

THE COLONY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015



Growth
Just Ahead

CITY OF THE COLONY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

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, 2015**

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INTRODUCTORY SECTION





March 31, 2016

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, 2015.

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.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and presented in a manner designed to fairly set forth the financial position and operating results of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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.

PROFILE OF THE GOVERNMENT

The City was incorporated in 1977 and operates under a Home Rule Charter, adopted by voters in 1979, with a Council- Manager form of government. The City Council is comprised of a Mayor and six Council Members who enact local legislation, determine policies, and adopt the City's annual budget. The Mayor and Council Members are elected for three-year staggered terms. The City Manager is appointed by the City Council and responsible for the management and proper administration of the affairs of the City. All funds and accounts included in the financial section of this report are under the control of, and dependent on, the City and its elected officials.

A full range of municipal services provided by the City includes general administrative services, public safety (police, fire, and emergency medical services), municipal court, public works, library, parks and recreation, planning and zoning, public improvements, code enforcement, and water and wastewater utilities. Sanitation collection services are provided through private contractors with sanitation fees added to municipal utility bills. Elementary and secondary education services within the City are provided by the Lewisville Independent School District. The City Council has no oversight responsibility over the school district, and accordingly, no related financial data is included in the basic financial statements in this report.

The City is accountable for The Colony Economic Development Corporation and The Colony Community Development Corporation and their financial data are included as component units in the City's Comprehensive Annual Financial Report. The functions of these two Corporations are covered under the Component Units section of this letter.

ECONOMIC CONDITION AND OUTLOOK

The Colony, located along State Highway 121 and minutes away from the Dallas North Tollway, President George Bush Turnpike, and Interstate 75, enjoys easy access to much of the DFW Metroplex. Downtown Dallas and DFW International Airport are just 30 and 20 miles south. At 15.8 square miles, The Colony is home to middle and upper class families, most who work in North Dallas and DFW International Airport area.

The Colony is a destination point:

- The City is located on 23 miles of beautiful Lake Lewisville's shoreline.
- Over 322,000 guests per year enjoy two of the City's Corps leased parks located on Lake Lewisville.
- Blue Sky Sports Center attracts over 345,000 people annually to its soccer fields.
- Over 72,000 people visit the two famous golf courses in the City each year.
- Nebraska Furniture Mart attracts customers from hundreds of miles away.

The City experienced accelerated economic expansion during the early 2000's, but slowed in 2003 and 2004 due to the economy. Growth resumed slightly in 2007, before the economy slumped again in 2010. Since the latter part of 2012, building has dramatically improved in Tribute and Austin Ranch, the only residential developments remaining in The Colony. Residential building permits have been strong the past couple of years and commercial permitting, which has struggled the past numerous years, showed significant improvement this year as the Nebraska Furniture Mart-Texas opened in early March 2015. The Mart is the anchor of a 433 acre Plan Development, which is expected to be a destination place with exclusive stores, shops, and surroundings.

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 2013 Ad Valorem tax base increased from the prior year by a little over 18% or \$475 million to \$3.1 billion.

Sales tax revenues in the General Fund increased by a little over \$780,000 or 18% from the previous year and reflect numerous 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 due primarily to growth. 2014-2015 revenues increased from the prior year by \$632k or 5 percent due to a 3% rate increase and a warmer and drier climate.

Ad Valorem Tax Rate

Ad Valorem tax rate was reduced from \$.6775 to \$.6725 per \$100 valuation for fiscal year 2014-2015. 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 increased by about \$1.8 million during the fiscal year to a little over 12.8 million or 140 operating days. Council's goal is 90 days.

Fund Balance- Utility Fund

Utility Fund reserves increased a little over \$500k during the current fiscal year to almost \$3.7 million or 89 operating days. Council's goal is 60 days.

PROSPECTS 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 Dallas and George Bush Tollways and Interstate 75, making access to most of the Metroplex easy.

Reconstruction of Arterial Streets, were completed during the past couple of years. Reconstruction of FM426 (Main St) is expected to be completed mid-2017.

The Tribute Subdivision, a 900-acre mixed-use development around two 18 hole golf courses and country clubs (i.e., The Tribute and Old American) on the eastern shore of Lake Lewisville. This development will accommodate 1,800 higher-end single family units, town homes and multi-family apartments, along with an integrated town center, hotel, retail, offices, and marina. Recently an additional phase was opened up.

Austin Ranch a 1,900-acre mixed-use development planned for multi-family residential, retail, corporate and commercial offices located south of the Sam Rayburn Tollway. Approximately 989 acres of Austin Ranch are inside The Colony city limits. Phase (7) was started this year, which will bring over 500 upscale apartments and commercial on the east side of Plano Parkway. This development was master-planned by Peter Calthorpe, an internationally recognized Land Planner, and has won several awards, including the National Association of Home Builders; "Pillars of the Industry" award for its Phase I development. Many nearby corporate headquarters and office parks employ Austin Ranch tenants.

The Offices at Austin Ranch are master planned for 700 acres of corporate and 200 acres of build-to-suit offices and office parks. Ultimately this area is planned to have 16 million square feet of office space and to accommodate an employee roster of 43,000.

Jackson-Shaw/Cascades Limited Partnership a mixed-use development on 92 acres of land located at the northeast corner of State Highway 121 and Morningstar Drive in the City of The Colony. It includes town homes, patio homes, retail, and office space. Approximately 200,000 square feet of flex-industrial space is completed and being leased. Two hotels have been completed in the development with a total of 206 rooms and a 6,500 square foot events center.

Nebraska Furniture Mart Plan Development a 400+ acre commercial development along SH121 providing easy access from most of the DFW Metroplex. Investment expected to exceed \$1.5 billion. The Nebraska Furniture Mart store, the cornerstone of the development, opened March 2015.

Debt Services

Debt of \$21,720,000 was issued during the year to expand the waste treatment plant and reconstruct several residential streets. Standard & Poor maintain their rating of a AA + and Moody increased their rating at Aa2, which is comparable to S&P's. The bond rating agencies cited the City's strong financial performance and tax base growth as strong positive factors for the City.

COMPONENT UNITS

The City of The Colony has initiated both a Type A (formerly known as 4A) and a Type B (formerly known as 4B) sales tax program for the benefit of the community. Type A is called The Colony Economic Development Corporation and is geared around bringing in new businesses and commercial establishments. It may also motivate and assist already established businesses within the City through set criteria. Type B is called The Colony Community Development Corporation, which is geared to create new parks and recreation facilities. The primary goal of this program is to improve our current parks and park equipment. Both corporations are managed by their own boards, which report to City Council, who approves their budgets.

This is the 3rd year of activity for the Local Development Corporation component unit established to govern the City's interest in the TIRZ ONE.

Added this year is a PID, established by the City to maintain the Grandscape grounds. Council will approve an annual budget and assessment to property owners.

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. Two major priorities of Council are to reduce property taxes and debt.

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, 2014. (This was the 24th 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, 2014. 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,



Troy Powell, City Manager



David Cranford, Finance Director



Government Finance Officers Association

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

Presented to

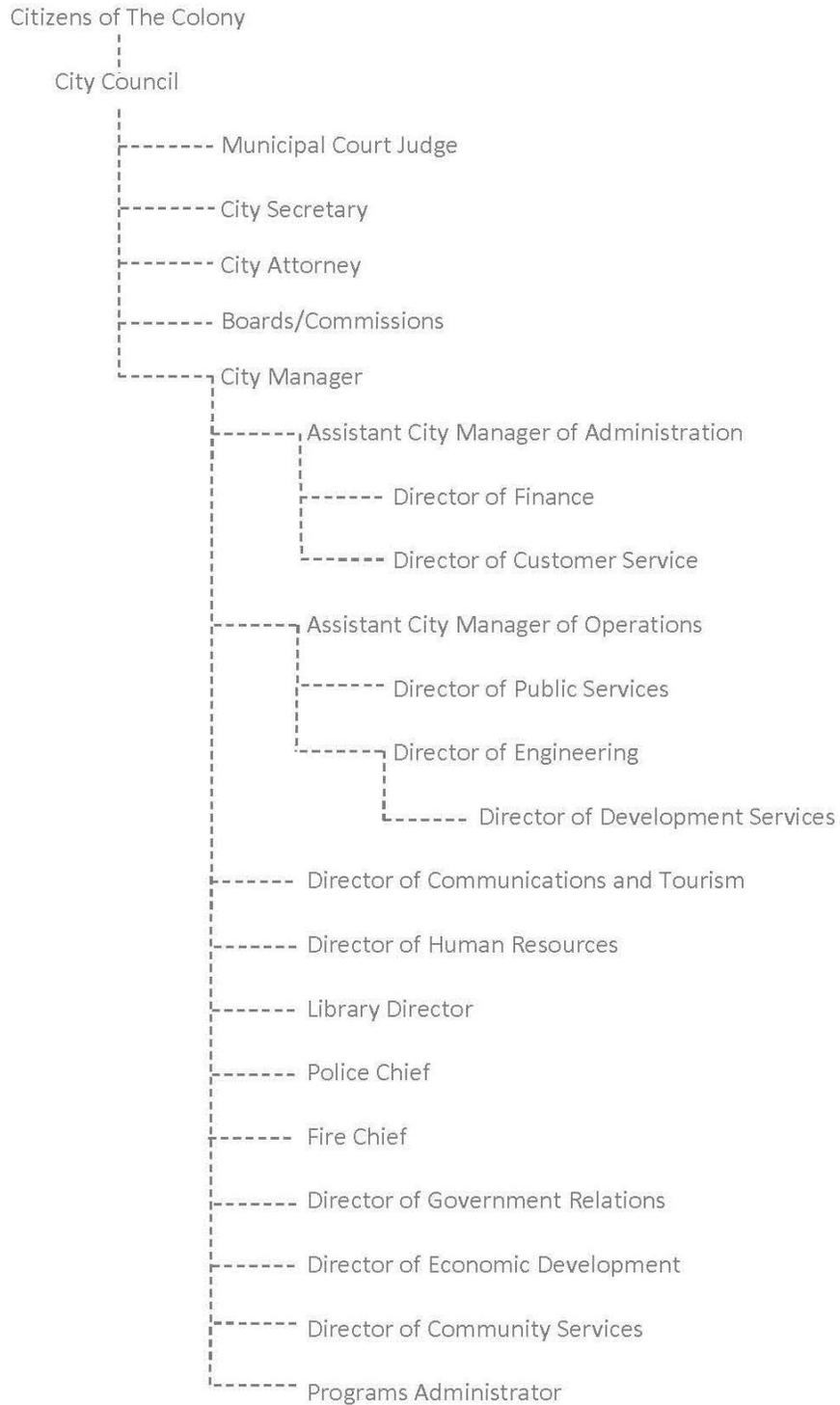
**City of The Colony
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

**CITY OF THE COLONY, TEXAS
ORGANIZATIONAL CHART
SEPTEMBER 30, 2015**



CITY OF THE COLONY, TEXAS
CITY OFFICIALS CHART
September 30, 2015

MAYOR

Joe McCourry

CITY COUNCIL

Kirk Mikulec, Mayor Pro-Tem, Place 1
Richard Boyer, Place 2
Brian Wade, Place 3
David Terre, Place 4
Perry Schrag, Place 5
Joel Marks, Place 6

City Manager

Troy Powell

Assistant City Manager

Tim Miller

Finance Director

David Cranford

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, 2015, 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, 2015, 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". Our opinion is not modified with respect to this matter.

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 61-63, and the budgetary comparison information on pages 64 and 65, 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.

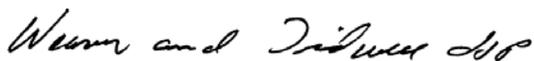
The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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.

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 31, 2016, 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.

Dallas, Texas
March 31, 2016



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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, 2015. 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 \$251,797,943. Of this amount \$14,491,411 (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 \$20,047,327, exclusive of the cumulative effect of a change in accounting principle, due to increases in net position of \$16,797,769 in governmental activities and \$3,249,558 in business-type activities.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,911,491, a decrease of \$6,115,811. The general fund reported an increase in fund balance of \$2,185,606. The capital projects fund had a decrease in fund balance of \$7,677,210 primarily due to capital outlay expenses. Out of the \$22,911,491 fund balances in the governmental funds, \$11,391,545 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 \$12,622,396 or 49.35% of total general fund expenditures.
- The City's non-current liabilities increased by \$22,098,384 (26.68%) during the current fiscal year. The City issued \$21,720,000 in bonds during 2015.

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, 2015**

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 as business-type activities. The business-type activity of the City includes Water and Sewer Utility.
- Component Units – The City includes four separate legal entities, The Colony Economic Development Corporation, The Colony Community Development Corporation, The Colony Local Development Corporation, and Tax Increment Reinvestment Zone Number One 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, 2015**

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, 2015**

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 Management's Discussions and Analysis 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 2014-2015 fiscal year, the City's net position (assets exceeding liabilities) totaled \$251,797,943.

The largest portion of the City's net position (93%) 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 (\$14,491,411) may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 29,624,420	\$ 35,762,979	\$ 25,163,914	\$ 6,605,384	\$ 54,788,334	\$ 42,368,363
Capital assets	229,075,821	206,322,386	78,185,791	76,277,394	307,261,612	282,599,780
Total assets	<u>258,700,241</u>	<u>242,085,365</u>	<u>103,349,705</u>	<u>82,882,778</u>	<u>362,049,946</u>	<u>324,968,143</u>
Deferred outflows of resources	2,569,683	635,231	1,440,861	1,241,975	4,010,544	1,877,206
Long-term liabilities outstanding	47,721,623	43,427,770	57,201,182	39,396,651	104,922,805	82,824,421
Other liabilities	6,710,100	6,484,364	1,757,787	1,717,401	8,467,887	8,201,765
Total liabilities	<u>54,431,723</u>	<u>49,912,134</u>	<u>58,958,969</u>	<u>41,114,052</u>	<u>113,390,692</u>	<u>91,026,186</u>
Deferred inflows of resources	754,943	-	116,912	-	871,855	-
Net position:						
Net investment in capital assets	192,477,376	168,321,953	40,490,252	38,498,565	232,967,628	206,820,518
Restricted	3,004,916	11,863,373	1,333,988	366,843	4,338,904	12,230,216
Unrestricted	10,600,966	12,623,136	3,890,445	4,145,293	14,491,411	16,768,429
Total net position	<u>\$ 206,083,258</u>	<u>\$ 192,808,462</u>	<u>\$ 45,714,685</u>	<u>\$ 43,010,701</u>	<u>\$ 251,797,943</u>	<u>\$ 235,819,163</u>

**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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 \$20,047,327, exclusive of the cumulative effect of a change in accounting principle during the current fiscal year. Total assets increased by \$37,081,803. Capital assets increased by \$24,661,832, while current and other assets increased by \$12,419,971.

