

BASIC FINANCIAL STATEMENTS



**GOVERNMENT – WIDE
FINANCIAL STATEMENTS**



EXHIBIT 1

CITY OF THE COLONY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 14,207,320	\$ 3,816,171	\$ 18,023,491	\$ 5,564,311
Investments	4,484,808	2,960,196	7,445,004	1,654,287
Receivables (net of allowance for uncollectibles)	2,196,730	1,691,729	3,888,459	526,638
Internal balances	17,878	(17,878)	-	-
Other assets	281	-	281	-
Inventories	104,708	75,705	180,413	-
Prepaid expenses	-	9,158	9,158	-
Restricted cash and cash equivalents	-	7,642,544	7,642,544	-
Capital assets:				
Non-depreciable	39,101,406	16,848,287	55,949,693	-
Depreciable (net of depreciation)	117,551,501	56,297,572	173,849,073	-
Deferred charges	511,274	813,598	1,324,872	60,715
TOTAL ASSETS	\$ 178,175,906	\$ 90,137,082	\$ 268,312,988	\$ 7,805,951
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,578,264	1,128,977	\$ 3,707,241	\$ 64,360
Accrued interest payable	244,931	-	244,931	-
Retainage payable	566,361	-	566,361	-
Unearned revenue	62,907	-	62,907	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	432,886	432,886	-
Accrued interest payable	-	267,970	267,970	16,263
Customer meter deposits	-	732,294	732,294	-
Non-current liabilities:				
Due within one year	4,420,029	2,154,508	6,574,537	25,271
Due in more than one year	42,953,205	47,015,892	89,969,097	2,945,838
TOTAL LIABILITIES	50,825,697	51,732,527	102,558,224	3,051,732
NET ASSETS				
Invested in capital assets (net of related debt)	114,835,815	31,288,426	146,124,241	(2,932,157)
Restricted for:				
Debt service	969,106	1,927,384	2,896,490	-
Unrestricted	11,545,288	5,188,745	16,734,033	7,686,376
TOTAL NET ASSETS	\$ 127,350,209	\$ 38,404,555	\$ 165,754,764	\$ 4,754,219

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, 2008**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 5,457,879	\$ 1,864,500	\$ -	\$ -
Public safety	10,724,686	1,678,345	45,974	-
Public works	6,787,684	609,161	807,824	6,706,427
Culture and recreation	3,828,479	636,726	2,012,902	-
Interest on long-term debt	1,797,601	-	-	-
Total governmental activities	28,596,329	4,788,732	2,866,700	6,706,427
Business-type Activities:				
Water and sewer	12,121,212	12,989,227	170,058	1,018,773
Total business-type activities	12,121,212	12,989,227	170,058	1,018,773
TOTAL PRIMARY GOVERNMENT	\$ 40,717,541	\$ 17,777,959	\$ 3,036,758	\$ 7,725,200
COMPONENT UNITS:				
The Colony Economic Development Corporation	\$ 782,484	\$ -	\$ -	\$ -
The Colony Community Development Corporation	1,854,739	-	-	-
TOTAL COMPONENT UNITS	\$ 2,637,223	\$ -	\$ -	\$ -

General revenues:
Taxes:
 Property taxes, levied for general purposes
 Sales taxes
 Franchise taxes
 Hotel/motel taxes
 Penalties and interest
Interest on investments
Impact fees
Miscellaneous
Transfers
 Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS, beginning of year

NET ASSETS, end of year

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business - Type Activities	TOTAL	COMPONENT UNITS
\$ (3,593,379)	\$ -	\$ (3,593,379)	\$ -
(9,000,367)	-	(9,000,367)	-
1,335,728	-	1,335,728	-
(1,178,851)	-	(1,178,851)	-
(1,797,601)	-	(1,797,601)	-
<u>(14,234,470)</u>	<u>-</u>	<u>(14,234,470)</u>	<u>-</u>
<u>-</u>	<u>2,056,846</u>	<u>2,056,846</u>	<u>-</u>
<u>-</u>	<u>2,056,846</u>	<u>2,056,846</u>	<u>-</u>
<u>\$ (14,234,470)</u>	<u>\$ 2,056,846</u>	<u>\$ (12,177,624)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (782,484)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,854,739)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,637,223)</u>
14,305,445	23,758	14,329,203	-
3,055,468	-	3,055,468	2,952,192
1,807,584	-	1,807,584	-
125,573	-	125,573	-
126,492	-	126,492	-
725,623	552,763	1,278,386	244,712
272,529	444,770	717,299	-
80,136	19,276	99,412	-
282,247	(282,247)	-	-
<u>20,781,097</u>	<u>758,320</u>	<u>21,539,417</u>	<u>3,196,904</u>
6,546,627	2,815,166	9,361,793	559,681
<u>120,803,582</u>	<u>35,589,389</u>	<u>156,392,971</u>	<u>4,194,538</u>
<u>\$ 127,350,209</u>	<u>\$ 38,404,555</u>	<u>\$ 165,754,764</u>	<u>\$ 4,754,219</u>

