

# The Colony, Texas



Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2017



**THE COLONY**

City by the Lake

**PARKS**

**FAMILY ATTRACTIONS**

**HOTELS**

**RESTAURANTS**

**SPORTS**

**LAKEFRONTS**

**GOLF**

**SHOPPING**



**CITY OF THE COLONY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**As Prepared By**  
**The Finance Department**  
**David Cranford, Director**



**CITY OF THE COLONY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

	<b>Exhibit/Table</b>	<b>Page</b>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		i
Certificate of Achievement		iv
Organizational Chart		v
City Officials Chart		vi
 <b>I. FINANCIAL SECTION</b>		
Independent Auditor's Report		1
 <b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		
 <b>B. BASIC FINANCIAL STATEMENTS</b>		
<b>Government-Wide Financial Statements</b>		
Statement of Net Position	1	14
Statement of Activities	2	15
<b>Fund Financial Statements</b>		
<b>Governmental Funds Financial Statements</b>		
Balance Sheet	3	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	18
Statement of Revenues, Expenditures and Changes in Fund Balances	5	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	20
<b>Proprietary Funds Financial Statements</b>		
Statement of Net Position	7	21
Statement of Revenues, Expenses and Changes In Fund Net Position	8	23
Statement of Cash Flows	9	24

**CITY OF THE COLONY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

	<b>Exhibit/Table</b>	<b>Page</b>
<b>Discretely Presented Component Units Financial Statements</b>		
Statement of Net Position	10	26
Statement of Activities	11	27
<b>Notes to Financial Statements</b>		29
<b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>		
Schedule of Changes in Net Pension Liability and Related Ratios - TMRS	A-1	63
Schedule of Contributions – TMRS	A-2	64
Notes to TMRS Required Supplementary Information		65
General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	A-3	66
Notes to Budgetary Comparison Schedule		67
<b>D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>		
<b>Major Governmental Funds</b>		
Budgetary Comparison Schedule – Debt Service Fund	B-1	69
<b>Non-major Governmental Funds</b>		
Combining Balance Sheet	C-1	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	C-2	73
Lake Parks Fund - Budgetary Comparison Schedule	C-3	75
Special Events Fund - Budgetary Comparison Schedule	C-4	76
Hotel/Motel Taxes Fund - Budgetary Comparison Schedule	C-5	77
Child Safety Fund - Budgetary Comparison Schedule	C-6	78
Storm Water Utility Fund - Budgetary Comparison Schedule	C-7	79

**CITY OF THE COLONY, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

	<b>Exhibit/Table</b>	<b>Page</b>
<b>D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS</b>		
<b>Discretely Presented Component Units</b>		
Balance Sheet – The Colony Economic Development Corporation	F-1	81
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position – The Colony Economic Development Corporation	F-2	82
Statement of Revenues, Expenditures and Changes in Fund Balances – The Colony Economic Development Corporation	F-3	83
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities – The Colony Economic Development Corporation	F-4	84
Balance Sheet– The Colony Community Development Corporation	F-5	85
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position – The Colony Community Development Corporation	F-6	86
Statement of Revenues, Expenditures and Changes in Fund Balances – The Colony Community Development Corporation	F-7	87
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities – The Colony Community Development Corporation	F-8	88
Balance Sheet – The Colony Local Development Corporation	F-9	89
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position – The Colony Local Development Corporation	F-10	90
Statement of Revenues, Expenditures and Changes in the Fund Balances – The Colony Local Development Corporation	F-11	91
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities – The Colony Local Development Corporation	F-12	92

**CITY OF THE COLONY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

**TABLE OF CONTENTS**

	<b>Exhibit/Table</b>	<b>Page</b>
<b>II. STATISTICAL SECTION</b>		
Net Position by Component	1	94
Changes in Net Position	2	96
Fund Balances, Governmental Funds	3	100
Changes in Fund Balances, Governmental Funds	4	102
Assessed Value and Estimated Actual Value of Taxable Property	5	104
Direct and Overlapping Property Tax Rates	6	105
Principal Tax Payers	7	106
Ad Valorem Tax Levies and Collections	8	108
Ratio of Outstanding Debt by Type	9	109
Ratio of General Bonded Debt Outstanding	10	110
Legal Debt Margin Information	11	111
Direct and Overlapping Governmental Activities Debt	12	112
Pledged-Revenue Coverage	13	113
Demographic and Economic Statistics	14	114
Principal Employers	15	115
Full-Time Equivalent City Government		
Employees by Function/Program	16	116
Operating Indicators by Function/Program	17	117
Capital Asset Statistics by Function/Program	18	119

## **INTRODUCTORY SECTION**





March 29, 2018

The Honorable Mayor and Members of the City Council  
City of The Colony, Texas

The Finance Department of the City of The Colony is pleased to submit the Comprehensive Annual Financial Report of the City of The Colony, Texas, for the fiscal year ended September 30, 2017.

This report is published to provide the City Council, Management Staff, our Citizens and other interested parties with detailed information concerning the financial condition and performance of the City Government. Responsibility for the accuracy and completeness of the presented data and the fairness of the presentation, including all disclosures, rests with the City of The Colony.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

## **THE REPORT**

The Comprehensive Annual Financial Report is presented in three major sections: Introductory, Financial, and Statistical. The Introductory Section includes a list of principal City Officials, this transmittal letter, and an organizational chart of the City Government. The Financial Section includes the Management's Discussion and Analysis (MD&A) and basic financial statements. This section also includes the independent accountants' report on the basic financial statements. The MD&A provides narrative introduction, overview, and analysis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes selected tables of comparative economic and financial data, generally presented on a multi-year basis, as well as demographic and other pertinent miscellaneous and operational statistics.

The Financial Statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB), The National Council on Governmental Accounting (NCGA), and the American Institute of Certified Public Accountants (AICPA). The financial statements have been audited by the independent accounting firm of Certified Public Accountants, Weaver, L.L.P., whose report is included herein.

## **POPULATION**

The City's population has grown steadily since the early 2000's and is currently estimated at 45,000. Most recent residential growth is due to continued development at the Tribute (formerly known as Wynnwood Peninsula) and Austin Ranch just south of SH121.

The City's 2016 Ad Valorem tax base increased from the prior year by a little over 17% or \$517 million to \$3.618 billion.

Sales tax revenues in the General Fund increased almost \$574k or 9.5% from the previous year and reflects businesses locating along SH121. Sales tax represents approximately 14% of the City's General Fund total income.

Water and sewer revenues have trended up over the past 10 years. 2016-2017 revenues increased from the prior year by \$1.42 million or 9.5 % due to a 3% rate increase and increased volumes.

### **Ad Valorem Tax Rate**

Ad Valorem tax rate was reduced from \$.67 to \$.665 per \$100 valuation for fiscal year 2016-2017. Council's expectation is to continue to reduce the tax rate as additional revenues from growth and increased property valuations permit.

### **Fund Balance - General Fund**

Reserves in the General Fund decreased slightly from the prior fiscal year to a little over 13.9 million or 135 operating days. Council's goal is 90 days.

### **Fund Balance - Utility Fund**

Utility Fund reserves increased a little over \$1 million during the fiscal year to a little over \$4 million or 81 operating days. Council's goal is 60 days.

## **PROSPECT FOR THE FUTURE**

The Colony's prospects for the future are promising and very optimistic. Most recent economic drivers are:

Completion of Sam Rayburn Tollway (formerly known as State Highway 121), provides easy access to the north entrance of the DFW International Airport. The Tollway also provides easy access to Dallas and George Bush Tollways and Interstate 75, making access to most of the Metroplex easy.

Reconstruction of Arterial Streets was completed several years ago. Reconstruction of FM426 (Main St) was completed in late 2017.

This is the 4th year of activity for the Local Development Corporation component unit established to govern the City's interest in the TIRZ ONE.

This is the second year of an operating PID assessment established by the City to maintain the Grandscape grounds. Council approves the annual PID operating assessment for TIRZ ONE property owners during the meeting in which the tax rate is approved.

## **FINANCIAL MANAGEMENT**

The Colony continues to evaluate operating activity to help ensure services are provided as efficiently as possible. Service levels are reviewed in conjunction with revenues, expenses, and reserves to help ensure the best possible use is made of available resources.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of The Colony, Texas, for its comprehensive annual financial report for the fiscal year ended September 30, 2016. (This was the 27th consecutive year that The Colony has achieved this prestigious award.) In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the year beginning October 1, 2016. The City has received the award annually since the budget year beginning on October 1, 1993. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operation guide, and a communications device.

## **ACKNOWLEDGEMENTS**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would also like to thank the Mayor and City Council for their interest and leadership in planning and conducting the financial operations of the City of The Colony in a responsible and progressive manner.

Respectfully submitted,



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Troy Powell, City Manager



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David Cranford, Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of The Colony  
Texas**

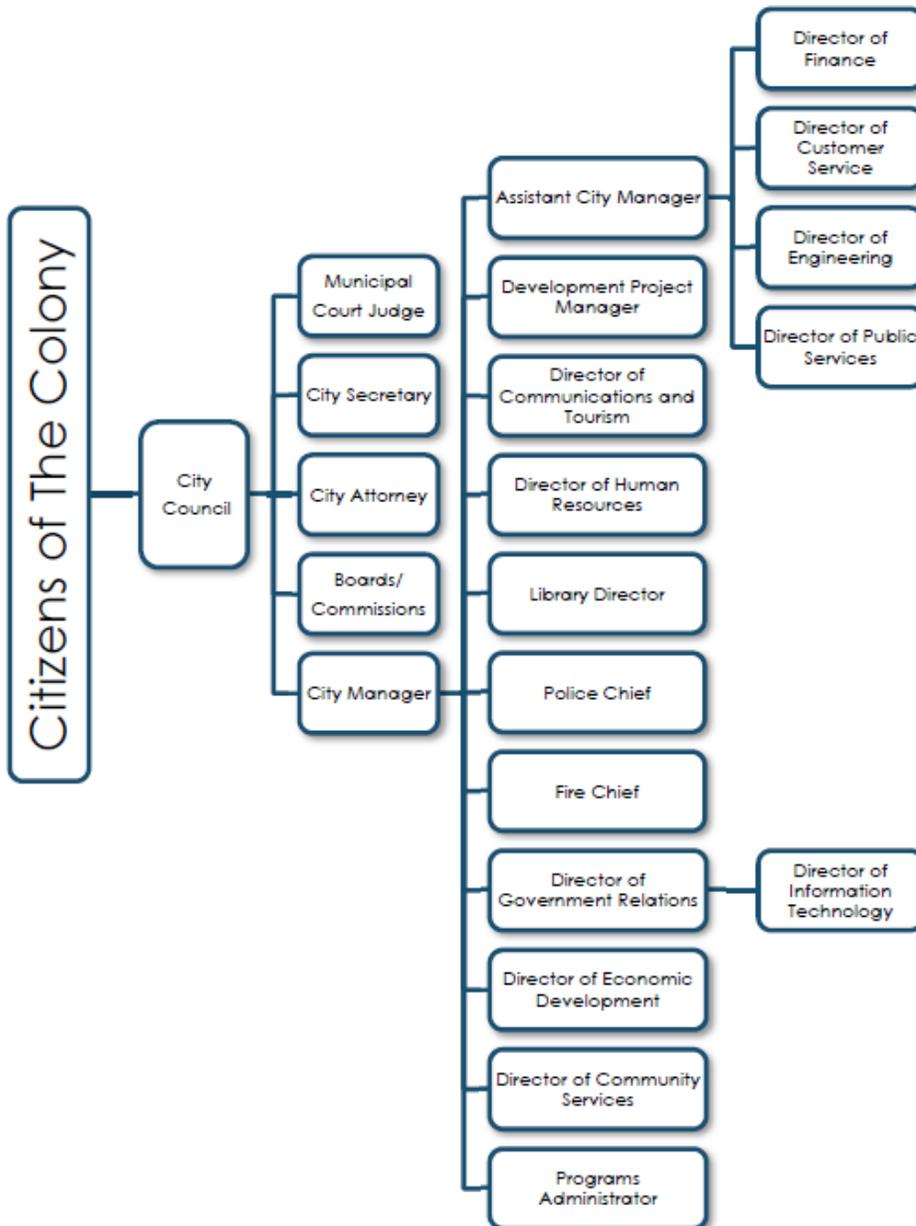
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF THE COLONY, TEXAS  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2017**



## CITY OF THE COLONY, TEXAS

### CITY STAFF

September 30, 2017

City Manager's Office	Troy Powell, City Manager
City Manager's Office	Tim Miller, Assistant City Manager
City Manager's Office	Tod Maurina, Development Project Manager
City Manager's Office	Brant Shallenburger, Director of Government Relations
Communications/Tourism	Diane Baxter, Director of Communications and Tourism
City Secretary's Office	Tina Stewart, City Secretary
Human Resources	Rodney Wallican, Director
Finance	David Cranford, Director
Public Services	Leo Lavender, Director
Engineering	Ron Hartline, Director
Fire	Scott Thompson, Chief
Police	David Coulon, Chief
Municipal Court	Constance White, Court Administrator
Parks and Recreation/ Community Development	Pam Nelson, Director of Community Services
Economic Development	Keri Samford, Director
Library	Joan Sveinsson, Director
Utility Administration/ Customer Services	Molly Owczar/Director

## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,  
City Council, and City Manager  
City of The Colony, Texas

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of The Colony, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-13, TMRS pension schedules on pages 63-65, and the budgetary comparison information on pages 66 and 67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

City of The Colony, Texas

Page 3

In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 29, 2018



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**



**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

The City of The Colony (the City) is providing this narrative overview and analysis of its financial activities for the fiscal year ended September 30, 2017. This Management's Discussion and Analysis (MD&A) provides additional information that was not contained in the Letter of Transmittal. Readers are advised to read both to gain understanding of the financial picture of the City. This discussion and analysis includes prior year data for comparison purposes.

**Financial Highlights**

- The City's total assets and deferred outflows of resources exceeded the City's total liabilities and deferred inflows of resources at the close of the fiscal year by \$319,348,857. Of this amount \$10,795,501 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$35,462,434 due to a decrease in net position of \$21,270,557 in governmental activities and an increase of \$56,732,991 in business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,833,283, an increase of \$1,238,823. The general fund reported an increase in fund balance of \$256,948. The capital projects fund had an increase in fund balance of \$1,253,516 primarily due to the issuance of certificates of obligation. Out of the \$29,833,283 fund balances in the governmental funds, \$13,503,540 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,503,540 or 41.22% of total general fund expenditures.
- The City's non-current liabilities increased by \$11,145,924 (9.68%) during the current fiscal year. The City issued \$17,700,000 of certificates of obligation and \$7,120,000 of sales tax revenue bonds during 2017.

**Overview of the Financial Statements**

The MD&A serves as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

The report also contains other supplementary information in addition to the basic financial statements.

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as incurred regardless of when cash is received or paid. Thus, revenues and expenses are reported on accrual basis even though cash flows occur in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, and culture and recreation. The business-type activities of the City include water and sewerage operation.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, legally separate community development corporation, legally separate local development corporation, and legally separate tax increment reinvestment zone, for which the City of The Colony is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported as governmental activities, including the general government, public safety, municipal court, public works, culture and recreation, planning and zoning, public improvements, and code enforcement. Taxes and intergovernmental revenues principally support these services.
- Business-type Activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are considered business-type activities. The business-type activities of the City include Water and Sewer Utility.
- Component Units – The City includes three separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, and The Colony Local Development Corporation in its report. Although they are legally separate, they are included as component units because the City is accountable for them. Financial information for these component units is reported separately from the financial information presented for the primary government.

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into two categories:

1. **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, all of which are considered to be major funds. Non-major governmental funds are aggregated in total.

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

2. **Proprietary funds** – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water and sewer utility fund is considered to be a major fund of the City.

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. This MD&A is part of the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of the close of the current fiscal year, the City's net position totaled \$319,348,857 .

The largest portion of the City's net position (94%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generate revenues to liquidate these liabilities.

An additional portion of the City's net position (2%) represents resources that are subject to external restrictions on how they may be used (primarily for debt service and infrastructure improvements). The remaining balance of net position (\$10,795,501) may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 34,964,438	\$ 33,957,548	\$ 27,359,825	\$ 23,961,331	\$ 62,324,263	\$ 57,918,879
Capital assets	237,648,531	253,402,846	145,435,324	87,231,691	383,083,855	340,634,537
Total assets	<u>272,612,969</u>	<u>287,360,394</u>	<u>172,795,149</u>	<u>111,193,022</u>	<u>445,408,118</u>	<u>398,553,416</u>
Deferred outflows of resources	6,168,998	7,009,257	1,948,943	2,165,340	8,117,941	9,174,597
Long-term liabilities outstanding	56,355,914	49,814,569	69,965,423	65,360,844	126,321,337	115,175,413
Other liabilities	4,420,313	5,094,492	2,977,339	2,906,652	7,397,652	8,001,144
Total liabilities	<u>60,776,227</u>	<u>54,909,061</u>	<u>72,942,762</u>	<u>68,267,496</u>	<u>133,718,989</u>	<u>123,176,557</u>
Deferred inflows of resources	391,956	576,249	66,257	88,784	458,213	665,033
Net position:						
Net investment in capital assets	204,138,146	216,941,085	97,282,865	25,654,373	301,421,011	242,595,458
Restricted	4,808,794	4,250,062	2,323,551	1,413,437	7,132,345	5,663,499
Unrestricted	8,666,844	17,693,194	2,128,657	17,934,272	10,795,501	35,627,466
Total net position	<u>\$ 217,613,784</u>	<u>\$ 238,884,341</u>	<u>\$ 101,735,073</u>	<u>\$ 45,002,082</u>	<u>\$ 319,348,857</u>	<u>\$ 283,886,423</u>

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

At the end of the current fiscal year, the City has positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased by \$35,462,434. Total assets increased by \$46,854,702. Capital assets increased by \$42,449,318, while current and other assets increased by \$4,405,384.