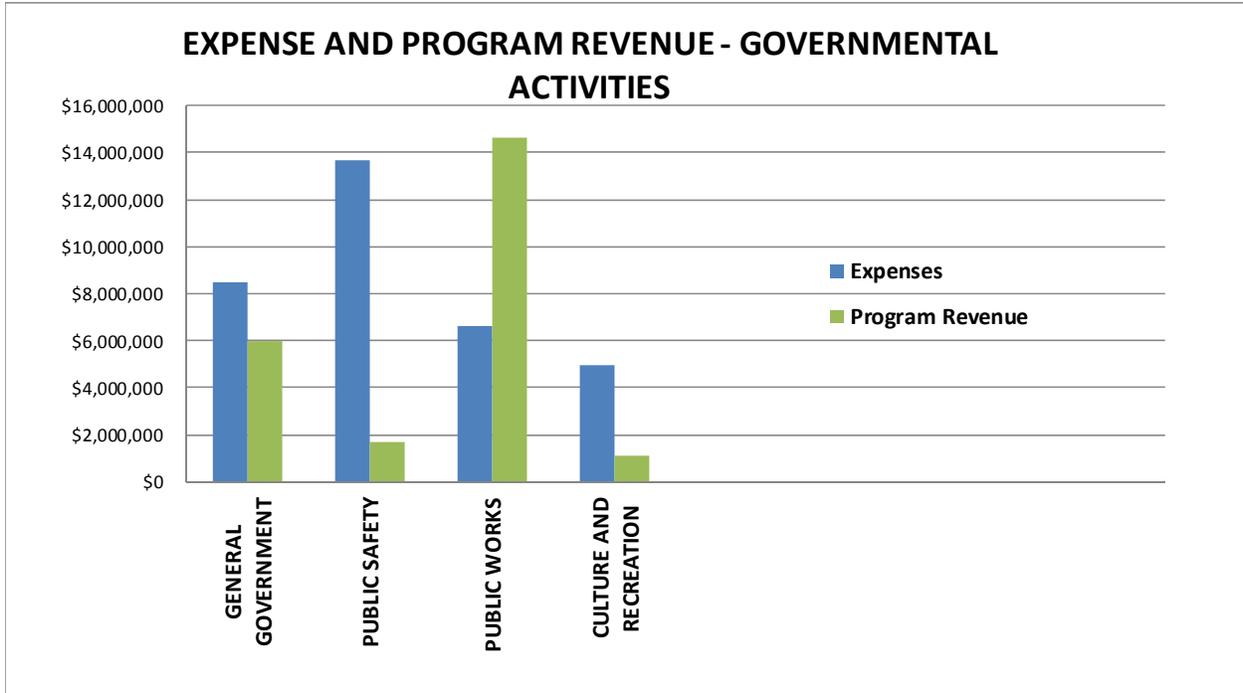
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,365,977	\$ 5,200,882	\$ 15,210,296	\$ 14,406,435	\$ 21,576,273	\$ 19,607,317
Operating grants and contributions	5,712,865	2,673,886	306,999	51,745	6,019,864	2,725,631
Capital grants and contributions	11,365,061	8,730,508	5,055,328	1,572,935	16,420,389	10,303,443
General revenues:						
Property taxes	17,407,857	15,619,879	-	-	17,407,857	15,619,879
Sales taxes	5,294,228	4,452,674	-	-	5,294,228	4,452,674
Franchise taxes	2,672,475	2,415,524	-	-	2,672,475	2,415,524
Other taxes	525,449	473,743	-	-	525,449	473,743
Interest	19,660	19,516	14,125	3,056	33,785	22,572
Miscellaneous	763,871	706,755	-	-	763,871	706,755
Total revenues	<u>50,127,443</u>	<u>40,293,367</u>	<u>20,586,748</u>	<u>16,034,171</u>	<u>70,714,191</u>	<u>56,327,538</u>
Expenses:						
General government	8,498,744	4,657,245	-	-	8,498,744	4,657,245
Public safety	13,702,805	14,111,478	-	-	13,702,805	14,111,478
Public works	6,634,461	6,365,189	-	-	6,634,461	6,365,189
Culture and recreation	4,945,616	4,861,085	-	-	4,945,616	4,861,085
Interest on long-term debt	1,552,854	1,615,808	-	-	1,552,854	1,615,808
Water and sewer	-	-	15,332,384	14,046,013	15,332,384	14,046,013
Total expenses	<u>35,334,480</u>	<u>31,610,805</u>	<u>15,332,384</u>	<u>14,046,013</u>	<u>50,666,864</u>	<u>45,656,818</u>
Increase in net position before transfers	14,792,963	8,682,562	5,254,364	1,988,158	20,047,327	10,670,720
Transfers	2,004,806	652,385	(2,004,806)	(652,385)	-	-
Increase in net position	<u>16,797,769</u>	<u>9,334,947</u>	<u>3,249,558</u>	<u>1,335,773</u>	<u>20,047,327</u>	<u>10,670,720</u>
Net position, as previously reported	192,808,462	183,473,515	43,010,701	41,674,928	235,819,163	225,148,443
Change in accounting principle	(3,522,973)	-	(545,574)	-	(4,068,547)	-
Beginning net position (October 1)	189,285,489	183,473,515	42,465,127	41,674,928	231,750,616	225,148,443
Ending net position (September 30)	<u>\$206,083,258</u>	<u>\$192,808,462</u>	<u>\$ 45,714,685</u>	<u>\$ 43,010,701</u>	<u>\$251,797,943</u>	<u>\$235,819,163</u>

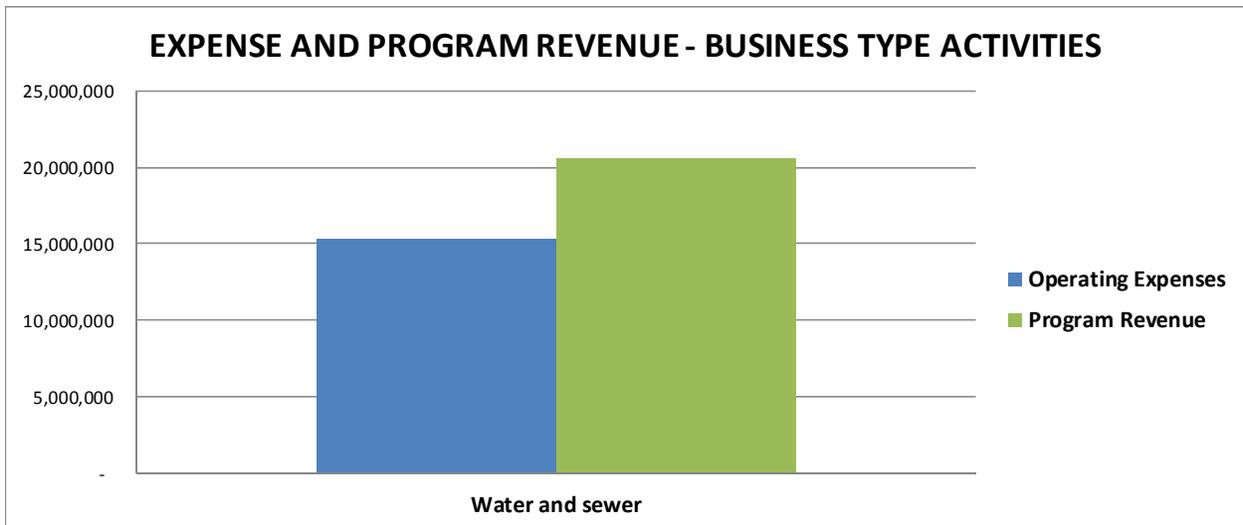
Governmental Activities - Governmental activities increased the City's net position by \$16,797,769 compared to an increase of \$9,334,947 in the prior year. Key elements of this increase are as follows:

- Property taxes increased by \$1,787,978 due to an increase in taxable assessed valuation.
- Sales taxes increased by \$841,554.
- Capital grants and contributions increased \$2,634,553, due primarily to a \$2,815,422 contribution from The Colony Economic Development Corporation and a \$1,215,000 contribution from The Colony Community Development Corporation.

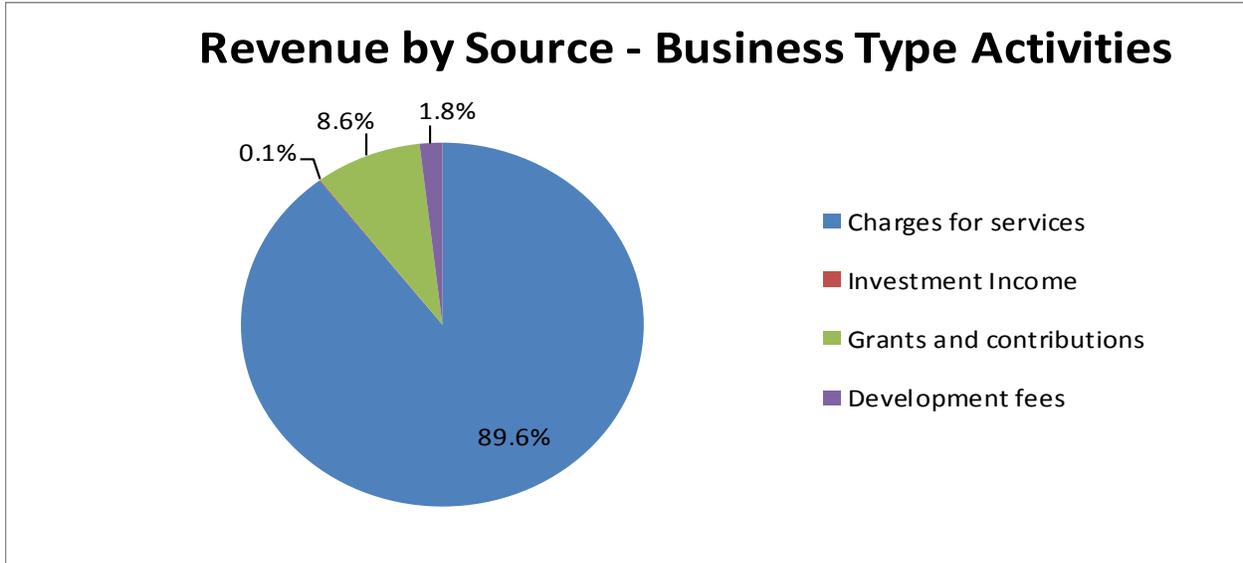
**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**



Business-type Activities - Business-type activities increased the City's net position by \$3,249,558. The overall increase in net position is due to several factors, the most significant of which was \$3,603,075 in contributed capital during fiscal year 2015.



**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**



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 \$22,911,491 a decrease of \$6,115,811 in comparison with the prior year. Approximately 49.72% of this total amount (\$11,391,545) 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 (\$8,539,577) including infrastructure projects to be funded with intergovernmental revenues,
2. Pay debt service (\$1,390,478),
3. Parks or special events (\$679,176).
4. Various purposes (\$801,546).
5. Inventory (\$109,169).

**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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 \$12,622,396. 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 49.35% of total general fund expenditures (excluding transfers to other funds).

The fund balance of the City's General Fund increased by \$2,185,606 during the current fiscal year due primarily to increases in ad valorem taxes (\$2,086,707), licenses and permits (\$1,596,505), sales tax (\$841,554), and franchise taxes, \$256,951.

The Debt Service Fund has a total fund balance of \$1,390,478, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service Fund was \$740,456. The City has a dedicated property tax for general debt service. The property tax produced debt service fund revenues of \$5,125,065 in the current fiscal year.

The Capital Projects Fund has a total fund balance of \$8,172,180, all of which is restricted or committed for future expenditures of currently approved capital items. The net decrease in fund balance during the current year was \$7,677,210 attributable primarily to the spending of intergovernmental revenue received in prior years for certain infrastructure improvements throughout the City.

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 an approximate \$103,000 increase in appropriations between the original and final budget. Overall, revenues had a \$4,085,892 positive variance between final budget and actual while expenditures had a \$2,941,884 positive variance. The most significant revenue variance involved licenses and permits revenues which were \$2,272,525 more than budgeted. The most significant expenditures variance was associated with the allocation of overhead between the General Fund and other funds.

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, 2015, amounts to \$307,261,612 (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 nine percent (an eleven percent increase for governmental activities and a three percent increase for business-type activities).

**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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

- **FM 423 (Main St) Widening** – This project has started to ramp up after several years of obtaining ROW and moving utilities. The project will provide eight lanes from HWY 121 to Cougar Alley and six lanes to the North City limit. Most of \$93.2 million expected cost will be provided by TxDot and Denton County. Expected completion date is late 2017.
- **HWY 121 Overpass into Grandscape** – This project includes the construction of a double inverted diamond overpass of HWY 121 from S. Colony into Grandscape on Nebraska Furniture Mart Drive. The \$9.5 million projected cost is funded primarily by TIRZ ONE with the City providing approximately \$2 million. Project will be completed mid-2016.

**Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Capital Assets Being Depreciated:						
Water systems	\$ -	\$ -	\$ 41,494,878	\$ 40,768,159	\$ 41,494,878	\$ 40,768,159
Sanitary sewer systems	-	-	27,697,253	27,556,713	27,697,253	27,556,713
Drainage system	-	-	161,366	201,967	161,366	201,967
Buildings	18,447,546	17,422,687	210,438	207,589	18,657,984	17,630,276
Improvements other than buildings	10,964,082	11,136,067	-	-	10,964,082	11,136,067
Aquatic Park	858,584	836,503	-	-	858,584	836,503
Machinery and equipment	3,155,075	3,219,897	529,508	222,943	3,684,583	3,442,840
Infrastructure	105,163,759	99,791,256	1,065,932	1,264,138	106,229,691	101,055,394
	<u>\$ 138,589,046</u>	<u>\$ 132,406,410</u>	<u>\$ 71,159,375</u>	<u>\$ 70,221,509</u>	<u>\$ 209,748,421</u>	<u>\$ 202,627,919</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	25,398,226	25,398,226	-	-	25,398,226	25,398,226
Construction in progress	60,577,865	44,007,066	3,752,944	2,782,413	64,330,809	46,789,479
	<u>\$ 90,486,775</u>	<u>\$ 73,915,976</u>	<u>\$ 7,026,416</u>	<u>\$ 6,055,885</u>	<u>\$ 97,513,191</u>	<u>\$ 79,971,861</u>

Additional information on the City's capital assets can be found in Note 4 on pages 43-45 to the basic financial statements.

Outstanding Debt

	Government Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 18,087,560	\$ 21,140,410	\$ 25,275,445	\$ 26,773,235	\$ 43,363,005	\$ 47,913,645
Certificates of Obligation	19,947,850	18,023,500	26,902,400	9,568,200	46,850,250	27,591,700
Capital Leases	849,154	-	-	-	849,154	-
	<u>\$ 38,884,564</u>	<u>\$ 39,163,910</u>	<u>\$ 52,177,845</u>	<u>\$ 36,341,435</u>	<u>\$ 91,062,409</u>	<u>\$ 75,505,345</u>

**CITY OF THE COLONY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$91,062,409. The entire amount represents debt backed by the full faith and credit of the City.

The City's total debt increased by \$15,557,064 during the current fiscal year. One factor in this increase was the issuance of \$21,720,000 of debt used to construct street improvements and for improving and extending the City's waterworks and sewer systems.

Additional information on the City's long-term debt can be found in Note 5 on pages 46-52 to the basic financial statements.

The City's general and revenue obligations maintain an AA- and AA- rating, respectively, from Standard & Poor's and an Aa3 and A1 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. The net revenues in the Water and Sewer Fund are higher than the required limitations and are monitored each year for appropriate coverage.

Economic Factors and Next Year's Budgets and Rates

- Ad valorem tax base increased by a little over \$475 million during the 14-15 fiscal year.
- Total sales tax is projected to increase by a little over \$1 million due to numerous businesses locating near 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 ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Cash and cash equivalents	\$ 25,153,570	\$ 21,941,816	\$ 47,095,386	\$ 6,601,886
Receivables (net of allowance for uncollectibles)	4,354,130	2,188,577	6,542,707	2,026,258
Due from component unit	7,551	-	7,551	-
Due from other governments	-	-	-	647,461
Inventories	109,169	117,961	227,130	-
Prepaid expenses	-	6,260	6,260	3,856,438
Restricted:				
Cash and cash equivalents	-	909,300	909,300	22,581,071
Capital assets:				
Non-depreciable	90,486,775	7,026,416	97,513,191	85,622,675
Depreciable (net of depreciation)	138,589,046	71,159,375	209,748,421	-
TOTAL ASSETS	258,700,241	103,349,705	362,049,946	121,335,789
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	578,167	1,132,451	1,710,618	82,604
Deferred outflows - pensions	1,991,516	308,410	2,299,926	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,569,683	1,440,861	4,010,544	82,604
LIABILITIES				
Accounts payable and accrued liabilities	4,916,730	514,468	5,431,198	1,582,107
Accrued interest payable	137,879	-	137,879	1,472,727
Retainage payable	1,608,189	-	1,608,189	-
Unearned revenue	47,302	-	47,302	-
Due to other governments	-	-	-	647,461
Due to primary government	-	-	-	7,551
Payable from restricted assets:				
Accounts payable and accrued liabilities	-	25,973	25,973	-
Accrued interest payable	-	249,064	249,064	-
Customer meter deposits	-	968,282	968,282	-
Non-current liabilities:				
Due within one year	6,647,775	3,605,325	10,253,100	608,669
Due in more than one year	41,073,848	53,595,857	94,669,705	199,258,876
TOTAL LIABILITIES	54,431,723	58,958,969	113,390,692	203,577,391
DEFERRED INFLOWS OF RESOURCES				
Unavailable resources - pensions	754,943	116,912	871,855	-
TOTAL DEFERRED INFLOWS OF RESOURCES	754,943	116,912	871,855	-
NET POSITION				
Net investment in capital assets	192,477,376	40,490,252	232,967,628	(78,818,662)
Restricted for:				
Debt service	1,257,148	-	1,257,148	-
Construction	367,397	1,333,988	1,701,385	-
Government funded construction contracts	578,825	-	578,825	-
Other	801,546	-	801,546	-
Unrestricted	10,600,966	3,890,445	14,491,411	(3,340,336)
TOTAL NET POSITION	\$ 206,083,258	\$ 45,714,685	\$ 251,797,943	\$ (82,158,998)