**CITY OF THE COLONY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 5,242,708	\$ 914,838	\$ 6,625,021	\$ 1,293,231	\$ 14,075,798
Investments	1,998,888	254,034	2,061,952	163,038	4,477,912
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	257,145	103,666	-	-	360,811
Service accounts receivable	171,689	-	-	-	171,689
Franchise taxes	275,173	-	-	-	275,173
Sales taxes	526,639	-	-	-	526,639
Other	189,949	-	624,710	47,759	862,418
Due from other funds	139,493	-	-	-	139,493
Other assets	281	-	-	-	281
TOTAL ASSETS	<u>\$ 8,801,965</u>	<u>\$ 1,272,538</u>	<u>\$ 9,311,683</u>	<u>\$ 1,504,028</u>	<u>\$ 20,890,214</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 1,697,026	\$ 58,500	\$ 644,682	\$ 129,717	\$ 2,529,925
Retainage payable	-	-	566,361	-	566,361
Due to other funds	-	-	-	139,493	139,493
Deferred revenue	408,962	90,114	663,380	-	1,162,456
TOTAL LIABILITIES	<u>2,105,988</u>	<u>148,614</u>	<u>1,874,423</u>	<u>269,210</u>	<u>4,398,235</u>
FUND BALANCES					
Reserved:					
Reserved for encumbrances	303,401	-	-	141,193	444,594
Reserved for capital projects	-	-	7,437,260	-	7,437,260
Reserved for debt service	-	1,123,924	-	-	1,123,924
Reserved for court security and technology	-	-	-	352,660	352,660
Reserved - special revenue funds	-	-	-	740,965	740,965
Unreserved:					
Designated	140,000	-	-	-	140,000
Unreserved and undesignated - general fund	6,252,576	-	-	-	6,252,576
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,801,965</u>	<u>\$ 1,272,538</u>	<u>\$ 9,311,683</u>	<u>\$ 1,504,028</u>	<u>\$ 20,890,214</u>

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

**CITY OF THE COLONY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008**

Total fund balances - governmental funds	\$ 16,491,979
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. (\$156,652,907 less \$7,979 in net fixed assets reported in internal service funds below).	156,644,928
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.	511,274
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.	(244,931)
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 \$17,878 included in internal balances.	174,037
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	1,099,549
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. (\$47,373,234 less \$46,607 in compensated absences reported as liabilities in internal service funds above)	<u>(47,326,627)</u>
Net assets of governmental activities	<u><u>\$ 127,350,209</u></u>

EXHIBIT 5

**CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad valorem taxes, penalties and interest	\$ 10,080,359	\$ 4,286,610	\$ -	\$ -	\$ 14,366,969
Franchise taxes	1,782,819	-	-	24,765	1,807,584
Municipal sales tax	3,055,468	-	-	-	3,055,468
Licenses and permits	1,542,896	-	-	550,991	2,093,887
Charges for services	1,031,277	-	-	-	1,031,277
Fines and forfeitures	1,135,061	-	-	70,602	1,205,663
Grants	226,622	-	-	57,921	284,543
Gifts and contributions	-	780,653	1,022,433	374,361	2,177,447
Hotel / motel fees	-	-	-	125,573	125,573
Capital recovery fees	-	-	4,384,262	-	4,384,262
Interest earned	248,222	63,746	372,927	37,904	722,799
Miscellaneous	416,505	-	-	151,537	568,042
Total revenues	19,519,229	5,131,009	5,779,622	1,393,654	31,823,514
EXPENDITURES					
Current					
General government	5,199,183	-	-	-	5,199,183
Public safety	10,160,640	-	-	30,328	10,190,968
Public works	1,661,030	-	694,157	535,259	2,890,446
Cultural and recreation	3,083,350	-	-	574,732	3,658,082
Capital outlay	-	-	10,199,487	-	10,199,487
Debt service:					
Principal retirement	-	2,981,100	-	-	2,981,100
Interest and fiscal charges	-	2,251,494	-	-	2,251,494
Total expenditures	20,104,203	5,232,594	10,893,644	1,140,319	37,370,760
Excess (deficiency) of revenues over (under) expenditures	(584,974)	(101,585)	(5,114,022)	253,335	(5,547,246)
OTHER FINANCING SOURCES (USES)					
Payments to bond escrow agent	-	(6,357,600)	-	-	(6,357,600)
Premiums from issuance of bonds	-	57,792	-	-	57,792
Issuance of debt	-	6,415,000	1,700,000	-	8,115,000
Transfers from other funds	2,095,000	144,320	1,325,429	561,421	4,126,170
Transfers to other funds	(836,384)	-	(2,662,143)	(345,396)	(3,843,923)
Total other financing sources (uses)	1,258,616	259,512	363,286	216,025	2,097,439
NET CHANGE IN FUND BALANCES	673,642	157,927	(4,750,736)	469,360	(3,449,807)
FUND BALANCES, BEGINNING OF YEAR	6,022,335	965,997	12,187,996	765,458	19,941,786
FUND BALANCES, END OF YEAR	\$ 6,695,977	\$ 1,123,924	\$ 7,437,260	\$ 1,234,818	\$ 16,491,979

