

**COMBINING
AND
INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources associated with traditional governmental functions that are not required legally or by sound financial management to be accounted for in another fund.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and the payment of general obligation bonds and interest from governmental resources.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of major capital facilities by the City, except those financed by proprietary funds and trust funds.

**CITY OF THE COLONY, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 5,242,708	\$ 2,166,520
Investments	1,998,888	3,601,951
Receivables, net of allowances for uncollectibles:		
Ad valorem taxes	257,145	224,940
Service accounts receivable	171,689	140,718
Franchise taxes	275,173	439,271
Sales taxes	526,639	507,667
Interest	-	44,314
Other	189,949	198,848
Due from other funds	139,493	394,492
Other assets	281	141
TOTAL ASSETS	\$ 8,801,965	\$ 7,718,862
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,697,026	\$ 1,315,510
Deferred revenue	408,962	381,017
TOTAL LIABILITIES	2,105,988	1,696,527
FUND BALANCES		
Reserved for encumbrances	303,401	151,818
Designated	140,000	392,000
Unreserved, undesignated	6,252,576	5,478,517
TOTAL FUND BALANCE	6,695,977	6,022,335
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,801,965	\$ 7,718,862

**CITY OF THE COLONY, TEXAS
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Ad valorem taxes, penalties and interest	\$ 10,080,359	\$ 9,345,067
Franchise taxes	1,782,819	1,920,666
Municipal sales tax	3,055,468	2,880,852
Licenses and permits	1,542,896	700,036
Charges for services	1,031,277	1,011,419
Fines and forfeitures	1,135,061	1,127,347
Grants	226,622	201,579
Interest earned	248,222	359,275
Miscellaneous	416,505	309,315
Total revenues	<u>19,519,229</u>	<u>17,855,556</u>
EXPENDITURES		
General government	5,199,183	4,764,536
Public safety	10,160,640	9,120,493
Public works	1,661,030	1,427,686
Cultural and recreation	3,083,350	3,276,408
Total expenditures	<u>20,104,203</u>	<u>18,589,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(584,974)</u>	<u>(733,567)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	2,095,000	1,563,200
Transfers to other funds	<u>(836,384)</u>	<u>(429,068)</u>
Total other financing sources (uses)	<u>1,258,616</u>	<u>1,134,132</u>
NET CHANGE IN FUND BALANCE	673,642	400,565
FUND BALANCE, BEGINNING OF YEAR	<u>6,022,335</u>	<u>5,621,770</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,695,977</u>	<u>\$ 6,022,335</u>

EXHIBIT B-3

**CITY OF THE COLONY, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 914,838	\$ 363,330
Investments	254,034	616,283
Receivables, net of allowances for uncollectibles:		
Ad valorem taxes	103,666	85,509
Interest	-	10,417
TOTAL ASSETS	<u>\$ 1,272,538</u>	<u>\$ 1,075,539</u>
 LIABILITIES		
Accounts payable and accrued expenses	\$ 58,500	\$ 33,943
Deferred revenue	90,114	75,599
TOTAL LIABILITIES	<u>148,614</u>	<u>109,542</u>
 FUND BALANCE		
Reserved for debt service	<u>1,123,924</u>	<u>965,997</u>
TOTAL FUND BALANCE	<u>1,123,924</u>	<u>965,997</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,272,538</u>	<u>\$ 1,075,539</u>

**CITY OF THE COLONY, TEXAS
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Ad valorem taxes, penalties and interest	\$ 4,286,610	\$ 3,429,495
Gifts and contributions	780,653	789,867
Interest earned	<u>63,746</u>	<u>121,620</u>
Total revenues	<u>5,131,009</u>	<u>4,340,982</u>
EXPENDITURES		
Principal retirement	2,981,100	2,457,656
Interest and fiscal charges	<u>2,251,494</u>	<u>2,034,712</u>
Total expenditures	<u>5,232,594</u>	<u>4,492,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,585)</u>	<u>(151,386)</u>
OTHER FINANCING SOURCES (USES)		
Payments to bond escrow agent	(6,357,600)	-
Premium from issuance of bonds	57,792	-
Proceeds from issuance of bonds	6,415,000	-
Transfers from other funds	<u>144,320</u>	<u>100,000</u>
Total other financing sources (uses)	<u>259,512</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	157,927	(51,386)
FUND BALANCE, BEGINNING OF YEAR	<u>965,997</u>	<u>1,017,383</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,123,924</u>	<u>\$ 965,997</u>

