

**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, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,166,520	\$ 2,348,987
Investments	3,601,951	3,103,534
Receivables, net of allowances for uncollectibles:		
Ad valorem taxes	224,940	155,068
Service accounts receivable	140,718	105,818
Franchise taxes	439,271	486,821
Sales taxes	507,667	497,186
Interest	44,314	42,356
Other	198,848	200,639
Due from other funds	394,492	414,074
Other assets	141	52
<b>TOTAL ASSETS</b>	<b>\$ 7,718,862</b>	<b>\$ 7,354,535</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,315,510	\$ 1,483,475
Due to other funds		19,136
Deferred revenue	381,017	230,154
<b>TOTAL LIABILITIES</b>	<b>1,696,527</b>	<b>1,732,765</b>
<b>FUND BALANCES</b>		
Reserved for encumbrances	151,818	215,241
Designated	392,000	398,000
Unreserved, undesignated	5,478,517	5,008,529
<b>TOTAL FUND BALANCES</b>	<b>6,022,335</b>	<b>5,621,770</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,718,862</b>	<b>\$ 7,354,535</b>

**CITY OF THE COLONY, TEXAS  
GENERAL FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Ad valorem taxes, penalties and interest	\$ 9,345,067	\$ 8,589,075
Franchise taxes	1,920,666	2,285,150
Municipal sales tax	2,880,852	2,731,402
Licenses and permits	700,036	520,880
Charges for services	1,011,419	1,030,023
Fines and forfeitures	1,127,347	1,136,985
Grants	201,579	209,436
Interest earned	359,275	326,482
Miscellaneous	<u>309,315</u>	<u>273,087</u>
Total revenues	<u>17,855,556</u>	<u>17,102,520</u>
<b>EXPENDITURES</b>		
General government	4,764,536	3,899,887
Public safety	9,120,493	8,288,502
Public works	1,427,686	1,958,485
Cultural and recreation	<u>3,276,408</u>	<u>2,763,142</u>
Total expenditures	<u>18,589,123</u>	<u>16,910,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(733,567)</u>	<u>192,504</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sales of capital assets		11,646
Transfers from other funds	1,563,200	1,396,178
Transfers to other funds	<u>(429,068)</u>	<u>(359,730)</u>
Total other financing sources (uses)	<u>1,134,132</u>	<u>1,048,094</u>
NET CHANGE IN FUND BALANCE	400,565	1,240,598
FUND BALANCE, BEGINNING OF YEAR	<u>5,621,770</u>	<u>4,381,172</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,022,335</u>	<u>\$ 5,621,770</u>

**CITY OF THE COLONY, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 363,330	\$ 230,723
Investments	616,283	758,480
Receivables, net of allowances for uncollectibles:		
Ad valorem taxes	85,509	60,365
Interest	10,417	10,349
<b>TOTAL ASSETS</b>	<b>\$ 1,075,539</b>	<b>\$ 1,059,917</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 33,943	\$
Deferred revenue	75,599	42,534
<b>TOTAL LIABILITIES</b>	<b>109,542</b>	<b>42,534</b>
<b>FUND BALANCES</b>		
Reserved for debt service	965,997	1,017,383
<b>TOTAL FUND BALANCES</b>	<b>965,997</b>	<b>1,017,383</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,075,539</b>	<b>\$ 1,059,917</b>

**CITY OF THE COLONY, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES		
Ad valorem taxes, penalties and interest	\$ 3,429,495	\$ 3,402,957
Gifts and contributions	789,867	726,546
Interest earned	<u>121,620</u>	<u>89,622</u>
Total revenues	<u>4,340,982</u>	<u>4,219,125</u>
EXPENDITURES		
Principal retirement	2,457,656	2,073,677
Interest and fiscal charges	<u>2,034,712</u>	<u>2,179,081</u>
Total expenditures	<u>4,492,368</u>	<u>4,252,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(151,386)</u>	<u>(33,633)</u>
OTHER FINANCING SOURCES (USES)		
Payments to escrow agents		(9,280,273)
Premium from issuance of bonds		24,032
Proceeds from issuance of bonds		9,340,000
Transfers from other funds	<u>100,000</u>	<u>126,870</u>
Total other financing sources (uses)	<u>100,000</u>	<u>210,629</u>
NET CHANGE IN FUND BALANCE	(51,386)	176,996
FUND BALANCE, BEGINNING OF YEAR	<u>1,017,383</u>	<u>840,387</u>
FUND BALANCE, END OF YEAR	<u>\$ 965,997</u>	<u>\$ 1,017,383</u>