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

EXHIBIT 6

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, 2008

Net change in fund balances - total governmental funds	\$ (3,449,807)
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.	10,544,736
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.	2,344,694
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.	(4,991,495)
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.	(120,120)
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.	2,981,100
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.	(111,160)
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.	103,693
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.	(180,702)
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.	20,300
Current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in the accreted interest on the government-wide financial statements. Payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	417,537
Current year bond proceeds for debt issued (including premiums from the issuance of bonds) are proceeds in the fund financial statements but are shown as an increase in the liabilities in the government wide financial statements.	(8,115,000)
Current year deposit to escrow for refunding are shown as other financing uses in the fund level financial statements are shown as a reduction of liabilities in the government wide financial statements.	6,357,600
Governmental funds report the effect of issuance costs of debt and premiums when debt is issued. However, these amounts are deferred and amortized in the government-wide financial statements.	55,573
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.	<u>689,678</u>
Change in Net Assets of Governmental activities	<u>\$ 6,546,627</u>

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



PROPRIETARY FUNDS



EXHIBIT 7

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND
	FUND	FUND
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,128,977	\$ 48,339
Accrued compensated absences	235,480	46,607
Payable from restricted assets:		
Accounts payable and accrued expenses	432,886	-
Unamortized bond premium	59,286	-
Revenue bonds payable	1,859,742	-
Deferred loss on refunding		
Accrued interest payable	267,970	-
Customer meter deposits	732,294	-
Total current liabilities	4,716,635	94,946
NON-CURRENT LIABILITIES		
Revenue bonds payable	46,050,891	-
Unamortized bond premium	965,001	-
Total non-current liabilities	47,015,892	-
TOTAL LIABILITIES	51,732,527	94,946
NET ASSETS		
Invested in capital assets, net of related debt	31,288,426	7,979
Restricted for:		
Revenue bond principal and interest	1,927,384	-
Unrestricted	5,206,623	153,814
TOTAL NET ASSETS	\$ 38,422,433	\$ 161,793

**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, 2008**

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

Total net assets per statement of net assets	\$ 38,422,433
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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.

(17,878)

Total net assets of business-type activities	<u>\$ 38,404,555</u>
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**CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND
OPERATING REVENUES		
Charges for sales and services:		
Water service	\$ 7,477,100	\$ -
Wastewater treatment service	4,207,012	-
Other fees and penalties	1,305,115	-
Service charges	-	696,836
Miscellaneous	19,276	54,221
Total operating revenues	13,008,503	751,057
OPERATING EXPENSES:		
Personnel services	2,885,639	374,004
Contractual services	2,585,840	10,759
Supplies	356,943	143,617
Maintenance	579,835	187,559
Water purchases	1,591,607	-
Depreciation	1,947,352	2,587
Total operating expenses	9,947,216	718,526
OPERATING INCOME	3,061,287	32,531
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	23,758	
Interest income	552,763	2,824
Interest expense	(2,183,417)	-
Development fees	614,828	-
Total non-operating revenues (expenses)	(992,068)	2,824
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,069,219	35,355
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	1,018,773	-
Transfers from other funds	2,299,432	-
Transfers to other funds	(2,581,679)	-
Total capital contributions and transfers	736,526	-
CHANGE IN NET ASSETS	2,805,745	35,355
NET ASSETS, BEGINNING OF YEAR	35,616,688	126,438
NET ASSETS, END OF YEAR	\$ 38,422,433	\$ 161,793

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, 2008**

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

Net change in fund net assets- total enterprise funds	\$ 2,805,745
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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 is reported within business-type activities.