**CITY OF THE COLONY, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Ad valorem tax	\$ 3,383,927	\$ 4,301,120	\$ 4,286,610	\$ (14,510)
Gifts and contributions	734,640	734,640	780,653	46,013
Interest	50,000	68,000	63,746	(4,254)
Total revenues	<u>4,168,567</u>	<u>5,103,760</u>	<u>5,131,009</u>	<u>27,249</u>
EXPENDITURES				
Principal retirement	2,457,656	2,981,100	2,981,100	-
Interest and fiscal charges	2,033,470	2,137,885	2,251,494	(113,609)
Total expenditures	<u>4,491,126</u>	<u>5,118,985</u>	<u>5,232,594</u>	<u>(113,609)</u>
Excess (deficiency) of revenues over expenditures	<u>(322,559)</u>	<u>(15,225)</u>	<u>(101,585)</u>	<u>(86,360)</u>
OTHER FINANCING SOURCES AND (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	6,415,000
Transfers from other funds	207,144	207,144	144,320	(62,824)
Total other financing sources (uses)	<u>207,144</u>	<u>207,144</u>	<u>259,512</u>	<u>52,368</u>
NET CHANGE IN FUND BALANCES	(115,415)	191,919	157,927	(33,992)
FUND BALANCE, BEGINNING OF YEAR	<u>965,997</u>	<u>965,997</u>	<u>965,997</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 850,582</u>	<u>\$ 1,157,916</u>	<u>\$ 1,123,924</u>	<u>\$ (33,992)</u>

**CITY OF THE COLONY, TEXAS
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 6,625,021	\$ 11,852,534
Investments	2,061,952	747,154
Miscellaneous accounts receivable	624,710	699,651
Interest receivable	-	9,374
TOTAL ASSETS	\$ 9,311,683	\$ 13,308,713
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accrued expenses	\$ 644,682	\$ 720,382
Retainage payable	566,361	361,665
Deferred revenue	663,380	38,670
TOTAL LIABILITIES	1,874,423	1,120,717
 FUND BALANCE		
Reserved for capital projects	7,437,260	12,187,996
TOTAL FUND BALANCE	7,437,260	12,187,996
 TOTAL LIABILITIES AND FUND BALANCE	\$ 9,311,683	\$ 13,308,713

**CITY OF THE COLONY, TEXAS
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Gifts and contributions	\$ 1,022,433	\$ 431,309
Capital recovery fees	4,384,262	2,293,141
Interest earned	372,927	306,074
Miscellaneous	-	210,500
	<u>5,779,622</u>	<u>3,241,024</u>
EXPENDITURES		
Cultural and recreation	-	8,737
Public works	694,157	1,517,152
Capital outlay	10,199,487	7,105,135
Debt Service:		
Interest and Fiscal Charges	-	151,085
	<u>10,893,644</u>	<u>8,782,109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,114,022)</u>	<u>(5,541,085)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of certificates of obligation	1,700,000	7,145,000
Premium on issuance of certificates of obligation	-	256,085
Transfers from other funds	1,325,429	2,785,321
Transfers to other funds	<u>(2,662,143)</u>	<u>(1,438,035)</u>
Total other financing sources (uses)	<u>363,286</u>	<u>8,748,371</u>
NET CHANGE IN FUND BALANCE	(4,750,736)	3,207,286
FUND BALANCE, BEGINNING OF YEAR	<u>12,187,996</u>	<u>8,980,710</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 7,437,260</u></u>	<u><u>\$ 12,187,996</u></u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Lake Parks Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on the eastern shore of Lake Lewisville.

Environmental Fund – To account for recycling fees from residents as well as donated proceeds and State grants for use in recycling.

Hidden Cove Park Fund – To account for revenue generated by fees and permits to enter and utilize the park area and facilities located on Lake Lewisville, northwest of The Colony.

Special Events Fund – To account for various special events of the City including Christmas decorations and a 4th of July fireworks display.

Hotel/Motel Taxes Fund – To account for the receipt and allocation of the City's hotel/motel occupancy tax.

Library Grants Fund – To account for proceeds received from various State grants received by the Library.

Police Confiscated Fund – To account for the funds seized by the Police Department that have been awarded by the court.

Police Seized Funds – To account for funds seized by the Police Department that are awaiting disposition by the court.

Storm Water Utility Fund – To account for the revenue and expenses associated with the drainage projects within the City.

Court Security Fund – To account for the revenue and expenditures associated with the portion of traffic tickets that have been designated for the security of the Municipal Court.

Court Technology Fund – To account for the revenue and expenditures associated with the portion of traffic tickets designated for upgrading the technology in the Municipal Court.

Community Center Fund – To account for revenues and expenditures for the operations of the Community Center.