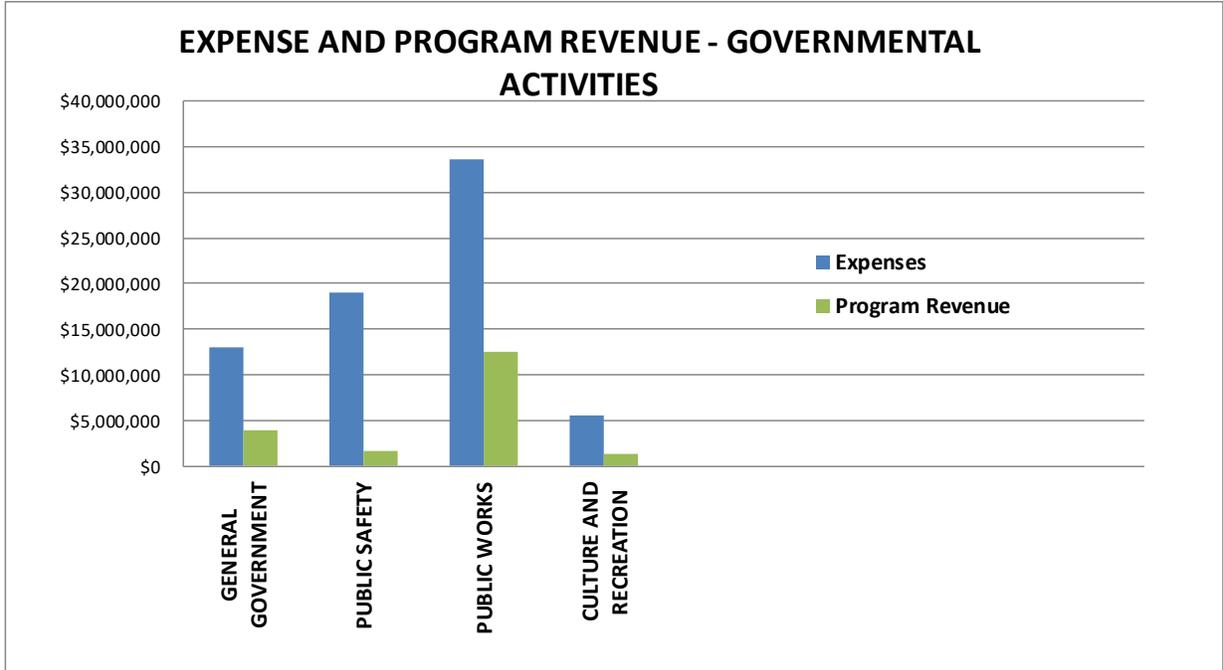
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,677,171	\$ 8,133,442	\$ 17,724,046	\$ 15,959,047	\$ 24,401,217	\$ 24,092,489
Operating grants and contributions	2,641,513	3,268,620	306,545	307,161	2,948,058	3,575,781
Capital grants and contributions	10,303,953	25,670,242	53,449,568	6,426,313	63,753,521	32,096,555
General revenues:						
Property taxes	24,844,613	21,499,444	-	-	24,844,613	21,499,444
Sales taxes	6,357,581	5,736,997	-	-	6,357,581	5,736,997
Franchise taxes	2,609,706	2,527,792	-	-	2,609,706	2,527,792
Other taxes	1,275,280	668,011	-	-	1,275,280	668,011
Interest	256,672	102,126	205,547	88,041	462,219	190,167
Miscellaneous	838,429	792,311	-	-	838,429	792,311
Total revenues	<u>55,804,918</u>	<u>68,398,985</u>	<u>71,685,706</u>	<u>22,780,562</u>	<u>127,490,624</u>	<u>91,179,547</u>
<b>Expenses:</b>						
General government	13,083,945	11,225,704	-	-	13,083,945	11,225,704
Public safety	19,078,137	17,950,628	-	-	19,078,137	17,950,628
Public works	33,589,099	6,601,440	-	-	33,589,099	6,601,440
Culture and recreation	5,504,249	5,171,748	-	-	5,504,249	5,171,748
Interest on long-term debt	1,731,842	1,390,574	-	-	1,731,842	1,390,574
Water and sewer	-	-	19,040,918	16,750,973	19,040,918	16,750,973
Total expenses	<u>72,987,272</u>	<u>42,340,094</u>	<u>19,040,918</u>	<u>16,750,973</u>	<u>92,028,190</u>	<u>59,091,067</u>
Increase (decrease) in net position before transfers	(17,182,354)	26,058,891	52,644,788	6,029,589	35,462,434	32,088,480
Transfers	(4,088,203)	6,742,192	4,088,203	(6,742,192)	-	-
Increase (decrease) in net position	<u>(21,270,557)</u>	<u>32,801,083</u>	<u>56,732,991</u>	<u>(712,603)</u>	<u>35,462,434</u>	<u>32,088,480</u>
Beginning net position (October 1)	238,884,341	206,083,258	45,002,082	45,714,685	283,886,423	251,797,943
Ending net position (September 30)	<u>\$ 217,613,784</u>	<u>\$ 238,884,341</u>	<u>\$ 101,735,073</u>	<u>\$ 45,002,082</u>	<u>\$ 319,348,857</u>	<u>\$ 283,886,423</u>

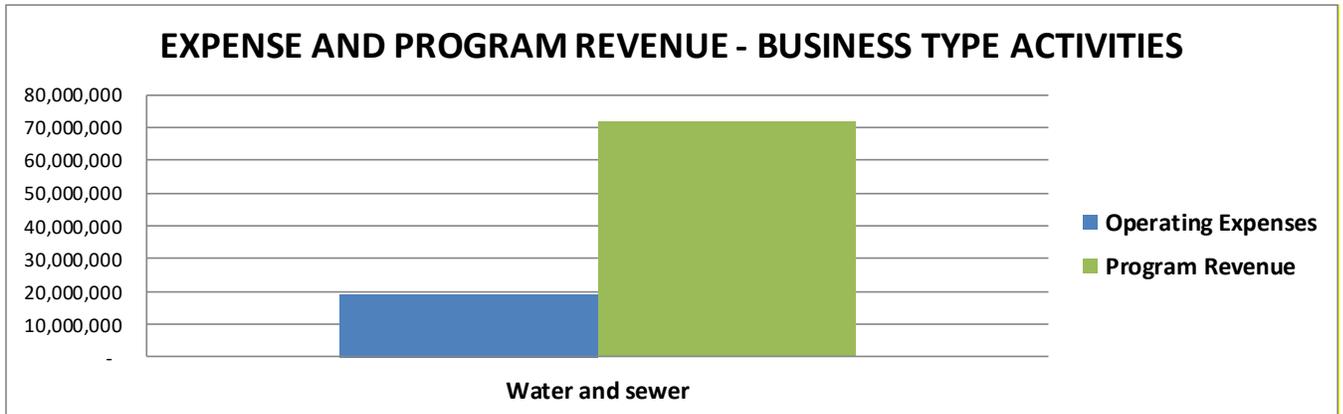
**Governmental Activities** - Governmental activities decreased the City's net position by \$21,270,557 compared to an increase of \$32,801,083 in the prior year. Key elements of this decrease are as follows:

- Due to an increase in public work expenses for the contribution of capital assets of \$26,051,733 to the Texas Department of Transportation.
- This decrease in net position was slightly offset by an increase in property taxes of \$3,345,169 due to higher property assessment values and sales taxes of \$621,574 due to more economic activity from new retail resulting from the development of City land.

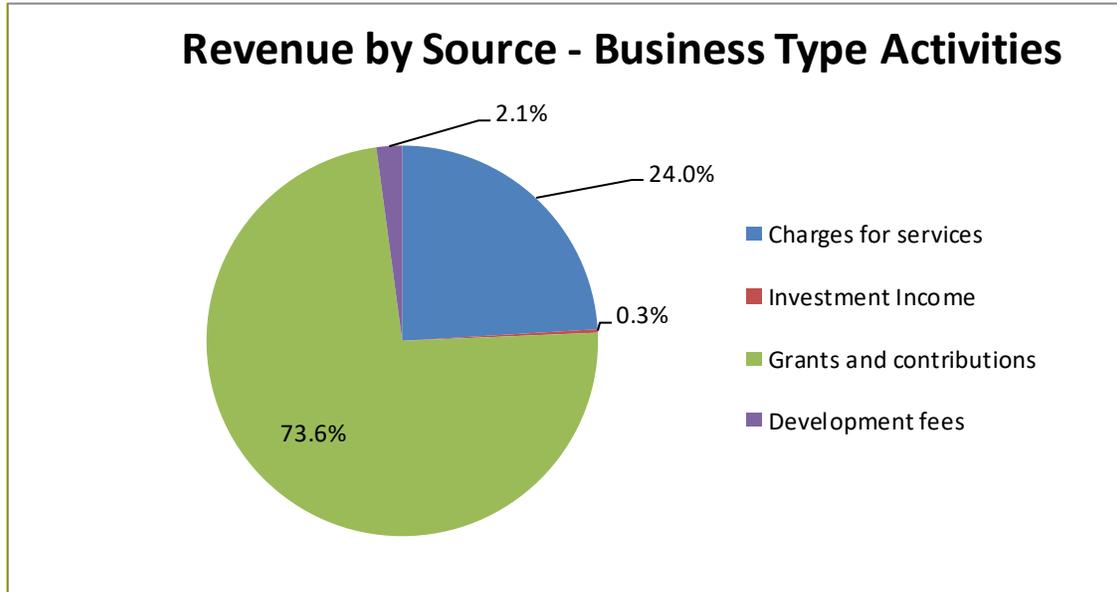
**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**



**Business-type Activities** - Business-type activities increased the City's net position by \$56,732,991. The overall increase in net position is primarily due to capital asset contributions from the component unit of \$48,903,001, developer's contributions of \$2,983,056, and contributions of capital assets from governmental activities of \$2,014,203.



**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**



**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,833,283 an increase of \$1,238,823 in comparison with the prior year. Approximately 45.26% of this total amount (\$13,503,540) constitutes the unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is not available for new spending because it has already been committed, restricted, or is nonspendable for:

1. Capital projects (\$12,173,635) including infrastructure projects to be funded with intergovernmental revenues,
2. Pay debt service (\$1,133,536),
3. Parks or special events (\$1,022,872),
4. Various purposes (\$1,681,336),
5. Inventory and prepaid items (\$318,364).

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$13,503,540. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 41.22% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund increased by \$256,948 during the current fiscal year due to an excess of revenues over expenditures of \$1,227,764 (primarily the result of a \$2.8 million increase in ad valorem taxes) and net transfers out to other funds of \$970,816.

The Debt Service Fund has a total fund balance of \$1,133,536, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service Fund was \$788,726. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of \$5,749,413 in the current fiscal year with debt service payments of \$6,100,375.

The Capital Projects Fund has a total fund balance of \$11,807,988, all of which is restricted or committed for future expenditures of currently approved capital items. The increase in fund balance during the current year was \$1,253,516 which was attributable to the net effect of the issuance of new bonds, contributions and capital projects activity.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

**General Fund Budgetary Highlights**

During the year, there was a \$1,522,266 increase in appropriations between the original and final budget. Overall, revenues had a \$1,462,520 positive variance between final budget and actual while expenditures had a \$304,788 positive variance. Actual revenues to budgeted revenues remained consistent with the largest positive variance coming from property taxes of \$465,586 due to higher than expected assessed property values. The budgeted expenditures remained consistent with actual expenditures.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$383,083,855 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, water and sewer system infrastructure improvements, machinery and equipment, park facilities, and roads. The City's investment in capital assets for the current fiscal year increased by twelve percent (an six percent decrease for governmental activities and a sixty-seven percent increase for business-type activities).

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Major capital asset events during the current fiscal year included the following:

- **1502 – Water System and 1503 – Sewage System** – The City's discretely presented component units contributed water system, sanitary system and infrastructure assets with a combined value of \$48.9 million.

**Capital Assets  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Capital Assets Being Depreciated:						
Water systems	\$ -	\$ -	\$ 63,711,766	\$ 43,722,403	\$ 63,711,766	\$ 43,722,403
Sanitary sewer systems	-	-	48,544,942	28,552,184	48,544,942	28,552,184
Drainage system	-	-	98,899	128,022	98,899	128,022
Buildings	17,494,261	17,587,699	180,274	195,324	17,674,535	17,783,023
Improvements other than buildings	10,226,132	10,367,204	-	-	10,226,132	10,367,204
Aquatic Park	806,143	869,650	-	-	806,143	869,650
Machinery and equipment	5,071,649	3,623,862	2,046,129	1,179,571	7,117,778	4,803,433
Infrastructure	157,264,701	148,197,844	8,958,342	885,419	166,223,043	149,083,263
	<u>\$ 190,862,886</u>	<u>\$ 180,646,259</u>	<u>\$ 123,540,352</u>	<u>\$ 74,662,923</u>	<u>\$ 314,403,238</u>	<u>\$ 255,309,182</u>
Capital Assets Not Being Depreciated:						
Land and land improvements	\$ 4,510,684	\$ 4,510,684	\$ 3,273,472	\$ 3,273,472	\$ 7,784,156	\$ 7,784,156
Right-of-ways	25,571,036	25,571,036	-	-	25,571,036	25,571,036
Construction in progress	16,703,925	42,674,867	18,621,500	9,295,296	35,325,425	51,970,163
	<u>\$ 46,785,645</u>	<u>\$ 72,756,587</u>	<u>\$ 21,894,972</u>	<u>\$ 12,568,768</u>	<u>\$ 68,680,617</u>	<u>\$ 85,325,355</u>

Additional information on the City's capital assets can be found in Note 4 on pages 44-46 to the basic financial statements.

**Outstanding Debt**

	Government Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 16,580,250	\$ 19,344,210	\$ 24,154,095	\$ 26,868,145	\$ 40,734,345	\$ 46,212,355
Certificates of Obligation	22,872,150	14,765,000	39,383,100	32,465,250	62,255,250	47,230,250
Capital Leases	683,127	767,611	-	-	683,127	767,611
	<u>\$ 40,135,527</u>	<u>\$ 34,876,821</u>	<u>\$ 63,537,195</u>	<u>\$ 59,333,395</u>	<u>\$ 103,672,722</u>	<u>\$ 94,210,216</u>

**CITY OF THE COLONY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$102,989,595. The entire amount represents debt backed by the full faith and credit of the City.

The City's total long-term liabilities increased by \$11,145,924 during the current fiscal year. The most significant factor in this increase was the issuance of \$14,140,000 Certificates of Obligation.

Additional information on the City's long-term debt can be found in Note 5 on pages 47-53 to the basic financial statements.

The City's general and revenue obligations maintain an AA+ rating, respectively, from Standard & Poor's and an Aa3 rating respectively from Moody's Investors Service. The high rating speaks well of the City's proactive approach to economic development and financial management.

The revenue supported debt in the Water and Sewer Fund is limited to the net revenues equal to at least 1.10 times the maximum annual principal and interest requirements and 1.25 times the average annual principal and interest requirements of all parity bonds to be outstanding.

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

- Ad valorem tax base increased by a little over \$456 million during the 16-17 fiscal year.
- Total sales tax is projected to increase by a little over \$620,000 due to growth in and around Grandscape.
- Licenses and Permits in the General Fund are expected to remain strong due to continued residential construction in the Tribute and commercial construction in and near Grandscape.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, The City of The Colony, 6800 Main Street, The Colony, Texas 75056.

## **BASIC FINANCIAL STATEMENTS**



**GOVERNMENT – WIDE  
FINANCIAL STATEMENTS**



**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,272,202	\$ 24,971,554	\$ 55,243,756	\$ 9,407,763
Receivables (net of allowance for uncollectibles)	4,373,872	2,194,955	6,568,827	2,177,336
Due from other governments	-	-	-	-
Inventories	99,478	133,435	232,913	-
Prepaid expenses	218,886	59,881	278,767	3,861,010
Restricted:				
Cash and cash equivalents	-	-	-	23,106,107
Capital assets:				
Non-depreciable	46,785,645	21,894,972	68,680,617	30,365,618
Depreciable (net of depreciation)	190,862,886	123,540,352	314,403,238	-
<b>TOTAL ASSETS</b>	<b>272,612,969</b>	<b>172,795,149</b>	<b>445,408,118</b>	<b>68,917,834</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	464,041	1,024,786	1,488,827	67,428
Deferred outflows - pensions	5,704,957	924,157	6,629,114	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,168,998</b>	<b>1,948,943</b>	<b>8,117,941</b>	<b>67,428</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	3,950,951	546,278	4,497,229	1,359,842
Accrued interest payable	200,703	-	200,703	1,502,974
Retainage payable	268,659	-	268,659	-
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	1,063,087	1,063,087	-
Accrued interest payable	-	324,808	324,808	-
Customer meter deposits	-	1,043,166	1,043,166	-
Non-current liabilities:				
Due within one year	6,971,823	4,915,355	11,887,178	1,082,423
Due in more than one year	49,384,091	65,050,068	114,434,159	205,420,774
<b>TOTAL LIABILITIES</b>	<b>60,776,227</b>	<b>72,942,762</b>	<b>133,718,989</b>	<b>209,366,013</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	391,956	66,257	458,213	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>391,956</b>	<b>66,257</b>	<b>458,213</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	204,138,146	97,282,865	301,421,011	(156,222,556)
Restricted for:				
Debt service	1,027,528	-	1,027,528	-
Construction	367,397	2,323,551	2,690,948	-
Government funded construction contracts	1,729,804	-	1,729,804	-
Other	1,684,065	-	1,684,065	-
Unrestricted	8,666,844	2,128,657	10,795,501	15,841,805
<b>TOTAL NET POSITION</b>	<b>\$ 217,613,784</b>	<b>\$ 101,735,073</b>	<b>\$ 319,348,857</b>	<b>\$ (140,380,751)</b>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
General government	\$ 13,083,945	\$ 1,927,505	\$ 2,061,613	\$ -
Public safety	19,078,137	1,643,454	43,233	-
Public works	33,589,099	2,292,974	500	10,303,953
Culture and recreation	5,504,249	813,238	536,167	-
Interest on long-term debt	1,731,842	-	-	-
<b>Total governmental activities</b>	<b>72,987,272</b>	<b>6,677,171</b>	<b>2,641,513</b>	<b>10,303,953</b>
Business-type Activities:				
Water and sewer	19,040,918	17,724,046	306,545	53,449,568
<b>Total business-type activities</b>	<b>19,040,918</b>	<b>17,724,046</b>	<b>306,545</b>	<b>53,449,568</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 92,028,190</b>	<b>\$ 24,401,217</b>	<b>\$ 2,948,058</b>	<b>\$ 63,753,521</b>
<b>COMPONENT UNITS:</b>				
The Colony Economic Development Corporation				
	\$ 22,356,461	\$ -	\$ -	\$ 269,752
The Colony Community Development Corporation				
	22,340,944	-	-	-
The Colony Local Development Corporation				
	33,372,810	-	3,768,344	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 78,070,215</b>	<b>\$ -</b>	<b>\$ 3,768,344</b>	<b>\$ 269,752</b>

General Revenues and Transfers:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise taxes

Hotel/motel taxes

Penalties and interest

Interest on investments

Miscellaneous

Transfers

**Total general revenues and transfers**

**CHANGE IN NET POSITION**

**NET POSITION, beginning of year**

**NET POSITION, end of year**

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

**EXHIBIT 2**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>COMPONENT UNITS</b>
<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>TOTAL</b>	
\$ (9,094,827)	\$ -	\$ (9,094,827)	\$ -
(17,391,450)	-	(17,391,450)	-
(20,991,672)	-	(20,991,672)	-
(4,154,844)	-	(4,154,844)	-
(1,731,842)	-	(1,731,842)	-
(53,364,635)	-	(53,364,635)	-
-	52,439,241	52,439,241	-
-	52,439,241	52,439,241	-
<u>\$ (53,364,635)</u>	<u>\$ 52,439,241</u>	<u>\$ (925,394)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (22,086,709)
-	-	-	(22,340,944)
-	-	-	(29,604,466)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (74,032,119)</u>
\$ 24,719,070	\$ -	\$ 24,719,070	\$ -
6,357,581	-	6,357,581	15,831,815
2,609,706	-	2,609,706	-
1,275,280	-	1,275,280	-
125,543	-	125,543	-
256,672	205,547	462,219	137,694
838,429	-	838,429	1,946
(4,088,203)	4,088,203	-	-
32,094,078	4,293,750	36,387,828	15,971,455
(21,270,557)	56,732,991	35,462,434	(58,060,664)
238,884,341	45,002,082	283,886,423	(82,320,087)
<u>\$ 217,613,784</u>	<u>\$ 101,735,073</u>	<u>\$ 319,348,857</u>	<u>\$ (140,380,751)</u>



**GOVERNMENTAL FUNDS FINANCIAL STATEMENTS**

**CITY OF THE COLONY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,855,251	\$ 1,131,865	\$ 12,713,981	\$ 2,571,105	\$ 30,272,202
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	487,961	96,366	-	-	584,327
Service accounts receivable	160,615	-	-	-	160,615
Franchise taxes	448,137	-	-	-	448,137
Sales taxes	2,177,334	-	-	-	2,177,334
Other	450,231	-	312,770	240,458	1,003,459
Prepaid	213,592	-	1,750	3,544	218,886
Inventory	99,478	-	-	-	99,478
<b>TOTAL ASSETS</b>	<u>\$ 17,892,599</u>	<u>\$ 1,228,231</u>	<u>\$ 13,028,501</u>	<u>\$ 2,815,107</u>	<u>\$ 34,964,438</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 3,192,616	\$ -	\$ 650,980	\$ 107,355	\$ 3,950,951
Retainage payable	-	-	268,659	-	268,659
<b>TOTAL LIABILITIES</b>	<u>3,192,616</u>	<u>-</u>	<u>919,639</u>	<u>107,355</u>	<u>4,219,610</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable resources - property taxes	466,950	94,695	300,874	-	862,519
Unavailable resources - other	49,026	-	-	-	49,026
<b>TOTAL DEFERRED INFLOWS OF RESOURCE</b>	<u>515,976</u>	<u>94,695</u>	<u>300,874</u>	<u>-</u>	<u>911,545</u>
<b>FUND BALANCES</b>					
Nonspendable	313,070	-	1,750	3,544	318,364
Restricted:					
Capital projects	367,397	-	10,483,686	-	10,851,083
Debt service	-	1,133,536	-	-	1,133,536
Other	-	-	-	1,681,336	1,681,336
Committed	-	-	1,322,552	1,022,872	2,345,424
Unassigned	13,503,540	-	-	-	13,503,540
<b>TOTAL FUND BALANCES</b>	<u>14,184,007</u>	<u>1,133,536</u>	<u>11,807,988</u>	<u>2,707,752</u>	<u>29,833,283</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 17,892,599</u>	<u>\$ 1,228,231</u>	<u>\$ 13,028,501</u>	<u>\$ 2,815,107</u>	<u>\$ 34,964,438</u>