9,421

Change in net assets of business-type activities

\$ 2,815,166

EXHIBIT 11

**CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES FLEET SERVICES INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,123,760	\$ -
Cash received from transactions with other funds	-	696,836
Cash received from other sources	-	54,254
Cash paid to employees for services	(2,873,357)	(375,696)
Cash paid for goods and services	(4,770,882)	(343,220)
Net cash provided by operating activities	5,479,521	32,174
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes	32,102	-
Transfers from other funds	2,299,432	-
Transfers to other funds	(2,581,679)	-
Net cash used in non-capital financing activities	(250,145)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on revenue bond maturities	(1,798,900)	-
Cost of bond issuance	(46,004)	-
Payment to escrow agent for refunding	(3,410,000)	-
Proceeds from issuance of bonds	3,420,000	-
Interest paid	(2,202,294)	-
Acquisition of capital assets	(5,541,603)	-
Contributions from developers	614,828	-
Net cash used in capital and related financial activities	(8,963,973)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(555,434)	(1,579)
Interest on investments	561,654	2,824
Net cash provided by investing activities	6,220	1,245
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,728,377)	33,419
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	15,266,219	98,103
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,537,842	\$ 131,522
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	\$ 3,061,287	\$ 32,531
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,947,352	2,587
Amortization of bond issuance costs	44,078	-
Amortization of premiums and deferred loss on refunding	31,147	-
Change in assets and liabilities:		
Decrease in accounts receivable	49,852	33
(Increase) in inventories	(24,088)	(11,693)
(Increase) in prepaid expenses	(2,696)	-
Increase in accounts payable and accrued liabilities	294,902	10,408
(Decrease) increase in compensated absences	12,282	(1,692)
Increase in customer deposits	65,405	-
Total adjustments	2,418,234	(357)
Net cash provided by operating activities	\$ 5,479,521	\$ 32,174
NON-CASH FINANCING ACTIVITIES:		
Contributions of capital assets from developers	\$ 1,018,773	\$ -
Reconciliation of total cash to the statement of net assets:		
Cash and cash equivalents - current	\$ 3,816,171	\$ 131,522
Restricted cash and cash equivalents	7,642,544	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,458,715	\$ 131,522

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

COMPONENT UNITS



EXHIBIT 12

**CITY OF THE COLONY, TEXAS
STATEMENT OF NET ASSETS
COMPONENT UNITS
SEPTEMBER 30, 2008**

	<u>THE COLONY ECONOMIC DEVELOPMENT CORPORATION</u>	<u>THE COLONY COMMUNITY DEVELOPMENT CORPORATION</u>	<u>TOTALS</u>
ASSETS			
Cash and cash equivalents	\$ 4,791,188	\$ 773,123	\$ 5,564,311
Investments	1,313,143	341,144	1,654,287
Sales tax receivable	263,319	263,319	526,638
Deferred charges	60,715	-	60,715
TOTAL ASSETS	<u>\$ 6,428,365</u>	<u>\$ 1,377,586</u>	<u>\$ 7,805,951</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 57,439	\$ 6,921	\$ 64,360
Accrued interest payable	16,263	-	16,263
Non-current liabilities:			
Due within one year	23,849	1,422	25,271
Due in more than one year	2,945,838	-	2,945,838
TOTAL LIABILITIES	<u>3,043,389</u>	<u>8,343</u>	<u>3,051,732</u>
NET ASSETS			
Invested in capital, net of related debt	(2,932,157)	-	(2,932,157)
Unrestricted	6,317,133	1,369,243	7,686,376
TOTAL NET ASSETS	<u>\$ 3,384,976</u>	<u>\$ 1,369,243</u>	<u>\$ 4,754,219</u>

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, 2008**

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:			
The Colony Economic Development Corporation	\$ 782,484	\$ -	\$ -
The Colony Community Development Corporation	1,854,739	-	-
TOTAL COMPONENT UNITS	\$2,637,223	\$ -	\$ -

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

Net (Expense) Revenue and Changes in Net Assets		
COMPONENT UNITS		
The Colony Economic Development Corporation	The Colony Community Development Corporation	TOTAL
\$ (782,484)	\$ -	\$ (782,484)
<u>-</u>	<u>(1,854,739)</u>	<u>(1,854,739)</u>
<u>\$ (782,484)</u>	<u>\$ (1,854,739)</u>	<u>\$ (2,637,223)</u>
\$ 1,476,096	\$ 1,476,096	\$ 2,952,192
183,786	60,926	244,712
<u>1,659,882</u>	<u>1,537,022</u>	<u>3,196,904</u>
877,398	(317,717)	559,681
<u>2,507,578</u>	<u>1,686,960</u>	<u>4,194,538</u>
<u>\$ 3,384,976</u>	<u>\$ 1,369,243</u>	<u>\$ 4,754,219</u>