**CITY OF THE COLONY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

SPECIAL REVENUE

	LAKE PARKS	ENVIROMENTAL	HIDDEN COVE PARK	SPECIAL EVENTS	HOTEL/ MOTEL TAXES
ASSETS					
Cash and cash equivalents	\$ 143,044	\$ 106,523	\$ -	\$ 79,140	\$ 318,280
Investments	18,771	15,172	-	22,316	62,022
Due from other funds					
Accounts receivable	-	14,178	-	-	31,981
TOTAL ASSETS	\$ 161,815	\$ 135,873	\$ -	\$ 101,456	\$ 412,283
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES					
Accounts payable and accrued expenses	\$ 5,867	68,532	\$ 100	\$ 13,344	\$ 606
Due to other funds	-	-	139,493	-	-
TOTAL LIABILITIES	5,867	68,532	139,593	13,344	606
FUND BALANCES (DEFICITS)					
Reserved for encumbrances	7,400	-	-	-	133,793
Reserved for court security and technology	-	-	-	-	-
Reserved - special revenue funds	148,548	67,341	(139,593)	88,112	277,884
TOTAL FUND BALANCES (DEFICITS)	155,948	67,341	(139,593)	88,112	411,677
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 161,815	\$ 135,873	\$ -	\$ 101,456	\$ 412,283

EXHIBIT C-1

SPECIAL REVENUE

LIBRARY GRANTS	POLICE CONFISCATED FUNDS	POLICE SEIZED FUNDS	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	COMMUNITY CENTER	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 1,813	\$ 12,342	\$ 4,879	\$ 245,271	\$ 217,907	\$ 112,150	\$ 51,882	\$ 1,293,231
325	-	-	13,622	21,885	6,696	2,229	163,038
-	-	-	1,600	-	-	-	47,759
<u>\$ 2,138</u>	<u>\$ 12,342</u>	<u>\$ 4,879</u>	<u>\$ 260,493</u>	<u>\$ 239,792</u>	<u>\$ 118,846</u>	<u>\$ 54,111</u>	<u>\$ 1,504,028</u>
\$ 335	\$ 1,571	\$ -	\$ 21,767	\$ -	\$ 5,978	\$ 11,617	\$ 129,717
-	-	-	-	-	-	-	139,493
335	1,571	-	21,767	-	5,978	11,617	\$ 269,210
-	-	-	-	-	-	-	\$ 141,193
-	-	-	-	239,792	112,868	-	352,660
1,803	10,771	4,879	238,726	-	-	42,494	740,965
1,803	10,771	4,879	238,726	239,792	112,868	42,494	\$ 1,234,818
<u>\$ 2,138</u>	<u>\$ 12,342</u>	<u>\$ 4,879</u>	<u>\$ 260,493</u>	<u>\$ 239,792</u>	<u>\$ 118,846</u>	<u>\$ 54,111</u>	<u>\$ 1,504,028</u>

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

SPECIAL REVENUE

	STEWART CREEK PARK	RECYCLING	HIDDEN COVE PARK	SPECIAL EVENTS	HOTEL/ MOTEL TAXES
REVENUES					
Licenses and permits	\$ 118,735	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Franchise taxes	-	24,765	-	-	-
Hotel / motel taxes	-	-	-	-	125,573
Gifts and contributions	49,720	-	297,000	1,426	26,215
Grants	37,188	-	-	-	-
Interest	3,760	2,474	-	3,412	12,254
Miscellaneous	21,155	28,250	7,006	35,020	-
Total revenues	<u>230,558</u>	<u>55,489</u>	<u>304,006</u>	<u>39,858</u>	<u>164,042</u>
EXPENDITURES					
Current:					
Culture and recreation	147,501	-	2,007	190,018	58,084
Public works	-	123,785	-	-	-
Public safety	-	-	-	-	-
Total expenditures	<u>147,501</u>	<u>123,785</u>	<u>2,007</u>	<u>190,018</u>	<u>58,084</u>
Excess (deficiency) of revenues over expenditures	<u>83,057</u>	<u>(68,296)</u>	<u>301,999</u>	<u>(150,160)</u>	<u>105,958</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	64,000	-	113,000	25,421
Transfers to other funds	(35,000)	-	(50,000)	-	(146,396)
Total other financing sources (uses)	<u>(35,000)</u>	<u>64,000</u>	<u>(50,000)</u>	<u>113,000</u>	<u>(120,975)</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	48,057	(4,296)	251,999	(37,160)	(15,017)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>107,891</u>	<u>71,637</u>	<u>(391,592)</u>	<u>125,272</u>	<u>426,694</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 155,948</u>	<u>\$ 67,341</u>	<u>\$ (139,593)</u>	<u>\$ 88,112</u>	<u>\$ 411,677</u>