**CITY OF THE COLONY, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Ad valorem tax	\$ 3,388,927	\$ 3,430,227	\$ 3,429,495	\$ (732)
Gifts and contributions	801,265	801,265	789,867	(11,398)
Interest	50,000	75,000	121,620	46,620
Total revenues	<u>4,240,192</u>	<u>4,306,492</u>	<u>4,340,982</u>	<u>34,490</u>
<b>EXPENDITURES</b>				
Principal retirement	2,457,656	2,457,656	2,457,656	
Interest and fiscal charges	2,033,470	2,033,470	2,034,712	(1,242)
Total expenditures	<u>4,491,126</u>	<u>4,491,126</u>	<u>4,492,368</u>	<u>(1,242)</u>
Excess (deficiency) of revenues over expenditures	<u>(250,934)</u>	<u>(184,634)</u>	<u>(151,386)</u>	<u>33,248</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers from other funds	100,000	100,000	100,000	
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	
<b>NET CHANGE IN FUND BALANCES</b>	(150,934)	(84,634)	(51,386)	33,248
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,017,383</u>	<u>1,017,383</u>	<u>1,017,383</u>	
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 866,449</u>	<u>\$ 932,749</u>	<u>\$ 965,997</u>	<u>\$ 33,248</u>

**CITY OF THE COLONY, TEXAS  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,852,534	\$ 8,649,002
Investments	747,154	643,599
Miscellaneous accounts receivable	699,651	151,291
Interest receivable	<u>9,374</u>	<u>8,782</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,308,713</u></u>	<u><u>\$ 9,452,674</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 720,382	\$ 366,418
Retainage payable	361,665	66,876
Deferred revenue	<u>38,670</u>	<u>38,670</u>
<b>TOTAL LIABILITIES</b>	<u>1,120,717</u>	<u>471,964</u>
<b>FUND BALANCES</b>		
Reserved for capital projects	<u>12,187,996</u>	<u>8,980,710</u>
<b>TOTAL FUND BALANCES</b>	<u>12,187,996</u>	<u>8,980,710</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 13,308,713</u></u>	<u><u>\$ 9,452,674</u></u>

**CITY OF THE COLONY, TEXAS  
CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES		
Gifts and contributions	\$ 431,309	\$ 1,011,582
Capital recovery fees	2,293,141	3,265,837
Interest earned	306,074	354,728
Miscellaneous	<u>210,500</u>	<u>714,790</u>
Total revenues	<u>3,241,024</u>	<u>5,346,937</u>
EXPENDITURES		
Cultural and recreation	8,737	47,878
Public works	1,517,152	526,460
Capital outlay	7,105,135	4,469,999
Debt Service:		
Interest and Fiscal Charges	<u>151,085</u>	<u>                    </u>
Total expenditures	<u>8,782,109</u>	<u>5,044,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,541,085)</u>	<u>302,600</u>
OTHER FINANCING SOURCES (USES)		
Issuance of certificates of obligation	7,145,000	694,604
Premium on issuance of certificates of obligation	256,085	22,758
Transfers from other funds	2,785,321	890,734
Transfers to other funds	<u>(1,438,035)</u>	<u>(734,667)</u>
Total other financing sources (uses)	<u>8,748,371</u>	<u>873,429</u>
NET CHANGE IN FUND BALANCE	3,207,286	1,176,029
FUND BALANCE, BEGINNING OF YEAR	<u>8,980,710</u>	<u>7,804,681</u>
FUND BALANCE, END OF YEAR	<u>\$ 12,187,996</u>	<u>\$ 8,980,710</u>

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

**Stewart Creek Park 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.

**Recycling 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 4<sup>th</sup> 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, 2007**

	SPECIAL REVENUE				
	STEWART CREEK PARK	RECYCLING	HIDDEN COVE PARK	SPECIAL EVENTS	HOTEL/ MOTEL TAXES
<b>ASSETS</b>					
Cash and cash equivalents	\$ 79,750	\$ 104,374	\$	\$ 120,886	\$ 271,449
Investments	27,242	15,917		12,933	117,094
Interest receivable	213	191		119	1,293
Due from other funds					
Accounts receivable	6,000	7,089	3,000	4,545	36,858
<b>TOTAL ASSETS</b>	<b><u>\$ 113,205</u></b>	<b><u>\$ 127,571</u></b>	<b><u>\$ 3,000</u></b>	<b><u>\$ 138,483</u></b>	<b><u>\$ 426,694</u></b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 5,314	55,934	\$ 100	\$ 13,211	\$
Due to other funds			394,492		
<b>TOTAL LIABILITIES</b>	<b><u>5,314</u></b>	<b><u>55,934</u></b>	<b><u>394,592</u></b>	<b><u>13,211</u></b>	
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for encumbrances	9,814				
Reserved for court security and technology					
Unreserved and undesignated	98,077	71,637	(391,592)	125,272	426,694
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b><u>107,891</u></b>	<b><u>71,637</u></b>	<b><u>(391,592)</u></b>	<b><u>125,272</u></b>	<b><u>426,694</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>	<b><u>\$ 113,205</u></b>	<b><u>\$ 127,571</u></b>	<b><u>\$ 3,000</u></b>	<b><u>\$ 138,483</u></b>	<b><u>\$ 426,694</u></b>