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

**CITY OF THE COLONY, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total fund balances - governmental funds	\$ 29,833,283
Amounts reported for governmental activities in the statement of net position 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.	237,648,531
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.	(200,703)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	911,545
Deferred outflows of resources of \$5,704,957 related to the City's net pension liability increase the net position in the government-wide financial statements, while deferred outflows (\$391,956) reduce it. This amount is the net effect.	5,313,001
Deferred charge on refunding of long-term debt are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds.	464,041
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. Long-term liabilities at year end consist of:	
Bonds payable	(39,452,400)
Net pension liability	(10,789,863)
Capital leases payable	(683,127)
Premium on issuance of debt	(2,592,781)
Compensated absences	(2,837,743)
	<hr/>
Net position of governmental activities	<u>\$ 217,613,784</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, 2017**

	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>					
Ad valorem taxes, penalties and interest	\$ 18,916,324	\$ 5,749,413	\$ -	\$ -	\$ 24,665,737
Franchise taxes	2,609,706	-	-	-	2,609,706
Municipal sales tax	6,357,581	-	-	-	6,357,581
Licenses and permits	2,327,721	-	-	823,035	3,150,756
Charges for services	1,509,532	-	-	1,162,836	2,672,368
Fines and forfeitures	781,394	-	-	72,653	854,047
Grants	235,992	129,600	-	47,039	412,631
Gifts and contributions	299,845	1,035,064	1,002,556	107,648	2,445,113
Hotel / Motel taxes	-	-	-	1,275,280	1,275,280
Intergovernmental	-	-	1,495,213	-	1,495,213
Investment income	191,385	33,836	5,300	26,151	256,672
Miscellaneous	760,589	-	-	77,840	838,429
<b>Total revenues</b>	<b>33,990,069</b>	<b>6,947,913</b>	<b>2,503,069</b>	<b>3,592,482</b>	<b>47,033,533</b>
<b>EXPENDITURES</b>					
Current					
General government	9,004,514	-	588	-	9,005,102
Public safety	16,692,028	-	116,272	96,690	16,904,990
Public works	2,424,793	-	381,036	1,313,542	4,119,371
Cultural and recreation	3,819,013	-	-	984,431	4,803,444
Capital outlay	821,957	-	11,591,806	309,067	12,722,830
Debt service:					
Principal retirement	-	3,945,295	-	-	3,945,295
Interest and fiscal charges	-	1,885,328	-	-	1,885,328
Other debt service costs	-	269,752	-	-	269,752
<b>Total expenditures</b>	<b>32,762,305</b>	<b>6,100,375</b>	<b>12,089,702</b>	<b>2,703,730</b>	<b>53,656,112</b>
Excess (deficiency) of revenues over (under) expenditures	1,227,764	847,538	(9,586,633)	888,752	(6,622,579)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on issuance of bonds	-	-	731,402	-	731,402
Issuance of bonds	-	-	9,204,000	-	9,204,000
Transfers from other funds	1,955,538	-	904,747	468,372	3,328,657
Transfers to other funds	(2,926,354)	(1,636,264)	-	(840,039)	(5,402,657)
<b>Total other financing sources (uses)</b>	<b>(970,816)</b>	<b>(1,636,264)</b>	<b>10,840,149</b>	<b>(371,667)</b>	<b>7,861,402</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>256,948</b>	<b>(788,726)</b>	<b>1,253,516</b>	<b>517,085</b>	<b>1,238,823</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>13,927,059</b>	<b>1,922,262</b>	<b>10,554,472</b>	<b>2,190,667</b>	<b>28,594,460</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 14,184,007</b>	<b>\$ 1,133,536</b>	<b>\$ 11,807,988</b>	<b>\$ 2,707,752</b>	<b>\$ 29,833,283</b>

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

**CITY OF THE COLONY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances - total governmental funds	\$ 1,238,823
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 additions recorded in the current period as capital outlay.	12,102,174
Loss on disposal of capital assets results in a decrease in net position in the government-wide financial statements, but the net effect is not reported in the governmental funds.	(26,051,733)
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.	8,295,023
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.	(8,085,576)
Current year changes in long term liability for compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	(107,945)
Current year changes in accrued interest payable do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	(34,116)
Current year transfers of capital assets to enterprise funds are not reported in governmental funds. However, the effect on the government-wide financial statements is to decrease net position.	(2,014,203)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond and capital lease principal retirement	3,945,295
Amortization of bond related costs (premium, deferred charge)	187,602
Issuance of bonds	(9,204,000)
Premium on bonds issued	(731,402)
Implementation of GASB 68 requires certain expenditures to be de-expended and recorded as deferred inflows and outflows of resources. This amount is the net effect of current year pension liability, and deferred inflows/outflows.	(1,286,861)
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. This amount is the net change in these revenues for the year.	<u>476,362</u>
Change in Net Position of Governmental activities	<u><u>\$(21,270,557)</u></u>

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



## **PROPRIETARY FUNDS FINANCIAL STATEMENTS**

**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 24,971,554
Receivables, net of allowance for uncollectibles:	
Accounts	2,184,377
Other	10,578
Due from other funds	
Inventories	133,435
Prepaid expenses	59,881
<b>Total current assets</b>	<b>27,359,825</b>
<b>NONCURRENT ASSETS</b>	
<b>CAPITAL ASSETS</b>	
Land	3,273,472
Water system	149,645,869
Sanitary sewer system	1,684,364
Buildings	724,161
Machinery and equipment	4,253,846
Engineering fees	2,473,213
Organizational costs	14,142,458
Construction in progress	18,621,500
<b>Total capital assets</b>	<b>194,818,883</b>
Less: accumulated depreciation	(49,383,559)
Capital assets, net of accumulated depreciation	<b>145,435,324</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	924,157
Deferred charge on refunding	1,024,786
<b>Total deferred outflows of resources</b>	<b>1,948,943</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 174,744,092</b>

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

**EXHIBIT 7**

		<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$	546,278
Accrued compensated absences		330,705
Payable from restricted assets:		
Accounts payable and accrued expenses		1,063,087
Revenue bonds payable		4,584,650
Accrued interest payable		324,808
Customer meter deposits		1,043,166
<b>Total current liabilities</b>		<b>7,892,694</b>
<b>NON-CURRENT LIABILITIES</b>		
Revenue bonds payable		63,387,394
Net pension liability		1,662,674
<b>Total non-current liabilities</b>		<b>65,050,068</b>
<b>TOTAL LIABILITIES</b>		<b>72,942,762</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable resources - pensions		66,257
<b>Total deferred inflows of resources</b>		<b>66,257</b>
<b>NET POSITION</b>		
Net Investment in capital assets		97,282,865
Restricted for:		
Construction		2,323,551
Unrestricted		2,128,657
<b>TOTAL NET POSITION</b>		<b>101,735,073</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$</b>	<b>174,744,092</b>

**CITY OF THE COLONY, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
<b>OPERATING REVENUES</b>	
Charges for sales and services:	
Water service	\$ 10,504,743
Wastewater treatment service	5,672,959
Other fees and penalties	1,374,905
Service charges	33,100
Miscellaneous	138,339
	<u>17,724,046</u>
<b>Total operating revenues</b>	<u>17,724,046</u>
<b>OPERATING EXPENSES</b>	
Personnel services	4,209,606
Contractual services	1,081,283
Supplies	590,655
Maintenance	1,587,848
Water purchases	2,479,925
Overhead	2,593,752
Depreciation	4,103,267
	<u>16,646,336</u>
<b>Total operating expenses</b>	<u>16,646,336</u>
<b>OPERATING INCOME</b>	<u>1,077,710</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	205,547
Grants and contributions	306,545
Interest and fiscal charges	(2,394,582)
	<u>(1,882,490)</u>
<b>Total non-operating revenues (expenses)</b>	<u>(1,882,490)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>(804,780)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	
Capital contributions	53,900,260
Development fees	1,563,511
Transfers from other funds	2,374,000
Transfers to other funds	(300,000)
	<u>57,537,771</u>
<b>Total capital contributions and transfers</b>	<u>57,537,771</u>
<b>CHANGE IN NET POSITION</b>	56,732,991
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>45,002,082</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 101,735,073</u>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 17,597,286
Cash paid to employees for services	(4,039,594)
Cash paid for goods and services	(8,323,147)
<b>Net cash provided by operating activities</b>	<b>5,234,545</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	2,374,000
Transfers to other funds	(300,000)
<b>Net cash provided by non-capital financing activities</b>	<b>2,074,000</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on revenue bond maturities	(4,292,200)
Cost of bond issuance	(195,392)
Proceeds from issuance of bonds	8,496,000
Premium on issuance of bonds	745,392
Grants and contributions	306,545
Interest and fiscal charges	(2,482,912)
Acquisition of capital assets	(8,406,640)
Development fees	1,563,511
<b>Net cash used in capital and related financial activities</b>	<b>(4,265,696)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	205,547
<b>Net cash provided by investing activities</b>	<b>205,547</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,248,396</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>21,723,158</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 24,971,554</b>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF CASH FLOWS – CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 1,077,710
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,103,267
Pension expense	157,300
Provision for bad debts	(7,114)
Change in assets and liabilities:	
Increase in accounts receivable	(158,140)
Decrease in inventories	22,016
Increase in prepaid expense	(6,860)
Increase in accounts payable and accrued liabilities	(4,840)
Increase in compensated absences	12,712
Increase in customer deposits	38,494
<b>Total adjustments</b>	4,156,835
<b>Net cash provided by operating activities</b>	\$ 5,234,545
<b>NON-CASH FINANCING ACTIVITIES:</b>	
Contributions of capital assets	\$ 53,900,260

**COMPONENT UNITS  
FINANCIAL STATEMENTS**



**CITY OF THE COLONY, TEXAS  
STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
SEPTEMBER 30, 2017**

	THE COLONY ECONOMIC DEVELOPMENT CORPORATION	THE COLONY COMMUNITY DEVELOPMENT CORPORATION	THE COLONY LOCAL DEVELOPMENT CORPORATION	TOTALS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,035,092	\$ 3,372,671	\$ -	\$ 9,407,763
Sales tax receivable	1,088,668	1,088,668	-	2,177,336
Prepays	3,983	589	3,856,438	3,861,010
Restricted assets				
Cash and cash equivalents	5,855,838	5,859,030	11,391,239	23,106,107
Capital assets				
Land	8,043,707	-	22,321,911	30,365,618
<b>TOTAL ASSETS</b>	<u>21,027,288</u>	<u>10,320,958</u>	<u>37,569,588</u>	<u>68,917,834</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	67,428	-	-	67,428
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>67,428</u>	<u>-</u>	<u>-</u>	<u>67,428</u>
<b>LIABILITIES AND NET POSITION</b>				
Accounts payable	689,780	670,062	-	1,359,842
Accrued interest payable	280,404	269,830	952,740	1,502,974
Non-current liabilities:				
Due within one year	877,423	205,000	-	1,082,423
Due in more than one year	35,781,139	27,436,797	142,202,838	205,420,774
<b>TOTAL LIABILITIES</b>	<u>37,628,746</u>	<u>28,581,689</u>	<u>143,155,578</u>	<u>209,366,013</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	(27,836,582)	(18,859,419)	(109,526,555)	(156,222,556)
Unrestricted	11,302,552	598,688	3,940,565	15,841,805
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (16,534,030)</u>	<u>\$ (18,260,731)</u>	<u>\$ (105,585,990)</u>	<u>\$ (140,380,751)</u>

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

**CITY OF THE COLONY, TEXAS  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>COMPONENT UNITS:</b>			
The Colony Economic Development Corporation	\$ 22,356,461	\$ -	\$ 269,752
The Colony Community Development Corporation	22,340,944	-	-
The Colony Local Development Corporation	33,372,810	-	3,768,344
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 78,070,215</b>	<b>\$ -</b>	<b>\$ 3,768,344</b>

General revenues:

Taxes:

Sales taxes

Interest on investments

Miscellaneous

**Total general revenue**

**CHANGE IN NET POSITION (DEFICIT)**

**NET POSITION (DEFICIT), Beginning of Year**

**NET POSITION (DEFICIT), End of Year**

**EXHIBIT 11**

Net (Expense) Revenue and Changes in Net Position			
COMPONENT UNITS			
The Colony Econ. Dev. Corporation	The Colony Comm. Dev. Corporation	The Colony Local Dev. Corporation	TOTAL
\$ (22,086,709)	\$ -	\$ -	\$ (22,086,709)
-	(22,340,944)	-	(22,340,944)
-	-	(29,604,466)	(29,604,466)
<u>\$ (22,086,709)</u>	<u>\$ (22,340,944)</u>	<u>\$ (29,604,466)</u>	<u>\$ (74,032,119)</u>
\$ 5,456,546	\$ 5,456,546	\$ 4,918,723	\$ 15,831,815
55,846	52,876	28,972	137,694
-	1,946	-	1,946
<u>5,512,392</u>	<u>5,511,368</u>	<u>4,947,695</u>	<u>15,971,455</u>
(16,574,317)	(16,829,576)	(24,656,771)	(58,060,664)
40,287	(1,431,155)	(80,929,219)	(82,320,087)
<u>\$ (16,534,030)</u>	<u>\$ (18,260,731)</u>	<u>\$ (105,585,990)</u>	<u>\$ (140,380,751)</u>



## **NOTES TO BASIC FINANCIAL STATEMENTS**



**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

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

**General Statement**

The City of The Colony (the City), originally incorporated in 1977, is a municipal corporation incorporated under Article XI of the Constitution of the State of Texas (Home Rule Amendment). The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. The significant accounting policies of the City are described below.

**Financial Reporting Entity**

The City is governed by an elected mayor and a six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial information of the following component units have been “discretely presented” in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City:

**The Colony Economic Development Corporation (TCEDC)** - 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)** - Responsible for promoting economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects under the Development Corporation Act of 1979. This includes the construction, renovation and operation of municipal buildings, the acquisition and improvement of parks as well as the promotion and expansion of manufacturing and industrial facilities, and other economic development purposes.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Reporting Entity – Continued**

**The Colony Local Development Corporation (TCLDC)** – Established as the primary governing body for funding Tax Increment Reinvestment Zone (TIRZ) Number One public infrastructure. Surrounding these activities are performance agreements between the TCLDC and the developer, NMF Services, which commenced November 2011 and will terminate on the 75<sup>th</sup> anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

A majority of the members of the TCEDC's, TCCDC's, and TCLDC's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, and TCLDC are each fiscally dependent upon the City as the City Council approves their budgets and must approve any debt issuance. However, the component units do not qualify for blending because the component units' services directly benefit the community rather than the City itself. The TCEDC, TCCDC, and TCLDC are presented as governmental fund types and do not issue separate financial statements.

**Basis of Presentation**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Financial Statements:**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column in the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

**General Fund –**

The General Fund is the general operating fund of the City. It is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Debt Service Fund –**

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted to signify the amounts that are exclusively for debt service expenditures.

**Capital Projects Fund –**

The Capital Projects Fund is used to account for the acquisition and construction of capital assets financed primarily through the issuance of general obligation debt.

The City also reports the following non-major governmental funds:

All of the following funds are Special Revenue Funds. Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trust or capital projects) that are legally restricted or committed 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.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Financial Statements – Continued**

**Special Events Fund** – To account for various special events of the City including Christmas decorations, 4<sup>th</sup> of July fireworks display and other special events held by the City.

**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 for the Library.

**Police Forfeited Fund** – To account for the funds granted to the police department that have been awarded by the court.

**Federal Seized Fund** – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

**Police Seized Fund** – To account for funds seized by the police department that are awaiting disposition by the court.

**Child Safety Fund** – The account for child safety fees collected according to state statute to fund the school crossing guard program and for other programs designed to enhance child safety, health or nutrition.

**Storm Water Utility Fund** – To account for the revenue and expenses associated with 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 restricted for the security of the Municipal Court.

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

**Keep The Colony Beautiful** – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

**Citizens Donation Fund** – To account for money received from the \$1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

**Public Improvement District (PID) No. 1** – To account for revenues and expenditures related to the City of The Colony Public Improvement District No.1.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Financial Statements – Continued**

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

All assets and liabilities are included in the Statement of Net Position. The City has presented the following major proprietary fund:

**Water and Sewer Enterprise Fund**

Water and Sewer Enterprise Fund is used to account for the acquisition, operation and maintenance of a municipal water and sewer utility, supported primarily by user charges to the public.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for non-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus and Basis of Accounting – Continued**

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual. Other receipts become measurable and available when cash is received by the City and are recognized as revenue at that time.

**Cash and Cash Equivalents**

State statutes and policy as established by the City Council authorize the City to invest in certificates of deposit, direct obligations of the U.S. Treasury, investment pools consisting of such U.S. Treasury obligations, repurchase agreements, commercial paper and mutual funds. Substantially all operating cash and cash equivalents are maintained in pooled cash and time deposit accounts. Interest income relating to pooled deposits is allocated to the individual funds based on each fund's pro rata share of total pooled deposits.

Restricted cash and investments is classified separately in the balance sheet of governmental funds and statement of net position for proprietary funds and represents cash and cash equivalents restricted for specific infrastructure projects (governmental funds) or the payment of long-term debt and for the acquisition of capital assets (proprietary funds).

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents, as they are available for withdrawal on demand.

Investments are accounted for in accordance with GASB No. 31 – *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments are recorded at amortized cost when original maturity at the time of purchase is less than one year or at market if greater than one year.

**Property Taxes**

The City's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Property taxes attach as an enforceable lien on property as of January 1 after they are levied. The assessed value upon which the fiscal year 2017 levy was based was \$3,618,013,630. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2017 were 99.50% of the tax levy.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Property Taxes – Continued**

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2017 was \$0.6675 per \$100 of assessed valuation.

The ordinance levying the ad valorem taxes specifies the percentage of the taxes applicable to the General Fund, and Debt Service Fund therefore, ad valorem tax revenues are recorded as revenues in the respective funds.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

**Budgets**

The City adopts annual appropriated budgets for its General Fund, Debt Service Fund, Lake Parks Fund, Special Events Fund, Hotel/Motel Taxes Fund, Child Safety Fund, and Storm Water Utility Fund. The budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

For the year ended September 30, 2017, expenditures exceeded appropriations in the following departments:

- General Fund
  - General Government (\$124,838)
- Debt Service Fund
  - Debt Service (\$280,086)
- Hotel and Motel
  - Cultural and Recreation (\$1,744)
- Storm Water Fund
  - Public Works (\$187,557)

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Internal Balances**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

**Transactions Between Funds and Component Units**

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/ expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund reimbursed. All other interfund transactions, except interfund services and reimbursements, are recorded as transfers.

Transactions between the component units and the primary government are accounted for as external transactions. During the year ended September 30, 2017, the TCCDC contributed \$719,807 to the Debt Service Fund, \$299,845 to the General Fund, \$660,250 to the Capital Projects Fund, and \$16,398,044 in capital assets to the Water and Sewer Enterprise Fund for business-type activities. Additionally, the TCEDC contributed \$306,545 to the Water and Sewer Enterprise Fund, \$444,857 to the Debt Service Fund, and \$16,398,001 in capital assets to the Water and Sewer Enterprise Fund for business-type activities. Lastly, the TCLDC contributed \$16,106,956 in capital assets to the Water and Sewer Enterprise Fund for business-type activities. The revenues were reflected as operating grants and contributions for the primary government in the statement of activities. In addition, the Debt Service Fund contributed \$269,752 to the TCEDC for payment of debt service expenditures.

**Inventories**

Inventories, which are expended when consumed, are stated at the lower of cost or market on a first-in, first-out basis.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at acquisition value on the date donated. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the asset lives are not capitalized. Renewals and betterments are capitalized.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Capital Assets - Continued**

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	30 Years
Towers, tanks, and pump stations	40 Years
Infrastructure	40 Years
Machinery and equipment	5 - 10 Years
Vehicles	5 Year

**Vacation and Sick Leave (Compensated Absences)**

In the event of termination, an employee is reimbursed for up to his/her accrued available vacation days. An employee may accumulate up to 130 days of sick leave; however, upon termination, qualified employees may be reimbursed for up to a maximum of 30 sick days. All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

**Classification of Fund Equity**

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Assigned fund balances are constrained by intent to be used for specific purposes, but are neither restricted nor committed. Assignments are made by City management based on City Council direction.

Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes. The City designates restricted amounts to be spent first if both restricted and unassigned fund balances are available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, followed by assigned, and lastly unassigned amounts when expenditures are incurred for purpose for which amounts in any of those unrestricted fund

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Classification of Fund Equity – Continued**

balance classifications could be used. The propriety funds and government-wide financial statements have three classifications of equity: (1) net investment in capital assets; (2) restricted net position and (3) unrestricted net position. In the first category, capital assets are netted with bonded and capital lease debt. Restricted net position includes debt service, grantor and other government restrictions for proprietary funds and the same categories as restricted fund balance for governmental activities.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The City has evaluated all events or transactions that occurred after September 30, 2017 through March 29, 2017, the date the financial statements were available to be issued.

**NOTE 2. CASH AND INVESTMENTS**

The funds of the City must be deposited and invested per the Public Funds Investment Act. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2017 the carrying amount of the City's deposits was \$3,112,971 and the bank balance was \$3,743,782. All of the bank balances were fully covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. The City had petty cash totaling \$4,734 at September 30, 2017.

**Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Legal and Contractual Provisions Governing Deposits and Investments – Continued**

Statutes and the City’s investment policy authorized the City to invest in the following investments as summarized in the table below:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Government Securities	5 Years	100%	None
State of Texas	5 Years	25%	None
States, Agencies, Counties, Cities and Other	5 Years	25%	None
Certificates of Deposits	5 Years	25%	None
Commercial Paper	270 Days	25%	None
No-Load Money Market Mutual Funds	90 Days	25%	None
Eligible Investment Pools	90 Days	100%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of September 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents – primary government	\$ 55,243,756
Cash and cash equivalents – component units	9,407,763
Restricted cash and cash equivalents – component units	<u>23,106,107</u>
	<u>\$ 87,757,626</u>

Cash and investments as of September 30, 2017 consist of the following:

Cash on hand	\$ 4,734
Deposits with financial institutions	3,112,971
Investment pools	<u>84,639,921</u>
	<u>\$ 87,757,626</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2017 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
TexPool	\$ 43,297,023	N/A	AAAm
TexPool Prime	17,589,329	N/A	AAAm
Money Market Mutual Funds	23,753,569	N/A	AAAm
	<u>\$ 84,639,921</u>		

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2017 other than external investment pools the City did not have 5% or more of its investment with one issuer.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2017 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized during the year.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

	Value at September 30, 2017	Fair Value Measurements Using			Percent of Total Investments	Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
<i>Investments not Subject to Fair Value:</i>						
Investment Pools:						
TexPool	\$ 43,297,023	\$ -	\$ -	\$ -	51.15%	34
TexPool Prime	17,589,329				20.78%	51
<i>Investments by Fair Value Level:</i>						
Money Market Mutual Funds	23,753,569	23,753,569	-	-	28.07%	14
<i>Total Value</i>	<u>\$ 84,639,921</u>	<u>\$ 23,753,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>100.00%</u>	

Money Market Mutual funds reported as Level 1 consist of shares of a money market funds government portfolio and are valued at net asset value (NAV) of the assets held by the City. The NAV is a quoted price in an active market.

**Investment in State Investment Pools**

The City is a voluntary participant in two investment pools: TexPool and TexPool Prime. Each of these pools operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. Each uses amortized costs rather than market value to report the net position to compute share prices. Accordingly, the value of the City's position in the pools is the same as the value of the shares in the pool.

The State Comptroller of Public Accounts exercises responsibility over TexPool and TexPool Prime. This oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. RECEIVABLES**

Receivables at September 30, 2017 for the individual major funds, nonmajor funds, and component units in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	Governmental Activities				Total Governmental Activities	Business-type	Discretely Presented Component Units
	General	Debt Service	Capital Projects	Non-Major Governmental Funds		Water and Sewer Enterprise	
Receivables							
Property taxes	\$ 552,664	\$ 111,425	\$ -	\$ -	\$ 664,089	\$ 14,104	\$ -
Franchise taxes	448,137	-	-	-	448,137	-	-
Sales taxes	2,177,334	-	-	-	2,177,334	-	2,177,336
Service accounts	348,100	-	-	-	348,100	2,408,193	-
Other	450,231	-	312,770	240,458	1,003,459	-	-
Gross receivables	3,976,466	111,425	312,770	240,458	4,641,119	2,422,297	2,177,336
Allowance for uncollectibles	(252,188)	(15,059)	-	-	(267,247)	(227,342)	-
Net total receivables	<u>\$3,724,278</u>	<u>\$ 96,366</u>	<u>\$ 312,770</u>	<u>\$ 240,458</u>	<u>\$ 4,373,872</u>	<u>\$ 2,194,955</u>	<u>\$2,177,336</u>

The Water and Sewer Fund service accounts receivable include unbilled charges for services rendered through September 30, 2017 in the amount of \$1,219,420.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance September 30, 2016	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Governmental Activities:					
Capital assets not being depreciated					
Land and Land Improvements	\$ 4,510,684	\$ -	\$ -	\$ -	\$ 4,510,684
Rights-of-way	25,571,036	-	-	-	25,571,036
Construction in progress	42,674,867	8,768,378	(26,051,733)	(8,687,587)	16,703,925
Total capital assets not being depreciated	<u>72,756,587</u>	<u>8,768,378</u>	<u>(26,051,733)</u>	<u>(8,687,587)</u>	<u>46,785,645</u>
Capital assets being depreciated					
Buildings	25,363,628	-	-	772,352	26,135,980
Improvements other than buildings	17,168,924	-	-	444,245	17,613,169
Swimming pool	1,752,705	-	-	-	1,752,705
Machinery and equipment	11,735,899	3,333,796	(385,566)	(1,072,639)	13,611,490
Infrastructure	239,850,955	8,295,023	-	6,529,426	254,675,404
Total capital assets being depreciated	<u>295,872,111</u>	<u>11,628,819</u>	<u>(385,566)</u>	<u>6,673,384</u>	<u>313,788,748</u>
Less: accumulated depreciation for:					
Buildings	(7,775,929)	(865,790)	-	-	(8,641,719)
Improvements other than buildings	(6,801,720)	(585,317)	-	-	(7,387,037)
Swimming pool	(883,055)	(63,507)	-	-	(946,562)
Machinery and equipment	(8,112,037)	(813,370)	385,566	-	(8,539,841)
Infrastructure	(91,653,111)	(5,757,592)	-	-	(97,410,703)
Total accumulated depreciation	<u>(115,225,852)</u>	<u>(8,085,576)</u>	<u>385,566</u>	<u>-</u>	<u>(122,925,862)</u>
Total capital assets being depreciated, net	<u>180,646,259</u>	<u>3,543,243</u>	<u>-</u>	<u>6,673,384</u>	<u>190,862,886</u>
Governmental activities capital assets, net	<u>\$ 253,402,846</u>	<u>\$ 12,311,621</u>	<u>\$ (26,051,733)</u>	<u>\$ (2,014,203)</u>	<u>\$ 237,648,531</u>

Governmental activities "adjustments/transfers" include the transfer of \$2,014,203 of capital assets to the business-type activities which are included in the business-type activities "adjustments/transfers".

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

	Balance September 30, 2016	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2017
<b>Business-Type Activities:</b>					
Capital assets not being depreciated					
Land	\$ 3,273,472	\$ -	\$ -	\$ -	\$ 3,273,472
Construction in progress	9,295,296	8,406,640	-	919,564	18,621,500
Total capital assets not being depreciated	<u>12,568,768</u>	<u>8,406,640</u>	<u>-</u>	<u>919,564</u>	<u>21,894,972</u>
Capital assets being depreciated:					
Building	724,161	-	-	-	724,161
Water System	61,638,218	21,941,004	-	-	83,579,222
Sanitary System	44,545,585	21,521,062	-	-	66,066,647
Drainage System	1,684,364	-	-	-	1,684,364
Machinery and Equipment	3,332,031	-	(172,824)	1,094,639	4,253,846
Infrastructure	8,191,680	8,423,991	-	-	16,615,671
Total capital assets being depreciated	<u>120,116,039</u>	<u>51,886,057</u>	<u>(172,824)</u>	<u>1,094,639</u>	<u>172,923,911</u>
Less: Accumulated depreciation for:					
Building	(528,837)	(15,050)	-	-	(543,887)
Water System	(17,915,815)	(1,951,641)	-	-	(19,867,456)
Sanitary System	(15,993,401)	(1,528,304)	-	-	(17,521,705)
Drainage System	(1,556,342)	(29,123)	-	-	(1,585,465)
Machinery and Equipment	(2,152,460)	(228,081)	172,824	-	(2,207,717)
Infrastructure	(7,306,261)	(351,068)	-	-	(7,657,329)
Total accumulated depreciation	<u>(45,453,116)</u>	<u>(4,103,267)</u>	<u>172,824</u>	<u>-</u>	<u>(49,383,559)</u>
Total capital assets being depreciated, net	<u>74,662,923</u>	<u>47,782,790</u>	<u>-</u>	<u>1,094,639</u>	<u>123,540,352</u>
Business-Type activities capital assets, net	<u>\$ 87,231,691</u>	<u>\$ 56,189,430</u>	<u>\$ -</u>	<u>\$ 2,014,203</u>	<u>\$ 145,435,324</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. CAPITAL ASSETS – CONTINUED**

	Balance September 30, 2016	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2017
Component Units:					
Capital assets not being depreciated					
Land	\$ 27,078,588	\$ 8,043,707	\$ (4,756,677)	\$ -	\$ 30,365,618
Construction in progress	57,718,442	-	(57,718,442)	-	-
Total capital assets not being depreciated	<u>84,797,030</u>	<u>8,043,707</u>	<u>(62,475,119)</u>	<u>-</u>	<u>30,365,618</u>
Capital assets being depreciated					
Vehicles	44,020	-	(44,020)	-	-
Total capital assets being depreciated	<u>44,020</u>	<u>-</u>	<u>(44,020)</u>	<u>-</u>	<u>-</u>
Component Units					
capital assets, net	<u>\$ 84,841,050</u>	<u>\$ 8,043,707</u>	<u>\$ (62,519,139)</u>	<u>\$ -</u>	<u>\$ 30,365,618</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

General government	\$ 2,585,662
Public safety	844,034
Public works	4,122,742
Culture and recreation	<u>533,138</u>
 Total depreciation expense-Governmental activities	 <u>\$ 8,085,576</u>
 Business-type activities:	
Water and Sewer	<u>\$ 4,103,267</u>
 Total depreciation expense-Business-type activities	 <u>\$ 4,103,267</u>

There was no depreciation expense charged to the component units during the current year.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT**

At September 30, 2017, bonds payable consisted of the following individual issues:

<b>Certificates of Obligation:</b>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2007, 3.5% to 5.00% maturing in installments of \$510,000 to \$1,055,000 through 2027.	\$ -	\$ -	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2008, 3.5% to 5.00% maturing in installments of \$510,000 to \$1,055,000 through 2027.	65,000	-	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2010, 2.50% to 4.00%, maturing in annual installments of \$550,000 to \$960,000 through 2030.	7,385,200	2,594,800	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2010-A, 2.00% to 4.00%, maturing in annual installments of \$125,000 to \$175,000 through 2030.	1,577,250	323,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013, 2.00% to 4.375%, maturing in annual installments of \$155,000 to \$675,000 through 2033.	1,770,000	-	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014, 3.00% to 6.00%, maturing in annual installments of \$510,000 to \$1,550,000 through 2035.	2,870,700	17,634,300	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, 3.00% to 4.00%, maturing in annual installments of \$470,000 to \$690,000 through 2035.	-	10,335,000	-
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016, 3.00% to 4.00%, maturing in annual installments of \$685,000 to \$1,025,000 through 2037.	9,204,000	8,496,000	-
	<u>\$ 22,872,150</u>	<u>\$ 39,383,100</u>	<u>\$ -</u>
<b>General Obligation Bonds:</b>			
General Obligation Refunding Bonds, Series 2010, 2.00% to 4.00%, maturing in annual installments of \$170,000 to \$510,000 through 2022.	\$ 2,360,000	\$ -	\$ -
General Obligation Refunding Bonds, Series 2011, 2.00% to 4.00%, maturing in annual installments of \$20,000 to \$890,000 through 2022.	3,119,800	985,200	-
General Obligation Refunding Bonds, Series 2012, 2.00% to 3.00%, maturing in annual installments of \$225,000 to \$1,295,000 through 2023.	1,357,500	452,500	-
General Obligation Refunding Bonds, Series 2013, 3.00% to 5.00%, maturing in annual installments of \$1,205,000 to \$1,775,000 through 2024.	2,158,000	8,632,000	-
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of \$55,000 to \$1,535,000 through 2026.	-	10,459,345	1,680,655
General Obligation Refunding Bonds, Series 2015, 3.00% to 4.00%, maturing in annual installments of \$840,000 to \$1,715,000 through 2027.	7,584,950	3,625,050	-
	<u>\$ 16,580,250</u>	<u>\$ 24,154,095</u>	<u>\$ 1,680,655</u>
<b>Revenue Bonds:</b>			
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of \$ 195,000 to \$2,770,000 through 2042.	\$ -	\$ -	\$ 29,385,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 4.50% to 7.25%, maturing in annual installments of \$ 195,000 to \$2,770,000 through 2042.	-	-	29,385,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through	-	-	15,875,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 2.594% to 4.881%, maturing in annual installments from October 1, 2020 through	-	-	106,850,000
Sales Tax Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	19,515,000
Sales Tax Revenue Bonds, Series 2017 (Infrastructure Bonds), 3.520% maturing in annual installments from October 1, 2018 through October 1, 2032.	-	-	7,120,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,130,000</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

The following is a summary of long-term debt transactions, including current portion, of the City for the year ended September 30, 2017:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
<b>Governmental Activities</b>					
Certificates of obligation	\$ 14,765,000	\$ 9,204,000	\$ (1,096,850)	\$ 22,872,150	\$ 1,269,750
General obligation bonds	19,344,210	-	(2,763,960)	16,580,250	2,776,800
Capital Lease	767,611	-	(84,484)	683,127	87,530
Unamortized bond premium	2,106,044	731,402	(244,665)	2,592,781	-
Net pension liability	10,101,906	687,957	-	10,789,863	-
Compensated absences	2,729,798	2,610,639	(2,502,694)	2,837,743	2,837,743
Governmental activities Long-term debt	<u>\$ 49,814,569</u>	<u>\$ 13,233,998</u>	<u>\$ (6,692,653)</u>	<u>\$ 56,355,914</u>	<u>\$ 6,971,823</u>
<b>Business-Type Activities</b>					
Certificates of obligation	\$ 32,465,250	\$ 8,496,000	\$ (1,578,150)	\$ 39,383,100	\$ 1,725,250
General obligation bonds	26,868,145	-	(2,714,050)	24,154,095	2,859,400
Unamortized bond premium	4,130,875	745,392	(441,418)	4,434,849	-
Net pension liability	1,578,581	84,093	-	1,662,674	-
Compensated absences	317,993	398,909	(386,197)	330,705	330,705
Business-type activities Long-term debt	<u>\$ 65,360,844</u>	<u>\$ 9,724,394</u>	<u>\$ (5,119,815)</u>	<u>\$ 69,965,423</u>	<u>\$ 4,915,355</u>
<b>Component Units</b>					
General obligation bonds	1,867,655	-	(187,000)	1,680,655	193,800
Revenue bonds	201,400,000	7,120,000	(390,000)	208,130,000	805,000
Unamortized bond premium	140,768	-	(8,281)	132,487	-
Unamortized bond discount	(3,659,782)	-	136,214	(3,523,568)	-
Compensated absences	80,401	53,228	(50,006)	83,623	83,623
Component units Long-term debt	<u>\$ 199,829,042</u>	<u>\$ 7,173,228</u>	<u>\$ (499,073)</u>	<u>\$ 206,503,197</u>	<u>\$ 1,082,423</u>

The City intends to retire all of its general long-term liabilities, plus accrued interest, from ad valorem taxes and other current revenues from the Debt Service Fund as has been done in prior years. The proprietary fund type long-term debt, plus accrued interest, will be repaid from operating revenues of the Water and Sewer Enterprise Fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

During fiscal year 2017, the City issued \$17,700,000 of Certificates of Obligation Bonds, Series 2016, of which \$9,204,000 went towards governmental activities and \$8,496,000 went towards business-type activities. The Series 2016 proceeds are to be used for constructing, improving and renovating streets, alleys, culverts and bridges, including drainage and water and sewer system. The debt was issued at a premium of \$1,476,794 and will be amortized for the life of the bonds which mature in 2037.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

During 2017, the TCEDC issued \$7,120,000 in sales Tax Revenue Bonds Taxable Series 2017. Proceeds from the sale used for the acquisition of land, construction of infrastructure, and legal, fiscal, design and engineering fees with projects.

Nebraska Furniture Mart

During March 2012, the TCEDC, TCCDC and TCLDC individually entered into a pledge agreement where the consideration of future sales tax revenue from the tax increment reinvestment zone would be used to repay debt issued by the component units to provide funding for the Nebraska Furniture Mart Texas project. This pledge was effectively an incentive agreement to secure the development of Nebraska Furniture Mart, through NFM Services, within the City of The Colony.

TCEDC and TCCDC have each pledged a portion of their future sales tax revenues to repay \$29,580,000 of sales tax revenue bonds that each corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on each issuance is approximately \$66.5 million as of September 30, 2017. Interest paid and incremental sales tax revenues were \$2,116,100 and 2,459,361, respectively, for each corporation during the year ended September 30, 2017.

TCLDC has pledged a portion of its future sales tax revenues to repay \$142,240,000 of sales tax incremental contract revenue bonds that the Corporation issued in February 2013 to finance the acquisition of land and cost of construction and infrastructure associated with the Nebraska Furniture Mart Texas project. Total principal and interest remaining on these bonds is approximately \$308 million as of September 30, 2017. Interest paid and incremental sales tax revenues were \$7,456,228 and \$4,548,376, respectively, during the year ended September 30, 2017.

**Description to Debt Indentures**

Certificate of Obligation Bonds

The City issues certificate of obligation bonds to provide funds for the acquisition and construction of major capital facilities and infrastructure. The City is required by ordinance to create from ad valorem tax revenues a sinking fund sufficient to pay the current interest and principal installments as they become due.

Revenue Bonds

The City issues revenue bonds to construct water and sewer system improvements. The City is required by the applicable revenue bond indentures to pledge the net revenues of the Water and Sewer Enterprise Fund for the retirement of its outstanding revenue bonds, including interest thereon, and is required to maintain debt service funds and bond reserve funds for all such bonds outstanding.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

Bond Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions at September 30, 2017.