EXHIBIT C-2

SPECIAL REVENUE

LIBRARY GRANTS	POLICE CONFISCATED FUNDS	POLICE SEIZED FUNDS	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	COMMUNITY CENTER	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 432,256	\$ -	\$ -	\$ -	\$ 550,991
-	-	4,854	-	28,176	37,572	-	70,602
-	-	-	-	-	-	-	24,765
-	-	-	-	-	-	-	125,573
-	-	-	-	-	-	-	374,361
20,733	-	-	-	-	-	-	57,921
260	425	25	3,986	7,245	3,411	652	37,904
-	-	-	-	-	-	60,106	151,537
<u>20,993</u>	<u>425</u>	<u>4,879</u>	<u>436,242</u>	<u>35,421</u>	<u>40,983</u>	<u>60,758</u>	<u>1,393,654</u>
20,138	-	-	-	-	-	156,984	574,732
-	-	-	411,474	-	-	-	535,259
-	3,856	-	-	4,030	22,442	-	30,328
<u>20,138</u>	<u>3,856</u>	<u>-</u>	<u>411,474</u>	<u>4,030</u>	<u>22,442</u>	<u>156,984</u>	<u>1,140,319</u>
<u>855</u>	<u>(3,431)</u>	<u>4,879</u>	<u>24,768</u>	<u>31,391</u>	<u>18,541</u>	<u>(96,226)</u>	<u>253,335</u>
-	-	-	250,000	-	-	109,000	561,421
-	-	-	(114,000)	-	-	-	(345,396)
-	-	-	136,000	-	-	109,000	216,025
855	(3,431)	4,879	160,768	31,391	18,541	12,774	469,360
<u>948</u>	<u>14,202</u>	<u>-</u>	<u>77,958</u>	<u>208,401</u>	<u>94,327</u>	<u>29,720</u>	<u>765,458</u>
<u>\$ 1,803</u>	<u>\$ 10,771</u>	<u>\$ 4,879</u>	<u>\$ 238,726</u>	<u>\$ 239,792</u>	<u>\$ 112,868</u>	<u>\$ 42,494</u>	<u>\$ 1,234,818</u>

**CITY OF THE COLONY
LAKE PARKS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fees and permits	\$ 105,200	\$ 105,200	\$ 118,735	\$ 13,535
Developer contributions	49,720	49,720	49,720	-
Investment income	3,000	3,000	3,760	760
Grants	-	37,188	37,188	-
Miscellaneous	-	7,168	21,155	13,987
Total revenues	<u>157,920</u>	<u>202,276</u>	<u>230,558</u>	<u>28,282</u>
EXPENDITURES				
Culture and recreation	<u>197,741</u>	<u>197,741</u>	<u>154,901</u>	<u>42,840</u>
Total expenditures	<u>197,741</u>	<u>197,741</u>	<u>154,901</u>	<u>42,840</u>
Excess (deficiency) of revenues over expenditures	<u>(39,821)</u>	<u>4,535</u>	<u>75,657</u>	<u>71,122</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers to other funds	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(74,821)	(30,465)	40,657	71,122
FUND BALANCE, BEGINNING OF YEAR	<u>107,891</u>	<u>107,891</u>	<u>107,891</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 33,070</u>	<u>\$ 77,426</u>	<u>\$ 148,548</u>	<u>\$ 71,122</u>

**CITY OF THE COLONY
ENVIROMENTAL SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Franchise taxes	\$ 24,000	\$ 24,000	\$ 24,765	\$ 765
Interest	900	2,570	2,474	(96)
Miscellaneous	36,000	36,000	28,250	(7,750)
Total revenues	<u>60,900</u>	<u>62,570</u>	<u>55,489</u>	<u>(7,081)</u>
EXPENDITURES				
Public works	<u>152,086</u>	<u>154,263</u>	<u>123,785</u>	<u>30,478</u>
Total expenditures	<u>152,086</u>	<u>154,263</u>	<u>123,785</u>	<u>30,478</u>
Excess (deficiency) of revenues over expenditures	<u>(91,186)</u>	<u>(91,693)</u>	<u>(68,296)</u>	<u>23,397</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers from other funds	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	<u>-</u>
Total other financing sources (uses)	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(27,186)	(27,693)	(4,296)	23,397
FUND BALANCE, BEGINNING OF YEAR	<u>71,637</u>	<u>71,637</u>	<u>71,637</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 44,451</u>	<u>\$ 43,944</u>	<u>\$ 67,341</u>	<u>\$ 23,397</u>