**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
\$ 2,996 361 2	\$ 14,202	\$	\$ 54,085 36,942 55	\$ 151,713 56,496 192	\$ 76,822 23,525 122	\$ 36,539 45	\$ 912,816 290,555 2,187 -
			1,600				59,092
<u>\$ 3,359</u>	<u>\$ 14,202</u>	<u>\$</u>	<u>\$ 92,682</u>	<u>\$ 208,401</u>	<u>\$ 100,469</u>	<u>\$ 36,584</u>	<u>\$ 1,264,650</u>
\$ 2,411	\$	\$	\$ 14,724	\$	\$ 6,142	\$ 6,864	\$ 104,700 394,492
2,411			14,724		6,142	6,864	499,192
948	14,202		77,958	208,401	94,327	29,720	9,814 302,728 452,916
948	14,202		77,958	208,401	94,327	29,720	765,458
<u>\$ 3,359</u>	<u>\$ 14,202</u>	<u>\$</u>	<u>\$ 92,682</u>	<u>\$ 208,401</u>	<u>\$ 100,469</u>	<u>\$ 36,584</u>	<u>\$ 1,264,650</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, 2007**

	SPECIAL REVENUE			
	STEWART CREEK PARK	RECYCLING	HIDDEN COVE PARK	SPECIAL EVENTS
REVENUES				
Licenses and permits	\$ 66,276	\$	\$	\$
Fines and forfeitures				
Franchise taxes		18,899		
Hotel / motel taxes				
Recreation fees	7,840			
Gifts and contributions	65,939		70,000	3,126
Grants		42,850		
Interest	4,677	2,570		3,914
Miscellaneous		44,350	5,684	17,898
Total revenues	<u>144,732</u>	<u>108,669</u>	<u>75,684</u>	<u>24,938</u>
EXPENDITURES				
Current:				
Culture and recreation	89,032		20,000	84,173
Public works		159,458		
Public safety				
Total expenditures	<u>89,032</u>	<u>159,458</u>	<u>20,000</u>	<u>84,173</u>
Excess (deficiency) of revenues over expenditures	<u>55,700</u>	<u>(50,789)</u>	<u>55,684</u>	<u>(59,235)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds		64,000	-	132,500
Transfers to other funds	<u>(35,000)</u>		<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(35,000)</u>	<u>64,000</u>	<u>(50,000)</u>	<u>132,500</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	20,700	13,211	5,684	73,265
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	<u>87,191</u>	<u>58,426</u>	<u>(397,276)</u>	<u>52,007</u>
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ 107,891</u>	<u>\$ 71,637</u>	<u>\$ (391,592)</u>	<u>\$ 125,272</u>

SPECIAL REVENUE

HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE CONFISCATED FUNDS	POLICE SEIZED FUNDS	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	COMMUNITY CENTER	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$	\$	\$	\$	\$ 465,649	\$	\$	\$	\$ 531,925
		37,584	4,279		29,821	39,760		111,444
141,496								18,899
								141,496
								7,840
								139,065
	10,136							52,986
19,925	334	1,342		8,510	9,482	3,802	498	55,054
							40,268	108,200
<u>161,421</u>	<u>10,470</u>	<u>38,926</u>	<u>4,279</u>	<u>474,159</u>	<u>39,303</u>	<u>43,562</u>	<u>40,766</u>	<u>1,166,909</u>
13,031	10,150						126,112	342,498
				323,787				483,245
		29,003			14,835	11,532		55,370
<u>13,031</u>	<u>10,150</u>	<u>29,003</u>	<u>-</u>	<u>323,787</u>	<u>14,835</u>	<u>11,532</u>	<u>126,112</u>	<u>881,113</u>
<u>148,390</u>	<u>320</u>	<u>9,923</u>	<u>4,279</u>	<u>150,372</u>	<u>24,468</u>	<u>32,030</u>	<u>(85,346)</u>	<u>285,796</u>
		4,279		-			101,000	301,779
<u>(133,700)</u>		<u>-</u>	<u>(4,279)</u>	<u>(203,627)</u>				<u>(426,606)</u>
<u>(133,700)</u>		<u>4,279</u>	<u>(4,279)</u>	<u>(203,627)</u>	<u>-</u>	<u>-</u>	<u>101,000</u>	<u>(124,827)</u>
14,690	320	14,202	-	(53,255)	24,468	32,030	15,654	160,969
<u>412,004</u>	<u>628</u>	<u>-</u>	<u>-</u>	<u>131,213</u>	<u>183,933</u>	<u>62,297</u>	<u>14,066</u>	<u>604,489</u>
<u>\$ 426,694</u>	<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>