**Annual Requirements to Retire Debt Obligations**

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2017, are as follows:

Certificate of Obligation Bonds

Annual debt service requirements to maturity for certificate obligation bonds, including interest of \$8,117,646 for governmental activities, and \$14,554,275 for business-type activities are as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,269,750	\$ 932,218	\$ 2,201,968
2019	1,251,050	875,152	2,126,202
2020	1,317,500	818,670	2,136,170
2021	1,343,850	759,843	2,103,693
2022	1,410,500	699,529	2,110,029
2023-2027	7,254,200	2,582,882	9,837,082
2028-2032	5,942,400	1,166,349	7,108,749
2033-2037	3,082,900	283,002	3,365,902
Total	<u>\$ 22,872,150</u>	<u>\$ 8,117,646</u>	<u>\$ 30,989,796</u>

Fiscal Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 1,725,250	\$ 1,537,930	\$ 3,263,180
2019	1,804,200	1,453,209	3,257,409
2020	1,897,500	1,367,892	3,265,392
2021	1,986,150	1,281,796	3,267,946
2022	2,069,500	1,193,781	3,263,281
2023-2027	10,865,800	4,582,759	15,448,559
2028-2032	11,057,600	2,545,869	13,603,469
2033-2037	7,977,100	591,039	8,568,139
Total	<u>\$ 39,383,100</u>	<u>\$ 14,554,275</u>	<u>\$ 53,937,375</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Annual Requirements to Retire Debt Obligations – Continued**

General Obligation Bonds

Annual debt service requirements to maturity for general obligation bonds, including interest of \$2,472,901 for governmental activities, \$4,278,202 for business-type activities, and \$356,099 for component unit activities are as follows:

Fiscal Year Ending September 30	Government Activities		
	Principal	Interest	Total
2018	\$ 2,776,800	\$ 621,607	\$ 3,398,407
2019	2,519,850	522,911	3,042,761
2020	2,620,900	429,177	3,050,077
2021	2,317,600	323,444	2,641,044
2022	2,288,600	228,229	2,516,829
2022-2027	4,056,500	347,533	4,404,033
Total	<u>\$ 16,580,250</u>	<u>\$ 2,472,901</u>	<u>\$ 19,053,151</u>

Fiscal Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 2,859,400	\$ 964,597	\$ 3,823,997
2019	2,822,000	844,783	3,666,783
2020	3,002,750	714,075	3,716,825
2021	2,921,000	574,016	3,495,016
2022	2,952,750	467,453	3,420,203
2023-2027	9,596,195	713,278	10,309,473
Total	<u>\$ 24,154,095</u>	<u>\$ 4,278,202</u>	<u>\$ 28,432,297</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Annual Requirements to Retire Debt Obligations – Continued**

General Obligation Bonds – Continued

Fiscal Year Ending September 30	Component-Units		
	Principal	Interest	Total
2018	\$ 193,800	\$ 75,272	\$ 269,072
2019	203,150	65,582	268,732
2020	214,200	55,424	269,624
2021	223,550	44,714	268,264
2022	228,650	40,243	268,893
2023-2027	617,305	74,864	692,169
Total	<u>\$ 1,680,655</u>	<u>\$ 356,099</u>	<u>\$ 2,036,754</u>

Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of \$234,895,311 for component unit activities are as follows:

Fiscal Year Ending September 30	Component-Units		
	Principal	Interest	Total
2018	\$ 805,000	\$ 8,095,478	\$ 8,900,478
2019	1,020,000	11,890,211	12,910,211
2020	1,160,000	11,835,059	12,995,059
2021	2,680,000	11,770,842	14,450,842
2022	2,945,000	11,661,114	14,606,114
2023-2027	19,435,000	55,993,200	75,428,200
2028-2032	29,540,000	50,008,409	79,548,409
2033-2037	40,605,000	40,288,228	80,893,228
2038-2042	60,190,000	25,403,824	85,593,824
2043-2047	41,960,000	7,568,716	49,528,716
2048-2052	7,790,000	380,230	8,170,230
Total	<u>\$ 208,130,000</u>	<u>\$ 234,895,311</u>	<u>\$ 443,025,311</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5. LONG-TERM DEBT – CONTINUED**

**Annual Requirements to Retire Debt Obligations – Continued**

Capital Leases

During 2015, the City entered into a capital lease in the amount of \$935,000. Proceeds from the lease were used to obtain equipment with an initial cost of \$935,000 which has been recorded as capital assets. Future lease payments, including interest at 3.606%, are as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 87,530	\$ 24,635	\$ 112,165
2019	90,687	21,478	112,165
2020	93,957	18,208	112,165
2021	97,345	14,820	112,165
2022	100,855	11,309	112,164
2023-2024	212,753	11,576	224,329
Total	<u>\$ 683,127</u>	<u>\$ 102,026</u>	<u>\$ 785,153</u>

**NOTE 6. TRANSFERS AND INTERFUND RECEIVABLES/PAYABLES**

All interfund transfers between the various funds are approved supplements to the operations of those funds. Individual fund transfers for fiscal year 2017 were as follows:

Transfers Out	Transfers In	Amount	Purpose
General Fund	Water and Sewer Enterprise	\$ 2,024,000	Utility franchise fee
General Fund	Capital Projects Fund	522,354	Budgeted capital project money
General Fund	Non-major Governmental	380,000	Operational costs
Debt Service Fund	General Fund	1,636,264	Property taxes for capital project
Non-major Governmental	General Fund	319,274	Operational costs
Non-major Governmental	Water and Sewer Enterprise	350,000	Operational costs
Non-major Governmental	Capital Projects Fund	85,726	Budgeted special projects
Non-major Governmental	Non-major Governmental	85,039	Transfer of special revenue fund
Water and Sewer Enterprise	Capital Projects Fund	296,667	Utility franchise fee
Water and Sewer Enterprise	Non-major Governmental	3,333	Operational costs
	Total	<u>\$ 5,702,657</u>	

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN**

**A. Plan Description**

The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**B. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN – CONTINUED**

**B. Benefits Provided – Continued**

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	170
Inactive employees entitled to but not yet receiving benefits	152
Active employees	318
	640

**C. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.22% and 13.21% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$2,723,827, and were equal to the required contributions.

**D. Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN – CONTINUED**

**D. Net Pension Liability – Continued**

**Actuarial Assumptions:**

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year including inflation
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN – CONTINUED**

**D. Net Pension Liability – Continued**

**Actuarial Assumptions – Continued:**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2016, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN – CONTINUED**

**D. Net Pension Liability – Continued**

**Allocations**

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 77,760,922	\$ 66,080,435	\$ 11,680,487
Changes for the year:			
Service Cost	3,247,190	-	3,247,190
Interest	5,246,784	-	5,246,784
Change of benefit terms	-	-	-
Difference between expected and actual experience	395,250	-	395,250
Changes of assumptions	-	-	-
Contributions - employer	-	2,343,572	(2,343,572)
Contributions - employee	-	1,360,283	(1,360,283)
Net investment income	-	4,466,472	(4,466,472)
Benefit payments, including refunds of employee contributions	(3,308,765)	(3,308,765)	-
Administrative expense	-	(50,436)	50,436
Other changes	-	(2,717)	2,717
Net Changes	<u>5,580,459</u>	<u>4,808,409</u>	<u>772,050</u>
Balance at 12/31/16	<u>\$ 83,341,381</u>	<u>\$ 70,888,844</u>	<u>\$ 12,452,537</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 24,617,135	\$ 12,452,537	\$ 2,484,248

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. RETIREMENT PLAN – CONTINUED**

**D. Net Pension Liability – Continued**

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at [www.tmr.com](http://www.tmr.com).

**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the City recognized pension expense of \$4,089,685. At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 720,406	\$ 458,213
Changes in actuarial assumptions	862,933	-
Difference between projected and actual investment earnings	3,013,324	-
Contributions subsequent to the measurement date	<u>2,032,451</u>	<u>-</u>
Total	<u>\$ 6,629,114</u>	<u>\$ 458,213</u>

The \$2,032,451 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date and will reduce the net pension liability during the fiscal year ending September 30, 2018. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2018	\$ 1,363,271
2019	1,363,272
2020	1,337,256
2021	<u>74,651</u>
	<u>\$ 4,138,450</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8. DEFERRED COMPENSATION PLAN**

The City participates in a deferred compensation plan, which falls under Internal Revenue Code Section 457. Virtually all employees are eligible to participate in the plan. The deferred compensation plan allows the deferral of individual federal income taxes until funds are withdrawn. Funds may be withdrawn at termination, retirement, death or unforeseeable emergency. Employees may contribute a maximum of 100% of compensation included in gross income or \$15,500 whichever is less.

As a result of legislative changes, all amounts of compensation deferred, all property and rights purchased, and all income, property or rights are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the participants and their beneficiaries, whereas, prior to these legislative changes, these amounts were solely the property and rights of the City subject only to the claims of the City's general creditors. As a result, at September 30, 2017, the deferred compensation investments in the amount of \$6,258,891 are not reported in the City's financial statements.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time although the City expects such amounts, if any, to be immaterial to the basic financial statements.

At September 30, 2017, certain claims and litigation against the City are pending with respect to matters arising in the normal course of the City's operations. City management is of the opinion that the settlement of these matters will not have a material adverse effect on the City's financial statements.

At September 30, 2017, the City had authorized construction contract commitments of \$24,629,521.

**NOTE 10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2017, the City purchased commercial insurance to cover these liabilities. Additionally, the City purchases commercial insurance to cover employee health benefits. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in the past three years.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11. FUND BALANCE/NET POSITION**

The composition of the City's governmental fund balances as of September 30, 2017 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	\$ 99,478	\$ -	\$ -	\$ -	\$ 99,478
Prepays	213,592	-	1,750	3,544	218,886
	<u>313,070</u>	<u>-</u>	<u>1,750</u>	<u>3,544</u>	<u>318,364</u>
Restricted for:					
Debt service	-	1,133,536	-	-	1,133,536
Tourism	-	-	-	799,385	799,385
Library	-	-	-	1,137	1,137
Police	-	-	-	64,985	64,985
Child Safety	-	-	-	38,120	38,120
Stormwater drainage	-	-	-	147,208	147,208
Court	-	-	-	324,208	324,208
PID No. 1	-	-	-	213,191	213,191
Social and community services	-	-	-	93,102	93,102
Capital projects	367,397	-	10,483,686	-	10,851,083
	<u>367,397</u>	<u>1,133,536</u>	<u>10,483,686</u>	<u>1,681,336</u>	<u>13,665,955</u>
Committed for:					
Parks	-	-	-	928,998	928,998
Capital projects	-	-	1,322,552	-	1,322,552
Special events	-	-	-	93,874	93,874
	<u>-</u>	<u>-</u>	<u>1,322,552</u>	<u>1,022,872</u>	<u>2,345,424</u>
Unassigned	13,503,540	-	-	-	13,503,540
Total	<u>\$ 14,184,007</u>	<u>\$ 1,133,536</u>	<u>\$ 11,807,988</u>	<u>\$ 2,707,752</u>	<u>\$ 29,833,283</u>

Net position restricted for other reported for the governmental activities in the statement of net position is comprised of the same balance that is reported as restricted fund balance in the non-major governmental funds, as well as \$2,729 reported as nonspendable fund balance in the hotel/motel taxes fund.

**NOTE 12. SUBSEQUENT EVENTS**

On December, 5, 2017, the City issued \$14,140,000 Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2018. Proceeds from the sale of the Certificates will be used for (i) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage and erosion control, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (ii) constructing, improving and equipping firefighting facilities, (iii) acquiring vehicles for the police, fire, utility departments, and (iv) the payment of the costs associated with the issuance of the Certificates.

**CITY OF THE COLONY, TEXAS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 13. TAX ABATEMENTS**

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case by case basis by the City Council and generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. The City had the following agreements for the fiscal year ending September 30, 2017.

- Per the Grandscape, William Sonoma, and Top Golf TIF agreement for commercial development of 433 undeveloped acres, 100% of the property tax collections from the TIRZ projects and 90% of sales tax collections from TIRZ businesses were to be abated. The City abated \$1,137,878 in property taxes and \$7,925,165 in sales taxes.
- There was an agreement for Tribute properties to develop a 1,200-acre residential and golf community within the City under which 62% of property taxes was agreed to be abated. The City abated \$1,424,835 in property taxes.
- Per the Tribute TIF agreement to fund water storage tank and construction of fire station, and improve roadways, marina park and entertainment district, 70% of property taxes from development limited to total property taxes less the agreement stated above was agreed to be abated. The City abated \$871,067 in property taxes.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF THE COLONY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS - TMRS**  
**LAST THREE MEASUREMENT YEARS**

	Measurement Year <u>2016</u>	Measurement Year <u>2015</u>	Measurement Year <u>2014</u>
Total pension liability:			
Service cost	\$ 3,247,190	\$ 3,038,645	\$ 2,636,444
Interest	5,246,784	4,956,953	4,717,021
Changes of benefit terms	-	-	-
Difference between expected and actual experience	395,250	681,456	(1,078,676)
Change in assumptions	-	1,451,967	-
Benefit payments, including refunds of employee contributions	<u>(3,308,765)</u>	<u>(3,324,791)</u>	<u>(2,771,781)</u>
Net change in total pension liability	5,580,459	6,804,230	3,503,008
Total pension liability - beginning	<u>77,760,922</u>	<u>70,956,692</u>	<u>67,453,684</u>
Total pension liability - ending (a)	<u>83,341,381</u>	<u>77,760,922</u>	<u>70,956,692</u>
Plan fiduciary net position:			
Contributions - employer	2,343,572	2,336,643	2,051,029
Contributions - employee	1,360,283	1,309,761	1,179,152
Net investment income	4,466,472	96,983	3,534,120
Benefit payments, including refunds of employee contributions	(3,308,765)	(3,324,791)	(2,771,781)
Administrative expense	(50,436)	(59,070)	(36,893)
Other	<u>(2,717)</u>	<u>(2,918)</u>	<u>(3,033)</u>
Net change in plan fiduciary net position	4,808,409	356,608	3,952,594
Plan fiduciary net position - beginning	<u>66,080,435</u>	<u>65,723,827</u>	<u>61,771,233</u>
Plan fiduciary net position - ending (b)	<u>70,888,844</u>	<u>66,080,435</u>	<u>65,723,827</u>
Net pension liability - ending (a) - (b)	<u>\$ 12,452,537</u>	<u>\$ 11,680,487</u>	<u>\$ 5,232,865</u>
Plan fiduciary net position as a percentage of total pension liability	85.06%	84.98%	92.63%
Covered employee payroll	\$ 19,432,616	\$ 18,710,868	\$ 16,838,560
Net pension liability as a percentage of covered employee payroll	64.08%	62.43%	31.08%

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

**CITY OF THE COLONY, TEXAS  
SCHEDULE OF CONTRIBUTIONS - TMRS  
LAST THREE FISCAL YEARS**

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Actuarially determined contribution	\$ 2,723,827	\$ 2,399,108	\$ 2,224,043
Contribution in relation of the actuarially determined contribution	<u>2,723,827</u>	<u>2,399,108</u>	<u>2,224,043</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 19,440,612	\$ 19,236,056	\$ 19,145,821
Contributions as a percentage of covered employee payroll	14.01%	12.47%	11.62%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only three years of data is presented in accordance with GASB #68, paragraph 138. "The information for all period for the 10-year schedules that are required to be presented as required supplementary information may be available initially. In these cases, during the transition period, that information should be presented for as many periods as are available. The schedules should not include information that is not measured in accordance with the requirements of this statement. Additional years' information will be displayed as it becomes available."

**CITY OF THE COLONY, TEXAS  
NOTES TO TMRS REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2017**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

**CITY OF THE COLONY, TEXAS**  
**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<b>FINAL BUDGET - POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Ad valorem taxes, penalties and interest	\$ 18,450,738	\$ 18,450,738	\$ 18,916,324	\$ 465,586
Franchise taxes	2,482,736	2,482,736	2,609,706	126,970
Municipal sales tax	5,978,500	5,978,500	6,357,581	379,081
Licenses and permits	2,698,800	2,698,800	2,327,721	(371,079)
Charge for services	1,224,650	1,224,650	1,509,532	284,882
Fines and forfeitures	728,400	728,400	781,394	52,994
Grants	127,000	127,000	235,992	108,992
Gifts and Contributions	299,845	299,845	299,845	-
Investment income	10,500	10,500	191,385	180,885
Miscellaneous	526,380	526,380	760,589	234,209
<b>Total revenues</b>	<u>32,527,549</u>	<u>32,527,549</u>	<u>33,990,069</u>	<u>1,462,520</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Community image	492,154	511,764	463,808	47,956
General administration	787,338	814,450	953,171	(138,721)
City secretary	348,043	353,444	298,483	54,961
City council	153,872	153,872	139,996	13,876
Human resources	396,855	402,608	398,092	4,516
Finance	985,268	1,008,272	923,666	84,606
Information technology	785,190	780,042	731,167	48,875
Nondepartmental	4,365,061	4,365,061	4,657,034	(291,973)
Fleet services	781,121	798,388	747,322	51,066
Public safety:				
Municipal court	424,316	437,196	425,773	11,423
Fire	6,322,167	7,014,602	7,047,101	(32,499)
Police	8,620,321	9,360,641	9,281,773	78,868
Public works:				
Engineering	1,802,690	1,692,043	1,529,921	162,122
Facilities maintenance	1,295,028	1,312,746	1,210,966	101,780
Culture and recreation:				
Parks and recreation	2,218,081	2,260,413	2,215,907	44,506
Aquatic park	492,455	497,728	466,475	31,253
Library	1,092,005	1,117,901	1,094,401	23,500
Community center	182,862	185,922	177,249	8,673
<b>Total expenditures</b>	<u>31,544,827</u>	<u>33,067,093</u>	<u>32,762,305</u>	<u>304,788</u>
Excess (deficiency) of revenues over (under) expenditures	<u>982,722</u>	<u>(539,544)</u>	<u>1,227,764</u>	<u>1,767,308</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	1,955,538	1,955,538	1,955,538	-
Transfers to other funds	(5,967,882)	(1,927,000)	(2,926,354)	(999,354)
<b>Total other financing sources (uses)</b>	<u>(4,012,344)</u>	<u>28,538</u>	<u>(970,816)</u>	<u>(999,354)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,029,622)	(511,006)	256,948	767,954
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>13,927,059</u>	<u>13,927,059</u>	<u>13,927,059</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 10,897,437</u>	<u>\$ 13,416,053</u>	<u>\$ 14,184,007</u>	<u>\$ 767,954</u>

**CITY OF THE COLONY, TEXAS  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED SEPTEMBER 30, 2017**

**BUDGETARY INFORMATION**

The City Council adheres to the following procedures in establishing the budgets reflected in the financial statements:

1. Prior to July 31, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. The proposed budget is filed with the City Secretary not less than 30 days prior to the time the City Council approves the tax levy for the fiscal year commencing the following October 1. Public hearings are conducted to obtain taxpayers' comments.
3. Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4. The City Manager has authority to transfer appropriation balances from one expenditure account to another within a single department of the City. Only the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another. Appropriations lapse at the end of the fiscal year.

An annual budget is legally adopted for the General Fund using accounting principles generally accepted in the United States of America in all material respects.



**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**



## **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.

**CITY OF THE COLONY, TEXAS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Ad valorem tax	\$ 5,587,538	\$ 5,587,538	\$ 5,749,413	\$ 161,875
Gifts and contributions	1,036,762	1,035,064	1,035,064	-
Investment income	2,000	2,000	33,836	31,836
Grants	129,600	129,600	129,600	-
<b>Total revenues</b>	<u>6,755,900</u>	<u>6,754,202</u>	<u>6,947,913</u>	<u>193,711</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	4,047,800	3,945,295	3,945,295	-
Interest and fiscal charges	1,502,737	1,605,242	1,885,328	(280,086)
Other debt service costs	-	269,752	269,752	-
<b>Total expenditures</b>	<u>5,550,537</u>	<u>5,820,289</u>	<u>6,100,375</u>	<u>(280,086)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,205,363</u>	<u>933,913</u>	<u>847,538</u>	<u>(86,375)</u>
<b>OTHER FINANCING USES</b>				
Transfer to other funds	(1,850,538)	(1,580,786)	(1,636,264)	(55,478)
<b>Total other financing uses</b>	<u>(1,850,538)</u>	<u>(1,580,786)</u>	<u>(1,636,264)</u>	<u>(55,478)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(645,175)	(646,873)	(788,726)	(141,853)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,922,262</u>	<u>1,922,262</u>	<u>1,922,262</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,277,087</u>	<u>\$ 1,275,389</u>	<u>\$ 1,133,536</u>	<u>\$ (141,853)</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 or committed 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.

**Special Events Fund** – To account for various special events of the City including Christmas decorations, 4<sup>th</sup> of July fireworks display, and other special events held by the City.

**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 for the Library.

**Police Forfeited Fund** – To account for the funds granted to the police department that have been awarded by the court.

**Federal Seized Fund** – To account for funds granted to the police department in a revenue sharing agreement with the federal government.

**Police Seized Fund** – To account for funds seized by the police department that are awaiting disposition by the court.

**Child Safety Fund** – To account for child safety fees collected according to state statute to fund the school crossing guard program and other programs designed to enhance child safety, health or nutrition.

**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 restricted for the security of the Municipal Court.

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

**Keep The Colony Beautiful** – To account for revenue and expenditures associated with the City-supported community volunteer program designed to help property owners who can't maintain their properties due to financial or physical limitations.

**Citizens Donations Fund** – To account for money received from the \$1 Add-On Program and the Recycling Rebate Program. This money is restricted for social and community services, public safety citizen programs and beautification projects.

**Public Improvement District (PID) No.1** – To account for revenues and expenditures related to the City of The Colony Public Improvement District No. 1.