**CITY OF THE COLONY
HIDDEN COVE PARK SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Gifts and contributions	\$ 50,000	\$ 50,000	\$ 297,000	\$ 247,000
Miscellaneous	3,000	6,200	7,006	806
Total revenues	<u>53,000</u>	<u>56,200</u>	<u>304,006</u>	<u>247,806</u>
EXPENDITURES				
Culture and recreation	-	2,007	2,007	-
Total expenditures	<u>-</u>	<u>2,007</u>	<u>2,007</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>53,000</u>	<u>54,193</u>	<u>301,999</u>	<u>247,806</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers to other funds	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,000	4,193	251,999	247,806
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(391,592)</u>	<u>(391,592)</u>	<u>(391,592)</u>	<u>-</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (388,592)</u>	<u>\$ (387,399)</u>	<u>\$ (139,593)</u>	<u>\$ 247,806</u>

**CITY OF THE COLONY
SPECIAL EVENTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Gifts and contributions	\$ 7,000	\$ 7,656	\$ 1,426	\$ (6,230)
Interest	750	3,000	3,412	412
Miscellaneous	9,300	16,950	35,020	18,070
Total revenues	<u>17,050</u>	<u>27,606</u>	<u>39,858</u>	<u>12,252</u>
EXPENDITURES				
Culture and recreation	<u>135,882</u>	<u>199,189</u>	<u>190,018</u>	<u>9,171</u>
Total expenditures	<u>135,882</u>	<u>199,189</u>	<u>190,018</u>	<u>9,171</u>
Excess (deficiency) of revenues over expenditures	<u>(118,832)</u>	<u>(171,583)</u>	<u>(150,160)</u>	<u>21,423</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers from other funds	<u>113,000</u>	<u>113,000</u>	<u>113,000</u>	<u>-</u>
Total other financing sources (uses)	<u>113,000</u>	<u>113,000</u>	<u>113,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(5,832)	(58,583)	(37,160)	21,423
FUND BALANCE, BEGINNING OF YEAR	<u>125,272</u>	<u>125,272</u>	<u>125,272</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 119,440</u>	<u>\$ 66,689</u>	<u>\$ 88,112</u>	<u>\$ 21,423</u>

**CITY OF THE COLONY
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Hotel / motel taxes	\$ 135,500	\$ 131,800	\$ 125,573	\$ (6,227)
Gifts and contributions	-	26,215	26,215	-
Interest	18,000	18,000	12,254	(5,746)
Total revenues	<u>153,500</u>	<u>176,015</u>	<u>164,042</u>	<u>(11,973)</u>
EXPENDITURES				
Culture and recreation	<u>200,600</u>	<u>201,917</u>	<u>191,877</u>	<u>10,040</u>
Total expenditures	<u>200,600</u>	<u>201,917</u>	<u>191,877</u>	<u>10,040</u>
Excess (deficiency) of revenues over expenditures	<u>(47,100)</u>	<u>(25,902)</u>	<u>(27,835)</u>	<u>(1,933)</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers from other funds	-	25,421	25,421	-
Transfers to other funds	<u>(134,000)</u>	<u>(146,396)</u>	<u>(146,396)</u>	<u>-</u>
Total other financing sources (uses)	<u>(134,000)</u>	<u>(120,975)</u>	<u>(120,975)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(181,100)	(146,877)	(148,810)	(1,933)
FUND BALANCE, BEGINNING OF YEAR	<u>426,694</u>	<u>426,694</u>	<u>426,694</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 245,594</u>	<u>\$ 279,817</u>	<u>\$ 277,884</u>	<u>\$ (1,933)</u>

MAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund – To account for the provision of water and sewer services to the residents of the City.

