	<u>35,598</u>
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<b>Change in net assets of business-type activities</b>	<b><u><u>\$ 2,405,973</u></u></b>
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## EXHIBIT 11

**CITY OF THE COLONY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 13,495,923	\$ -
Cash received from transactions with other funds	-	797,119
Cash received from other sources	-	21,263
Cash paid to employees for services	(2,935,841)	(432,838)
Cash paid for goods and services	(5,174,910)	(334,055)
<b>Net cash provided by operating activities</b>	<b>5,385,172</b>	<b>51,489</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Property taxes	15,112	-
Transfers from other funds	2,409,557	-
Transfers to other funds	(2,468,088)	-
<b>Net cash used in non-capital financing activities</b>	<b>(43,419)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on revenue bond maturities	(1,807,596)	-
Interest paid	(2,107,709)	-
Acquisition of capital assets	(6,911,792)	-
Contributions from developers	835,678	-
<b>Net cash used in capital and related financial activities</b>	<b>(9,991,419)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(474,511)	6,896
Sale of investments	3,434,707	-
Interest on investments	199,739	988
<b>Net cash provided by investing activities</b>	<b>3,159,935</b>	<b>7,884</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,489,731)</b>	<b>59,373</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>11,458,715</b>	<b>131,522</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 9,968,984</b>	<b>\$ 190,895</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net operating income	\$ 3,096,968	\$ 84,326
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,155,761	3,521
Amortization of bond issuance costs	(51,656)	-
Amortization of premiums and deferred loss on refunding	47,983	-
Change in assets and liabilities:		
Decrease in accounts receivable	217,387	(2,197)
(Increase) in inventories	9,333	(36,477)
(Increase) in prepaid expenses	(398)	-
Increase in accounts payable and accrued liabilities	(147,854)	6,542
(Decrease) increase in compensated absences	3,395	-
Increase in customer deposits	54,253	-
<b>Total adjustments</b>	<b>2,288,204</b>	<b>(28,611)</b>
<b>Net cash provided by operating activities</b>	<b>\$ 5,385,172</b>	<b>\$ 55,715</b>
<b>Reconciliation of total cash to the statement of net assets:</b>		
Cash and cash equivalents - current	\$ 4,889,635	\$ 190,895
Restricted cash and cash equivalents	5,079,349	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 9,968,984</b>	<b>\$ 190,895</b>

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



## **COMPONENT UNITS**



**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
SEPTEMBER 30, 2009**

	<b>THE COLONY ECONOMIC DEVELOPMENT CORPORATION</b>	<b>THE COLONY COMMUNITY DEVELOPMENT CORPORATION</b>	<b>TOTALS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,968,293	\$ 959,608	\$ 5,927,901
Sales tax receivable	264,645	264,645	529,290
Deferred charges	57,212	-	57,212
<b>TOTAL ASSETS</b>	<b>\$ 5,290,150</b>	<b>\$ 1,224,253</b>	<b>\$ 6,514,403</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 84,651	\$ 9,010	\$ 93,661
Accrued interest payable	14,391	-	14,391
Non-current liabilities:			
Due within one year	135,251	2,748	137,999
Due in more than one year	2,804,990	-	2,804,990
<b>TOTAL LIABILITIES</b>	<b>3,039,283</b>	<b>11,758</b>	<b>3,051,041</b>
<b>NET ASSETS</b>			
Invested in capital, net of related debt	(2,807,145)	-	(2,807,145)
Unrestricted	5,058,012	1,212,495	6,270,507
<b>TOTAL NET ASSETS</b>	<b>\$ 2,250,867</b>	<b>\$ 1,212,495</b>	<b>\$ 3,463,362</b>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>Program Revenues</b>		
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>COMPONENT UNITS:</b>			
The Colony Economic Development Corporation	\$ 2,715,736	\$ -	\$ -
The Colony Community Development Corporation	1,675,002	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$4,390,738</b>	<b>\$ -</b>	<b>\$ -</b>

General revenues:

Taxes:

Sales taxes

Interest on investments

**Total general revenues and transfers**

**CHANGE IN NET ASSETS**

**NET ASSETS, beginning of year**

**NET ASSETS, end of year**

**EXHIBIT 13**

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>COMPONENT UNITS</b>		
<b>The Colony Economic Development Corporation</b>	<b>The Colony Community Development Corporation</b>	<b>TOTAL</b>
\$ (2,715,736)	\$ -	\$ (2,715,736)
-	(1,675,002)	(1,675,002)
<u>\$ (2,715,736)</u>	<u>\$ (1,675,002)</u>	<u>\$ (4,390,738)</u>
\$ 1,496,657	\$ 1,496,653	\$ 2,993,310
84,970	21,601	106,571
<u>1,581,627</u>	<u>1,518,254</u>	<u>3,099,881</u>
(1,134,109)	(156,748)	(1,290,857)
<u>3,384,976</u>	<u>1,369,243</u>	<u>4,754,219</u>
<u>\$ 2,250,867</u>	<u>\$ 1,212,495</u>	<u>\$ 3,463,362</u>