**CITY OF THE COLONY  
STEWART CREEK PARK SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Licenses and permits	\$ 94,000	\$90,000	\$ 66,276	\$ (23,724)
Recreation fees	9,400	11,000	7,840	(3,160)
Gifts and contributions	49,720	64,720	65,939	16,219
Interest	1,500	3,500	4,677	1,177
Total revenues	<u>154,620</u>	<u>169,220</u>	<u>144,732</u>	<u>(9,488)</u>
EXPENDITURES				
Culture and recreation	<u>186,581</u>	<u>126,180</u>	<u>91,135</u>	<u>35,045</u>
Total expenditures	<u>186,581</u>	<u>126,180</u>	<u>91,135</u>	<u>35,045</u>
Excess (deficiency) of revenues over expenditures	<u>(31,961)</u>	<u>43,040</u>	<u>53,597</u>	<u>25,557</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers to other funds	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	
Total other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	
NET CHANGE IN FUND BALANCES	(66,961)	8,040	18,597	25,557
FUND BALANCE, BEGINNING OF YEAR	<u>79,480</u>	<u>79,480</u>	<u>79,480</u>	
FUND BALANCE, END OF YEAR	<u>\$ 12,519</u>	<u>\$87,520</u>	<u>\$ 98,077</u>	<u>\$ 25,557</u>

**CITY OF THE COLONY  
 RECYCLING SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<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	\$ 18,700	\$18,700	\$ 18,899	\$ 199
Local grant revenue		42,850	42,850	
Interest	900	1,160	2,570	1,410
Miscellaneous	14,600	42,400	44,350	1,950
Total revenues	<u>34,200</u>	<u>105,110</u>	<u>108,669</u>	<u>3,559</u>
EXPENDITURES				
Public works	<u>124,241</u>	<u>194,716</u>	<u>159,458</u>	<u>35,258</u>
Total expenditures	<u>124,241</u>	<u>194,716</u>	<u>159,458</u>	<u>35,258</u>
Excess (deficiency) of revenues over expenditures	<u>(90,041)</u>	<u>(89,606)</u>	<u>(50,789)</u>	<u>38,817</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers from other funds	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	
Total other financing sources (uses)	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	
NET CHANGE IN FUND BALANCES	(26,041)	(25,606)	13,211	38,817
FUND BALANCE, BEGINNING OF YEAR	<u>58,426</u>	<u>58,426</u>	<u>58,426</u>	
FUND BALANCE, END OF YEAR	<u>\$ 32,385</u>	<u>\$32,820</u>	<u>\$ 71,637</u>	<u>\$ 38,817</u>

**CITY OF THE COLONY  
HIDDEN COVE PARK SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Gifts and contributions	\$ 50,000	\$ 70,000	\$ 70,000	\$ 20,000
Miscellaneous	3,000	3,000	5,684	2,684
Total revenues	<u>53,000</u>	<u>73,000</u>	<u>75,684</u>	<u>22,684</u>
EXPENDITURES				
Culture and recreation	-	20,000	20,000	-
Total expenditures	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>53,000</u>	<u>53,000</u>	<u>55,684</u>	<u>22,684</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers to other funds	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	
NET CHANGE IN FUND BALANCES	3,000	3,000	5,684	22,684
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(397,276)</u>	<u>(397,276)</u>	<u>(397,276)</u>	
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (394,276)</u>	<u>\$ (394,276)</u>	<u>\$ (391,592)</u>	<u>\$ 22,684</u>