EXHIBIT D-1

**CITY OF THE COLONY, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,816,171	\$ 1,994,522
Investments	2,960,196	2,404,762
Receivables, net of allowance for uncollectibles:		
Ad valorem taxes	19,311	27,655
Accounts	1,505,488	1,689,999
Interest	3,618	12,509
Other	163,312	28,653
Inventories	75,705	51,617
Prepaid expenses	9,158	6,462
Restricted cash and cash equivalents	7,642,544	13,271,697
Total current assets	16,195,503	19,487,876
CAPITAL ASSETS		
Land	2,891,887	1,749,366
Water system	34,581,679	31,245,654
Sanitary sewer system	36,046,182	34,114,825
Buildings	525,562	446,005
Machinery and equipment	1,328,537	1,305,992
Engineering fees	2,473,213	2,473,213
Organizational costs	5,718,467	5,718,467
Construction in progress	13,956,400	13,908,029
Total capital assets	97,521,927	90,961,551
Less: accumulated depreciation	(24,376,068)	(22,428,716)
Capital assets, net of accumulated depreciation	73,145,859	68,532,835
DEFERRED CHARGES		
Bond issuance costs, net of amortization	813,598	902,103
TOTAL ASSETS	\$ 90,154,960	\$ 88,922,814
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,128,977	\$ 566,086
Due to other funds		
Accrued compensated absences	235,480	77,310
Deferred revenue		
Payable from restricted assets:		
Accounts payable and accrued expenses	432,886	700,875
Revenue bonds payable	1,859,742	1,803,318
Unamortized bond premium	59,286	45,182
Accrued interest payable	267,970	286,847
Customer meter deposits	732,294	666,889
Total current liabilities	4,716,635	4,146,507
NON-CURRENT LIABILITIES		
Revenue bonds payable	46,050,891	47,975,342
Unamortized bond premium	965,001	1,038,389
Accrued compensated absences	-	145,888
Total non-current liabilities	47,015,892	49,159,619
TOTAL LIABILITIES	51,732,527	53,306,126
NET ASSETS		
Invested in capital assets, net of related debt	31,288,426	30,497,405
Restricted for:		
Revenue bond principal and interest	1,927,384	1,987,616
Unrestricted	5,206,623	3,131,667
TOTAL NET ASSETS	\$ 38,422,433	\$ 35,616,688

EXHIBIT D-2

**CITY OF THE COLONY, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services:		
Water service	\$ 7,477,100	\$ 6,181,970
Wastewater treatment service	4,207,012	3,997,214
Other fees and penalties	1,305,115	1,161,495
Miscellaneous	19,276	18,405
Total operating revenues	<u>13,008,503</u>	<u>11,359,084</u>
OPERATING EXPENSES:		
Personnel services	2,885,639	2,753,120
Contractual services	2,585,840	1,765,808
Supplies	356,943	305,635
Maintenance	579,835	451,107
Water purchases	1,591,607	1,502,487
Depreciation	1,947,352	1,513,873
Total operating expenses	<u>9,947,216</u>	<u>8,292,030</u>
OPERATING INCOME	<u>3,061,287</u>	<u>3,067,054</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	23,758	764,062
Interest income	552,763	864,807
Loss on disposition of capital assets	-	(296,098)
Interest expense	(2,183,417)	(1,950,634)
Development fees	614,828	603,170
Total non-operating revenues	<u>(992,068)</u>	<u>(14,693)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>2,069,219</u>	<u>3,052,361</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	1,018,773	3,404,733
Transfers from other funds	2,299,432	1,438,035
Transfers to other funds	(2,581,679)	(3,894,626)
Total capital contributions and transfers	<u>736,526</u>	<u>948,142</u>
CHANGE IN NET ASSETS	2,805,745	4,000,503
NET ASSETS, BEGINNING OF YEAR	<u>35,616,688</u>	<u>31,616,185</u>
NET ASSETS, END OF YEAR	<u>\$ 38,422,433</u>	<u>\$ 35,616,688</u>

**CITY OF THE COLONY, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 13,123,760	\$ 11,433,418
Cash paid to employees for services	(2,873,357)	(2,725,593)
Cash paid for goods and services	(4,770,882)	(4,622,186)
Net cash provided by operating activities	<u>5,479,521</u>	<u>4,085,639</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes	32,102	758,823
Transfers from other funds	2,299,432	1,438,035
Transfers to other funds	(2,581,679)	(3,894,626)
Net cash used in non-capital financing activities	<u>(250,145)</u>	<u>(1,697,768)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on revenue bond maturities	(1,798,900)	(755,773)
Interest paid	(2,202,294)	(3,467,521)
Premium on issuance of bonds	-	264,148
Acquisition of capital assets	(5,541,603)	(10,294,574)
Cost of issuance of bonds	(46,004)	(134,148)
Payment to escrow agent for refunding	(3,410,000)	
Proceeds from issuance of bonds	3,420,000	7,370,000
Contributions from developers	614,828	603,170
Net cash used in capital and related financial activities	<u>(8,963,973)</u>	<u>(6,414,698)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(555,434)	(114,570)
Interest on investments	561,654	871,067
Net cash provided by investing activities	<u>6,220</u>	<u>756,497</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,728,377)	(3,270,330)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,266,219</u>	<u>18,536,549</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,537,842</u>	<u>\$ 15,266,219</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	<u>\$ 3,061,287</u>	<u>\$ 3,067,054</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,947,352	1,513,873
Amortization of bond issuance costs		
Amortization of premiums and deferred losses	44,078	16,180
Change in assets and liabilities:		
Decrease in accounts receivable	49,852	15,259
(Increase) decrease in inventories	(24,088)	833
(Increase) in prepaid expenses	(2,696)	(4,826)
Increase (decrease) in accounts payable and accrued liabilities	294,902	(609,336)
Increase in compensated absences	12,282	27,527
Increase in customer deposits	65,405	59,075
Total adjustments	<u>2,418,234</u>	<u>1,018,585</u>
Net cash provided by operating activities	<u>\$ 5,479,521</u>	<u>\$ 4,085,639</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Contributions of capital assets from developers	<u>\$ 1,018,773</u>	<u>\$ 3,384,897</u>
Contributions of assets from governmental activities	<u>\$ -</u>	<u>\$ 19,836</u>
Reconciliation of total cash to the statement of net assets:		
Cash and cash equivalents - current	\$ 3,816,171	\$ 1,994,522
Restricted cash and cash equivalents	<u>7,642,544</u>	<u>13,271,697</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,458,715</u>	<u>\$ 15,266,219</u>