**CITY OF THE COLONY, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2017**

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
<b>ASSETS</b>						
Cash and cash equivalents	\$ 938,044	\$ 106,911	\$ 615,445	\$ 1,137	\$ 51,795	\$ 6,036
Accounts receivable	-	-	199,695	-	-	-
Prepays	-	815	2,729	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 938,044</u></b>	<b><u>\$ 107,726</u></b>	<b><u>\$ 817,869</u></b>	<b><u>\$ 1,137</u></b>	<b><u>\$ 51,795</u></b>	<b><u>\$ 6,036</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 9,046	\$ 13,037	\$ 15,755	\$ -	\$ 38	\$ -
<b>TOTAL LIABILITIES</b>	<b><u>9,046</u></b>	<b><u>13,037</u></b>	<b><u>15,755</u></b>	<b><u>-</u></b>	<b><u>38</u></b>	<b><u>-</u></b>
<b>FUND BALANCES</b>						
Non spendable	-	815	2,729	-	-	-
Restricted	-	-	799,385	1,137	51,757	6,036
Committed	928,998	93,874	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>928,998</u></b>	<b><u>94,689</u></b>	<b><u>802,114</u></b>	<b><u>1,137</u></b>	<b><u>51,757</u></b>	<b><u>6,036</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 938,044</u></b>	<b><u>\$ 107,726</u></b>	<b><u>\$ 817,869</u></b>	<b><u>\$ 1,137</u></b>	<b><u>\$ 51,795</u></b>	<b><u>\$ 6,036</u></b>

**EXHIBIT C-1**

**SPECIAL REVENUE**

<b>POLICE SEIZED FUND</b>	<b>CHILD SAFETY FUND</b>	<b>STORM WATER UTILITY</b>	<b>COURT SECURITY</b>	<b>COURT TECHNOLOGY</b>	<b>KEEP THE COLONY BEAUTIFUL</b>	<b>CITIZENS DONATIONS</b>	<b>PID No. 1</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
\$ 7,192	\$ -	\$ 156,158	\$ 292,370	\$ 31,876	\$ 85,636	\$ 8,308	\$ 270,197	\$ 2,571,105
-	40,763	-	-	-	-	-	-	240,458
-	-	-	-	-	-	-	-	3,544
<u>\$ 7,192</u>	<u>\$ 40,763</u>	<u>\$ 156,158</u>	<u>\$ 292,370</u>	<u>\$ 31,876</u>	<u>\$ 85,636</u>	<u>\$ 8,308</u>	<u>\$ 270,197</u>	<u>\$ 2,815,107</u>
\$ -	\$ 2,643	\$ 8,950	\$ -	\$ 38	\$ 842	\$ -	\$ 57,006	\$ 107,355
-	2,643	8,950	-	38	842	-	57,006	107,355
-	-	-	-	-	-	-	-	3,544
7,192	38,120	147,208	292,370	31,838	84,794	8,308	213,191	1,681,336
-	-	-	-	-	-	-	-	1,022,872
<u>7,192</u>	<u>38,120</u>	<u>147,208</u>	<u>292,370</u>	<u>31,838</u>	<u>84,794</u>	<u>8,308</u>	<u>213,191</u>	<u>2,707,752</u>
<u>\$ 7,192</u>	<u>\$ 40,763</u>	<u>\$ 156,158</u>	<u>\$ 292,370</u>	<u>\$ 31,876</u>	<u>\$ 85,636</u>	<u>\$ 8,308</u>	<u>\$ 270,197</u>	<u>\$ 2,815,107</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, 2017**

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
<b>REVENUES</b>						
Licenses and permits	\$ 218,752	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	17,035	-
Charges for services	-	-	-	-	-	-
Hotel / motel taxes	-	-	1,275,280	-	-	-
Gifts and contributions	105,991	450	-	-	-	-
Grants	-	-	-	3,806	-	-
Investment income	-	-	-	-	-	-
Miscellaneous	-	77,840	-	-	-	-
<b>Total revenues</b>	<u>324,743</u>	<u>78,290</u>	<u>1,275,280</u>	<u>3,806</u>	<u>17,035</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	99,509	457,430	423,686	3,806	-	-
Public works	-	-	-	-	-	-
Public safety	-	-	-	-	34,376	-
Capital outlay	53,848	-	-	-	-	-
<b>Total expenditures</b>	<u>153,357</u>	<u>457,430</u>	<u>423,686</u>	<u>3,806</u>	<u>34,376</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>171,386</u>	<u>(379,140)</u>	<u>851,594</u>	<u>-</u>	<u>(17,341)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	-	340,000	90,000	-	18,372	-
Transfers to other funds	(35,000)	-	(366,667)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>340,000</u>	<u>(276,667)</u>	<u>-</u>	<u>18,372</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	136,386	(39,140)	574,927	-	1,031	-
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>792,612</u>	<u>133,829</u>	<u>227,187</u>	<u>1,137</u>	<u>50,726</u>	<u>6,036</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 928,998</u>	<u>\$ 94,689</u>	<u>\$ 802,114</u>	<u>\$ 1,137</u>	<u>\$ 51,757</u>	<u>\$ 6,036</u>

**EXHIBIT C-2**

**SPECIAL REVENUE**

<b>POLICE SEIZED FUND</b>	<b>CHILD SAFETY FUND</b>	<b>STORM WATER UTILITY</b>	<b>COURT SECURITY</b>	<b>COURT TECHNOLOGY</b>	<b>KEEP THE COLONY BEAUTIFUL</b>	<b>CITIZENS DONATIONS</b>	<b>PID No. 1</b>	<b>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</b>
\$ -	\$ -	\$ 604,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 823,035
25,564	-	-	14,214	15,840	-	-	-	72,653
-	-	-	-	-	-	-	1,162,836	1,162,836
-	-	-	-	-	-	-	-	1,275,280
-	-	-	-	-	500	707	-	107,648
-	43,233	-	-	-	-	-	-	47,039
-	-	-	-	-	-	-	26,151	26,151
-	-	-	-	-	-	-	-	77,840
<u>25,564</u>	<u>43,233</u>	<u>604,283</u>	<u>14,214</u>	<u>15,840</u>	<u>500</u>	<u>707</u>	<u>1,188,987</u>	<u>3,592,482</u>
-	-	-	-	-	-	-	-	984,431
-	-	187,557	-	-	3,529	-	1,122,456	1,313,542
-	44,701	-	583	17,030	-	-	-	96,690
-	-	-	-	-	-	-	255,219	309,067
<u>-</u>	<u>44,701</u>	<u>187,557</u>	<u>583</u>	<u>17,030</u>	<u>3,529</u>	<u>-</u>	<u>1,377,675</u>	<u>2,703,730</u>
<u>25,564</u>	<u>(1,468)</u>	<u>416,726</u>	<u>13,631</u>	<u>(1,190)</u>	<u>(3,029)</u>	<u>707</u>	<u>(188,688)</u>	<u>888,752</u>
-	-	-	-	-	20,000	-	-	468,372
<u>(18,372)</u>	<u>(20,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(840,039)</u>
<u>(18,372)</u>	<u>(20,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(371,667)</u>
7,192	(21,468)	16,726	13,631	(1,190)	16,971	707	(188,688)	517,085
-	59,588	130,482	278,739	33,028	67,823	7,601	401,879	2,190,667
<u>\$ 7,192</u>	<u>\$ 38,120</u>	<u>\$ 147,208</u>	<u>\$ 292,370</u>	<u>\$ 31,838</u>	<u>\$ 84,794</u>	<u>\$ 8,308</u>	<u>\$ 213,191</u>	<u>\$ 2,707,752</u>

**CITY OF THE COLONY  
LAKE PARKS SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Fees and permits	\$ 211,000	\$ 211,000	\$ 218,752	\$ 7,752
Development contributions	62,000	62,000	105,991	43,991
<b>Total revenues</b>	<u>273,000</u>	<u>273,000</u>	<u>324,743</u>	<u>51,743</u>
<b>EXPENDITURES</b>				
Culture and recreation	103,775	103,775	99,509	4,266
Capital outlay	100,000	410,000	53,848	356,152
<b>Total expenditures</b>	<u>203,775</u>	<u>513,775</u>	<u>153,357</u>	<u>360,418</u>
Excess (deficiency) of revenues over (under) expenditures	<u>69,225</u>	<u>(240,775)</u>	<u>171,386</u>	<u>412,161</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	(35,000)	(35,000)	(35,000)	-
<b>Total other financing uses</b>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	34,225	(275,775)	136,386	412,161
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>792,612</u>	<u>792,612</u>	<u>792,612</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 826,837</u>	<u>\$ 516,837</u>	<u>\$ 928,998</u>	<u>\$ 412,161</u>

**CITY OF THE COLONY  
SPECIAL EVENTS SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Gifts and contributions	\$ 2,500	\$ 2,500	\$ 450	\$ (2,050)
Miscellaneous	58,500	58,500	77,840	19,340
<b>Total revenues</b>	<u>61,000</u>	<u>61,000</u>	<u>78,290</u>	<u>17,290</u>
<b>EXPENDITURES</b>				
Culture and recreation	423,788	465,847	457,430	8,417
<b>Total expenditures</b>	<u>423,788</u>	<u>465,847</u>	<u>457,430</u>	<u>8,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(362,788)</u>	<u>(404,847)</u>	<u>(379,140)</u>	<u>25,707</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	340,000	340,000	340,000	-
<b>Total other financing sources</b>	<u>340,000</u>	<u>340,000</u>	<u>340,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(22,788)	(64,847)	(39,140)	25,707
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>133,829</u>	<u>133,829</u>	<u>133,829</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 111,041</u>	<u>\$ 68,982</u>	<u>\$ 94,689</u>	<u>\$ 25,707</u>

**CITY OF THE COLONY  
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Hotel / motel taxes	\$ 550,000	\$ 550,000	\$ 1,275,280	\$ 725,280
<b>Total revenues</b>	<u>550,000</u>	<u>550,000</u>	<u>1,275,280</u>	<u>725,280</u>
<b>EXPENDITURES</b>				
Culture and recreation	411,866	421,942	423,686	(1,744)
<b>Total expenditures</b>	<u>411,866</u>	<u>421,942</u>	<u>423,686</u>	<u>(1,744)</u>
Excess of revenues over expenditures	<u>138,134</u>	<u>128,058</u>	<u>851,594</u>	<u>723,536</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	90,000	90,000	90,000	-
Transfers to other funds	<u>(300,000)</u>	<u>(300,000)</u>	<u>(366,667)</u>	<u>(66,667)</u>
<b>Total other financing sources (uses)</b>	<u>(210,000)</u>	<u>(210,000)</u>	<u>(276,667)</u>	<u>(66,667)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(71,866)	(81,942)	574,927	656,869
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>227,187</u>	<u>227,187</u>	<u>227,187</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 155,321</u>	<u>\$ 145,245</u>	<u>\$ 802,114</u>	<u>\$ 656,869</u>

**CITY OF THE COLONY  
CHILD SAFETY SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Grants	\$ 50,000	\$ 50,000	\$ 43,233	\$ (6,767)
<b>Total revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>43,233</u>	<u>(6,767)</u>
<b>EXPENDITURES</b>				
Public safety	44,701	44,701	44,701	-
<b>Total expenditures</b>	<u>44,701</u>	<u>44,701</u>	<u>44,701</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,299</u>	<u>5,299</u>	<u>(1,468)</u>	<u>(6,767)</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	(20,000)	(20,000)	(20,000)	-
<b>Total other financing uses</b>	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	(14,701)	(14,701)	(21,468)	(6,767)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>59,588</u>	<u>59,588</u>	<u>59,588</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 44,887</u>	<u>\$ 44,887</u>	<u>\$ 38,120</u>	<u>\$ (6,767)</u>

**CITY OF THE COLONY  
STORM WATER UTILITY SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Fees and permits	\$ 500,000	\$ 500,000	\$ 604,283	\$ 104,283
<b>Total revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>604,283</u>	<u>104,283</u>
<b>EXPENDITURES</b>				
Public works	-	-	187,557	(187,557)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>187,557</u>	<u>(187,557)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>500,000</u>	<u>500,000</u>	<u>416,726</u>	<u>(83,274)</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	(400,000)	(400,000)	(400,000)	-
<b>Total other financing uses</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	100,000	100,000	16,726	(83,274)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>130,482</u>	<u>130,482</u>	<u>130,482</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 230,482</u>	<u>\$ 230,482</u>	<u>\$ 147,208</u>	<u>\$ (83,274)</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, and financing projects under the Development Corporation Act of 1979.

**The Colony Local Development Corporation (TCLDC)** – The TCLDC is a legally separate entity from the City and was organized exclusively for the purpose of serving as the primary governing body for the funding of the Tax Increment Reinvestment Zone Number One public infrastructure between the City and NFM Services.

**CITY OF THE COLONY, TEXAS  
THE COLONY ECONOMIC DEVELOPMENT CORPORATION  
BALANCE SHEET  
SEPTEMBER 30, 2017**

**ASSETS**

Cash and cash equivalents	\$ 6,035,092
Sales tax receivable	1,088,668
Prepaid items	3,983
Restricted assets:	
Cash and cash equivalents	<u>5,855,838</u>
<b>Total assets</b>	<u>\$ 12,983,581</u>

**LIABILITIES AND FUND BALANCES****LIABILITIES**

Accounts payable	<u>\$ 689,780</u>
<b>Total liabilities</b>	<u>689,780</u>

**FUND BALANCES**

Restricted for:	
Construction	694,650
Unassigned	<u>11,599,151</u>
<b>Total fund balance</b>	<u>12,293,801</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 12,983,581</u></u>

**CITY OF THE COLONY, TEXAS  
THE COLONY ECONOMIC DEVELOPMENT CORPORATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total fund balances - governmental funds	\$	12,293,801
Amounts reported for governmental activities in the statement of net position 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.		8,043,707
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.		(280,404)
Deferred charges on refunding of long-term debt are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental funds.		67,428
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. Long-term liabilities at year-end consist of:		
Bonds payable		(38,185,655)
Compensated absences		(83,623)
Discount on issuance of debt		1,743,203
Premium on issuance of debt		(132,487)
Net position of governmental activities	<u>\$</u>	<u>(16,534,030)</u>

**CITY OF THE COLONY, TEXAS  
THE COLONY ECONOMIC DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REVENUES**

Municipal sales tax	\$	5,456,546
Intergovernmental		269,752
Investment income		55,846
<b>Total revenues</b>		<u>5,782,144</u>

**EXPENDITURES**

Current:		
Economic development		1,678,433
Capital outlay		8,043,707
Debt service:		
Principal retirement		382,000
Interest and fiscal charges		2,278,852
<b>Total expenditures</b>		<u>12,382,992</u>

**OTHER FINANCING SOURCES**

Issuance of bonds		7,120,000
<b>Total other financing sources</b>		<u>7,120,000</u>

**NET CHANGE IN FUND BALANCES** 519,152

**FUND BALANCES, BEGINNING OF YEAR** 11,774,649

**FUND BALANCES, END OF YEAR** \$ 12,293,801

**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, 2017**

Net change in fund balances - total governmental funds	\$ 519,152
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation.	8,043,707
Donation and disposal of capital assets are not recorded in the governmental funds financial statements but they are recorded as an expense which reduces net position in the statement of activities.	(18,329,601)
Current year amortization of the costs of premiums, \$8,281, discounts, (\$67,046), and deferred losses on refundings (\$7,588) does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds. This is the net effect of these amounts.	(66,353)
Current year changes in accrued compensated absences do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	(3,222)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.	382,000
Current year issuance of long-term debt is recorded as an other financing source in the fund financial statements, but is reflected as an addition in the liability for long-term debt in the government-wide financial statements.	(7,120,000)
Change in Net Position of Governmental activities	<u>\$ (16,574,317)</u>

**CITY OF THE COLONY, TEXAS  
THE COLONY COMMUNITY DEVELOPMENT CORPORATION  
BALANCE SHEET  
SEPTEMBER 30, 2017**

**ASSETS**

Cash and cash equivalents	\$	3,372,671
Sales tax receivable		1,088,668
Prepaid items		589
Restricted assets:		
Cash and cash equivalents		5,859,030
<b>Total assets</b>	<b>\$</b>	<b>10,320,958</b>

**LIABILITIES AND FUND BALANCE****LIABILITIES**

Accounts payable	\$	670,062
<b>Total liabilities</b>		<b>670,062</b>

**FUND BALANCE**

Restricted for:		
Construction		8,782,378
Unassigned		868,518
<b>Total fund balance</b>		<b>9,650,896</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>10,320,958</b>

**CITY OF THE COLONY, TEXAS  
THE COLONY COMMUNITY DEVELOPMENT CORPORATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total fund balances - governmental funds	\$ 9,650,896
Amounts reported for governmental activities in the statement of net position are different because:	
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.	(269,830)
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. Long-term liabilities at year end consist of:	
Bonds payable	(29,385,000)
Discount on issuance of debt	<u>1,743,203</u>
Net position of governmental activities	<u>\$ (18,260,731)</u>

**CITY OF THE COLONY, TEXAS  
THE COLONY COMMUNITY DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REVENUES**

Municipal sales tax	\$ 5,456,546
Investment income	52,876
Miscellaneous	1,946
<b>Total revenues</b>	<u>5,511,368</u>

**EXPENDITURES**

Current:	
Economic development	1,872,216
Debt service:	
Principal retirement	195,000
Interest and fiscal charges	2,116,102
<b>Total expenditures</b>	<u>4,183,318</u>

Excess of revenues over expenditures	1,328,050
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<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>8,322,846</u>
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<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ 9,650,896</u></u>
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**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, 2017**

Net change in fund balances - total governmental funds	\$ 1,328,050
Amounts reported for governmental activities in the statement of activities are different because:	
Donation and disposal of capital assets are not recorded in the governmental funds financial statements but they are recorded as an expense which reduces net position in the statement of activities.	(18,285,580)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions of the liability for long-term debt in the government-wide financial statements.	195,000
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.	(67,046)
Change in Net Position of Governmental activities	<u>\$ (16,829,576)</u>

**CITY OF THE COLONY, TEXAS  
THE COLONY LOCAL DEVELOPMENT CORPORATION  
BALANCE SHEET  
SEPTEMBER 30, 2017**

**ASSETS**

Restricted cash and cash equivalents	\$ 11,391,239
<b>Total assets</b>	<b>\$ 11,391,239</b>

**FUND BALANCE**

Restricted for:	
Construction	\$ 10,354,372
Unrestricted	1,036,867
<b>Total fund balance</b>	<b>11,391,239</b>
<b>Total liabilities and fund balance</b>	<b>\$ 11,391,239</b>

**CITY OF THE COLONY, TEXAS  
THE COLONY LOCAL DEVELOPMENT CORPORATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

Total fund balance - governmental fund	\$ 11,391,239
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Amounts reported for governmental activities in the statement of net position 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.	22,321,911
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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.	(952,740)
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Prepaid insurance costs associated with the issuance of bonds are recorded as expenditures at the time of issuance in the governmental funds financial statements. In the government-wide financial statements, these costs are recorded as an asset and amortized into expense over the life of the debt.	3,856,438
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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. Long-term liabilities at year end consist of:

Bonds payable	(142,240,000)
Discount on issuance of debt	<u>37,162</u>

Net position for governmental activities	<u><u>\$ (105,585,990)</u></u>
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**CITY OF THE COLONY, TEXAS  
THE COLONY LOCAL DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**REVENUES**

Intergovernmental	\$ 1,536,578
Municipal sales tax	4,918,723
Gifts and contributions	2,231,766
Investment income	<u>28,972</u>
<b>Total revenues</b>	<u><u>8,716,039</u></u>

**EXPENDITURES**

Current:	
Economic development	10,500
Debt services:	
Interest and fiscal charges	<u>7,456,229</u>
<b>Total expenditures</b>	<u><u>7,466,729</u></u>

**NET CHANGE IN FUND BALANCE** 1,249,310

**FUND BALANCE, BEGINNING OF YEAR** 10,141,929

**FUND BALANCE, END OF YEAR** \$ 11,391,239

**CITY OF THE COLONY, TEXAS  
THE COLONY LOCAL DEVELOPMENT CORPORATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Net change in fund balances - Local Development Corporation	\$	1,249,310
Amounts reported for governmental activities in the statement of activities are different because:		
Contributions of capital assets are not recorded in the governmental funds financial statements but they are recorded as an expense which reduces net position in the statement of activities.		(25,903,958)
Current year amortization of the costs of discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.		(2,123)
Change in net position of governmental activities	<u>\$</u>	<u>(24,656,771)</u>



## **STATISTICAL SECTION**



**STATISTICAL SECTION**  
(Unaudited)

The City of the Colony’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

		<b><u>Tables</u></b>
<b>Financial Trends</b>	These Schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b>	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
<b>Demographic and Economic Indicators</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-16
<b>Operating Information</b>	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relate to the services the City provides and the activities it performs.	17-18