**CITY OF THE COLONY  
SPECIAL EVENTS SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL BUDGET BASIS</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES				
Gifts and contributions	\$	\$ 5,000	\$ 3,126	\$ (1,874)
Interest	750	1,265	3,914	2,649
Miscellaneous	<u>16,300</u>	<u>19,930</u>	<u>17,898</u>	<u>(2,032)</u>
Total revenues	<u>17,050</u>	<u>26,195</u>	<u>24,938</u>	<u>(1,257)</u>
EXPENDITURES				
Culture and recreation	<u>134,570</u>	<u>122,194</u>	<u>84,173</u>	<u>38,021</u>
Total expenditures	<u>134,570</u>	<u>122,194</u>	<u>84,173</u>	<u>38,021</u>
Excess (deficiency) of revenues over expenditures	<u>(117,520)</u>	<u>(95,999)</u>	<u>(59,235)</u>	<u>36,764</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers from other funds	<u>120,000</u>	<u>132,500</u>	<u>132,500</u>	
Total other financing sources (uses)	<u>120,000</u>	<u>132,500</u>	<u>132,500</u>	
NET CHANGE IN FUND BALANCES	2,480	36,501	73,265	36,764
FUND BALANCE, BEGINNING OF YEAR	<u>52,007</u>	<u>52,007</u>	<u>52,007</u>	
FUND BALANCE, END OF YEAR	<u>\$ 54,487</u>	<u>\$ 88,508</u>	<u>\$ 125,272</u>	<u>\$ 36,764</u>

**CITY OF THE COLONY  
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<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	\$ 121,500	\$ 130,000	\$ 141,496	\$ 11,496
Interest	12,000	18,000	19,925	1,925
Total revenues	<u>133,500</u>	<u>148,000</u>	<u>161,421</u>	<u>13,421</u>
EXPENDITURES				
Culture and recreation	<u>200,600</u>	<u>195,000</u>	<u>13,031</u>	<u>181,969</u>
Total expenditures	<u>200,600</u>	<u>195,000</u>	<u>13,031</u>	<u>181,969</u>
Excess (deficiency) of revenues over expenditures	<u>(67,100)</u>	<u>(47,000)</u>	<u>148,390</u>	<u>195,390</u>
OTHER FINANCING SOURCES AND (USES)				
Transfers to other funds	<u>(121,200)</u>	<u>(133,700)</u>	<u>(133,700)</u>	
Total other financing sources (uses)	<u>(121,200)</u>	<u>(133,700)</u>	<u>(133,700)</u>	
NET CHANGE IN FUND BALANCES	(188,300)	(180,700)	14,690	195,390
FUND BALANCE, BEGINNING OF YEAR	<u>412,004</u>	<u>412,004</u>	<u>412,004</u>	
FUND BALANCE, END OF YEAR	<u>\$ 223,704</u>	<u>\$ 231,304</u>	<u>\$ 426,694</u>	<u>\$ 195,390</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.

**CITY OF THE COLONY, TEXAS  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,994,522	\$ 2,701,380
Investments	2,404,762	2,290,192
Receivables, net of allowance for uncollectibles:		
Ad valorem taxes	27,655	22,416
Accounts	1,689,999	1,594,228
Interest	12,509	18,769
Other	28,653	139,683
Inventories	51,617	52,450
Prepaid expenses	6,462	1,636
Restricted cash and cash equivalents	13,271,697	15,835,169
<b>Total current assets</b>	<b>19,487,876</b>	<b>22,655,923</b>
<b>CAPITAL ASSETS</b>		
Land	1,749,366	1,749,366
Water system	31,245,654	21,419,906
Sanitary sewer system	34,114,825	18,132,186
Buildings	446,005	446,005
Machinery and equipment	1,305,992	1,135,238
Engineering fees	2,473,213	2,473,213
Organizational costs	5,718,467	5,718,467
Construction in progress	13,908,029	26,457,996
<b>Total capital assets</b>	90,961,551	77,532,377
Less: accumulated depreciation	(22,428,716)	(20,888,878)
<b>Capital assets, net of accumulated depreciation</b>	<b>68,532,835</b>	<b>56,643,499</b>
<b>DEFERRED CHARGES</b>		
Bond issuance costs, net of amortization	902,103	830,213
<b>TOTAL ASSETS</b>	<b>\$ 88,922,814</b>	<b>\$ 80,129,635</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	566,086	\$ 697,200
Due to other funds		
Accreted interest payable		1,560,381
Accrued compensated absences	77,310	177,674
Deferred revenue		
Payable from restricted assets:		
Accounts payable and accrued expenses	700,875	1,179,097
Revenue bonds payable	1,803,318	755,773
Unamortized bond premium	45,182	45,182
Accrued interest payable	286,847	243,353
Customer meter deposits	666,889	607,814
<b>Total current liabilities</b>	<b>4,146,507</b>	<b>5,266,474</b>
<b>NON-CURRENT LIABILITIES</b>		
Revenue bonds payable	47,975,342	42,408,660
Unamortized bond premium	1,038,389	820,319
Accrued compensated absences	145,888	17,997
<b>Total non-current liabilities</b>	<b>49,159,619</b>	<b>43,246,976</b>
<b>TOTAL LIABILITIES</b>	<b>53,306,126</b>	<b>48,513,450</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	30,497,405	26,584,212
Restricted for:		
Revenue bond principal and interest	1,987,616	2,146,469
Unrestricted	3,131,667	2,885,504
<b>TOTAL NET ASSETS</b>	<b>\$ 35,616,688</b>	<b>\$ 31,616,185</b>