INTERNAL SERVICE FUND

The Internal Service Fund is used to account for financing of services provided by one department to other departments of the City on a cost-reimbursement basis.

The Fleet Services Fund - accounts for the costs associated with the acquisition of vehicles through the rental of such vehicles to other departments.

**CITY OF THE COLONY, TEXAS
FLEET SERVICES INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 131,522	\$ 98,103
Investments	6,896	5,317
Inventories	110,342	98,649
Miscellaneous receivables	-	33
	248,760	202,102
CAPITAL ASSETS		
Machinery and equipment	157,692	217,461
	157,692	217,461
Less: accumulated depreciation	(149,713)	(206,895)
	7,979	10,566
TOTAL ASSETS	\$ 256,739	\$ 212,668
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 48,339	\$ 37,931
Current portion of compensated absences	46,607	14,905
	94,946	52,836
NON-CURRENT LIABILITIES		
Accrued compensated absences	-	33,394
	-	33,394
TOTAL LIABILITIES	94,946	86,230
NET ASSETS		
Invested in capital, net of related debt	7,979	10,566
Unrestricted	153,814	115,872
	161,793	126,438
TOTAL NET ASSETS	\$ 161,793	\$ 126,438

**CITY OF THE COLONY, TEXAS
FLEET SERVICES INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Charges for sales and services:		
Service charges	\$ 696,836	\$ 661,834
Miscellaneous	54,221	18,794
Total operating revenues	<u>751,057</u>	<u>680,628</u>
OPERATING EXPENSES:		
Personnel services	374,004	327,491
Contractual services	10,759	8,007
Supplies	143,617	94,657
Maintenance	187,559	139,788
Depreciation	2,587	4,236
Total operating expenses	<u>718,526</u>	<u>574,179</u>
OPERATING INCOME	<u>32,531</u>	<u>106,449</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	2,824	1,194
Total non-operating revenues	<u>2,824</u>	<u>1,194</u>
CHANGE IN NET ASSETS	35,355	107,643
NET ASSETS, BEGINNING OF YEAR	<u>126,438</u>	<u>18,795</u>
NET ASSETS, END OF YEAR	<u>\$ 161,793</u>	<u>\$ 126,438</u>

EXHIBIT E-3

**CITY OF THE COLONY, TEXAS
FLEET SERVICES INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from transactions with other funds	\$ 696,836	\$ 661,834
Cash received from other sources	54,254	8,532
Cash paid to employees for services	(375,696)	(315,524)
Cash paid for goods and services	<u>(343,220)</u>	<u>(253,923)</u>
Net cash provided by operating activities	<u>32,174</u>	<u>100,919</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,579)	(4,010)
Interest on investments	<u>2,824</u>	<u>1,194</u>
Net cash provided by investing activities	<u>1,245</u>	<u>(2,816)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,419	98,103
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>98,103</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 131,522</u>	<u>\$ 98,103</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income (loss)	<u>\$ 32,531</u>	<u>\$ 106,449</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Depreciation	2,587	4,236
Decrease)in accounts receivable	33	3,636
(Increase) in inventories	(11,693)	(3,357)
Increase (decrease) in accounts payable	10,408	(8,114)
(Decrease) in due to other funds	-	(13,898)
Increase (decrease) in compensated absences	<u>(1,692)</u>	<u>11,967</u>
Total adjustments	<u>(357)</u>	<u>(5,530)</u>
Net cash provided by operating activities	<u>\$ 32,174</u>	<u>\$ 100,919</u>

DISCRETELY PRESENTED COMPONENT UNITS

The Colony Economic Development Corporation (TCEDC) – TCEDC is a legally separate entity from the City and was organized exclusively for the public purposes of the promotion and development of new and expanded business enterprises to provide and encourage employment in the furtherance of public welfare.