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

**CITY OF THE COLONY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental Activities:				
General government	\$ 8,498,744	\$ 677,339	\$ 5,330,490	\$ -
Public safety	13,702,805	1,621,361	59,335	-
Public works	6,634,461	3,308,308	279	11,343,061
Culture and recreation	4,945,616	758,969	322,761	22,000
Interest on long-term debt	1,552,854	-	-	-
Total governmental activities	35,334,480	6,365,977	5,712,865	11,365,061
Business-type Activities:				
Water and sewer	15,332,384	15,210,296	306,999	5,055,328
Total business-type activities	15,332,384	15,210,296	306,999	5,055,328
TOTAL PRIMARY GOVERNMENT	\$ 50,666,864	\$ 21,576,273	\$ 6,019,864	\$ 16,420,389
COMPONENT UNITS:				
The Colony Economic Development Corporation	\$ 6,481,641	\$ -	\$ -	\$ -
The Colony Community Development Corporation	4,576,917	-	-	-
The Colony Local Development Corporation	60,892,291	-	511,028	-
TIRZ No. 1	-	-	-	-
TOTAL COMPONENT UNITS	\$ 71,950,849	\$ -	\$ 511,028	\$ -

General Revenues and Transfers:

Taxes:

- Property taxes, levied for general purposes
- Sales taxes
- Franchise taxes
- Hotel/motel taxes
- Penalties and interest
- Gain of sale of assets
- Interest on investments
- Miscellaneous

Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, AS PREVIOUSLY REPORTED

**CUMULATIVE EFFECT OF CHANGE
IN ACCOUNTING PRINCIPLE**

NET POSITION, beginning of year

NET POSITION, end of year

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

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business - Type Activities	TOTAL	COMPONENT UNITS
\$ (2,490,915)	\$ -	\$ (2,490,915)	\$ -
(12,022,109)	-	(12,022,109)	-
8,017,187	-	8,017,187	-
(3,841,886)	-	(3,841,886)	-
(1,552,854)	-	(1,552,854)	-
<u>(11,890,577)</u>	<u>-</u>	<u>(11,890,577)</u>	<u>-</u>
-	5,240,239	5,240,239	-
-	5,240,239	5,240,239	-
<u>\$ (11,890,577)</u>	<u>\$ 5,240,239</u>	<u>\$ (6,650,338)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (6,481,641)
-	-	-	(4,576,917)
-	-	-	(60,381,263)
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71,439,821)</u>
\$ 17,277,344	\$ -	\$ 17,277,344	\$ -
5,294,228	-	5,294,228	8,829,917
2,672,475	-	2,672,475	-
525,449	-	525,449	-
130,513	-	130,513	-
-	-	-	1,445,925
19,660	14,125	33,785	21,732
763,871	-	763,871	1,620
2,004,806	(2,004,806)	-	-
<u>28,688,346</u>	<u>(1,990,681)</u>	<u>26,697,665</u>	<u>10,299,194</u>
16,797,769	3,249,558	20,047,327	(61,140,627)
192,808,462	43,010,701	235,819,163	(21,018,371)
<u>(3,522,973)</u>	<u>(545,574)</u>	<u>(4,068,547)</u>	<u>-</u>
<u>189,285,489</u>	<u>42,465,127</u>	<u>231,750,616</u>	<u>(21,018,371)</u>
<u>\$ 206,083,258</u>	<u>\$ 45,714,685</u>	<u>\$ 251,797,943</u>	<u>\$ (82,158,998)</u>



GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

EXHIBIT 3

CITY OF THE COLONY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 11,277,050	\$ 1,383,836	\$ 10,943,915	\$ 1,548,769	\$ 25,153,570
Receivables, net of allowances for uncollectibles:					
Ad valorem taxes	168,414	12,666	-	-	181,080
Service accounts receivable	114,991	-	-	-	114,991
Franchise taxes	392,896	-	-	-	392,896
Sales taxes	1,997,112	-	-	-	1,997,112
Other	758,981	-	811,181	97,889	1,668,051
Due from other funds	1,105,468	-	-	-	1,105,468
Due from component unit	7,551	-	-	-	7,551
Inventory	109,169	-	-	-	109,169
TOTAL ASSETS	\$ 15,931,632	\$ 1,396,502	\$ 11,755,096	\$ 1,646,658	\$ 30,729,888
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,649,209	\$ 1,475	\$ 1,974,727	\$ 291,319	\$ 4,916,730
Retainage payable	-	-	1,608,189	-	1,608,189
Due to other funds	-	-	-	1,105,468	1,105,468
Unearned revenue	47,302	-	-	-	47,302
TOTAL LIABILITIES	2,696,511	1,475	3,582,916	1,396,787	7,677,689
DEFERRED INFLOWS OF RESOURCES- PROPERTY TAXES	136,159	4,549	-	-	140,708
FUND BALANCES					
Nonspendable	109,169	-	-	-	109,169
Restricted:					
Capital projects	367,397	-	3,284,839	-	3,652,236
Debt service	-	1,390,478	-	-	1,390,478
Other	-	-	-	801,546	801,546
Committed	-	-	4,887,341	679,176	5,566,517
Unassigned	12,622,396	-	-	(1,230,851)	11,391,545
TOTAL FUND BALANCES	13,098,962	1,390,478	8,172,180	249,871	22,911,491
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 15,931,632	\$ 1,396,502	\$ 11,755,096	\$ 1,646,658	\$ 30,729,888

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, 2015**

Total fund balances - governmental funds	\$ 22,911,491
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.	229,075,821
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.	(137,879)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	140,708
Deferred outflows of resources of \$1,991,516 related to the City's net pension liability increase the net position in the government-wide financial statements, while deferred outflows (\$754,943) reduce it. This amount is the net effect.	1,236,573
Deferred losses 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.	578,167
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	(38,035,410)
Net pension liability	(4,531,161)
Capital leases payable	(849,154)
Premium on issuance of debt	(1,847,216)
Compensated absences	(2,458,682)
	<hr/>
Net position of governmental activities	<u>\$ 206,083,258</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, 2015**

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Ad valorem taxes, penalties and interest	\$ 12,583,086	\$ 5,125,065	\$ -	\$ -	\$ 17,708,151
Franchise taxes	2,672,475	-	-	-	2,672,475
Municipal sales tax	5,294,228	-	-	-	5,294,228
Licenses and permits	3,404,825	-	-	671,588	4,076,413
Charges for services	1,248,868	-	-	-	1,248,868
Fines and forfeitures	961,799	-	-	78,897	1,040,696
Grants	126,104	130,200	-	70,381	326,685
Gifts and contributions	310,560	1,036,694	4,460,312	74,217	5,881,783
Hotel / Motel taxes	-	-	-	525,449	525,449
Intergovernmental	-	-	1,090,071	-	1,090,071
Investment income	14,453	2,827	2,380	-	19,660
Miscellaneous	637,882	-	41,612	90,662	770,156
Total revenues	27,254,280	6,294,786	5,594,375	1,511,194	40,654,635
EXPENDITURES					
Current					
General government	4,466,655	272,250	-	-	4,738,905
Public safety	13,847,174	-	-	103,690	13,950,864
Public works	1,919,380	-	454,478	830,699	3,204,557
Cultural and recreation	3,548,044	-	-	887,349	4,435,393
Capital outlay	1,798,167	-	18,285,890	639,119	20,723,176
Debt service:					
Principal retirement	-	4,255,146	-	-	4,255,146
Interest and fiscal charges	-	1,638,941	-	-	1,638,941
Cost of issuance of bonds	-	-	55,015	-	55,015
Total expenditures	25,579,420	6,166,337	18,795,383	2,460,857	53,001,997
Excess (deficiency) of revenues over (under) expenditures	1,674,860	128,449	(13,201,008)	(949,663)	(12,347,362)
OTHER FINANCING SOURCES (USES)					
Premium on issuance of bonds	-	-	250,945	-	250,945
Capital lease proceeds	-	-	935,000	-	935,000
Issuance of bonds	-	-	3,040,800	-	3,040,800
Transfers from other funds	2,627,406	612,007	1,497,053	541,363	5,277,829
Transfers to other funds	(2,116,660)	-	(200,000)	(956,363)	(3,273,023)
Total other financing sources (uses)	510,746	612,007	5,523,798	(415,000)	6,231,551
NET CHANGE IN FUND BALANCES	2,185,606	740,456	(7,677,210)	(1,364,663)	(6,115,811)
FUND BALANCES, BEGINNING OF YEAR	10,913,356	650,022	15,849,390	1,614,534	29,027,302
FUND BALANCES, END OF YEAR	\$ 13,098,962	\$ 1,390,478	\$ 8,172,180	\$ 249,871	\$ 22,911,491

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, 2015**

Net change in fund balances - total governmental funds	\$ (6,115,811)
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.	19,929,823
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.	9,773,102
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.	(6,509,588)
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.	62,552
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.	51,810
Current year transfers of capital assets to enterprise funds are not reported in governmental funds. However, the effect on the government-wide financials is to decrease in net position.	(439,902)
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	4,255,146
Amortization bond related cost (premium/discount, deferred loss)	89,292
Bonds issued (\$3,040,800) and capital lease proceeds (\$935,000)	(3,975,800)
Premium on bonds issued	(250,945)
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 expense, (\$1,594,481), and contributions made after the measurement date, \$1,822,865	228,384
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>(300,294)</u>
Change in Net Position of Governmental activities	<u>\$ 16,797,769</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, 2015**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 21,941,816
Receivables, net of allowance for uncollectibles:	
Accounts	2,177,716
Other	10,861
Due from other funds	
Inventories	117,961
Prepaid expenses	6,260
Restricted cash and cash equivalents	909,300
Total current assets	25,163,914
NONCURRENT ASSETS	
CAPITAL ASSETS	
Land	3,273,473
Water system	100,624,404
Sanitary sewer system	1,684,364
Buildings	724,161
Machinery and equipment	2,655,369
Engineering fees	2,473,213
Organizational costs	5,718,467
Construction in progress	3,752,943
Total capital assets	120,906,394
Less: accumulated depreciation	(42,720,603)
Capital assets, net of accumulated depreciation	78,185,791
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	308,410
Deferred loss on refunding	1,132,451
Total deferred outflows of resources	1,440,861
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 104,790,566

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

EXHIBIT 7

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 514,468
Accrued compensated absences	309,056
Payable from restricted assets:	
Accounts payable and accrued expenses	25,973
Revenue bonds payable	3,296,269
Accrued interest payable	249,064
Customer meter deposits	968,282
Total current liabilities	5,363,112
NON-CURRENT LIABILITIES	
Revenue bonds payable	52,894,153
Net pension liability	701,704
Total non-current liabilities	53,595,857
TOTAL LIABILITIES	58,958,969
DEFERRED INFLOWS OF RESOURCES	
Unavailable resources - pensions	116,912
Total deferred inflows of resources	116,912
NET POSITION	
Net Investment in capital assets	40,490,252
Restricted for:	
Construction	1,333,988
Unrestricted	3,890,445
TOTAL NET POSITION	45,714,685
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 104,790,566

**CITY OF THE COLONY, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
	FUND
OPERATING REVENUES	
Charges for sales and services:	
Water service	\$ 8,831,338
Wastewater treatment service	4,968,229
Other fees and penalties	1,286,659
Service charges	31,692
Miscellaneous	92,378
	15,210,296
Total operating revenues	15,210,296
OPERATING EXPENSES	
Personnel services	3,333,236
Contractual services	840,453
Supplies	605,366
Maintenance	896,053
Water purchases	2,090,101
Overhead	2,593,752
Depreciation and amortization	2,772,242
	13,131,203
Total operating expenses	13,131,203
OPERATING INCOME	2,079,093
NON-OPERATING REVENUES (EXPENSES)	
Investment income	14,125
Interest and fiscal charges	(2,201,181)
Development fees	1,452,253
	(734,803)
Total non-operating revenues (expenses)	(734,803)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,344,290
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Grants and contributions	306,999
Capital contributions	3,603,075
Transfers from other funds	362,600
Transfers to other funds	(2,367,406)
	1,905,268
Total capital contributions and transfers	1,905,268
CHANGE IN NET POSITION	3,249,558
NET POSITION, BEGINNING OF YEAR	43,010,701
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(545,574)
NET POSITION, END OF YEAR	\$ 45,714,685

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

EXHIBIT 9

**CITY OF THE COLONY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 14,767,953
Cash paid to employees for services	(3,032,453)
Cash paid for goods and services	(7,035,129)
Net cash provided by operating activities	4,700,371
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers from other funds	362,600
Transfers to other funds	(2,367,406)
Net cash used in non-capital financing activities	(2,004,806)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on revenue bond maturities	(3,138,179)
Cost of bond issuance	(332,949)
Proceeds from issuance of bonds	18,679,200
Premium on issuance of bonds	1,541,518
Grants and contributions	306,999
Interest and fiscal charges	(2,021,142)
Acquisition of capital assets	(1,089,387)
Development fees	1,452,253
Net cash provided by capital and related financial activities	15,398,313
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	14,125
Net cash provided by investing activities	14,125
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,108,003
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,743,113
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 22,851,116

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, 2015**

EXHIBIT 9 CON'T

	BUSINESS TYPE ACTIVITIES WATER AND SEWER ENTERPRISE FUND
	FUND
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 2,079,093
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,772,242
Pension expense	246,924
Provision for bad debts	(7,327)
Change in assets and liabilities:	
Increase in accounts receivable	(418,615)
Increase in inventories	(30,633)
Decrease in prepaid expenses	6,048
Increase in accounts payable and accrued liabilities	23,833
Increase in compensated absences	20,288
Change in deferred outflows	24,919
Decrease in customer deposits	(16,401)
Total adjustments	2,621,278
Net cash provided by operating activities	\$ 4,700,371
NON-CASH FINANCING ACTIVITIES:	
Contributions of capital assets	\$ 3,603,075
Reconciliation of total cash to the statement of net position:	
Cash and cash equivalents - current	\$ 21,941,816
Restricted cash and cash equivalents	909,300
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 22,851,116

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

**COMPONENT UNITS
FINANCIAL STATEMENTS**



**CITY OF THE COLONY, TEXAS
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2015**

	THE COLONY ECONOMIC DEVELOPMENT CORPORATION	THE COLONY COMMUNITY DEVELOPMENT CORPORATION	THE COLONY LOCAL DEVELOPMENT CORPORATION	TIRZ No. 1	TOTALS
ASSETS					
Cash and cash equivalents	\$ 4,656,145	\$ 1,945,741	\$ -	\$ -	\$ 6,601,886
Sales tax receivable	1,013,129	1,013,129	-	-	2,026,258
Due from other governments	323,731	323,730	-	-	647,461
Prepays	-	-	3,856,438	-	3,856,438
Restricted assets					
Cash and cash equivalents	5,483,852	5,487,029	11,610,190	-	22,581,071
Capital assets					
Land	1,438,304	1,438,304	24,201,980	-	27,078,588
Construction in process	16,890,635	16,890,633	24,755,268	7,551	58,544,087
TOTAL ASSETS	29,805,796	27,098,566	64,423,876	7,551	121,335,789
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	82,604	-	-	-	82,604
TOTAL DEFERRED OUTFLOWS OF RESOURCES	82,604	-	-	-	82,604
LIABILITIES AND NET POSITION					
Accounts payable	767,362	697,120	117,625	-	1,582,107
Due to primary government	-	-	-	7,551	7,551
Accrued interest payable	275,637	265,061	932,029	-	1,472,727
Due to other governments	-	-	647,461	-	647,461
Non-current liabilities:					
Due within one year	413,669	195,000	-	-	608,669
Due in more than one year	29,552,577	27,507,705	142,198,594	-	199,258,876
TOTAL LIABILITIES	31,009,245	28,664,886	143,895,709	7,551	203,577,391
NET POSITION (DEFICIT)					
Net investment in capital assets	(2,783,942)	(587,891)	(75,454,380)	7,551	(78,818,662)
Unrestricted	1,663,097	(978,429)	(4,017,453)	(7,551)	(3,340,336)
TOTAL NET POSITION (DEFICIT)	\$ (1,120,845)	\$ (1,566,320)	\$ (79,471,833)	\$ -	\$ (82,158,998)

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, 2015**

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
COMPONENT UNITS:			
The Colony Economic Development Corporation	\$ 6,481,641	\$ -	\$ -
The Colony Community Development Corporation	4,576,917	-	-
The Colony Local Development Corporation	60,892,291	-	511,028
TIRZ No. 1	-	-	-
TOTAL COMPONENT UNITS	\$ 71,950,849	\$ -	\$ 511,028

General revenues:

Taxes:

Sales taxes

Interest on investments

Gain on sale of assets

Miscellaneous

Total general revenue

CHANGE IN NET POSITION (DEFICIT)

NET POSITION (DEFICIT), Beginning of Year

NET POSITION (DEFICIT), End of Year

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

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	TIRZ No. 1	TOTAL
\$ (6,481,641)	\$ -	\$ -	\$ -	\$ (6,481,641)
-	(4,576,917)	-	-	(4,576,917)
-	-	(60,381,263)	-	(60,381,263)
-	-	-	-	-
<u>\$ (6,481,641)</u>	<u>\$ (4,576,917)</u>	<u>\$ (60,381,263)</u>	<u>\$ -</u>	<u>\$ (71,439,821)</u>
\$ 3,473,859	\$ 3,473,859	\$ 1,882,199	\$ -	\$ 8,829,917
7,109	5,603	9,020	-	21,732
-	-	1,445,925	-	1,445,925
1,620	-	-	-	1,620
<u>3,482,588</u>	<u>3,479,462</u>	<u>3,337,144</u>	<u>-</u>	<u>10,299,194</u>
(2,999,053)	(1,097,455)	(57,044,119)	-	(61,140,627)
<u>1,878,208</u>	<u>(468,865)</u>	<u>(22,427,714)</u>	<u>-</u>	<u>(21,018,371)</u>
<u>\$ (1,120,845)</u>	<u>\$ (1,566,320)</u>	<u>\$ (79,471,833)</u>	<u>\$ -</u>	<u>\$ (82,158,998)</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 75th anniversary of the date in which the City collects its first sales tax dollar from the respective facility.

