

**City of Bedford, Texas**  
**September 30, 2014**

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# City of Bedford, Texas

## September 30, 2014

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## **Introductory Section**

# CITY of BEDFORD

2000 FOREST RIDGE DRIVE, BEDFORD, TEXAS 76021-1895

February 9, 2015

Citizens of Bedford, Honorable Mayor,  
Members of the City Council and City Manager:

The Administrative Services Department is pleased to submit the Comprehensive Annual Financial Report for the City of Bedford, Texas (City), for the fiscal year ended September 30, 2014. This report was prepared through the cooperative effort of the Administrative Services Department and the City's independent auditor. It is published to provide the City Council, staff, citizens, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation rests with the City. We believe the data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and all disclosures necessary have been included to enable the reader to gain the maximum understanding of the City's financial affairs.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, organizational chart and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules. The statistical section includes a variety of financial and demographic information presented on a multiyear basis that is relevant to a financial statement reader. The financial section is prepared in accordance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB).

## CITY PROFILE

The City of Bedford is a predominately residential community located in Tarrant County, near several major transportation links between Dallas and Fort Worth. It is part of the "Metroplex" of North Central Texas, which includes the cities of Dallas and Fort Worth. The City of Bedford is bordered on the east and south by the City of Euless, on the west by the City of Hurst and on the north by the City of Colleyville. Bedford lies approximately five miles from the Dallas/Fort Worth International Airport, 12 miles from downtown Fort Worth and 20 miles from downtown Dallas. There are three State Highways (183, 121, 157) and two Interstate Highways (35, 30) serving the City with the nearest Interstate located six miles away.

The City was incorporated in 1953 under the general laws of the state of Texas and the voters approved the current charter in 1966. The City is a home rule city and operates under the Council/Manager form of government. The City Council is composed of a mayor and six council members elected at large every three years.

## **THE REPORTING ENTITY AND ITS SERVICES**

Generally accepted accounting principles require that general-purpose financial statements present the City (the primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on this criterion, the following blended component unit is included. The City of Bedford Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as a Special Revenue Fund as if it were part of the primary government because its sole purpose is to operate, maintain and finance the costs of the City's street improvements using sales taxes collected under Section 4B of the Development Corporation Act of 1979.

Services provided by the City under the general governmental functions include police and fire protection, emergency medical services, planning and zoning, code enforcement and inspections, street maintenance, parks, recreation, library and senior citizen services. A Special Revenue Fund is used to account for revenues derived from hotel/motel taxes, with proceeds used to promote tourism. Water and sewer services are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Drainage maintenance services are also provided under the enterprise fund concept, implemented in 1991 in accordance with amendments to Title 13 of the Texas Local Government Code.

The water supply for the City of Bedford is provided by the Trinity River Authority (TRA), which provides treated water to Bedford, Euless, Colleyville, Grapevine and North Richland Hills pursuant to separate, but similar contracts dated January 21, 1972 and April 25, 1979. In October 1973 the Trinity River Authority (Central Regional Wastewater System) entered into a 50-year contract with numerous cities in the metroplex, including the City of Bedford for construction of a wastewater treatment plant to service all contracting parties.

The original 50-year duration of the contract is automatically extended through the latest maturity of any TRA outstanding debt issues.

## **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

The information presented in the financial statements should be considered from the broad perspective of the specific environment within which the City operates.

In recent years, the City of Bedford, located in the heart of the Dallas/Fort Worth Metropolitan area (DFW), has experienced a significant slowdown in population growth. The 2010 census reflects a population of 46,979, which is approximately a 0.4% decrease from the census results of 2000. However, current population estimates are projected to be 48,721 or 3.7% above the census results.

Multiple light manufacturing firms are located in Bedford, as well as a variety of commercial establishments, restaurants, health care facilities, retail stores, shops and food stores. Several of the retail shopping centers in the City are undergoing renovation and expansion. Undeveloped property accounts for approximately 3.0% of the total area in the City.

The City is not financially dependent upon any one industry, or type of industry. The City recognizes the value of commercial development to its economic base and continues to encourage commercial growth that will be beneficial to the community.

The local economy, like the North Texas Region, has been impacted by the economic challenges experienced by the nation as a whole. However, the City of Bedford has experienced an upswing in its sales tax revenue from the previous year by 3.7% or \$356,000.

As a policy, the City Council has set certain economic goals that are intended to attract high quality, visually appealing businesses, as well as revitalize and invest in areas that have seen some deterioration of economic activity. By emphasizing the need to be more business friendly, the goals of the City Council seek to provide the general direction for future land use plans and decisions for the City.

Current longer range financial planning primarily revolves around several major water/sewer system infrastructure projects as well as significant improvements to our drainage system. In addition, as the City is approximately 97% built out, significant planning initiatives are being considered to provide for re-development of certain aging corridors within the City.