**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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services:		
Water service	\$ 6,181,970	\$ 7,256,333
Wastewater treatment service	3,997,214	3,594,068
Other fees and penalties	1,161,495	1,574,229
Miscellaneous	<u>18,405</u>	<u>134,833</u>
Total operating revenues	<u>11,359,084</u>	<u>12,559,463</u>
OPERATING EXPENSES:		
Personnel services	2,753,120	2,520,860
Contractual services	1,765,808	1,788,522
Supplies	305,635	330,887
Maintenance	451,107	432,312
Water purchases	1,502,487	1,573,493
Depreciation	<u>1,513,873</u>	<u>1,256,021</u>
Total operating expenses	<u>8,292,030</u>	<u>7,902,095</u>
OPERATING INCOME	<u>3,067,054</u>	<u>4,657,368</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	764,062	929,179
Interest income	864,807	1,040,660
Loss on disposition of capital assets	(296,098)	
Interest expense	(1,950,634)	(1,980,852)
Development fees	<u>603,170</u>	<u>2,256,055</u>
Total non-operating revenues	<u>(14,693)</u>	<u>2,245,042</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>3,052,361</u>	<u>6,902,410</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	3,404,733	634,191
Transfers from other funds	1,438,035	749,758
Transfers to other funds	<u>(3,894,626)</u>	<u>(2,130,849)</u>
Total capital contributions and transfers	<u>948,142</u>	<u>(746,900)</u>
CHANGE IN NET ASSETS	4,000,503	6,155,510
NET ASSETS, BEGINNING OF YEAR	<u>31,616,185</u>	<u>25,460,675</u>
NET ASSETS, END OF YEAR	<u>\$ 35,616,688</u>	<u>\$ 31,616,185</u>

**CITY OF THE COLONY, TEXAS  
WATER AND SEWER ENTERPRISE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 11,433,418	\$ 12,258,382
Cash paid to employees for services	(2,725,593)	(2,548,953)
Cash paid for goods and services	<u>(4,622,186)</u>	<u>(5,937,995)</u>
Net cash provided by operating activities	<u>4,085,639</u>	<u>3,771,434</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Property taxes	758,823	930,996
Transfers from other funds	1,438,035	749,758
Transfers to other funds	<u>(3,894,626)</u>	<u>(2,103,124)</u>
Net cash used in non-capital financing activities	<u>(1,697,768)</u>	<u>(422,370)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on revenue bond maturities	(755,773)	(838,721)
Interest paid	(3,467,521)	(3,785,530)
Premium on issuance of bonds	264,148	563,168
Acquisition of capital assets	(10,294,574)	(14,857,758)
Cost of issuance of bonds	(134,148)	(398,613)
Proceeds from issuance of bonds	7,370,000	17,047,560
Contributions from developers	<u>603,170</u>	<u>2,256,055</u>
Net cash used in capital and related financial activities	<u>(6,414,698)</u>	<u>(13,839)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(114,570)	(1,103,709)
Interest on investments	<u>871,067</u>	<u>1,025,725</u>
Net cash provided by (used in) investing activities	<u>756,497</u>	<u>(77,984)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(3,270,330)</u>	<u>3,257,241</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>18,536,549</u>	<u>15,279,308</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 15,266,219</u>	<u>\$ 18,536,549</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net operating income	\$ 3,067,054	\$ 4,657,368
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,513,873	1,256,021
Loss on disposition of capital assets		
Amortization	16,180	51,485
(Increase) in accounts receivable	15,259	(321,318)
Decrease in inventories	833	5,680
(Increase) decrease in prepaid expenses	(4,826)	8,258
Decrease in accounts payable and accrued liabilities	(609,336)	(1,878,204)
(Increase) decrease in compensated absences	27,527	(28,093)
Increase in customer deposits	<u>59,075</u>	<u>20,237</u>
Total adjustments	<u>1,018,585</u>	<u>(885,934)</u>
Net cash provided by operating activities	<u>\$ 4,085,639</u>	<u>\$ 3,771,434</u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets from developers	<u>\$ 3,384,897</u>	<u>\$ 634,191</u>
Contributions of fixed assets from governmental activities	<u>\$ 19,836</u>	<u>\$</u>
Reconciliation of total cash to the statement of net assets:		
Cash and cash equivalents - current	\$ 1,994,522	\$ 2,701,380
Restricted cash and cash equivalents	<u>13,271,697</u>	<u>15,835,169</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 15,266,219</u>	<u>\$ 18,536,549</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, 2007 AND 2006**