Tax Increment Reinvestment Zone Number One (TIRZ One) – The City created Tax Increment Reinvestment Zone Number One (TIRZ One) to provide additional financing resources to further enhance development within the zone. The City Council appoints a Board and Board members are removable by the City Council. TIRZ One commenced November 2011 and will terminate the earlier of the 40th anniversary of the date the City collects its first sales tax dollar within the zone, or the date on which all TIF project costs have been paid or funded and all TIF obligations have been paid in full.

A majority of the members of the TCEDC's, TCCDC's, TCLDC and TIRZ One's Boards of Directors are appointed by the City Council. The TCEDC, TCCDC, TCLDC and TIRZ One 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, TCLDC and TIRZ One 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, 4th 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 2015 levy was based was \$2,625,121,232. Taxes are due on October 1 and are delinquent after the following January 31. Current tax collections for the year ended September 30, 2015 were 100.50% 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, 2015 was \$0.6725 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, 2015, expenditures exceeded appropriations in the following departments:

- Public Safety (\$290,469)
- Public Works (\$ 91,320)

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.”

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2015, the TCEDC contributed \$447,655 to the Debt Service Fund, \$2,815,422 to the Capital Projects Fund and \$22,715 to the General Fund. Additionally, the TCCDC contributed \$719,239 to the Debt Service Fund, \$1,215,000 to the Capital Projects Fund, and \$287,845 to the General Fund. 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 \$272,250 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 fair market 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. Interest costs incurred during the construction period have been capitalized in the amount of \$55,766 in the current year in the enterprise fund.

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 Years

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2015 through March 31, 2016, 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, 2015 the carrying amount of the City's deposits was \$8,915,560 and the bank balance was \$8,871,948. 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 \$4,229 at September 30, 2015.

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 States, Agencies, Counties, Cities and Other	5 Years	25%	None
Repurchase Agreements	90 Days	100%	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, 2015 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents – primary government	\$ 47,095,386
Restricted cash and cash equivalents – primary government	909,300
Cash and cash equivalents – component units	6,601,886
Restricted cash and cash equivalents – component units	<u>22,581,071</u>
	<u>\$ 77,187,643</u>

Cash and investments as of September 30, 2015 consist of the following:

Cash on hand	\$ 4,229
Deposits with financial institutions	8,915,560
Investment pools	<u>68,267,854</u>
	<u>\$ 77,187,643</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, 2015 the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
TexPool	\$ 21,642,199	40 days
TexPool Prime	24,044,584	32 days
Money Market Mutual Funds	<u>22,581,071</u>	1 day
	<u><u>\$ 68,267,854</u></u>	

As of September 30, 2015 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.

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

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Disclosures Relating to Credit Risk – Continued

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	\$ 21,642,199	N/A	AAAm
TexPool Prime	24,044,584	N/A	AAAm
Money Market Mutual Funds	22,581,071	N/A	AAAm
	<u>\$ 68,267,854</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, 2015 other than external investment pools the City did not have 5% or more of its investment with one issuer.

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, 2015 the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized during the year.

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

NOTE 2. CASH AND INVESTMENTS – CONTINUED

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.

NOTE 3. RECEIVABLES

Receivables at September 30, 2015 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	\$ 193,243	\$ 14,606	\$ -	\$ -	\$ 207,849	\$ 14,481	\$ -
Franchise taxes	392,896	-	-	-	392,896	-	-
Sales taxes	1,997,112	-	-	-	1,997,112	-	2,026,258
Service accounts	177,943	-	-	-	177,943	2,379,726	-
Other	758,981	-	811,181	97,889	1,668,051	-	-
Gross receivables	3,520,175	14,606	811,181	97,889	4,443,851	2,394,207	2,026,258
Allowance for uncollectibles	(87,781)	(1,940)	-	-	(89,721)	(205,630)	-
Net total receivables	<u>\$ 3,432,394</u>	<u>\$ 12,666</u>	<u>\$ 811,181</u>	<u>\$ 97,889</u>	<u>\$ 4,354,130</u>	<u>\$ 2,188,577</u>	<u>\$ 2,026,258</u>

The Water and Sewer Fund service accounts receivable include unbilled charges for services rendered through September 30, 2015 in the amount of \$1,251,155.

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance September 30, 2014	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2015
Governmental Activities:					
Capital assets not being depreciated					
Land and Land Improvements	\$ 4,510,684	\$ -	\$ -	\$ -	\$ 4,510,684
Rights-of-way	25,398,226	-	-	-	25,398,226
Construction in progress	44,007,066	17,619,405	(18,120)	(1,030,486)	60,577,865
Total capital assets not being depreciated	73,915,976	17,619,405	(18,120)	(1,030,486)	90,486,775
Capital assets being depreciated					
Buildings	23,530,159	1,666,276	(17,680)	184,873	25,363,628
Improvements other than buildings	16,722,368	34,875	-	411,681	17,168,924
Swimming pool	1,599,862	79,618	-	-	1,679,480
Machinery and equipment	10,448,758	529,650	(495,126)	433,932	10,917,214
Infrastructure	182,045,074	9,773,101	-	-	191,818,175
Total capital assets being depreciated	234,346,221	12,083,520	(512,806)	1,030,486	246,947,421
Less: accumulated depreciation for:					
Buildings	(6,107,472)	(808,610)	-	-	(6,916,082)
Improvements other than buildings	(5,586,301)	(618,541)	-	-	(6,204,842)
Swimming pool	(763,359)	(57,537)	-	-	(820,896)
Machinery and equipment	(7,228,861)	(624,302)	91,024	-	(7,762,139)
Infrastructure	(82,253,818)	(4,400,598)	-	-	(86,654,416)
Total accumulated depreciation	(101,939,811)	(6,509,588)	91,024	-	(108,358,375)
Total capital assets being depreciated, net	132,406,410	5,573,932	(421,782)	1,030,486	138,589,046
Governmental activities capital assets, net	\$ 206,322,386	\$ 23,193,337	\$ (439,902)	\$ -	\$ 229,075,821

Governmental activities "sales and other dispositions" include the transfer of \$439,902 of capital assets to the business-type activities which are included in the business-type activities "capital acquisitions".

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

NOTE 4. CAPITAL ASSETS – CONTINUED

	Balance September 30, 2014	Capital Acquisitions	Sales or Other Dispositions	Adjustments/ Transfers	Balance September 30, 2015
Business-Type Activities:					
Capital assets not being depreciated					
Land	\$ 3,273,472	\$ -	\$ -	\$ -	\$ 3,273,472
Construction in progress	2,782,413	1,095,684	-	(125,153)	3,752,944
Total capital assets not being depreciated	6,055,885	1,095,684	-	(125,153)	7,026,416
Capital assets being depreciated:					
Building	706,481	17,680	-	-	724,161
Water System	55,867,439	1,994,782	-	120,111	57,982,332
Sanitary System	41,473,682	1,168,391	-	-	42,642,073
Drainage System	1,684,364	-	-	-	1,684,364
Machinery and Equipment	2,246,224	404,102	-	5,042	2,655,368
Infrastructure	8,191,680	-	-	-	8,191,680
Total capital assets being depreciated	110,169,870	3,584,955	-	125,153	113,879,978
Less: Accumulated depreciation for:					
Building	(498,892.00)	(14,831)	-	-	(513,723)
Water System	(15,099,280)	(1,388,174)	-	-	(16,487,454)
Sanitary System	(13,916,969)	(1,027,851)	-	-	(14,944,820)
Drainage System	(1,482,397)	(40,601)	-	-	(1,522,998)
Machinery and Equipment	(2,023,281)	(102,579)	-	-	(2,125,860)
Infrastructure	(6,927,542)	(198,206)	-	-	(7,125,748)
Total accumulated depreciation	(39,948,361)	(2,772,242)	-	-	(42,720,603)
Total capital assets being depreciated, net	70,221,509	812,713	-	125,153	71,159,375
Business-Type activities capital assets, net	\$ 76,277,394	\$ 1,908,397	\$ -	\$ -	\$ 78,185,791

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

NOTE 4. CAPITAL ASSETS – CONTINUED

	<u>Balance September 30, 2014</u>	<u>Capital Acquisitions</u>	<u>Sales or Other Dispositions</u>	<u>Adjustments/ Transfers</u>	<u>Balance September 30, 2015</u>
Component Unit:					
Capital assets not being depreciated					
Land	\$ 40,453,666	\$ -	\$ (13,375,078)	\$ -	\$ 27,078,588
Construction in progress	<u>89,823,935</u>	<u>9,414,617</u>	<u>(40,694,465)</u>	<u>-</u>	<u>58,544,087</u>
Total capital assets not being depreciated	<u>130,277,601</u>	<u>9,414,617</u>	<u>(54,069,543)</u>	<u>-</u>	<u>85,622,675</u>
Component Unit capital assets, net	<u>\$ 130,277,601</u>	<u>\$ 9,414,617</u>	<u>\$ (54,069,543)</u>	<u>\$ -</u>	<u>\$ 85,622,675</u>

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

General government	\$ 970,054
Public safety	785,048
Public works	4,226,301
Culture and recreation	<u>528,185</u>
Total depreciation expense-Governmental activities	<u>\$ 6,509,588</u>
Business-type activities:	
Water and Sewer	<u>\$ 2,772,242</u>

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

NOTE 5. LONG-TERM DEBT

At September 30, 2015, bonds payable consisted of the following individual issues:

	Governmental Activities	Business-type Activities	Component Units
Certificates of Obligation:			
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.	\$ 4,772,600	\$ 4,967,400	-
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.	190,000	-	-
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.	8,221,400	2,888,600	-
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.	1,793,050	367,200	-
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.	1,930,000	-	-
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.	3,040,800	18,679,200	-
	<u>\$ 19,947,850</u>	<u>\$ 26,902,400</u>	<u>\$ -</u>
General Obligation Bonds:			
General Obligation Refunding Bonds, Series 2005, 3.00% to 4.125%, maturing in annual installments of \$65,000 to \$1,050,000 through 2021	\$ 4,890,000	\$ -	\$ -
General Obligation Refunding Bonds, Series 2010, 2.00% to 4.00%, maturing in annual installments of \$170,000 to \$510,000 through 2022.	3,175,000	-	-
General Obligation Refunding Bonds, Series 2011, 2.00% to 4.00%, maturing in annual installments of \$20,000 to \$890,000 through 2022.	4,221,800	1,333,200	-
General Obligation Refunding Bonds, Series 2012, 2.00% to 3.00%, maturing in annual installments of \$225,000 to \$1,295,000 through 2023.	3,138,760	1,046,250	-
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.	2,662,000	10,648,000	-
General Obligation Refunding Bonds, Series 2014, 2.00% to 5.00%, maturing in annual installments of \$55,000 to \$1,535,000 through 2026.	-	12,247,995	2,047,055
	<u>\$ 18,087,560</u>	<u>\$ 25,275,445</u>	<u>\$ 2,047,055</u>
Revenue Bonds:			
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.	\$ -	\$ -	\$ 29,580,000
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.	-	-	29,580,000
Sales Tax Increment Contract Revenue Bonds, Series 2013 (Infrastructure Bonds), 5.00% to 7.625%, maturing in annual installments from October 1, 2018 through October 1, 2042.	-	-	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 October 1, 2047.	-	-	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
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,400,000</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, 2015:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental Activities					
Certificates of obligation	\$ 18,023,500	\$ 3,040,800	\$ (1,116,450)	\$ 19,947,850	\$ 1,027,650
General obligation bonds	21,140,410	-	(3,052,850)	18,087,560	3,079,900
Capital Lease	-	935,000	(85,846)	849,154	81,543
Unamortized bond premium	1,742,626	250,945	(146,355)	1,847,216	-
Net pension liability	4,920,460	-	(389,299)	4,531,161	-
Compensated absences	2,521,234	2,309,103	(2,371,655)	2,458,682	2,458,682
Governmental activities Long-term debt	\$ 48,348,230	\$ 6,535,848	\$ (7,162,455)	\$ 47,721,623	\$ 6,647,775
Business-Type Activities					
Certificates of obligation	\$ 9,568,200	\$ 18,679,200	\$ (1,345,000)	\$ 26,902,400	\$ 917,350
General obligation bonds	26,773,235	-	(1,497,790)	25,275,445	2,378,919
Unamortized bond premium	2,766,448	1,541,518	(295,389)	4,012,577	-
Net pension liability	761,991	-	(60,287)	701,704	-
Compensated absences	288,768	255,352	(235,064)	309,056	309,056
Business-type activities Long-term debt	\$ 41,148,642	\$ 20,476,070	\$ (4,423,530)	\$ 57,201,182	\$ 3,605,325
Component Units					
Certificates of obligation	\$ 168,300	\$ -	\$ (168,300)	\$ -	\$ -
General obligation bonds	2,056,355	-	(9,350)	2,047,005	151,182
Revenue bonds	201,400,000	-	-	201,400,000	390,000
Unamortized bond premium	162,042	-	(12,993)	149,049	-
Unamortized bond discount	(3,932,209)	-	136,213	(3,795,996)	-
Compensated absences	59,830	47,675	(40,018)	67,487	67,487
Component units Long-term debt	\$ 199,914,318	\$ 47,675	\$ (94,448)	\$ 199,867,545	\$ 608,669

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.

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

NOTE 5. LONG-TERM DEBT – CONTINUED

During 2015, the City issued \$21,720,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2014 (\$3,040,800 of which was recorded in the governmental activities and \$18,679,200 was recorded in the business type actives). Proceeds from the sale of the certificates will be used for construction of street improvements and improving and extending the City's waterworks and sewer systems.

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 \$71 million as of September 30, 2015. Interest paid and incremental sales tax revenues were \$2,120,487 and \$941,099, respectively, for each corporation during the year ended September 30, 2015.

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, 2015. Interest paid and incremental sales tax revenues were \$7,456,227 and \$1,618,691, respectively, during the year ended September 30, 2015.

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, 2015.