**CITY OF THE COLONY, TEXAS  
NET POSITION BY COMPONENT  
ACCRUAL BASIS OF ACCOUNTING  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 114,835,815	\$ 120,522,026	\$ 120,889,617	\$ 120,171,449
Restricted for:				
Debt service	969,106	1,378,540	1,417,890	1,328,743
Construction	-	-	-	-
Governmental funded construction costs	-	-	21,587,370	15,162,606
Other	-	-	-	-
Unrestricted	11,545,288	6,788,851	7,104,234	12,898,833
<b>Total governmental activities net position</b>	<b>\$ 127,350,209</b>	<b>\$ 128,689,417</b>	<b>\$ 150,999,111</b>	<b>\$ 149,561,631</b>
Business-type activities				
Net investment in capital assets	\$ 31,288,426	\$ 34,221,183	\$ 34,339,436	\$ 32,790,670
Restricted for:				
Debt service	1,927,384	2,008,372	2,125,650	2,035,533
Construction	-	-	-	-
Unrestricted	5,188,745	4,527,153	5,272,751	7,431,021
<b>Total business-type activities net position</b>	<b>\$ 38,404,555</b>	<b>\$ 40,756,708</b>	<b>\$ 41,737,837</b>	<b>\$ 42,257,224</b>
Primary government				
Net investment in capital assets	\$ 146,124,241	\$ 154,743,209	\$ 155,229,053	\$ 152,962,119
Restricted for:				
Debt service	2,896,490	3,386,912	3,543,540	3,364,276
Construction	-	-	-	-
Governmental funded construction costs	-	-	21,587,370	15,162,606
Other	-	-	-	-
Unrestricted	16,734,033	11,316,004	12,376,985	20,329,854
<b>Total primary governmental net position</b>	<b>\$ 165,754,764</b>	<b>\$ 169,446,125</b>	<b>\$ 192,736,948</b>	<b>\$ 191,818,855</b>

**Source:** Comprehensive Annual Financial Report

TABLE 1

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 124,203,756	\$ 138,322,067	\$ 192,477,376	\$ 192,477,376	\$ 216,941,085	\$ 204,138,146	
616,551	491,954	1,257,148	1,257,148	1,826,579	1,027,528	
-	-	367,397	367,397	367,397	367,397	
18,841,254	36,282,548	578,825	578,825	791,860	1,729,804	
-	-	1,014,418	1,014,418	1,264,226	1,684,065	
18,856,491	8,376,946	10,388,094	10,388,094	17,693,194	8,666,844	
<u>\$ 162,518,052</u>	<u>\$ 183,473,515</u>	<u>\$ 206,083,258</u>	<u>\$ 206,083,258</u>	<u>\$ 238,884,341</u>	<u>\$ 217,613,784</u>	
\$ 34,435,853	\$ 35,059,168	\$ 40,490,252	\$ 40,490,252	\$ 25,654,373	\$ 97,282,865	
1,630,663	1,630,805	-	-	-	-	
-	-	1,333,988	1,333,988	1,413,437	2,323,551	
6,214,403	4,984,955	3,890,445	3,890,445	17,934,272	2,128,657	
<u>\$ 42,280,919</u>	<u>\$ 41,674,928</u>	<u>\$ 45,714,685</u>	<u>\$ 45,714,685</u>	<u>\$ 45,002,082</u>	<u>\$ 101,735,073</u>	
\$ 158,639,609	\$ 173,381,235	\$ 232,967,628	\$ 232,967,628	\$ 242,595,458	\$ 301,421,011	
2,247,214	2,122,759	1,257,148	1,257,148	1,826,579	1,027,528	
-	-	1,701,385	1,701,385	1,780,834	2,690,948	
18,841,254	36,282,548	578,825	578,825	791,860	1,729,804	
-	-	1,014,418	1,014,418	1,264,226	1,684,065	
25,070,894	13,361,901	14,278,539	14,278,539	35,627,466	10,795,501	
<u>\$ 204,798,971</u>	<u>\$ 225,148,443</u>	<u>\$ 251,797,943</u>	<u>\$ 251,797,943</u>	<u>\$ 283,886,423</u>	<u>\$ 319,348,857</u>	

**CITY OF THE COLONY, TEXAS  
CHANGES IN NET POSITION  
ACCRUAL BASIS OF ACCOUNTING  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,457,879	\$ 6,047,649	\$ 5,348,676	\$ 5,358,521
Public safety	10,724,686	11,931,119	12,007,197	14,315,846
Public works	6,787,684	6,460,351	7,259,566	6,103,481
Culture and recreation	3,828,479	4,166,790	4,328,613	4,220,462
Interest on Long-term Debt	1,797,601	2,294,631	2,148,148	2,803,970
<b>Total governmental activities expenses</b>	<b>28,596,329</b>	<b>30,900,540</b>	<b>31,092,200</b>	<b>32,802,280</b>
Business-type activities:				
Water and sewer	12,121,212	12,267,934	12,675,692	12,966,102
<b>Total business-type activities expenses</b>	<b>12,121,212</b>	<b>12,267,934</b>	<b>12,675,692</b>	<b>12,966,102</b>
<b>Total primary government expenses</b>	<b>\$ 40,717,541</b>	<b>\$ 43,168,474</b>	<b>\$ 43,767,892</b>	<b>\$ 45,768,382</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 1,864,500	\$ 1,458,466	\$ 2,339,378	\$ 2,394,953
Public safety	1,678,345	1,556,809	1,376,055	1,756,273
Public works	609,161	648,546	3,035	-
Culture and recreation	636,726	628,334	636,493	681,708
Operating grants and contributions	2,866,700	1,760,789	2,113,635	1,532,482
Capital grants and contributions	6,706,427	3,947,382	24,282,758	1,939,338
<b>Total governmental activities program revenues</b>	<b>14,361,859</b>	<b>10,000,326</b>	<b>30,751,354</b>	<b>8,304,754</b>
Business-type activities:				
Charges for Services:				
Water and sewer	12,989,227	13,219,584	13,615,694	14,502,097
Operating grants and contributions	170,058	-	307,870	-
Capital grants and contributions	1,018,773	2,190,944	1,794,035	731,229
<b>Total business-type activities program revenues</b>	<b>14,178,058</b>	<b>15,410,528</b>	<b>15,717,599</b>	<b>15,233,326</b>
<b>Total primary government program revenues</b>	<b>\$ 28,539,917</b>	<b>\$ 25,410,854</b>	<b>\$ 46,468,953</b>	<b>\$ 23,538,080</b>
<b>Net (Expenses) Revenues</b>				
Governmental activities	\$ (14,234,470)	\$ (20,900,214)	\$ (340,846)	\$ (24,497,526)
Business-type activities	2,056,846	3,142,594	3,041,907	2,267,224
<b>Total primary government net expenses</b>	<b>\$ (12,177,624)</b>	<b>\$ (17,757,620)</b>	<b>\$ 2,701,061</b>	<b>\$ (22,230,302)</b>

Source: Comprehensive Annual Financial Report

**TABLE 2**

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 5,088,732	\$ 5,376,865	\$ 4,657,245	\$ 8,498,744	\$ 11,225,704	\$ 13,083,945
13,033,809	13,307,649	14,111,478	13,702,805	17,950,628	19,078,137
6,540,099	5,901,952	6,365,189	6,634,461	6,601,440	33,589,099
4,383,077	4,603,345	4,861,085	4,945,616	5,171,748	5,504,249
2,262,515	1,718,298	1,615,808	1,552,854	1,390,574	1,731,842
<u>31,308,232</u>	<u>30,908,109</u>	<u>31,610,805</u>	<u>35,334,480</u>	<u>42,340,094</u>	<u>72,987,272</u>
13,262,154	14,009,946	14,046,013	15,332,384	16,750,973	19,040,918
13,262,154	14,009,946	14,046,013	15,332,384	16,750,973	19,040,918
<u>\$ 44,570,386</u>	<u>\$ 44,918,055</u>	<u>\$ 45,656,818</u>	<u>\$ 50,666,864</u>	<u>\$ 59,091,067</u>	<u>\$ 92,028,190</u>
\$ 1,382,069	\$ 1,820,291	\$ 817,907	\$ 677,339	\$ 3,608,782	\$ 1,927,505
1,467,787	1,269,844	1,909,552	1,621,361	1,546,836	1,643,454
-	-	1,734,579	3,308,308	2,213,005	2,292,974
691,786	1,249,298	738,844	758,969	764,819	813,238
14,574,876	22,019,655	2,673,886	5,712,865	3,268,620	2,641,513
2,766,960	2,899,255	8,730,508	11,365,061	25,670,242	10,303,953
<u>20,883,478</u>	<u>29,258,343</u>	<u>16,605,276</u>	<u>23,443,903</u>	<u>37,072,304</u>	<u>19,622,637</u>
13,646,312	13,579,477	14,406,435	15,210,296	15,959,047	17,724,046
-	-	51,745	306,999	307,161	306,545
676,404	1,338,003	1,572,935	5,055,328	6,426,313	53,449,568
<u>14,322,716</u>	<u>14,917,480</u>	<u>16,031,115</u>	<u>20,572,623</u>	<u>22,692,521</u>	<u>71,480,159</u>
<u>\$ 35,206,194</u>	<u>\$ 44,175,823</u>	<u>\$ 32,636,391</u>	<u>\$ 44,016,526</u>	<u>\$ 59,764,825</u>	<u>\$ 91,102,796</u>
\$ (10,424,754)	\$ (1,649,766)	\$ (15,005,529)	\$ (11,890,577)	\$ (5,267,790)	\$ (53,364,635)
1,060,562	907,534	1,985,102	5,240,239	5,941,548	52,439,241
<u>\$ (9,364,192)</u>	<u>\$ (742,232)</u>	<u>\$ (13,020,427)</u>	<u>\$ (6,650,338)</u>	<u>\$ 673,758</u>	<u>\$ (925,394)</u>

**CITY OF THE COLONY, TEXAS  
CHANGES IN NET POSITION  
ACCRUAL BASIS OF ACCOUNTING  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 14,305,445	\$ 14,718,171	\$ 14,733,978	\$ 14,643,407
Sales taxes	3,055,468	3,096,768	3,118,514	3,435,175
Franchise taxes	1,807,584	2,049,184	2,024,933	2,199,253
Hotel motel taxes	125,573	129,444	282,798	371,056
Penalties and interest	126,492	124,297	154,803	102,593
Interest on investments	725,623	294,167	39,924	76,193
Impact fees	272,529	(360,501)	-	-
Miscellaneous	80,136	407,769	-	-
Transfers	282,247	1,857,605	2,295,590	2,232,369
<b>Total governmental activities</b>	<u>20,781,097</u>	<u>22,316,904</u>	<u>22,650,540</u>	<u>23,060,046</u>
Business-type activities:				
Property taxes	23,758	9,170	12,660	-
Interest on investments	552,763	199,739	29,222	21,000
Impact fees	444,770	835,678	139,110	-
Miscellaneous	19,276	22,577	-	463,532
Gain/loss on sale/disposal of capital assets	-	-	-	-
Transfers	(282,247)	(1,857,605)	(2,295,590)	(2,232,369)
<b>Total business-type activities</b>	<u>758,320</u>	<u>(790,441)</u>	<u>(2,114,598)</u>	<u>(1,747,837)</u>
<b>Total primary government</b>	21,539,417	21,526,463	20,535,942	21,312,209
<b>Change in Net Position</b>				
Governmental activities	6,546,627	1,416,690	22,309,694	(1,437,480)
Business-type activities	2,815,166	2,352,153	927,309	519,387
Total primary government	<u>\$ 9,361,793</u>	<u>\$ 3,768,843</u>	<u>\$ 23,237,003</u>	<u>\$ (918,093)</u>

**Source:** Comprehensive Annual Financial Report

TABLE 2 – cont.

							Fiscal Year					
							2012	2013	2014	2015	2016	2017
\$	14,797,974	\$	14,926,095	\$	15,561,110	\$	17,277,344	\$	21,204,646	\$	24,719,070	
	3,655,111		4,098,458		4,452,674		5,294,228		5,736,997		6,357,581	
	3,104,073		2,205,461		2,415,524		2,672,475		2,527,792		2,609,706	
	370,798		425,177		473,743		525,449		668,011		1,275,280	
	155,272		98,147		58,769		130,513		294,798		125,543	
	50,088		43,567		19,516		19,660		102,126		256,672	
	-		-		-		-		-		-	
	-		501,649		706,755		763,871		792,311		838,429	
	1,247,859		1,282,318		652,385		2,004,806		6,742,192		(4,088,203)	
	<u>23,381,175</u>		<u>23,580,872</u>		<u>24,340,476</u>		<u>28,688,346</u>		<u>38,068,873</u>		<u>32,094,078</u>	
	-		-		-		-		-		-	
	16,263		8,093		3056		14125		88,041		205,547	
	-		-		-		-		-		-	
	194,729		441,338		-		-		-		-	
	-		-		-		-		-		-	
	<u>(1,247,859)</u>		<u>(1,282,318)</u>		<u>(652,385)</u>		<u>(2,004,806)</u>		<u>(6,742,192)</u>		<u>4,088,203</u>	
	<u>(1,036,867)</u>		<u>(832,887)</u>		<u>(649,329)</u>		<u>(1,990,681)</u>		<u>(6,654,151)</u>		<u>4,293,750</u>	
	22,344,308		22,747,985		23,691,147		26,697,665		31,414,722		36,387,828	
	12,956,421		21,931,106		9,334,947		16,797,769		32,801,083		(21,270,557)	
	23,695		74,647		1,335,773		3,249,558		(712,603)		56,732,991	
\$	<u>12,980,116</u>	\$	<u>22,005,753</u>	\$	<u>10,670,720</u>	\$	<u>20,047,327</u>	\$	<u>32,088,480</u>	\$	<u>35,462,434</u>	

**CITY OF THE COLONY, TEXAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved for:				
Encumbrances	\$ 303,401	\$ 128,959	\$ 152,211	\$ -
Unreserved- designated for	-	-	-	-
Hidden Cove Park	140,000	165,000	156,000	-
Unreserved and undesignated	6,252,576	6,445,698	6,771,098	-
Restricted for capital projects	-	-	-	-
Nonspendable	-	-	-	-
Unassigned	-	-	-	7,904,478
<b>Total general fund</b>	<b><u>\$ 6,695,977</u></b>	<b><u>\$ 6,739,657</u></b>	<b><u>\$ 7,079,309</u></b>	<b><u>\$ 7,904,478</u></b>
All Other Governmental Funds				
Reserved for:				
Encumbrances	\$ 141,193	\$ 97,326	\$ 83,971	\$ -
Capital Projects	7,437,260	2,832,183	32,766,218	-
Debt Service	1,123,924	1,301,247	1,592,932	-
Court security and technology	352,660	288,755	328,436	-
Unreserved and undesignated	740,965	393,979	584,000	-
Restricted for:				
Capital Projects	-	-	-	19,856,420
Debt Service	-	-	-	1,328,743
Other	-	-	-	873,735
Committed	-	-	-	480,430
Nonspendable	-	-	-	-
Unassigned	-	-	-	(152,544)
<b>Total all other governmental funds</b>	<b><u>\$ 9,796,002</u></b>	<b><u>\$ 4,913,490</u></b>	<b><u>\$ 35,355,557</u></b>	<b><u>\$ 22,386,784</u></b>

**Source:** Comprehensive Annual Financial Report

**Note:** The City implemented GASB Statement No. 54, which impacted both the classifications of funds and classifications of balances within the funds, in 2011.

**TABLE 3**

<b>Fiscal Year</b>					
<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	367,397	367,397	367,397	367,397
112,876	99,785	87,434	109,169	284,122	313,070
7,407,174	8,307,886	10,458,525	12,622,396	13,275,540	13,503,540
<u>\$ 7,520,050</u>	<u>\$ 8,407,671</u>	<u>\$ 10,913,356</u>	<u>\$ 13,098,962</u>	<u>\$ 13,927,059</u>	<u>\$ 14,184,007</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
30,118,151	38,356,081	12,241,468	3,284,839	790,306	1,729,804
616,551	491,954	650,022	1,390,478	1,922,262	1,133,536
901,645	915,493	1,014,418	801,546	1,261,149	1,681,336
268,589	422,302	4,208,038	5,566,517	10,688,119	11,099,306
-	-	-	-	5,565	5,294
-	-	-	(1,230,851)	-	-
<u>\$ 31,904,936</u>	<u>\$ 40,185,830</u>	<u>\$ 18,113,946</u>	<u>\$ 9,812,529</u>	<u>\$ 14,667,401</u>	<u>\$ 15,649,276</u>

**CITY OF THE COLONY, TEXAS  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	2008	2009	2010	2011
<b>REVENUES</b>				
Ad valorem taxes, penalties and interest	\$ 14,366,969	\$ 14,907,953	\$ 14,835,935	\$ 14,979,835
Franchise taxes	1,807,584	2,049,184	2,024,933	2,199,253
Municipal sales tax	3,055,468	3,096,768	3,118,514	3,435,175
Licenses and permits	2,093,887	1,605,611	1,137,189	1,350,128
Charges for services	1,031,277	1,073,813	1,105,877	1,172,459
Fines and forfeitures	1,205,663	1,051,424	1,055,261	1,348,594
Grants	284,543	319,275	350,595	166,116
Gifts and contributions	2,177,447	1,661,870	1,763,040	1,713,597
Hotel / motel taxes	125,573	129,444	282,798	371,056
Recreation fees	-	-	-	-
Capital recovery fees	4,384,262	2,984,691	23,444,825	1,477,503
Interest earned	722,799	293,179	39,690	76,193
Miscellaneous	568,042	883,425	1,056,634	1,046,066
<b>Total revenues</b>	<b>31,823,514</b>	<b>30,056,637</b>	<b>50,215,291</b>	<b>29,335,975</b>
<b>EXPENDITURES</b>				
Current				
General government	5,199,183	5,372,394	5,259,315	5,242,015
Public safety	10,190,968	11,189,360	13,970,748	17,507,678
Public works	2,890,446	4,426,316	5,100,959	9,870,654
Cultural and recreation	3,658,082	3,876,561	4,367,343	4,746,425
Fleet replacement				
Economic development				
Capital Outlay	10,199,487	6,632,542	734,486	383,637
Debt Service:				
Principal retirement	2,981,100	3,106,100	3,301,150	3,415,254
Interest and fiscal charges	2,251,494	2,121,938	1,944,886	2,555,585
Other debt service costs	-	-	380,436	111,541
<b>Total expenditures</b>	<b>37,370,760</b>	<b>36,725,211</b>	<b>35,059,323</b>	<b>43,832,789</b>
Excess (deficiency) of revenues over (under) expenditures	(5,547,246)	(6,668,574)	15,155,968	(14,496,814)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	8,115,000	-	12,725,000	-
Issuance of refunding debt	-	-	4,750,000	5,728,800
Payment of escrow for refunding debt	(6,357,600)	-	(5,039,202)	(5,971,643)
Premium on issuance of debt	57,792	-	894,364	363,684
Proceeds from sale of capital assets	-	-	-	-
Transfers from other funds	4,126,170	3,918,514	3,918,968	4,317,840
Transfers to other funds	(3,843,923)	(2,088,915)	(1,623,379)	(2,085,471)
<b>Total other financing sources (uses)</b>	<b>2,097,439</b>	<b>1,829,599</b>	<b>15,625,751</b>	<b>2,353,210</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (3,449,807)</b>	<b>\$ (4,838,975)</b>	<b>\$ 30,781,719</b>	<b>\$ (12,143,604)</b>
Debt service as a percentage of noncapital expenditures	19.3%	17.4%	16.4%	14.0%