	2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 98,103	\$ -
Investments	5,317	1,307
Inventories	98,649	95,292
Miscellaneous receivables	33	3,670
	202,102	100,269
<b>TOTAL current assets</b>		
	202,102	100,269
<b>CAPITAL ASSETS</b>		
Machinery and equipment	217,461	217,461
	217,461	217,461
<b>Total capital assets</b>	217,461	217,461
	217,461	217,461
Less: accumulated depreciation	(206,895)	(202,660)
	10,566	14,801
<b>Capital assets, net of accumulated depreciation</b>		
	10,566	14,801
<b>TOTAL ASSETS</b>	\$ 212,668	\$ 115,070
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 37,931	\$ 46,045
Current portion of compensated absences	14,905	-
Due to other funds	-	13,898
	52,836	59,943
<b>Total current liabilities</b>		
	52,836	59,943
<b>NON-CURRENT LIABILITIES</b>		
Accrued compensated absences	33,394	36,332
	33,394	36,332
<b>Total non-current liabilities</b>		
	33,394	36,332
<b>TOTAL LIABILITIES</b>	86,230	96,275
<b>NET ASSETS</b>		
Unrestricted	126,438	18,795
	126,438	18,795
<b>TOTAL NET ASSETS</b>	\$ 126,438	\$ 18,795

**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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES		
Charges for sales and services:		
Service charges	\$ 661,834	\$ 477,835
Miscellaneous	18,794	24,926
Total operating revenues	<u>680,628</u>	<u>502,761</u>
OPERATING EXPENSES:		
Personnel services	327,491	281,289
Contractual services	8,007	11,946
Supplies	94,657	100,590
Maintenance	139,788	120,374
Depreciation	4,236	16,500
Total operating expenses	<u>574,179</u>	<u>530,699</u>
OPERATING INCOME (LOSS)	<u>106,449</u>	<u>(27,938)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	1,194	93
Total non-operating revenues	<u>1,194</u>	<u>93</u>
INCOME BEFORE TRANSFERS	<u>107,643</u>	<u>(27,845)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions		
Transfers from other funds	-	7,628
Total capital contributions and transfers	<u>-</u>	<u>7,628</u>
CHANGE IN NET ASSETS	107,643	(20,217)
NET ASSETS, BEGINNING OF YEAR	<u>18,795</u>	<u>39,012</u>
NET ASSETS, END OF YEAR	<u>\$ 126,438</u>	<u>\$ 18,795</u>

**CITY OF THE COLONY, TEXAS  
FLEET SERVICES INTERNAL SERVICE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from transactions with other funds	\$ 661,834	\$ 479,860
Cash received from other sources	8,532	2,171
Cash paid to employees for services	(315,524)	(283,029)
Cash paid for goods and services	<u>(253,923)</u>	<u>(198,422)</u>
Net cash provided by operating activities	<u>100,919</u>	<u>580</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(4,010)	(606)
Interest on investments	<u>1,194</u>	<u>26</u>
Net cash provided by investing activities	<u>(2,816)</u>	<u>(580)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	98,103	
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>          </u>	<u>          </u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 98,103</u></u>	<u><u>\$</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net operating income (loss)	<u>\$ 106,449</u>	<u>\$ (16,344)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
Depreciation	4,236	373
(Increase) in accounts receivable	3,636	(8,524)
(Increase) decrease in inventories	(3,357)	(11,873)
Increase in accounts payable	(8,114)	26,400
Increase (decrease) in due to other funds	(13,898)	2,564
Increase (decrease) in compensated absences	<u>11,967</u>	<u>7,984</u>
Total adjustments	<u>(5,530)</u>	<u>16,924</u>
Net cash provided by operating activities	<u><u>\$ 100,919</u></u>	<u><u>\$ 580</u></u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Contributions of capital assets from governmental funds	<u><u>\$</u></u>	<u><u>\$ 16,559</u></u>
Contribution of capital assets from governmental activities:	<u><u>\$</u></u>	<u><u>\$ 7,487</u></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 Municipal Economic Development Corporation (TCMEDC)** – TCMEDC 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, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,723,123	\$ 4,963,288
Investments	2,491,400	1,547,763
Sales tax receivable	253,834	248,593
Interest receivable	<u>22,533</u>	<u>21,121</u>
Total current assets	<u>5,490,890</u>	<u>6,780,765</u>
 TOTAL ASSETS	 <u><u>\$ 5,490,890</u></u>	 <u><u>\$ 6,780,765</u></u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 54,933</u>	<u>\$ 63,937</u>
Total current liabilities	<u>54,933</u>	<u>63,937</u>
 TOTAL LIABILITIES	 <u>54,933</u>	 <u>63,937</u>
FUND BALANCES		
Unrestricted	<u>5,435,957</u>	<u>6,716,828</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 5,490,890</u></u>	<u><u>\$ 6,780,765</u></u>