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the years subsequent to September 30, 2015, are as follows:

Certificate of Obligation Bonds

Annual debt service requirements to maturity for certificate obligation bonds, including interest of \$6,798,319 for governmental activities, and \$10,714,777 for business-type activities are as follows:

Fiscal Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2016	\$ 1,027,650	\$ 637,791	\$ 1,665,441
2017	1,096,850	594,318	1,691,168
2018	1,147,950	761,314	1,909,264
2019	1,122,900	712,939	1,835,839
2020	1,175,700	573,242	1,748,942
2021 - 2025	6,534,150	2,377,386	8,911,536
2026 - 2030	6,416,050	1,002,486	7,418,536
2031 - 2035	1,426,600	138,843	1,565,443
Total	<u>\$ 19,947,850</u>	<u>\$ 6,798,319</u>	<u>\$ 26,746,169</u>

Fiscal Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 917,350	\$ 948,466	\$ 1,865,816
2017	1,108,150	895,053	2,003,203
2018	1,172,050	1,057,260	2,229,310
2019	1,232,100	995,016	2,227,116
2020	1,294,300	836,877	2,131,177
2021 - 2025	7,445,850	3,509,108	10,954,958
2026 - 2030	7,549,200	1,848,570	9,397,770
2031 - 2035	6,183,400	624,427	6,807,827
Total	<u>\$ 26,902,400</u>	<u>\$ 10,714,777</u>	<u>\$ 37,617,177</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 \$2,712,797 for governmental activities, \$5,703,131 for business-type activities, and \$475,232 for component unit activities are as follows:

Fiscal Year Ending September 30	Government Activities		
	Principal	Interest	Total
2016	\$ 3,079,900	\$ 660,068	\$ 3,739,968
2017	3,097,350	567,246	3,664,596
2018	2,660,600	466,113	3,126,713
2019	2,293,650	372,065	2,665,715
2020	2,388,900	287,378	2,676,278
2021 - 2025	4,567,160	359,927	4,927,087
Total	<u>\$ 18,087,560</u>	<u>\$ 2,712,797</u>	<u>\$ 20,800,357</u>

Fiscal Year Ending September 30	Business-Type Activities		
	Principal	Interest	Total
2016	\$ 2,378,919	\$ 1,014,573	\$ 3,393,492
2017	2,425,020	937,243	3,362,263
2018	2,341,038	847,731	3,188,769
2019	2,385,107	748,347	3,133,454
2020	2,510,542	634,796	3,145,338
2021 - 2025	11,919,784	1,480,990	13,400,774
2026 - 2030	1,315,035	39,451	1,354,486
Total	<u>\$ 25,275,445</u>	<u>\$ 5,703,131</u>	<u>\$ 30,978,576</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
2016	\$ 151,182	\$ 76,195	\$ 227,377
2017	157,630	75,802	233,432
2018	163,362	69,755	233,117
2019	171,244	63,450	234,694
2020	180,558	55,282	235,840
2021 - 2025	1,003,063	128,148	1,131,211
2026 - 2030	219,966	6,600	226,566
Total	<u>\$ 2,047,005</u>	<u>\$ 475,232</u>	<u>\$ 2,522,237</u>

Revenue Bonds

Revenue bond debt service requirements to maturity, including interest of \$248,384,577 for component unit activities are as follows:

Fiscal Year Ending September 30	Component-Units		
	Principal	Interest	Total
2016	\$ 390,000	\$ 11,697,205	\$ 12,087,205
2017	410,000	11,679,655	12,089,655
2018	640,000	11,660,179	12,300,179
2019	770,000	11,618,579	12,388,579
2020	2,275,000	11,568,354	13,843,354
2021 - 2025	15,535,000	56,049,421	71,584,421
2026 - 2030	24,515,000	51,135,878	75,650,878
2031 - 2035	37,445,000	42,556,581	80,001,581
2036 - 2040	55,720,000	28,914,144	84,634,144
2041 - 2045	48,560,000	10,385,368	58,945,368
2046 - 2050	15,140,000	1,119,213	16,259,213
Total	<u>\$ 201,400,000</u>	<u>\$ 248,384,577</u>	<u>\$ 449,784,577</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
2016	\$ 81,543	\$ 30,622	\$ 112,165
2017	84,484	27,681	112,165
2018	87,530	24,635	112,165
2019	90,687	21,478	112,165
2020	93,957	18,208	112,165
2021 - 2025	410,953	37,705	448,658
Total	<u>\$ 849,154</u>	<u>\$ 160,329</u>	<u>\$ 1,009,483</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 2015 were as follows:

Transfer Fund	Transfer In	Transfer Out	Purpose of Transfer
General:			
Water & Sewer Enterprise	\$ 2,322,406	\$ 12,600	Utility franchise fee
Capital Projects	-	1,252,053	Budgeted capital project money
Non-major Governmental	305,000	240,000	Administrative costs
Debt Service	-	612,007	Budgeted debt service
Debt Service			
General Fund	612,007	-	Budgeted debt service
Capital Projects:			
General Fund	1,252,053	-	Budgeted capital project money
Water & Sewer Enterprise	45,000	-	Budgeted capital project money
Capital Projects	200,000	200,000	Budgeted capital project money
Water & Sewer Enterprise:			
General Fund	-	2,322,406	Utility franchise fee
Capital Projects	12,600	45,000	Capital project money
Non-major Governmental	350,000	-	Storm Water maintenance
Non-major Governmental:			
General Fund	240,000	305,000	Administrative costs
Water & Sewer Enterprise	-	350,000	Storm water maintenance
Non-major Governmental	51,363	51,363	Transfer of police seized funds
Non-major Governmental	250,000	250,000	Budgeted special events money
	<u>\$ 5,640,429</u>	<u>\$ 5,640,429</u>	

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

NOTE 6. TRANSFERS AND INTERFUND RECEIVABLES/PAYABLES – CONTINUED

An interfund receivable of \$1,105,468 recorded in the General Fund as of September 30, 2015 represents an amount owed by PID No. 1 to cover a cash shortfall.

NOTE 7. RETIREMENT PLAN

A. Plan Description

The City participates as one of 860 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 (CFAR) that can be obtained at www.tmr.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, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	140
Inactive employees entitled to but not yet receiving benefits	142
Active employees	284
	566

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 12.33% and 12.63% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$2,224,043, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, 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, which 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. This experience study was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. 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.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

This rate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Actuarial Assumptions – Continued:

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%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	<u><u>100.0%</u></u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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.

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.

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

NOTE 7. RETIREMENT PLAN – CONTINUED

D. Net Pension Liability – Continued

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	\$ 67,453,684.00	\$ 61,771,233	\$ 5,682,451
Changes for the year:			
Service Cost	2,636,444	-	2,636,444
Interest	4,717,021	-	4,717,021
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,078,676)	-	(1,078,676)
Changes of assumptions	-	-	-
Contributions - employer	-	2,051,029	(2,051,029)
Contributions - employee	-	1,179,152	(1,179,152)
Net investment income	-	3,534,120	(3,534,120)
Benefit payments, including refunds of employee contributions	(2,771,781)	(2,771,781)	-
Administrative expense	-	(36,893)	36,893
Other changes	-	(3,033)	3,033
Net Changes	<u>3,503,008</u>	<u>3,952,594</u>	<u>(449,586)</u>
Balance at 12/31/14	<u>\$ 70,956,692</u>	<u>\$ 65,723,827</u>	<u>\$ 5,232,865</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 7.0%, 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 (6.0%) or 1 percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
Net pension liability	\$ 15,582,226	\$ 5,232,865	\$ (3,260,558)

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.

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

NOTE 7. RETIREMENT PLAN – CONTINUED

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

For the year ended September 30, 2015, the City recognized pension expense of \$2,023,240. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$(871,855)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	631,893	-
Contributions subsequent to the measurement date	<u>1,668,033</u>	<u>-</u>
Total	<u>\$ 2,299,926</u>	<u>\$(871,855)</u>

The \$1,668,033 reported as deferred outflows of resources related to pensions result from contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	Net deferred outflows (inflows) of resources
2016	\$ 1,619,185
2017	(48,848)
2018	(48,848)
2019	(48,847)
2020	(44,571)
Thereafter	-
	<u>\$ 1,428,071</u>

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.

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

NOTE 8. DEFERRED COMPENSATION PLAN – CONTINUED

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, 2015, the deferred compensation investments in the amount of \$4,837,729 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, 2015, 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, 2015, the City had authorized construction contract commitments of approximately \$26,255,755.

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 2015, 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, 2015 is as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventory	\$ 109,169	\$ -	\$ -	\$ -	\$ 109,169
	109,169	-	-	-	109,169
Restricted for:					
Debt service	-	1,390,478	-	-	1,390,478
Tourism	-	-	-	156,964	156,964
Library	-	-	-	1,137	1,137
Police	-	-	-	68,859	68,859
Child Safety	-	-	-	63,271	63,271
Stormwater drainage	-	-	-	157,236	157,236
Court	-	-	-	295,466	295,466
Social and community services	-	-	-	58,613	58,613
Capital projects	367,397	-	3,284,839	-	3,652,236
	367,397	1,390,478	3,284,839	801,546	5,844,260
Committed for:					
Parks	-	-	-	597,446	597,446
Capital projects	-	-	4,887,341	-	4,887,341
Special events	-	-	-	81,730	81,730
	-	-	4,887,341	679,176	5,566,517
Unassigned	12,622,396	-	-	(1,230,851)	11,391,545
	<u>\$ 13,098,962</u>	<u>\$ 1,390,478</u>	<u>\$ 8,172,180</u>	<u>\$ 249,871</u>	<u>\$ 22,911,491</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.

NOTE 12. CUMULATIVE EFFECT OF ADOPTION OF GASB STATEMENTS

As a result of the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", an adjustment has been made to record the City's net pension liability as of October 1, 2014. As a result, beginning net position of the governmental activities has been decreased by \$3,522,973 and the beginning net position of the water and sewer enterprise fund has been decreased by \$545,574.

**REQUIRED SUPPLEMENTARY
INFORMATION**



CITY OF THE COLONY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITIES AND RELATED RATIOS - TMRS
YEAR ENDED SEPTEMBER 30, 2015

	Measurement Year 2014
	<u>2014</u>
Total pension liability:	
Service cost	\$ 2,636,444
Interest	4,717,021
Changes of benefit terms	-
Difference between expected and actual experience	(1,078,676)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	<u>(2,771,781)</u>
Net change in total pension liability	3,503,008
Total pension liability - beginning	<u>67,453,684</u>
Total pension liability - ending (a)	<u>70,956,692</u>
Plan fiduciary net position:	
Contributions - employer	2,051,029
Contributions - employee	1,179,152
Net investment income	3,534,120
Benefit payments, including refunds of employee contributions	(2,771,781)
Administrative expense	(36,893)
Other	<u>(3,033)</u>
Net change in plan fiduciary net position	3,952,594
Plan fiduciary net position - beginning	<u>61,771,233</u>
Plan fiduciary net position - ending (b)	<u>65,723,827</u>
Net pension liability - ending (a) - (b)	<u>\$ 5,232,865</u>
Plan fiduciary net position as a percentage of total pension liability	92.63%
Covered employee payroll	\$ 16,838,560
Net pension liability as a percentage of covered employee payroll	31.08%

**CITY OF THE COLONY, TEXAS
SCHEDULE OF CONTRIBUTIONS - TMRS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Fiscal Year 2015
Actuarially determined contribution	\$ 2,224,043
Contribution in relation of the actuarially determined contribution	2,224,043
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 19,145,821
Contributions as a percentage of covered employee payroll	11.62%

**CITY OF THE COLONY, TEXAS
NOTES TO TMRS REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009
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

**CITY OF THE COLONY, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Ad valorem taxes, penalties and interest	\$ 11,977,465	\$ 11,977,465	\$ 12,583,086	\$ 605,621
Franchise taxes	2,188,500	2,188,500	2,672,475	483,975
Municipal sales tax	4,670,796	4,670,796	5,294,228	623,432
Licenses and permits	1,132,300	1,132,300	3,404,825	2,272,525
Charge for services	1,156,210	1,156,210	1,248,868	92,658
Fines and forfeitures	1,126,000	1,126,000	961,799	(164,201)
Grants	76,000	76,000	126,104	50,104
Gifts and Contributions	310,560	310,560	310,560	-
Investment income	11,000	11,000	14,453	3,453
Miscellaneous	519,557	519,557	637,882	118,325
Total revenues	<u>23,168,388</u>	<u>23,168,388</u>	<u>27,254,280</u>	<u>4,085,892</u>
EXPENDITURES				
Current:				
General government:				
Community image	435,878	435,878	427,056	8,822
General administration	793,946	793,946	769,547	24,399
City secretary	315,303	315,303	309,028	6,275
City council	37,805	38,057	37,843	214
Human resources	269,689	269,749	228,048	41,701
Finance	859,990	859,990	809,850	50,140
Information technology	519,373	536,373	572,126	(35,753)
Nondepartmental	5,578,686	5,578,689	2,495,633	3,083,056
Fleet services	674,534	674,594	596,203	78,391
Public safety:				
Municipal court	381,795	381,795	384,703	(2,908)
Fire	5,558,022	5,608,022	5,857,445	(249,423)
Police	7,553,070	7,577,213	7,615,351	(38,138)
Public works:				
Engineering	1,424,802	1,424,802	1,505,490	(80,688)
Facilities maintenance	412,421	412,421	423,053	(10,632)
Culture and recreation:				
Parks and recreation	2,071,800	2,074,530	1,994,922	79,608
Aquatic park	404,788	410,848	435,442	(24,594)
Library	997,846	1,000,333	990,012	10,321
Community center	128,235	128,761	127,668	1,093
Total expenditures	<u>28,417,983</u>	<u>28,521,304</u>	<u>25,579,420</u>	<u>2,941,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,249,595)</u>	<u>(5,352,916)</u>	<u>1,674,860</u>	<u>7,027,776</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,247,406	2,627,406	2,627,406	-
Transfers to other funds	(240,000)	(781,053)	(2,116,660)	(1,335,607)
Total other financing sources (uses)	<u>3,007,406</u>	<u>1,846,353</u>	<u>510,746</u>	<u>(1,335,607)</u>
NET CHANGE IN FUND BALANCE	<u>(2,242,189)</u>	<u>(3,506,563)</u>	<u>2,185,606</u>	<u>5,692,169</u>
FUND BALANCES, BEGINNING OF YEAR	<u>10,913,356</u>	<u>10,913,356</u>	<u>10,913,356</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 8,671,167</u>	<u>\$ 7,406,793</u>	<u>\$ 13,098,962</u>	<u>\$ 5,692,169</u>

**CITY OF THE COLONY, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
YEAR ENDED SEPTEMBER 30, 2015**

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, 2015**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Ad valorem tax	\$ 4,950,000	\$ 4,950,000	\$ 5,125,065	\$ 175,065
Gifts and contributions	1,036,694	1,036,694	1,036,694	-
Investment income	-	-	2,827	2,827
Grants	130,200	130,200	130,200	-
Total revenues	<u>6,116,894</u>	<u>6,116,894</u>	<u>6,294,786</u>	<u>177,892</u>
EXPENDITURES				
General government	-	-	272,250	(272,250)
Principal retirement	4,313,700	4,313,700	4,255,146	58,554
Interest and fiscal charges	1,803,761	1,803,761	1,638,941	164,820
Total expenditures	<u>6,117,461</u>	<u>6,117,461</u>	<u>6,166,337</u>	<u>(48,876)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(567)</u>	<u>(567)</u>	<u>128,449</u>	<u>129,016</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	612,007	612,007
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>612,007</u>	<u>612,007</u>
NET CHANGE IN FUND BALANCES	(567)	(567)	740,456	741,023
FUND BALANCE, BEGINNING OF YEAR	<u>650,022</u>	<u>650,022</u>	<u>650,022</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 649,455</u>	<u>\$ 649,455</u>	<u>\$ 1,390,478</u>	<u>\$ 741,023</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, 4th 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, 2015**

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
ASSETS						
Cash and cash equivalents	\$ 605,684	\$ 111,347	\$ 129,195	\$ 1,137	\$ 47,220	\$ 8,536
Accounts receivable	-	-	39,029	-	500	-
TOTAL ASSETS	<u>\$ 605,684</u>	<u>\$ 111,347</u>	<u>\$ 168,224</u>	<u>\$ 1,137</u>	<u>\$ 47,720</u>	<u>\$ 8,536</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable and accrued expenses	\$ 8,238	\$ 29,617	\$ 11,260	\$ -	\$ 112	\$ -
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>8,238</u>	<u>29,617</u>	<u>11,260</u>	<u>-</u>	<u>112</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted	-	-	156,964	1,137	47,608	8,536
Committed	597,446	81,730	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>597,446</u>	<u>81,730</u>	<u>156,964</u>	<u>1,137</u>	<u>47,608</u>	<u>8,536</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 605,684</u>	<u>\$ 111,347</u>	<u>\$ 168,224</u>	<u>\$ 1,137</u>	<u>\$ 47,720</u>	<u>\$ 8,536</u>

EXHIBIT C-1

SPECIAL REVENUE

POLICE SEIZED FUND	CHILD SAFETY FUND	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ 5,440	\$ 12,186	\$ 157,236	\$ 380,207	\$ 31,452	\$ 52,280	\$ 6,849	\$ -	\$ 1,548,769
7,275	51,085	-	-	-	-	-	-	97,889
<u>\$ 12,715</u>	<u>\$ 63,271</u>	<u>\$ 157,236</u>	<u>\$ 380,207</u>	<u>\$ 31,452</u>	<u>\$ 52,280</u>	<u>\$ 6,849</u>	<u>\$ -</u>	<u>\$ 1,646,658</u>
\$ -	\$ -	\$ -	\$ 115,688	\$ 505	\$ 516	\$ -	\$ 125,383	\$ 291,319
-	-	-	-	-	-	-	1,105,468	1,105,468
-	-	-	115,688	505	516	-	1,230,851	1,396,787
12,715	63,271	157,236	264,519	30,947	51,764	6,849	-	801,546
-	-	-	-	-	-	-	-	679,176
-	-	-	-	-	-	-	(1,230,851)	(1,230,851)
<u>12,715</u>	<u>63,271</u>	<u>157,236</u>	<u>264,519</u>	<u>30,947</u>	<u>51,764</u>	<u>6,849</u>	<u>(1,230,851)</u>	<u>249,871</u>
<u>\$ 12,715</u>	<u>\$ 63,271</u>	<u>\$ 157,236</u>	<u>\$ 380,207</u>	<u>\$ 31,452</u>	<u>\$ 52,280</u>	<u>\$ 6,849</u>	<u>\$ -</u>	<u>\$ 1,646,658</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, 2015**