The state of Texas is currently widening State Highway 183 (Airport Freeway), which runs East/West through the center of the City. During the construction period, the City was highly successful in retaining existing businesses, and recruiting new businesses to the highway corridor. Although the major highway reconstruction project had the potential to significantly impact business activity along the highway corridor, the City saw minimal negative impact. Moving forward, the highway expansion project is now complete and the City has realized new development opportunities as a result of the expansion. The City is working strategically with property owners to ensure that these opportunities develop to the highest standard possible.

To the extent that operations result in surplus funds, we will continue to fund various capital needs of a one-time nature from the surplus rather than issuing unnecessary debt.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's proprietary funds are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and the evaluation of cost and benefits requires estimates and judgments by management.



We believe the City's internal control structure is adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The budgetary process begins each year with the preparation of revenue estimates by the City's Administrative Services Department staff and expenditure estimates by each City department. Estimates are reviewed by the City Manager, and evaluated within the total financial framework. Budget proposals are recommended by the City Manager and reviewed extensively by the City Council, a process that includes a public hearing. After the conclusion of the public hearing, the City Council may make changes as deemed appropriate. The budget as amended is then adopted by ordinance, which also adopts the tax rate.

In addition, the annual budget also contains a capital improvement program which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition. The capital program includes a list of all capital improvements that are planned during the upcoming five fiscal years, cost estimates, time schedules and methods of financing for each improvement.

## **GENERAL GOVERNMENTAL FUNCTIONS**

### **Property Taxes**

All eligible property within the City is subject to assessment, levy, and collection of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under state law, the City is limited to a maximum tax rate of \$2.50 per \$100 assessed valuation.

In addition, the City's home rule charter limits the tax rate to a maximum of \$1.50 per \$100 assessed valuation.

The appraisal of property within the City is the responsibility of the Tarrant County Appraisal District (TAD). The City of Bedford and other taxing jurisdictions in Tarrant County provide a pro rata share of the budgeted expenditures incurred by TAD based upon individual levy. The City contracts with the Tarrant County Tax Office for tax billing and collection services.

## **OTHER INFORMATION**

### **Audit**

The City Charter requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by independent certified public accountants selected and engaged by the City Council. The Independent Auditor's Report is included in the financial section of this report.

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

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 Bedford for its Comprehensive Annual Financial Report (CAFR) for fiscal year ended September 30, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement a government unit must publish an easily readable and efficiently organized CAFR with contents that conform to program standards. In addition, an award winning CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. This is the 18th consecutive year the City of Bedford has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for their consideration.

### **ACKNOWLEDGMENTS**

The preparation of this report could not be accomplished without the dedicated services of the entire staff of the Administrative Services Department. Many individuals devoted extra hours and exhibited dedicated effort in ensuring the accuracy and timeliness of this report. Appreciation is expressed to the City employees throughout the organization, especially those responsible for the maintenance of records upon which this report is based. Special acknowledgment is extended to Paula McPartlin and Crystal Segovia, whose hard work and dedication was instrumental in the preparation of this report. Acknowledgment is also given to representatives of BKD, LLP for their assistance in producing the final product. This was the third year in which BKD conducted its audit of the City's financials and a considerable amount of time and effort has been given in order to ensure accuracy. Our appreciation is extended to the Mayor, the members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