The Colony Community Development Corporation (TCCDC) – TCCDC is a legally separate entity from the City and was organized for the purpose of the promotion of economic development by developing, implementing, providing and financing projects under the Development Corporation Act of 1979.

**CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,791,188	\$ 2,723,123
Investments	1,313,143	2,491,400
Sales tax receivable	263,319	253,834
Interest receivable	-	22,533
	<u>6,367,650</u>	<u>5,490,890</u>
Total current assets		
	<u>6,367,650</u>	<u>5,490,890</u>
TOTAL ASSETS	<u>\$ 6,367,650</u>	<u>\$ 5,490,890</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	\$ 57,439	\$ 54,928
	<u>57,439</u>	<u>54,928</u>
Total current liabilities		
	<u>57,439</u>	<u>54,928</u>
TOTAL LIABILITIES	<u>57,439</u>	<u>54,928</u>
FUND BALANCES		
Unrestricted	<u>6,310,211</u>	<u>5,435,962</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,367,650</u>	<u>\$ 5,490,890</u>

**CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Municipal sales tax	\$ 1,476,096	\$ 1,394,327
Interest earned	183,786	288,509
Miscellaneous	-	-
	<u>1,659,882</u>	<u>1,682,836</u>
Total revenues		
	<u>1,659,882</u>	<u>1,682,836</u>
EXPENDITURES		
Current		
Economic Development	<u>785,628</u>	<u>2,963,707</u>
Total expenditures		
	<u>785,628</u>	<u>2,963,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>874,254</u>	<u>(1,280,871)</u>
NET CHANGE IN FUND BALANCES	874,254	(1,280,871)
FUND BALANCES, BEGINNING OF YEAR	<u>5,435,957</u>	<u>6,716,828</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,310,211</u>	<u>\$ 5,435,957</u>

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

Total fund balances - governmental funds	\$ 6,310,211
Amounts reported for governmental activities in the statement of net assets are different because:	
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.	60,715
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.	(16,263)
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.	(2,969,687)
	<hr/>
Net assets of governmental activities	<u><u>\$ 3,384,976</u></u>

**CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
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	\$ 874,254
Amounts reported for governmental activities in the statement of activities are different because:	
Current year amortization of the costs of bond issuance and premiums on debt issuance costs do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	1,209
Current year changes in accrued compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	756
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.	1,179
	<hr/>
Change in Net Assets of Governmental activities	<u><u>\$ 877,398</u></u>

**CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2008 AND 2006**

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 773,123	\$ 48,618
Investments	341,144	1,379,466
Sales tax receivable	263,319	253,834
Interest receivable	-	10,969
	<u>1,377,586</u>	<u>1,692,887</u>
Total current assets		
	<u>1,377,586</u>	<u>1,692,887</u>
TOTAL ASSETS	<u>\$ 1,377,586</u>	<u>\$ 1,692,887</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	\$ 6,921	\$ 4,526
	<u>6,921</u>	<u>4,526</u>
Total current liabilities		
	<u>6,921</u>	<u>4,526</u>
TOTAL LIABILITIES	<u>6,921</u>	<u>4,526</u>
FUND BALANCE		
Unrestricted	<u>1,370,665</u>	<u>1,688,361</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,377,586</u>	<u>\$ 1,692,887</u>

**CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES		
Municipal sales tax	\$ 1,476,096	\$ 1,394,327
Interest earned	60,926	50,239
Contributions	-	375,000
	<u>1,537,022</u>	<u>1,819,566</u>
EXPENDITURES		
Current		
Economic Development	1,854,718	1,244,494
	<u>(317,696)</u>	<u>575,072</u>
Excess (deficiency) of revenues over (under) expenditures		
	<u>(317,696)</u>	<u>575,072</u>
NET CHANGE IN FUND BALANCE	<u>(317,696)</u>	<u>575,072</u>
FUND BALANCE, BEGINNING OF YEAR	<u>1,688,361</u>	<u>1,113,289</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,370,665</u>	<u>\$ 1,688,361</u>

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

Total fund balances - governmental funds	\$ 1,370,665
Amounts reported for governmental activities in the statement of net assets are different because:	
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.	(1,422)
	<hr/>
Net assets of governmental activities	<u><u>\$ 1,369,243</u></u>

**CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
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	\$ (317,696)
Amounts reported for governmental activities in the statement of activities are different because:	
Current year changes in accrued compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(21)
	<hr/>
Change in Net Assets of Governmental activities	<u><u>\$ (317,717)</u></u>