	SPECIAL REVENUE					
	LAKE PARKS	SPECIAL EVENTS	HOTEL/ MOTEL TAXES	LIBRARY GRANTS	POLICE FORFEITED FUND	FEDERAL SEIZED FUND
REVENUES						
Licenses and permits	\$ 127,127	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	5,000	-
Hotel / motel taxes	-	-	525,449	-	-	-
Gifts and contributions	72,000	1,155	-	-	-	-
Grants	-	-	-	11,046	-	-
Miscellaneous	-	75,195	1,584	-	13,883	-
Total revenues	<u>199,127</u>	<u>76,350</u>	<u>527,033</u>	<u>11,046</u>	<u>18,883</u>	<u>-</u>
EXPENDITURES						
Current:						
Culture and recreation	86,388	417,810	370,818	12,333	-	-
Public works	-	-	-	-	-	-
Public safety	-	-	-	-	53,206	3,488
Capital outlay	7,219	-	-	-	-	-
Total expenditures	<u>93,607</u>	<u>417,810</u>	<u>370,818</u>	<u>12,333</u>	<u>53,206</u>	<u>3,488</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,520</u>	<u>(341,460)</u>	<u>156,215</u>	<u>(1,287)</u>	<u>(34,323)</u>	<u>(3,488)</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	350,000	120,000	-	51,363	-
Transfers to other funds	(35,000)	-	(250,000)	-	-	-
Total other financing sources (uses)	<u>(35,000)</u>	<u>350,000</u>	<u>(130,000)</u>	<u>-</u>	<u>51,363</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	70,520	8,540	26,215	(1,287)	17,040	(3,488)
FUND BALANCES, BEGINNING OF YEAR	<u>526,926</u>	<u>73,190</u>	<u>130,749</u>	<u>2,424</u>	<u>30,568</u>	<u>12,024</u>
FUND BALANCES, END OF YEAR	<u>\$ 597,446</u>	<u>\$ 81,730</u>	<u>\$ 156,964</u>	<u>\$ 1,137</u>	<u>\$ 47,608</u>	<u>\$ 8,536</u>

EXHIBIT C-2

SPECIAL REVENUE

POLICE SEIZED FUND	CHILD SAFETY FUND	STORM WATER UTILITY	COURT SECURITY	COURT TECHNOLOGY	KEEP THE COLONY BEAUTIFUL	CITIZENS DONATIONS	PID No. 1	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 544,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,588
28,744	-	-	19,351	25,802	-	-	-	78,897
-	-	-	-	-	-	-	-	525,449
-	-	-	-	-	279	783	-	74,217
-	59,335	-	-	-	-	-	-	70,381
-	-	-	-	-	-	-	-	90,662
<u>28,744</u>	<u>59,335</u>	<u>544,461</u>	<u>19,351</u>	<u>25,802</u>	<u>279</u>	<u>783</u>	<u>-</u>	<u>1,511,194</u>
-	-	-	-	-	-	-	-	887,349
-	-	82,710	-	-	5,820	-	742,169	830,699
-	28,979	-	2,942	15,075	-	-	-	103,690
-	-	-	115,688	27,530	-	-	488,682	639,119
<u>-</u>	<u>28,979</u>	<u>82,710</u>	<u>118,630</u>	<u>42,605</u>	<u>5,820</u>	<u>-</u>	<u>1,230,851</u>	<u>2,460,857</u>
<u>28,744</u>	<u>30,356</u>	<u>461,751</u>	<u>(99,279)</u>	<u>(16,803)</u>	<u>(5,541)</u>	<u>783</u>	<u>(1,230,851)</u>	<u>(949,663)</u>
-	-	-	-	-	20,000	-	-	541,363
<u>(51,363)</u>	<u>(20,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(956,363)</u>
<u>(51,363)</u>	<u>(20,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>(415,000)</u>
(22,619)	10,356	(138,249)	(99,279)	(16,803)	14,459	783	(1,230,851)	(1,364,663)
<u>35,334</u>	<u>52,915</u>	<u>295,485</u>	<u>363,798</u>	<u>47,750</u>	<u>37,305</u>	<u>6,066</u>	<u>-</u>	<u>1,614,534</u>
<u>\$ 12,715</u>	<u>\$ 63,271</u>	<u>\$ 157,236</u>	<u>\$ 264,519</u>	<u>\$ 30,947</u>	<u>\$ 51,764</u>	<u>\$ 6,849</u>	<u>\$ (1,230,851)</u>	<u>\$ 249,871</u>

**CITY OF THE COLONY
LAKE PARKS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fees and permits	\$ 211,500	\$ 211,500	\$ 127,127	\$ (84,373)
Development contributions	62,000	62,000	72,000	10,000
Total revenues	<u>273,500</u>	<u>273,500</u>	<u>199,127</u>	<u>(74,373)</u>
EXPENDITURES				
Culture and recreation	98,488	98,488	86,388	12,100
Capital outlay	250,000	250,000	7,219	242,781
Total expenditures	<u>348,488</u>	<u>348,488</u>	<u>93,607</u>	<u>254,881</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(74,988)</u>	<u>(74,988)</u>	<u>105,520</u>	<u>180,508</u>
OTHER FINANCING SOURCES				
Transfers to other funds	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
Total other financing uses	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(109,988)	(109,988)	70,520	180,508
FUND BALANCE, BEGINNING OF YEAR	<u>526,926</u>	<u>526,926</u>	<u>526,926</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 416,938</u>	<u>\$ 416,938</u>	<u>\$ 597,446</u>	<u>\$ 180,508</u>

**CITY OF THE COLONY
SPECIAL EVENTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES				
Gifts and contributions	\$ 1,500	\$ 1,500	\$ 1,155	\$ (345)
Miscellaneous	48,500	48,500	75,195	26,695
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>76,350</u>	<u>26,350</u>
EXPENDITURES				
Culture and recreation	418,105	418,105	417,810	295
Total expenditures	<u>418,105</u>	<u>418,105</u>	<u>417,810</u>	<u>295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(368,105)</u>	<u>(368,105)</u>	<u>(341,460)</u>	<u>26,645</u>
OTHER FINANCING SOURCES				
Transfers from other funds	350,000	350,000	350,000	-
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18,105)	(18,105)	8,540	26,645
FUND BALANCE, BEGINNING OF YEAR	73,190	73,190	73,190	-
FUND BALANCE, END OF YEAR	<u>\$ 55,085</u>	<u>\$ 55,085</u>	<u>\$ 81,730</u>	<u>\$ 26,645</u>

**CITY OF THE COLONY
HOTEL/MOTEL TAXES SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Hotel / motel taxes	\$ 425,000	\$ 425,000	\$ 525,449	\$ 100,449
Miscellaneous	-	-	1,584	1,584
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>527,033</u>	<u>102,033</u>
EXPENDITURES				
Culture and recreation	<u>380,852</u>	<u>383,524</u>	<u>370,818</u>	<u>12,706</u>
Total expenditures	<u>380,852</u>	<u>383,524</u>	<u>370,818</u>	<u>12,706</u>
Excess of revenues over expenditures	<u>44,148</u>	<u>41,476</u>	<u>156,215</u>	<u>114,739</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	120,000	120,000	120,000	-
Transfers to other funds	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(85,852)	(88,524)	26,215	114,739
FUND BALANCE, BEGINNING OF YEAR	<u>130,749</u>	<u>130,749</u>	<u>130,749</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 44,897</u>	<u>\$ 42,225</u>	<u>\$ 156,964</u>	<u>\$ 114,739</u>

**CITY OF THE COLONY
CHILD SAFETY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Grants	\$ 45,158	\$ 45,158	\$ 59,335	\$ 14,177
Total revenues	<u>45,158</u>	<u>45,158</u>	<u>59,335</u>	<u>14,177</u>
EXPENDITURES				
Public safety	<u>31,915</u>	<u>31,915</u>	<u>28,979</u>	<u>(2,936)</u>
Total expenditures	<u>31,915</u>	<u>31,915</u>	<u>28,979</u>	<u>(2,936)</u>
Excess of revenues over expenditures	<u>13,243</u>	<u>13,243</u>	<u>30,356</u>	<u>17,113</u>
OTHER FINANCING USES				
Transfers to other funds	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing uses	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,757)	(6,757)	10,356	17,113
FUND BALANCE, BEGINNING OF YEAR	<u>52,915</u>	<u>52,915</u>	<u>52,915</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 46,158</u>	<u>\$ 46,158</u>	<u>\$ 63,271</u>	<u>\$ 17,113</u>

**CITY OF THE COLONY
STORM WATER UTILITY SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fees and permits	\$ 491,000	\$ 491,000	\$ 544,461	\$ 53,461
Total revenues	<u>491,000</u>	<u>491,000</u>	<u>544,461</u>	<u>53,461</u>
EXPENDITURES				
Public works	-	-	82,710	82,710
Total expenditures	<u>-</u>	<u>-</u>	<u>82,710</u>	<u>82,710</u>
Excess (deficiency) of revenues over (under) expenditures	<u>491,000</u>	<u>491,000</u>	<u>461,751</u>	<u>(29,249)</u>
OTHER FINANCING USES				
Transfers to other funds	-	-	(600,000)	(600,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>
NET CHANGE IN FUND BALANCES	491,000	491,000	(138,249)	(629,249)
FUND BALANCE, BEGINNING OF YEAR	<u>295,485</u>	<u>295,485</u>	<u>295,485</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 786,485</u>	<u>\$ 786,485</u>	<u>\$ 157,236</u>	<u>\$ (629,249)</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.

Tax Increment Reinvestment Zone Number One (TIRZ One) – The City created Tax Increment Reinvestment Zone Number One (TIRZ One) to provide additional financing resources to further enhance development within the zone. The City Council appoints a Board and Board members are removable by the City Council. TIRZ One commenced November 2011 and will terminate the earlier of the 40th anniversary of the date the City collects its first sales tax dollar within the zone, or the date on which all TIF project costs have been paid or funded and all TIF obligations have been paid in full.

**CITY OF THE COLONY, TEXAS
THE COLONY ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2015**

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	\$ 4,656,145
Sales tax receivable	1,013,129
Due from other governments	323,731
Restricted assets:	
Cash and cash equivalents	<u>5,483,852</u>
Total assets	<u>\$ 11,476,857</u>

LIABILITIES AND FUND BALANCES**LIABILITIES**

Accounts payable	<u>\$ 767,362</u>
Total liabilities	<u>767,362</u>

FUND BALANCES

Restricted for:	
Construction	8,785,877
Unassigned	<u>1,923,618</u>
Total fund balance	<u>10,709,495</u>
Total liabilities and fund balances	<u><u>\$ 11,476,857</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, 2015**

Total fund balances - governmental funds	\$ 10,709,495
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.	18,328,939
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.	(275,637)
Deferred losses 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.	82,604
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	(31,627,005)
Compensated absences	(67,487)
Discount on issuance of debt	1,877,295
Premium on issuance of debt	(149,049)
Net position of governmental activities	<u>\$ (1,120,845)</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, 2015**

REVENUES

Municipal sales tax	\$	3,473,859
Intergovernmental		272,250
Gifts and contributions		-
Investment income		7,109
Miscellaneous		1,620
Total revenues		<u>3,754,838</u>

EXPENDITURES

Current:		
Economic development		4,469,510
Capital outlay		2,344,482
Debt service:		
Principal retirement		177,650
Interest and fiscal charges		2,215,085
Total expenditures		<u>9,206,727</u>

NET CHANGE IN FUND BALANCES (5,451,889)

FUND BALANCES, BEGINNING OF YEAR 16,161,384

FUND BALANCES, END OF YEAR \$ 10,709,495

**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, 2015**

Net change in fund balances - total governmental funds	\$ (5,451,889)
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.	2,344,482
Current year amortization of the costs of premiums and discounts on debt issuance does not require the use of current financial resources; and, therefore, not reported as expenditures in governmental funds.	(61,639)
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.	(7,657)
Current year principal payments on long-term debt are recorded as expenditures in the fund financial statements, but are reflected as reductions in the liability for long-term debt in the government-wide financial statements.	<u>177,650</u>
Change in Net Position of Governmental activities	<u>\$ (2,999,053)</u>

**CITY OF THE COLONY, TEXAS
THE COLONY COMMUNITY DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2015**

ASSETS

Cash and cash equivalents	\$	1,945,741
Sales tax receivable		1,013,129
Due from other governments		323,730
Restricted assets:		
Cash and cash equivalents		5,487,029
Total assets	\$	8,769,629

LIABILITIES AND FUND BALANCE**LIABILITIES**

Accounts payable	\$	697,120
Total liabilities		697,120

FUND BALANCE

Restricted for:		
Construction		8,785,878
Unassigned		(713,369)
Total fund balance		8,072,509
Total liabilities and fund balance	\$	8,769,629

**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, 2015**

Total fund balances - governmental funds	\$ 8,072,509
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.	18,328,937
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.	(265,061)
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	(29,580,000)
Discount on issuance of debt	1,877,295
Net position of governmental activities	<u>\$ (1,566,320)</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, 2015**

REVENUES

Municipal sales tax	\$ 3,473,859
Investment income	5,603
	<hr/>
Total revenues	3,479,462
	<hr/>

EXPENDITURES

Current:	
Economic development	2,389,383
Capital outlay	2,344,482
Debt service:	
Interest and fiscal charges	2,120,487
	<hr/>
Total expenditures	6,854,352
	<hr/>

Deficiency of revenues under expenditures	(3,374,890)
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FUND BALANCE, BEGINNING OF YEAR	<hr/> 11,447,399
FUND BALANCE, END OF YEAR	<hr/> \$ 8,072,509 <hr/>

**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, 2015**

Net change in fund balances - total governmental funds	\$ (3,374,890)
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.	2,344,482
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.	<u>(67,047)</u>
Change in Net Position of Governmental activities	<u>\$ (1,097,455)</u>

**CITY OF THE COLONY, TEXAS
THE COLONY LOCAL DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2015**

ASSETS

Restricted cash and cash equivalents	\$ 11,610,190
Total assets	<u>\$ 11,610,190</u>

LIABILITIES AND FUND BALANCE**LIABILITIES**

Accounts payable and accrued expenses	\$ 117,625
Due to other governments	<u>647,461</u>
Total liabilities	<u>765,086</u>

FUND BALANCE

Restricted for:	
Construction	17,786,966
Unrestricted	<u>(6,941,862)</u>
Total fund balance	<u>10,845,104</u>
Total liabilities and fund balance	<u><u>\$ 11,610,190</u></u>

**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, 2015**

Total fund balance - governmental fund	\$ 10,845,104
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.	48,957,248
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.	(932,029)
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
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	41,406
	(142,198,594)
Net position for governmental activities	<u>\$ (79,471,833)</u>

**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, 2015**

REVENUES

Intergovernmental	\$ 511,028
Municipal sales tax	1,882,199
Investment income	9,020
Total revenues	<u>2,402,247</u>

EXPENDITURES

Capital outlay	4,725,654
Debt services:	
Interest and fiscal charges	<u>7,456,227</u>
Total expenditures	<u>12,181,881</u>

Deficiency of revenues under expenditures	(9,779,634)
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Other Financial Sources (Uses)

Proceeds from sale of assets	<u>2,079,502</u>
Total other financing sources (uses)	<u>2,079,502</u>

NET CHANGE IN FUND BALANCE

	(7,700,132)
--	-------------

FUND BALANCE, BEGINNING OF YEAR

	<u>18,545,236</u>
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FUND BALANCE, END OF YEAR

	<u><u>\$ 10,845,104</u></u>
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**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, 2015**

Net change in fund balances - Local Development Corporation	\$	(7,700,132)
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.		4,725,654
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)
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.		(53,433,941)
Proceeds on sale of assets is recorded as an other financing source in the governmental funds; however, in the government-wide financial statements, the difference between the proceeds and the carrying amount of the assets is recorded as a gain/loss on disposal. This amount represents the carrying amount of the capital assets sold.		<u>(633,577)</u>
Change in net position of governmental activities	\$	<u><u>(57,044,119)</u></u>

**CITY OF THE COLONY, TEXAS
TIRZ ONE
BALANCE SHEET
SEPTEMBER 30, 2015**

ASSETS

Cash and cash equivalents	\$ -
Total assets	<u>-</u>

LIABILITIES AND FUND BALANCE**LIABILITIES**

Due to primary government	<u>7,551</u>
Total liabilities	<u>7,551</u>

FUND BALANCE (DEFICIT)

Unrestricted	<u>(7,551)</u>
Total fund balance (deficit)	<u>(7,551)</u>
Total liabilities and fund balance (deficit)	<u><u>\$ -</u></u>

**CITY OF THE COLONY, TEXAS
TIRZ ONE
RECONCILIATION OF THE GOVERNMENT FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Total fund balance - governmental fund	\$	(7,551)
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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.