Source: Comprehensive Annual Financial Report

TABLE 4

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	15,002,544	\$	14,935,642	\$	15,487,211	\$	17,708,151	\$	21,257,383	\$	24,665,737
	2,266,213		2,205,461		2,415,524		2,672,475		2,527,792		2,609,706
	3,655,111		4,098,458		4,452,674		5,294,228		5,736,997		6,357,581
	1,382,069		1,820,291		2,548,914		4,076,413		3,113,013		3,150,756
	998,347		1,249,298		1,308,917		1,248,868		4,150,248		2,672,368
	1,161,226		1,269,844		1,343,051		1,040,696		870,181		854,047
	232,186		465,057		309,622		326,685		316,672		412,631
	1,899,880		2,175,919		2,700,591		5,881,783		3,252,323		2,445,113
	370,798		425,177		473,473		525,449		668,011		1,275,280
	-		-		-		-		-		-
	14,574,876		21,519,655		6,712,194		1,090,071		2,518,123		1,495,213
	50,088		43,567		19,516		19,660		102,126		256,672
	837,860		501,649		706,755		770,156		792,311		838,429
	<u>42,431,198</u>		<u>50,710,018</u>		<u>38,478,442</u>		<u>40,654,635</u>		<u>45,305,180</u>		<u>47,033,533</u>
	4,068,715		4,264,620		3,956,996		4,738,905		7,739,892		9,005,102
	12,277,603		12,374,865		12,797,691		13,950,864		15,162,864		16,904,990
	7,156,968		2,001,302		2,181,484		3,204,557		3,480,223		4,119,371
	4,561,579		4,155,473		4,233,864		4,435,393		4,473,519		4,803,444
	109,838		16,283,998		30,700,864		20,723,176		9,801,947		12,722,830
	4,434,919		4,195,250		4,066,150		4,255,146		3,985,693		3,945,295
	2,245,051		1,550,643		1,647,599		1,638,941		1,485,036		1,885,328
	140,574		117,838		25,169		55,015		272,250		269,752
	<u>34,995,247</u>		<u>44,943,989</u>		<u>59,609,817</u>		<u>53,001,997</u>		<u>46,401,424</u>		<u>53,656,112</u>
	7,435,951		5,766,029		(21,131,375)		(12,347,362)		(1,096,244)		(6,622,579)
	-		2,073,533		-		3,040,800		-		9,204,000
	6,056,900		2,795,693		-		-		9,023,150		-
	(6,076,552)		(3,120,000)		-		-		(9,623,402)		-
	160,226		370,942		-		250,945		637,273		0
	-		-		-		935,000		-		731,402
	7,190,015		2,754,588		3,718,125		5,277,829		14,488,155		3,332,936
	(5,632,816)		(1,472,270)		(2,153,219)		(3,273,023)		(7,745,963)		(5,406,936)
	<u>1,697,773</u>		<u>3,402,486</u>		<u>1,564,906</u>		<u>6,231,551</u>		<u>6,779,213</u>		<u>7,861,402</u>
\$	<u>9,133,724</u>	\$	<u>9,168,515</u>	\$	<u>(19,566,469)</u>	\$	<u>(6,115,811)</u>	\$	<u>5,682,969</u>	\$	<u>1,238,823</u>
	19.6%		20.6%		19.8%		17.8%		15.6%		14.0%

TABLE 5

**CITY OF THE COLONY, TEXAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED)**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Lots, Land and Farm Property</u>	<u>Less: Tax Exempt Property</u>	<u>Total Taxable Assessed Value<sup>a</sup></u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value<sup>b</sup> as a Percentage of Actual Value</u>
2008	1,492,394,571	513,602,494	250,465	77,255,808	1,928,991,722	\$0.69750	1,928,991,722	100.00%
2009	1,522,142,530	611,399,792	209,972	78,053,258	2,055,699,036	\$0.69000	2,055,699,036	100.00%
2010	1,560,226,270	687,641,850	159,840,111	261,431,780	2,146,276,451	\$0.68800	2,146,276,451	100.00%
2011	1,569,607,583	632,696,025	150,073,277	257,990,301	2,094,386,584	\$0.68550	2,094,386,584	100.00%
2012	1,601,232,947	665,867,076	151,296,903	262,401,818	2,155,995,108	\$0.68300	2,155,995,108	100.00%
2013	1,570,595,410	725,097,869	119,916,725	235,621,588	2,179,988,416	\$0.68000	2,179,988,416	100.00%
2014	1,639,008,480	850,183,936	97,622,211	279,763,849	2,307,050,778	\$0.67750	2,307,050,778	100.00%
2015	1,825,181,743	1,096,166,239	99,116,629	395,343,379	2,625,121,232	\$0.67250	2,625,121,232	100.00%
2016	2,049,580,033	1,366,491,362	80,496,674	396,069,625	3,100,498,444	\$0.67000	3,100,498,444	100.00%
2017	2,402,844,301	1,657,374,018	79,968,769	522,157,525	3,618,029,563	\$0.66750	3,618,029,563	100.00%

**Source:** City of The Colony Budget Document  
 Denton Central Appraisal District

**Note:** The County assesses property at 100% of its market value. Tax rates are per \$100 of assessed value.

<sup>a</sup> Includes adjustments to certified rolls.

<sup>b</sup> Includes tax exempt property.

**TABLE 6**

**CITY OF THE COLONY, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>Fiscal Year</b>	<b>City Direct Rates</b>			<b>Overlapping Rates</b>	
	<b>Operating/ General Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct</b>	<b>Lewisville Independent School District</b>	<b>Denton County</b>
2008	0.48750	0.21000	0.69750	1.370	0.23589
2009	0.48928	0.20072	0.69000	1.380	0.23577
2010	0.49158	0.19642	0.68800	1.409	0.24980
2011	0.49166	0.19384	0.68550	1.427	0.27390
2012	0.47997	0.20303	0.68300	1.426	0.27736
2013	0.46026	0.21974	0.68000	1.453	0.28287
2014	0.45902	0.21848	0.67750	1.477	0.28491
2015	0.47634	0.19616	0.67250	1.477	0.27220
2016	0.51036	0.15964	0.67000	1.420	0.26200
2017	0.56420	0.10330	0.66750	1.420	0.24841

**Source:** Lewisville ISD and Denton County.

**CITY OF THE COLONY, TEXAS  
PRINCIPAL TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

<b>Taxpayer</b>	<b>2017</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value<sup>a</sup></b>
TXFM Inc	\$ 135,000,000	1	3.73%
Austin Ranch Phase VI Investors LLC	65,658,000	2	1.81%
AR No. 5, LLC	61,605,413	3	1.70%
AR Phase 1 LLC	54,590,000	4	1.51%
The Residences of Austin Ranch No. 3 M LLC	48,851,634	5	1.35%
AR Phase 2 LLC	47,266,000	6	1.31%
Huds Land Ltd	45,471,813	7	1.26%
TXFM Inc	44,749,248	8	1.24%
Somerset Land Ltd	44,641,106	9	1.23%
Memorial Drive Tx Partners, LLC	34,000,000	10	0.94%
The Residences of Austin Ranch Ph 1	-		-
The Residences of Austin Ranch Ph IV	-		-
The Residences of Austin Ranch Ph II	-		-
The Residences of Austin Ranch Ph I IV	-		-
Estancia at Morningstar II LP	-		-
Bristol Oaks Apartments P/S II LP	-		-
Wynnwood Peninsula Ltd P/S	-		-
Wal-Mart Real Est Bus	-		-
TXU Electric Delivery Co.	-		-
Wal-Mart Stores #01-0426	-		-
	<u>\$ 581,833,214</u>		<u>16.08%</u>

**Source:** City of The Colony Budget Document and the Denton Central Appraisal District.

**Note:** <sup>a</sup> Taxpayers are assessed on January 1, 2016 (2016 tax year) for the 2017 fiscal year.

**TABLE 7**

<b>2008</b>		
<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value<sup>a</sup></b>
\$ 37,366,875	1	1.94%
37,251,690	2	1.93%
33,755,963	3	1.75%
31,935,532	4	1.66%
26,212,182	5	1.36%
22,499,998	6	1.17%
32,425,921	7	1.68%
13,694,057	8	0.71%
12,633,140	9	0.65%
8,126,360	10	0.42%
<b>\$ 255,901,718</b>		<b>13.27%</b>

TABLE 8

**CITY OF THE COLONY, TEXAS  
AD VALOREM TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	13,953,264	13,664,674	97.93%	269,867	13,934,541	99.87%
2009	14,429,083	14,198,198	98.40%	222,237	14,420,435	99.94%
2010	14,712,417	14,381,516	97.75%	319,898	14,701,414	99.93%
2011	14,374,862	14,170,540	98.58%	189,522	14,360,062	99.90%
2012	14,725,447	14,671,313	99.63%	4,182	14,675,495	99.66%
2013	14,857,405	14,770,162	99.41%	36,042	14,806,204	99.66%
2014	15,754,513	15,648,851	99.33%	48,993	15,697,844	99.64%
2015	17,809,441	17,649,319	99.10%	88,356	17,737,675	99.60%
2016	20,872,716	20,755,698	99.44%	25,239	20,780,937	99.56%
2017	24,520,957	24,217,306	98.76%	-	24,217,306	98.76%

**Source:** Denton County Tax Assessor and Collector

**Note:** <sup>a</sup> Taxpayers are assessed on January 1, 2016 (2016 tax year) for the 2017 fiscal year.

**TABLE 9**

**CITY OF THE COLONY, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Premiums/Discounts	Water and Sewer Revenue Bonds	Other Obligations	Premiums/Discounts			
2008	15,040,000	31,269,761	-	-	21,445,000	26,544,760	-	94,299,521	6.42%	2,366
2009	14,420,000	28,784,840	-	-	20,000,000	26,170,860	-	89,375,700	6.12%	2,229
2010	18,215,000	34,450,254	-	-	18,810,000	29,292,011	-	100,767,265	6.32%	2,254
2011	22,603,800	26,650,000	-	-	17,565,000	28,159,259	-	94,978,059	6.48%	2,083
2012	23,505,550	24,097,222	-	-	14,545,000	-	-	62,147,772	4.05%	1,360
2013	23,778,250	18,900,000	-	1,832,546	990,000	39,830,699	2,356,256	87,687,751	5.35%	1,896
2014	21,140,410	18,023,500	-	4,920,460	-	36,341,435	2,766,448	83,192,253	2.50%	1,849
2015	18,087,560	19,947,850	849,154	1,847,216	-	52,177,845	4,012,577	96,922,202	2.40%	2,154
2016	19,344,210	14,765,000	767,611	2,106,044	-	59,333,395	4,130,875	100,447,135	2.32%	2,155
2017	16,580,250	22,872,150	683,127	2,592,781	-	63,537,195	4,434,849	110,700,352	2.39%	2,479

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup>See Table 14 for personal income and population data.

TABLE 10

**CITY OF THE COLONY, TEXAS  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Governmental Activities			Business-Type Activities			Total	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificates of Obligation	Premium/Discount	General Obligation Bonds	Certificates of Obligation	Premium/Discount			
2008	\$ 15,040,000	\$ 31,269,761	\$ -	\$ 21,445,000	\$ 26,544,760	\$ -	\$ 94,299,521	4.89%	\$ 2,366
2009	14,420,000	28,784,840	-	20,000,000	26,170,860	-	89,375,700	4.35%	2,229
2010	18,215,000	34,450,254	-	18,810,000	29,292,011	-	100,767,265	4.69%	2,254
2011	22,603,800	26,650,000	-	1,846,200	26,313,059	-	77,413,059	3.70%	1,698
2012	23,505,550	24,097,222	-	3,879,500	24,997,778	-	76,480,050	3.55%	1,674
2013	23,778,250	21,256,051	1,832,546	15,071,750	23,768,949	2,356,256	83,875,000	3.85%	1,814
2014	21,585,733	19,320,803	4,920,460	26,773,235	9,568,200	2,766,448	77,247,971	3.35%	1,717
2015	18,087,560	19,947,850	1,847,216	25,275,445	18,087,560	4,012,577	81,398,415	3.10%	1,809
2016	19,344,210	14,765,000	2,106,044	26,868,145	32,465,250	4,130,875	93,442,605	3.01%	2,113
2017	16,580,250	22,872,150	2,592,781	24,154,095	39,383,100	4,434,849	110,017,225	3.04%	2,605

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup>See Table 5 for property value data.

<sup>b</sup>See Table 14 for population data.

**TABLE 11**

**CITY OF THE COLONY, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tax Rate Limit	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Current Tax Rate	0.698	0.690	0.688	0.686	0.683	0.680	0.678	0.673	0.6700	0.6675
Available Tax Rate	\$ 1.80	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.82	\$ 1.82	\$ 1.82	\$ 1.83	\$ 1.83	\$ 1.83

**Note:** The City Charter of the City of The Colony, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to \$2.50 per \$100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

TABLE 12

**CITY OF THE COLONY, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL  
ACTIVITIES DEBT  
SEPTEMBER 30, 2017 (UNAUDITED)**

<u>Governmental Unit</u>	<u>Gross Bonded Debt</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>The Colony Share of Overlapping Debt</u>
Lewisville I.S.D.	\$ 1,364,402,033	12.23%	\$ 166,866,369
Little Elm I.S.D.	145,779,189	5.33%	7,770,031
Denton County	645,605,000	1.70%	10,975,285
	<u>2,155,786,222</u>		<u>185,611,685</u>
<b>City of The Colony (direct debt)</b>	<u>42,045,181</u>	100.00%	<u>42,045,181</u>
<b>Total direct and overlapping debt</b>	<u><u>\$ 2,197,831,403</u></u>		<u><u>\$ 227,656,866</u></u>

**Source:** Assessed value data used to estimate applicable percentages provided by Denton Central Appraisal District. Debt outstanding data provided by each governmental unit.

<sup>a</sup> The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

TABLE 13

**CITY OF THE COLONY, TEXAS  
PLEGDED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>Water and Sewer System Revenue Bonds</b>					
<b>Fiscal Year</b>	<b>Total Revenues<sup>a</sup></b>	<b>Less: Operating Expenses<sup>b</sup></b>	<b>Net Available Revenue</b>	<b>Annual Requirement<sup>c</sup></b>	<b>Times Coverage</b>
2008	14,199,852	7,990,876	6,208,976	4,012,879	1.55
2009	14,268,870	7,971,554	6,297,316	3,914,859	1.61
2010	13,796,686	7,963,716	5,832,970	4,416,029	1.32
2011	14,989,707	8,139,958	6,849,749	4,721,414	1.45
2012	13,925,260	8,660,247	5,265,013	4,265,022	1.23
2013	14,800,804	9,425,182	5,375,622	4,588,214	1.17
2014	15,013,195	9,871,033	5,142,162	1,795,023	2.86
2015	16,676,674	10,358,961	6,317,713	1,865,816	3.39
2016	16,354,249	11,636,866	4,717,383	2,840,353	1.66
2017	18,236,138	12,543,069	5,693,069	3,263,180	1.74

**Note:** <sup>a</sup> Includes operating and non-operating revenues.

<sup>b</sup> Includes operating expenses minus depreciation.

<sup>c</sup> Includes Principal and Interest.

TABLE 14

**CITY OF THE COLONY, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS (UNAUDITED)**

<b>Year</b>	<b>Estimated Population<sup>a</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>b</sup></b>	<b>Median Age<sup>b</sup></b>	<b>Median Household Income<sup>b</sup></b>	<b>School Enrollment<sup>c</sup></b>	<b>Unemployment Rate<sup>d</sup></b>
2008	39,850	1,469,428,900	36,874	33	88,804	6,584	4.8%
2009	40,100	1,460,843,000	36,430	33	90,162	6,536	7.7%
2010	44,704	1,594,189,344	35,661	33	92,104	6,476	7.1%
2011	45,600	1,466,450,400	32,159	30	62,738	6,435	7.8%
2012	45,700	1,535,657,100	33,603	33	76,663	6,472	7.0%
2013	46,248	1,639,954,080	35,460	30	62,738	6,688	7.0%
2014	45,000	3,322,890,000	73,842	33	73,842	6,714	5.5%
2015	45,000	4,035,285,000	89,673	35	74,162	6,739	3.2%
2016	44,228	4,116,565,328	93,076	35.5	93,076	6,718	3.5%
2017	42,228	4,378,072,356	103,677	35.5	83,877	6,656	3.4%

**Sources:** <sup>a</sup> Estimated Population - City of The Colony

<sup>b</sup> Per Capital Income, Median Age & Median Household Income - Community Sourcebook of ZIP Code Demographics

<sup>c</sup> School enrollment - Texas Education Agency

<sup>d</sup> Unemployment - Texas Workforce Commission

**Note:** Personal income is calculated by multiplying estimated population by per capita personal income.

TABLE 15

**CITY OF THE COLONY, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND FIVE YEARS AGO (UNAUDITED)**

Employer	2017			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Nebraska Furniture Mart	1,800	1	7.64%			
Lewisville ISD	690	2	2.93%	722	1	N/A
Top Golf	450	3	1.91%			
Wal-Mart	353	4	1.50%	356	3	N/A
City of The Colony	328	5	1.39%	425	2	N/A
Hawaiian Falls	230	6	0.98%	250	4	N/A
Williams-Sonoma	170	7	0.72%			
Quest Resource Mgmt	120	8	0.51%			N/A
Home Depot	112	9	0.48%	115	5	N/A
Edward Don	100	10	0.42%	105	6	N/A
Texas Roadhouse	-		-	103	7	N/A
The Tribute	-		-	90	8	N/A
Kroger				88	9	
Austin Ranch	-		-	47	10	N/A
	<u>4,353</u>		<u>18.47%</u>	<u>2,301</u>		

Source: City of The Colony Economic Development Corporation

Note: Data for 2007 was not available at the time.

**TABLE 16**

**CITY OF THE COLONY, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT  
 EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS (UNAUDITED)**

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General government	30	30	29	33	43	43	44	30	31	34
Public safety	133	133	138	140	140	140	141	142	151	165
Public works	40	48	48	47	37	37	36	42	45	47
Culture and recreation	34	34	70	38	38	38	39	38	38	35
Water/wastewater/ Utilities	52	44	42	28	28	28	28	37	37	40
<b>Total</b>	<b>289</b>	<b>289</b>	<b>327</b>	<b>286</b>	<b>286</b>	<b>286</b>	<b>288</b>	<b>289</b>	<b>302</b>	<b>321</b>

**Sources:** City of The Colony Budget Document



**CITY OF THE COLONY, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Number of police officers	53	53	53	53
Number of violations (citations)	11,129	10,521	10,386	13,935
Municipal Court				
Number of traffic cases	11,927	10,743	9,480	13,460
Number of city ordinance cases	626	480	520	492
Fire				
Number of fire fighters	47	49	49	52
Number of emergency fire responses	418	487	581	735
Number of medical emergencies	1,548	1,657	1,831	1,926
Development Services				
Total number of building permits <sup>a</sup>	2,093	2,191	206	2,042
Estimated valuation <sup>a</sup>	\$ 144,948,333	\$ 97,973,276	\$ 43,743,748	\$ 80,964,772
Parks and Recreation				
Number of acres	983	983	983	983
Number of recreation center participants	73,031	34,633	33,589	39,166
Library				
Volumes in collection <sup>b</sup>	91,468	86,994	81,659	85,129
Number of library cardholders	19,186	19,450	16,960	19,479
Water and wastewater				
Number of water accounts	11,467	11,686	11,723	11,661
Average daily water consumption (millions of gallons)	4.30	3.84	3.86	4.50
Average daily effluent (millions of gallons)	2.34	3.84	2.28	2.16

**Sources:** City Departments

**Notes:** <sup>a</sup> Includes residential and commercial permits

<sup>b</sup> Includes books and media.

**TABLE 17**

Fiscal Year					
2012	2013	2014	2015	2016	2017
53	53	53	58	60	60
11,619	11,619	12,839	5,932	13,935	13,986
11,532	11,532	12,980	6,979	5,298	9,480
467	467	327	404	226	805
50	50	51	58	58	64
568	568	720	864	864	860
1,774	1,774	1,856	2,127	2,127	2,365
2,508	2,508	3,982	272	277	2,556
\$ 59,077,321	\$ 59,077,321	\$ 198,981,751	\$173,859,498	\$ 127,234,464	\$213,756,755
983	983	983	983	983	983
43,083	43,083	43,083	50,654	52,424	41,595
89,385	89,385	111,077	115,256	117,538	111,150
20,453	20,453	19,175	18,498	18,042	17,291
11,881	11,881	12,213	12,532	12,893	13,285
4.57	4.57	4.28	4.70	4.97	5.10
2.34	2.34	2.89	2.82	2.74	1,070

TABLE 18

**CITY OF THE COLONY, TEXAS  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (UNAUDITED)**

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Fire Stations	2	3	3	3	3	3	3	3	3	3
Police Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Parks and Recreation										
Number of parks	27	27	27	27	27	27	27	27	27	27
Number of baseball diamonds	11	11	11	11	11	11	11	11	11	11
Number of soccer/football fields	16	16	16	16	16	16	16	16	16	16
Public swimming pools	2	2	2	2	2	2	2	2	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Water and wastewater										
Water mains (miles)	177	177	179	193	197	197	209	212	216	194
Sanitary sewer mains (miles)	203	203	206	206	207	207	207	210	213	206
Fire hydrants	1,333	1,339	1,367	1,391	1,420	1,420	1,536	1,637	1,680	1,795

**Sources:** City Departments

**Notes:** <sup>a</sup> Includes residential and commercial permits

<sup>b</sup> Includes books and media.