**CITY OF THE COLONY, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
THE COLONY ECONOMIC DEVELOPMENT CORPORATION  
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	2007	2006
REVENUES		
Municipal sales tax	\$ 1,394,327	\$ 1,329,558
Interest earned	288,509	254,726
Miscellaneous		13,932
	1,682,836	1,598,216
Total revenues		
EXPENDITURES		
Current		
Economic Development	2,963,707	1,691,932
Debt service:		
Interest and fiscal charges	-	70,056
	2,963,707	1,761,988
Total expenditures		
Excess (deficiency) of revenues over (under) expenditures	(1,280,871)	(163,772)
OTHER FINANCING SOURCES (USES)		
Premiums on issuance of debt		94,244
Issuance of debt		2,852,836
	-	2,947,080
Total other financing sources (uses)		
NET CHANGE IN FUND BALANCES	(1,280,871)	2,783,308
FUND BALANCES, BEGINNING OF YEAR	6,716,828	3,906,712
PRIOR PERIOD ADJUSTMENT		26,808
FUND BALANCES, BEGINNING OF YEAR	6,716,828	3,933,520
FUND BALANCES, END OF YEAR	\$ 5,435,957	\$ 6,716,828

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2007**

Total fund balances - governmental funds	\$ 5,435,957
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.	64,218
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.	(2,976,334)
	<hr/>
Net assets of governmental activities	<u><u>\$ 2,507,578</u></u>

**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 THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT  
COROPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Net change in fund balances - total governmental funds	\$(1,280,871)
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.	(8,444)
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>\$ (1,286,927)</u></u>

**CITY OF THE COLONY, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS  
THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 48,618	\$ 112,464
Investments	1,379,466	745,782
Sales tax receivable	253,834	248,593
Interest receivable	<u>10,969</u>	<u>10,176</u>
Total current assets	<u>1,692,887</u>	<u>1,117,015</u>
 TOTAL ASSETS	 <u>\$ 1,692,887</u>	 <u>\$ 1,117,015</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 4,526</u>	<u>\$ 3,726</u>
Total current liabilities	<u>4,526</u>	<u>3,726</u>
 TOTAL LIABILITIES	 <u>4,526</u>	 <u>3,726</u>
FUND BALANCES		
Unrestricted	<u>1,688,361</u>	<u>1,113,289</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,692,887</u>	<u>\$ 1,117,015</u>

**CITY OF THE COLONY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES		
Municipal sales tax	\$ 1,394,327	\$ 1,329,558
Interest earned	50,239	55,633
Contributions	<u>375,000</u>	<u>40,000</u>
Total revenues	<u>1,819,566</u>	<u>1,425,191</u>
EXPENDITURES		
Current		
Economic Development	<u>1,244,494</u>	<u>1,051,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>575,072</u>	<u>374,189</u>
NET CHANGE IN FUND BALANCES	575,072	374,189
FUND BALANCES, BEGINNING OF YEAR (as previously reported)	<u>1,113,289</u>	<u>722,526</u>
PRIOR PERIOD ADJUSTMENT	<u>                    </u>	<u>16,574</u>
FUND BALANCES, BEGINNING OF YEAR (as restated)	<u>1,113,289</u>	<u>739,100</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,688,361</u></u>	<u><u>\$ 1,113,289</u></u>

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2007**

Total fund balances - governmental funds	\$ 1,688,361
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.	(1,401)
Net assets of governmental activities	<u>\$ 1,686,960</u>

**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  
THE COLONY MUNICIPAL ECONOMIC DEVELOPMENT CORPORATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Net change in fund balances - total governmental funds	\$ 575,072
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.	(1,108)
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Change in Net Assets of Governmental activities	<u><u>\$ 573,964</u></u>