		7,551
Net position for governmental activities	\$	-

**CITY OF THE COLONY, TEXAS
TIRZ ONE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

REVENUES	
Miscellaneous	\$ 2,025
Total revenues	<u>2,025</u>
EXPENDITURES	
Capital outlay	-
Total expenditures	<u>-</u>
Excess of revenues over expenditures	2,025
FUND BALANCE, BEGINNING OF YEAR	<u>(9,576)</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u><u>\$ (7,551)</u></u>

CITY OF THE COLONY, TEXAS
TIRZ ONE
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, 2015

Net change in fund balances - TIRZ One	\$	2,025
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds do not report the contributions of capital assets; however, in the statement of activities, the loss on disposal of those assets is reported as expense.

		(2,025)
Change in net position of governmental activities	\$	-
		-



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.

		<u>Tables</u>
Financial Trends	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
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	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
Demographic and Economic Indicators	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
Operating Information	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			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 99,646,935	\$ 110,759,032	\$ 114,835,815	\$ 120,522,026
Restricted for:				
Debt service	649,790	275,435	969,106	1,378,540
Construction	-	-	-	-
Governmental funded construction costs	-	-	-	-
Other	-	-	-	-
Unrestricted	11,005,057	9,769,205	11,545,288	6,788,851
Total governmental activities net position	\$ 111,301,782	\$ 120,803,672	\$ 127,350,209	\$ 128,689,417
Business-type activities				
Net investment in capital assets	\$ 26,584,212	\$ 28,799,583	\$ 31,288,426	\$ 34,221,183
Restricted for:				
Debt service	2,146,469	1,987,616	1,927,384	2,008,372
Construction	-	-	-	-
Unrestricted	2,825,843	4,802,190	5,188,745	4,527,153
Total business-type activities net position	\$ 31,556,524	\$ 35,589,389	\$ 38,404,555	\$ 40,756,708
Primary government				
Net investment in capital assets	\$ 126,231,147	\$ 139,558,615	\$ 146,124,241	\$ 154,743,209
Restricted for:				
Debt service	2,796,259	2,263,051	2,896,490	3,386,912
Construction	-	-	-	-
Governmental funded construction costs	-	-	-	-
Other	-	-	-	-
Unrestricted	13,830,900	14,571,395	16,734,033	11,316,004
Total primary governmental net position	\$ 142,858,306	\$ 156,393,061	\$ 165,754,764	\$ 169,446,125

TABLE 1

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 120,889,617	\$ 120,171,449	\$ 124,203,756	\$ 138,322,067	\$ 168,321,953	\$ 192,477,376	
1,417,890	1,328,743	616,551	491,954	510,962	1,257,148	
-	-	-	-	367,397	367,397	
21,587,370	15,162,606	18,841,254	36,282,548	9,970,596	578,825	
-	-	-	-	1,014,418	801,546	
7,104,234	12,898,833	18,856,491	8,376,946	12,623,136	10,600,966	
<u>\$ 150,999,111</u>	<u>\$ 149,561,631</u>	<u>\$ 162,518,052</u>	<u>\$ 183,473,515</u>	<u>\$ 192,808,462</u>	<u>\$ 206,083,258</u>	
\$ 34,339,436	\$ 32,790,670	\$ 34,435,853	\$ 35,059,168	\$ 38,498,565	\$ 40,490,252	
2,125,650	2,035,533	1,630,663	1,630,805	-	-	
-	-	-	-	366,843	1,333,988	
5,272,751	7,431,021	6,214,403	4,984,955	4,145,293	3,890,445	
<u>\$ 41,737,837</u>	<u>\$ 42,257,224</u>	<u>\$ 42,280,919</u>	<u>\$ 41,674,928</u>	<u>\$ 43,010,701</u>	<u>\$ 45,714,685</u>	
\$ 155,229,053	\$ 152,962,119	\$ 158,639,609	\$ 173,381,235	\$ 206,820,518	\$ 232,967,628	
3,543,540	3,364,276	2,247,214	2,122,759	510,962	1,257,148	
-	-	-	-	734,240	1,701,385	
21,587,370	15,162,606	18,841,254	36,282,548	9,970,596	578,825	
-	-	-	-	1,014,418	801,546	
12,376,985	20,329,854	25,070,894	13,361,901	16,768,429	14,491,411	
<u>\$ 192,736,948</u>	<u>\$ 191,818,855</u>	<u>\$ 204,798,971</u>	<u>\$ 225,148,443</u>	<u>\$ 235,819,163</u>	<u>\$ 251,797,943</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 4,076,007	\$ 5,174,718	\$ 5,457,879	\$ 6,047,649
Public safety	8,718,968	9,615,093	10,724,686	11,931,119
Public works	6,800,501	7,138,705	6,787,684	6,460,351
Culture and recreation	3,491,239	3,869,375	3,828,479	4,166,790
Interest on Long-term Debt	2,036,915	2,113,208	1,797,601	2,294,631
Total governmental activities expenses	25,123,630	27,911,099	28,596,329	30,900,540
Business-type activities:				
Water and sewer	9,894,712	10,210,302	12,121,212	12,267,934
Total business-type activities expenses	9,894,712	10,210,302	12,121,212	12,267,934
Total primary government expenses	\$ 35,018,342	\$ 38,121,401	\$ 40,717,541	\$ 43,168,474
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 969,908	\$ 1,210,127	\$ 1,864,500	\$ 1,458,466
Public safety	1,527,570	1,626,470	1,678,345	1,556,809
Public works	523,801	509,999	609,161	648,546
Culture and recreation	668,477	571,053	636,726	628,334
Operating grants and contributions	5,322,230	3,426,207	2,866,700	1,760,789
Capital grants and contributions	1,764,383	8,226,536	6,706,427	3,947,382
Total governmental activities program revenues	10,776,369	15,570,392	14,361,859	10,000,326
Business-type activities:				
Charges for Services:				
Water and sewer	12,772,249	11,340,679	12,989,227	13,219,584
Operating grants and contributions	-	170,058	170,058	-
Capital grants and contributions	2,542,627	3,404,723	1,018,773	2,190,944
Total business-type activities program revenues	15,314,876	14,915,460	14,178,058	15,410,528
Total primary government program revenues	\$ 26,091,245	\$ 30,485,852	\$ 28,539,917	\$ 25,410,854
Net (Expenses) Revenues				
Governmental activities	\$ (14,347,261)	\$ (12,340,707)	\$ (14,234,470)	\$ (20,900,214)
Business-type activities	5,420,164	4,705,158	2,056,846	3,142,594
Total primary government net expenses	\$ (8,927,097)	\$ (7,635,549)	\$ (12,177,624)	\$ (17,757,620)

Source: Comprehensive Annual Financial Report

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,348,676	\$ 5,358,521	\$ 5,088,732	\$ 5,376,865	\$ 4,657,245	\$ 8,498,744
12,007,197	14,315,846	13,033,809	13,307,649	14,111,478	13,702,805
7,259,566	6,103,481	6,540,099	5,901,952	6,365,189	6,634,461
4,328,613	4,220,462	4,383,077	4,603,345	4,861,085	4,945,616
2,148,148	2,803,970	2,262,515	1,718,298	1,615,808	1,552,854
<u>31,092,200</u>	<u>32,802,280</u>	<u>31,308,232</u>	<u>30,908,109</u>	<u>31,610,805</u>	<u>35,334,480</u>
<u>12,675,692</u>	<u>12,966,102</u>	<u>13,262,154</u>	<u>14,009,946</u>	<u>14,046,013</u>	<u>15,332,384</u>
<u>12,675,692</u>	<u>12,966,102</u>	<u>13,262,154</u>	<u>14,009,946</u>	<u>14,046,013</u>	<u>15,332,384</u>
<u>\$ 43,767,892</u>	<u>\$ 45,768,382</u>	<u>\$ 44,570,386</u>	<u>\$ 44,918,055</u>	<u>\$ 45,656,818</u>	<u>\$ 50,666,864</u>
\$ 2,339,378	\$ 2,394,953	\$ 1,382,069	\$ 1,820,291	\$ 817,907	\$ 677,339
1,376,055	1,756,273	1,467,787	1,269,844	1,909,552	1,621,361
3,035	-	-	-	1,734,579	3,308,308
636,493	681,708	691,786	1,249,298	738,844	758,969
2,113,635	1,532,482	14,574,876	22,019,655	2,673,886	5,712,865
<u>24,282,758</u>	<u>1,939,338</u>	<u>2,766,960</u>	<u>2,899,255</u>	<u>8,730,508</u>	<u>11,365,061</u>
<u>30,751,354</u>	<u>8,304,754</u>	<u>20,883,478</u>	<u>29,258,343</u>	<u>16,605,276</u>	<u>23,443,903</u>
13,615,694	14,502,097	13,646,312	13,579,477	14,406,435	15,210,296
307,870	-	-	-	51,745	306,999
1,794,035	731,229	676,404	1,338,003	1,572,935	5,055,328
<u>15,717,599</u>	<u>15,233,326</u>	<u>14,322,716</u>	<u>14,917,480</u>	<u>16,031,115</u>	<u>20,572,623</u>
<u>\$ 46,468,953</u>	<u>\$ 23,538,080</u>	<u>\$ 35,206,194</u>	<u>\$ 44,175,823</u>	<u>\$ 32,636,391</u>	<u>\$ 44,016,526</u>
\$ (340,846)	\$ (24,497,526)	\$ (10,424,754)	\$ (1,649,766)	\$ (15,005,529)	\$ (11,890,577)
3,041,907	2,267,224	1,060,562	907,534	1,985,102	5,240,239
<u>\$ 2,701,061</u>	<u>\$ (22,230,302)</u>	<u>\$ (9,364,192)</u>	<u>\$ (742,232)</u>	<u>\$ (13,020,427)</u>	<u>\$ (6,650,338)</u>

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

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 11,887,846	\$ 12,774,611	\$ 14,305,445	\$ 14,718,171
Sales taxes	2,731,402	2,880,852	3,055,468	3,096,768
Franchise taxes	1,914,347	1,939,565	1,807,584	2,049,184
Hotel motel taxes	140,229	141,496	125,573	129,444
Penalties and interest	110,336	121,549	126,492	124,297
Interest on investments	806,666	843,217	725,623	294,167
Impact fees	112,149	435,092	272,529	(360,501)
Miscellaneous	-	249,534	80,136	407,769
Transfers	1,381,091	2,456,591	282,247	1,857,605
Total governmental activities	19,084,066	21,842,507	20,781,097	22,316,904
Business-type activities:				
Property taxes	929,179	764,062	23,758	9,170
Interest on investments	1,040,660	864,807	552,763	199,739
Impact fees	-	433,122	444,770	835,678
Miscellaneous	134,833	18,405	19,276	22,577
Gain/loss on sale/disposal of capital assets	-	(296,098)	-	-
Transfers	(1,381,091)	(2,456,591)	(282,247)	(1,857,605)
Total business-type activities	723,581	(672,293)	758,320	(790,441)
Total primary government	19,807,647	21,170,214	21,539,417	21,526,463
Change in Net Position				
Governmental activities	4,736,805	9,501,800	6,546,627	1,416,690
Business-type activities	6,143,745	4,032,865	2,815,166	2,352,153
Total primary government	\$ 10,880,550	\$ 13,534,665	\$ 9,361,793	\$ 3,768,843

Source: Comprehensive Annual Financial Report

TABLE 2 – cont.

							Fiscal Year					
							2010	2011	2012	2013	2014	2015
\$	14,733,978	\$	14,643,407	\$	14,797,974	\$	14,926,095	\$	15,561,110	\$	17,277,344	
	3,118,514		3,435,175		3,655,111		4,098,458		4,452,674		5,294,228	
	2,024,933		2,199,253		3,104,073		2,205,461		2,415,524		2,672,475	
	282,798		371,056		370,798		425,177		473,743		525,449	
	154,803		102,593		155,272		98,147		58,769		130,513	
	39,924		76,193		50,088		43,567		19,516		19,660	
	-		-		-		-		-		-	
	-		-		-		501,649		706,755		763,871	
	2,295,590		2,232,369		1,247,859		1,282,318		652,385		2,004,806	
	<u>22,650,540</u>		<u>23,060,046</u>		<u>23,381,175</u>		<u>23,580,872</u>		<u>24,340,476</u>		<u>28,688,346</u>	
	12,660		-		-		-		-		-	
	29,222		21,000		16,263		8,093		3,056		14,125	
	139,110		-		-		-		-		-	
	-		463,532		194,729		441,338.00		-		-	
	-		-		-		-		-		-	
	<u>(2,295,590)</u>		<u>(2,232,369)</u>		<u>(1,247,859)</u>		<u>(1,282,318)</u>		<u>(652,385)</u>		<u>(2,004,806)</u>	
	<u>(2,114,598)</u>		<u>(1,747,837)</u>		<u>(1,036,867)</u>		<u>(832,887)</u>		<u>(649,329)</u>		<u>(1,990,681)</u>	
	20,535,942		21,312,209		22,344,308		22,747,985		23,691,147		26,697,665	
	22,309,694		(1,437,480)		12,956,421		21,931,106		9,334,947		16,797,769	
	927,309		519,387		23,695		74,647		1,335,773		3,249,558	
\$	<u>23,237,003</u>	\$	<u>(918,093)</u>	\$	<u>12,980,116</u>	\$	<u>22,005,753</u>	\$	<u>10,670,720</u>	\$	<u>20,047,327</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved for:				
Encumbrances	\$ 276,747	\$ 151,818	\$ 303,401	\$ 128,959
Unreserved- designated for	-	-	-	-
Hidden Cove Park	404,000	392,000	140,000	165,000
Unreserved and undesignated	4,941,023	5,478,517	6,252,576	6,445,698
Restricted for capital projects	-	-	-	-
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 5,621,770	\$ 6,022,335	\$ 6,695,977	\$ 6,739,657
All Other Governmental Funds				
Reserved for:				
Encumbrances	\$ 7,711	\$ 9,814	\$ 141,193	\$ 97,326
Capital Projects	8,980,710	12,187,996	7,437,260	2,832,183
Debt Service	1,017,383	965,997	1,123,924	1,301,247
Court security and technology	246,230	302,728	352,660	288,755
Unreserved and undesignated	350,548	452,916	740,965	393,979
Restricted for:				
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Other	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 10,602,582	\$ 13,919,451	\$ 9,796,002	\$ 4,913,490

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

		Fiscal Year				
2010	2011	2012	2013	2014	2015	
\$ 152,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
156,000	-	-	-	-	-	-
6,771,098	-	-	-	-	-	-
-	-	-	-	367,397	367,397	-
-	-	112,876	99,785	87,434	109,169	-
-	7,904,478	7,407,174	8,307,886	10,458,525	12,622,396	-
<u>\$ 7,079,309</u>	<u>\$ 7,904,478</u>	<u>\$ 7,520,050</u>	<u>\$ 8,407,671</u>	<u>\$ 10,913,356</u>	<u>\$ 13,098,962</u>	
\$ 83,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,766,218	-	-	-	-	-	-
1,592,932	-	-	-	-	-	-
328,436	-	-	-	-	-	-
584,000	-	-	-	-	-	-
-	19,856,420	30,118,151	38,356,081	12,241,468	3,284,839	-
-	1,328,743	616,551	491,954	650,022	1,390,478	-
-	873,735	901,645	915,493	1,014,418	801,546	-
-	480,430	268,589	422,302	4,208,038	5,566,517	-
-	(152,544)	-	-	-	(1,230,851)	-
<u>\$ 35,355,557</u>	<u>\$ 22,386,784</u>	<u>\$ 31,904,936</u>	<u>\$ 40,185,830</u>	<u>\$ 18,113,946</u>	<u>\$ 9,812,529</u>	