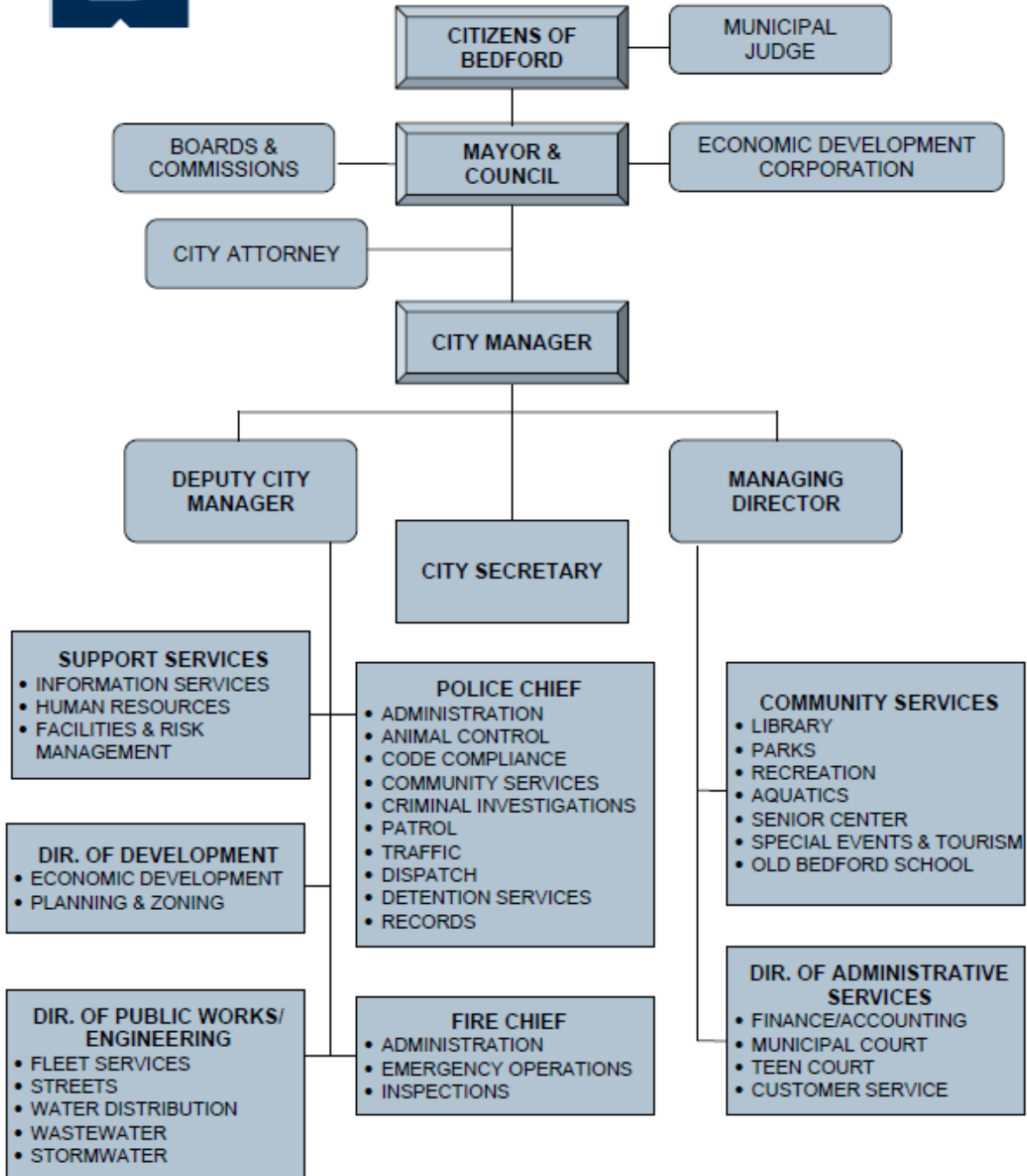
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Blackwell', written in a cursive style.

Clifford Blackwell, C.G.F.O.  
Director of Administrative Services



# CITY OF BEDFORD ORGANIZATIONAL CHART



# City of Bedford, Texas

## Principal Officials Fiscal Year 2013 - 2014

### ELECTED

#### CITY COUNCIL

Jim Griffin – Mayor

Michael Boyter, Mayor Pro Tem, Place 1

Steve Farco, Council Member, Place 4

Jim Davisson, Council Member, Place 2

Dr. Roy Turner, Council Member, Place 5

Ray Champney, Council Member, Place 3

Roger Fisher, Council Member, Place 6

### SENIOR STAFF

Beverly Griffith – City Manager

David Miller .....Deputy City Manager

Michael Wells .....City Secretary

Jill McAdams .....Director of Human Resources

Roger Gibson .....Police Chief

James Tindell ..... Fire Chief

Thomas Hoover, P.E. .... Director of Public Works/Engineering

Mirenda McQuagge-Walden.....Managing Director

Clifford W. Blackwell, III..... Director of Administrative Services

Bill Syblon ..... Director of Development

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Bedford  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2013

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Moivell*

President

*Jeffrey R. Enen*

Executive Director



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**Financial Section**

## Independent Auditor's Report

The Mayor and City Council  
City of Bedford, Texas  
Bedford, Texas

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Texas (City), as of and for the year ended September 30, 2014, and the related notes to the basic 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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. 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.



### ***Opinion***

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, each major fund, and the aggregate remaining fund information of the City as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Prior Year Comparative Information***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2013, from which the summarized information was derived.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

*Supplementary 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 combining fund statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2015, on our consideration of the City's internal control over financial reporting and 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 the 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.

**BKD, LLP**

Dallas, Texas  
February 9, 2015

**City of Bedford, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2014**

The discussion and analysis of the City of Bedford's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the accompanying letter of transmittal and the City's basic financial statements.

***Financial Highlights***

The assets and deferred outflows of the City exceeded its liabilities at the close of the most recent fiscal year by \$60,340,993 (net position). Of this amount, \$10,919,249 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.