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

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Ad valorem taxes, penalties and interest	\$ 11,992,032	\$ 12,774,562	\$ 14,366,969	\$ 14,907,953
Franchise taxes	2,301,330	1,939,565	1,807,584	2,049,184
Municipal sales tax	2,731,402	2,880,852	3,055,468	3,096,768
Licenses and permits	1,058,664	1,231,961	2,093,887	1,605,611
Charges for services	1,030,023	1,011,419	1,031,277	1,073,813
Fines and forfeitures	1,205,994	1,238,791	1,205,663	1,051,424
Grants	219,140	254,565	284,543	319,275
Gifts and contributions	1,837,848	1,360,241	2,177,447	1,661,870
Hotel / motel taxes	140,229	141,496	125,573	129,444
Recreation fees	10,696	7,840	-	-
Capital recovery fees	3,265,837	2,293,141	4,384,262	2,984,691
Interest earned	806,773	842,023	722,799	293,179
Miscellaneous	1,096,398	628,015	568,042	883,425
Total revenues	27,696,366	26,604,471	31,823,514	30,056,637
EXPENDITURES				
Current				
General government	3,899,887	4,764,536	5,199,183	5,372,394
Public safety	8,321,276	9,175,863	10,190,968	11,189,360
Public works	3,169,204	3,428,083	2,890,446	4,426,316
Cultural and recreation	3,129,334	3,627,643	3,658,082	3,876,561
Fleet replacement				
Economic development				
Capital Outlay	4,469,999	7,105,135	10,199,487	6,632,542
Debt Service:				
Principal retirement	2,073,677	2,457,656	2,981,100	3,106,100
Interest and fiscal charges	1,948,296	2,185,797	2,251,494	2,121,938
Cost of issuance of bonds	230,976	-	-	-
Total expenditures	27,242,649	32,744,713	37,370,760	36,725,211
Excess (deficiency) of revenues over (under) expenditures	453,717	(6,140,242)	(5,547,246)	(6,668,574)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	10,081,585	7,145,000	8,115,000	-
Issuance of refunding debt	-	-	-	-
Payment of escrow for refunding debt	(9,280,273)	-	(6,357,600)	-
Premium on issuance of debt	-	256,085	57,792	-
Proceeds from sale of capital assets	11,646	-	-	-
Transfers from other funds	2,762,965	4,750,300	4,126,170	3,918,514
Transfers to other funds	(1,421,874)	(2,293,709)	(3,843,923)	(2,088,915)
Total other financing sources (uses)	2,154,049	9,857,676	2,097,439	1,829,599
NET CHANGE IN FUND BALANCES	\$ 2,607,766	\$ 3,717,434	\$ (3,449,807)	\$ (4,838,975)
Debt service as a percentage of noncapital expenditures	18.7%	18.1%	19.3%	17.4%

Source: Comprehensive Annual Financial Report

TABLE 4

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 14,835,935	\$ 14,979,835	\$ 15,002,544	\$ 14,935,642	\$ 15,487,211	\$ 17,708,151	
2,024,933	2,199,253	2,266,213	2,205,461	2,415,524	2,672,475	
3,118,514	3,435,175	3,655,111	4,098,458	4,452,674	5,294,228	
1,137,189	1,350,128	1,382,069	1,820,291	2,548,914	4,076,413	
1,105,877	1,172,459	998,347	1,249,298	1,308,917	1,248,868	
1,055,261	1,348,594	1,161,226	1,269,844	1,343,051	1,040,696	
350,595	166,116	232,186	465,057	309,622	326,685	
1,763,040	1,713,597	1,899,880	2,175,919	2,700,591	5,881,783	
282,798	371,056	370,798	425,177	473,743	525,449	
-	-	-	-	-	-	
23,444,825	1,477,503	14,574,876	21,519,655	6,712,194	1,090,071	
39,690	76,193	50,088	43,567	19,516	19,660	
1,056,634	1,046,066	837,860	501,649	706,755	770,156	
<u>50,215,291</u>	<u>29,335,975</u>	<u>42,431,198</u>	<u>50,710,018</u>	<u>38,478,712</u>	<u>40,654,635</u>	
5,259,315	5,242,015	4,068,715	4,264,620	3,956,996	4,738,905	
13,970,748	17,507,678	12,277,603	12,374,865	12,797,691	13,950,864	
5,100,959	9,870,654	7,156,968	2,001,302	2,181,484	3,204,557	
4,367,343	4,746,425	4,561,579	4,155,473	4,233,864	4,435,393	
734,486	383,637	109,838	16,283,998	30,700,864	20,723,176	
3,301,150	3,415,254	4,434,919	4,195,250	4,066,150	4,255,146	
1,944,886	2,555,585	2,245,051	1,550,643	1,647,599	1,638,941	
380,436	111,541	140,574	117,838	25,169	55,015	
<u>35,059,323</u>	<u>43,832,789</u>	<u>34,995,247</u>	<u>44,943,989</u>	<u>59,609,817</u>	<u>53,001,997</u>	
15,155,968	(14,496,814)	7,435,951	5,766,029	(21,131,105)	(12,347,362)	
12,725,000	-	-	2,073,533	-	3,040,800	
4,750,000	5,728,800	6,056,900	2,795,693	-	-	
(5,039,202)	(5,971,643)	(6,076,552)	(3,120,000)	-	-	
894,364	363,684	160,226	370,942	-	250,945	
-	-	-	-	-	935,000	
3,918,968	4,317,840	7,190,015	2,754,588	3,718,125	5,277,829	
<u>(1,623,379)</u>	<u>(2,085,471)</u>	<u>(5,632,816)</u>	<u>(1,472,270)</u>	<u>(2,153,219)</u>	<u>(3,273,023)</u>	
<u>15,625,751</u>	<u>2,353,210</u>	<u>1,697,773</u>	<u>3,402,486</u>	<u>1,564,906</u>	<u>6,231,551</u>	
<u>\$ 30,781,719</u>	<u>\$ (12,143,604)</u>	<u>\$ 9,133,724</u>	<u>\$ 9,168,515</u>	<u>\$ (19,566,199)</u>	<u>\$ (6,115,811)</u>	
16.4%	14.0%	19.6%	20.6%	19.8%	17.8%	

TABLE 5

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

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farm Property	Less: Tax Exempt Property	Total Taxable Assessed Value^a	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value^b as a Percentage of Actual Value
2006	\$ 1,399,940,472	\$ 375,454,075	\$ 144,021	\$ 51,634,185	\$ 1,723,904,383	\$ 0.72000	\$ 1,723,904,383	100.00%
2007	1,428,465,087	449,127,821	280,938	69,801,485	1,808,072,361	\$ 0.71500	1,808,072,361	100.00%
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%

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.

^a Includes adjustments to certified rolls.

^b 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)**

Fiscal Year	City Direct Rates			Overlapping Rates	
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Lewisville Independent School District	Denton County
2006	0.47858	0.18976	0.66834	1.640	0.24648
2007	0.49401	0.22099	0.71500	1.640	0.23192
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	0.51036	0.15964	0.67000	1.477	0.27220

Source: Lewisville ISD and Denton County.

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

<u>Taxpayer</u>	<u>2015</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value^a</u>
TXFM Inc	\$ 121,602,740	1	4.63%
Nebraska Furniture Mart	60,136,419	2	2.29%
Austin Ranch Phase VI Investors LLC	57,000,000	3	2.17%
AR No. 5, LLC	54,994,587	4	2.09%
The Residences of Austin Ranch No. 4 M LLC	48,000,000	5	1.83%
AR Phase 1 LLC	47,000,000	6	1.79%
The Residences of Austin Ranch No. 3 M LLC	41,500,000	7	1.58%
AR Phase 2 LLC	41,500,000	8	1.58%
Somerset Land Ltd	30,164,664	9	1.15%
GS Sonoma Grand LP	27,503,843	10	1.05%
The Residences of Austin Ranch Ph 1	-		-
The Residences of Austin Ranch Ph II	-		-
The Residences of Austin Ranch #3 LTD	-		-
Estancia at Morningstar II LP	-		-
BOA P/S II LP	-		-
TXU Electric Delivery Co.	-		-
Wynnwood Peninsula LTD P/S	-		-
KB Home Lone Star LP	-		-
	<u>\$ 529,402,253</u>		<u>20.17%</u>

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

Note: ^a Taxpayers are assessed on January 1, 2014 (2014 tax year) for the 2015 fiscal year.

TABLE 7

2006		
Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value^a
\$ 31,851,491	3	1.85%
20,618,769	6	1.20%
34,290,658	1	1.99%
33,486,281	2	1.94%
29,061,612	4	1.69%
23,023,555	5	1.34%
16,071,730	7	0.93%
11,768,150	8	0.68%
7,779,122	9	0.45%
<u>6,643,442</u>	10	<u>0.39%</u>
<u><u>\$ 214,594,810</u></u>		<u><u>12.45%</u></u>

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
2006	\$ 12,794,771	\$ 12,621,521	98.65%	\$ 153,057	\$ 12,774,578	99.84%
2007	13,390,390	13,270,624	99.11%	156,959	13,427,583	100.28%
2008	13,953,264	13,664,674	97.93%	293,432	13,958,106	100.03%
2009	14,429,083	14,198,198	98.40%	312,506	14,510,704	100.57%
2010	14,712,417	14,381,516	97.75%	234,240	14,615,756	99.34%
2011	14,357,020	14,170,540	98.70%	295,778	14,466,318	100.76%
2012	14,725,447	14,671,313	99.63%	-	14,671,313	99.63%
2013	14,749,221	14,770,162	100.14%	225,340	14,995,502	101.67%
2014	15,630,270	15,648,851	100.12%	56,388	15,705,239	100.48%
2015	17,653,942	17,741,878	100.50%	402,767	18,144,645	102.78%

Source: Denton County Tax Assessor and Collector

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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations			
2006	\$ 15,317,798	\$ 29,849,940	\$ -	\$ 23,215,000	\$ 19,949,433	\$ 88,332,171	10.32%	2,363
2007	15,103,742	34,751,340	-	22,875,000	26,903,660	99,633,742	8.83%	2,595
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	21,256,051	-	990,000	38,840,699	84,865,000	5.17%	1,835
2014	21,585,733	19,320,803	-	-	39,107,883	80,014,419	2.41%	1,778
2015	18,087,560	19,947,850	849,154	-	52,177,845	91,062,409	2.26%	2,024

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

^aSee 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 ^a	Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	General Obligation Bonds	Certificates of Obligation			
2006	\$ 15,317,798	\$ 29,849,940	\$ 23,215,000	\$ 19,705,060	\$ 88,087,798	5.11%	\$ 2,356
2007	15,103,742	34,751,340	22,875,000	26,903,660	99,633,742	5.51%	2,595
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	15,071,750	23,768,949	83,875,000	3.85%	1,814
2014	21,585,733	19,320,803	26,773,235	9,568,200	77,247,971	3.35%	1,717
2015	18,087,560	19,947,850	25,275,445	18,087,560	81,398,415	3.10%	1,809

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

^aSee Table 5 for property value data.

^bSee Table 14 for population data.

TABLE 11

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	0.720	0.715	0.6975	0.690	0.688	0.6855	0.683	0.680	0.6775	0.6725
Available Tax Rate	\$ 1.78	\$ 1.79	\$ 1.80	\$ 1.81	\$ 1.81	\$ 1.81	\$ 1.82	\$ 1.82	\$ 1.82	\$ 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, 2015 (UNAUDITED)**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable^a	The Colony Share of Overlapping Debt
Lewisville I.S.D.	\$ 1,177,472,052	12.23%	\$ 144,004,832
Little Elm I.S.D.	134,934,796	5.33%	7,192,025
Denton County	634,275,000	1.70%	10,782,675
	1,946,681,848		161,979,532
City of The Colony (direct debt)	<u>38,884,564</u>	100.00%	<u>38,884,564</u>
Total direct and overlapping debt	<u><u>\$ 1,985,566,412</u></u>		<u><u>\$ 200,864,096</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.

^a 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)**

Water and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues^a	Less: Operating Expenses^b	Net Available Revenue	Annual Requirement^c	Times Coverage
2006	16,785,357	6,646,074	10,139,283	4,265,099	2.38
2007	13,608,712	7,074,256	6,534,456	4,412,163	1.48
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	1,665,441	3.79

Note: ^a Includes operating and non-operating revenues.

^b Includes operating expenses minus depreciation.

^c Includes Principal and Interest.

TABLE 14

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

Year	Estimated Population^a	Personal Income	Per Capita Personal Income^b	Median Age^b	Median Household Income^b	School Enrollment^c	Unemployment Rate^d
2006	37,386	856,251,558	22,903	32	79,071	6,609	3.8%
2007	38,400	1,128,691,200	29,393	32	80,827	6,703	4.0%
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%

- Sources:**
- ^a Estimated Population - City of The Colony
 - ^b Per Capital Income, Median Age & Median Household Income - Community Sourcebook of ZIP Code Demographics
 - ^c School enrollment - Texas Education Agency
 - ^d 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	2015			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Nebraska Furniture Mart	2,200	1	9.19%			
Lewisville ISD	690	2	2.88%	722	1	N/A
Top Golf	450	3	1.88%			
City of The Colony	387	4	1.62%	415	2	N/A
Wal-Mart	353	5	1.47%	356	3	N/A
Hawaiian Falls	230	6	0.96%	250	4	N/A
Williams-Sonoma	170	7	0.71%			
Quest Resource Mgmt	120	8	0.50%	115	5	N/A
Home Depot	112	9	0.47%	105	7	N/A
Edward Don	100	10	0.42%	90	8	N/A
Austin Ranch	-		-	47	10	N/A
Kroger	-		-	88	9	N/A
Texas Roadhouse	-		-	110	6	N/A
	<u>4,812</u>		<u>20.08%</u>	<u>2,298</u>		

Source: City of The Colony Economic Development Corporation

Note: Data for 2005 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)**

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	24	31	30	30	29	33	43	43	44	30
Public safety	112	120	133	133	138	140	140	140	141	142
Public works	37	40	40	48	48	47	37	37	36	42
Culture and recreation	31	33	34	34	70	38	38	38	39	38
Water/wastewater/ Utilities	50	49	52	44	42	28	28	28	28	37
Total	254	273	289	289	327	286	286	286	288	289

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			
	2006	2007	2008	2009
Police				
Number of police officers	46	53	53	53
Number of violations (citations)	10,646	13,451	11,129	10,521
Municipal Court				
Number of traffic cases	12,546	13,126	11,927	10,743
Number of city ordinance cases	1,046	693	626	480
Fire				
Number of fire fighters	39	39	47	49
Number of emergency fire responses	512	410	418	487
Number of medical emergencies	1,466	1,581	1,548	1,657
Development Services				
Total number of building permits ^a	71	126	2,093	2,191
Estimated valuation ^a	\$ 84,677,147	\$ 44,399,931	\$ 144,948,333	\$ 97,973,276
Parks and Recreation				
Number of acres	983	983	983	983
Number of recreation center participants	67,679	73,031	73,031	34,633
Library				
Volumes in collection ^b	96,079	97,727	91,468	86,994
Number of library cardholders	18,576	19,088	19,186	19,450
Water and wastewater				
Number of water accounts	11,162	11,317	11,467	11,686
Average daily water consumption (millions of gallons)	4.80	3.75	4.30	3.84
Average daily effluent (millions of gallons)	2.11	2.35	2.34	3.84

Sources: City Departments

Notes: ^a Includes residential and commercial permits

^b Includes books and media.

TABLE 17

Fiscal Year					
2010	2011	2012	2013	2014	2015
53	53	53	53	53	58
10,386	13,935	11,619	11,619	12,839	5,932
9,480	13,460	11,532	11,532	12,980	6,979
520	492	467	467	327	404
49	52	50	50	51	58
581	735	568	568	720	864
1,831	1,926	1,774	1,774	1,856	2,127
206	2,042	2,508	2,508	3,982	272
\$ 43,743,748	\$ 80,964,772	\$ 59,077,321	\$ 59,077,321	\$ 198,981,751	\$ 173,859,498
983	983	983	983	983	983
33,589	39,166	43,083	43,083	43,083	50,654
81,659	85,129	89,385	89,385	111,077	115,256
16,960	19,479	20,453	20,453	19,175	18,498
11,723	11,661	11,881	11,881	12,213	12,532
3.86	4.50	4.57	4.57	4.28	4.70
2.28	2.16	2.34	2.34	2.89	2.82

TABLE 18

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Fire Stations	2	2	2	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)	173	175	177	177	179	193	197	197	209	212
Sanitary sewer mains (miles)	200	202	203	203	206	206	207	207	207	210
Fire hydrants	1,273	1,305	1,333	1,339	1,367	1,391	1,420	1,420	1,536	1,637

Sources: City Departments

Notes: ^a Includes residential and commercial permits

^b Includes books and media.