The City's net position increased \$5,596,997 or 10.22%. The increase is primarily due to an increase in revenues from charges for services including public safety and water and sewer services, as well as other taxes. Charges for services under public safety were \$3,374,638 and \$4,083,939 for fiscal years 2013 and 2014, respectively; resulting in an increase of \$709,301 or 21%. Additionally, charges for water and sewer services were \$17,908,621 and \$18,607,795 for fiscal years 2013 and 2014, respectively; resulting in an increase of \$699,174 or 4%. Other non-property taxes were \$13,869,690 and \$14,598,416 for fiscal years 2013 and 2014, respectively, resulting in an increase of \$728,726 or 5.25%. Moreover, the City received a capital contribution from North Tarrant Expressway (NTE) of \$6,263,044 of utility distribution updates under the highway 183 expansion project.

As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$21,249,729, an increase of \$5,828,034 in comparison with the prior fiscal year. Of this amount, \$6,172,841, or 29% of the total amount is unassigned.

As of September 30, 2014, the fund balance for the General Fund increased by \$1,038,134. Total General Fund balance was \$7,375,923. The increase in the General Fund balance was the result of \$1,167,290 or 4.1% increase in total revenues, primarily in the area of fines and forfeitures which increased \$657,266 or 53.0% due to an increase in court fines. In addition, total taxes increased by \$469,467 or 2.4% due to increases in sales and franchise taxes. The increase in total revenues was partially offset by a 2.5% increase in operating expenditures. Therefore, the outliers that mostly contributed to the increase in fund balance are taxes, fines and forfeitures.

The City's total debt of \$55,845,817 decreased by \$708,055 during the 2013/2014 fiscal year due to the following reasons: the City repaid \$6,208,055 in principal balances that were partially offset by the newly issued \$3,200,000 in general obligation bonds and \$2,300,000 in public property finance contractual obligations.

***Using This Annual Report***

This discussion and analysis serves as an introduction to the City's basic financial statements. This annual report consists of a series of financial statements.

The statement of net position and statement of activities provide information about the activities of the City as a whole and presents a long-term view of the City's finances.

The next section is the fund financial statements. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

This report also includes other supplementary information in addition to the basic financial statements.

### ***Reporting the City as a Whole***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include assets, deferred outflows and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position (the difference between assets and deferred outflows, what the citizens own and liabilities and deferred inflows of resources, what the citizens owe) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the overall health of the City.

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation and general administration. Taxes (property, sales, franchise, mixed beverage), licenses/permits, charges for services and fines/forfeitures finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, and stormwater facilities are reported here.

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues.

The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

**Governmental Funds**

Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations.

**Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Generally speaking, a city maintains two different types of proprietary funds to record charges for the full cost of the services it provides whether to outside customers or to other units of the city. These services are reported in either Enterprise Funds or Internal Service Funds.

- **Enterprise Funds** – Are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer and stormwater operations.
- **Internal Service Funds** – Are an accounting device used to accumulate costs internally among various functions of the City. The City currently has no operations that qualify as an Internal Service Fund.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources would not be available to support the City’s own programs. The City currently has no fiduciary funds.

**Major Governmental Funds**

As noted elsewhere in this report, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of governmental funds is to provide information on inflows, outflows and balances of spendable resources. Information such as unassigned fund balance serves as a useful measure of the City’s ability to finance unforeseen upcoming obligations. As a measure of the General Fund’s liquidity, year ending unassigned fund balance of \$6,172,841 represents 20.75% (approximately 76 days) of next year’s budgeted expenditures.

The Debt Service Fund has a total fund balance of \$977,409, all of which is reserved for the payment of debt. There was, however, a decrease in fund balance of \$83,184 during the current year, due to tax assessment income levels not reaching total debt service expended from the fund. The fund incurred a new debt issuance, as well as a refunding, in which the payment schedule was finalized post budget preparation. As a result, the actual payment exceeded budgetary expectations for the year.

The Street Bond Capital Project Fund has a total fund balance of \$1,839,601, all of which is reserved for street projects. There was an increase in fund balance of \$6,630 during the current year, due to interest income.

The Economic Development 4B Fund has a total fund balance of \$2,697,890, all of which is reserved for street infrastructure improvements and maintenance. There was an increase in fund balance of \$794,155 during the current year.

### ***The City as a Whole***

The City's combined net position changed from a year ago, increasing from \$54,743,996 to \$60,340,993. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

Net position of the City's governmental activities decreased from \$22,728,556, last fiscal year, to \$22,113,131 as of September 30, 2014, or 2.7%. In the business-type activities, the net position increased from \$32,015,440 to \$38,227,862, or 19.4%. The unrestricted net position of the City's governmental activities (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) increased to \$5,653,694. The primary reason for the increase was due to a decrease in net investment in capital assets related to depreciation expense of \$7,706,770 and increase in outstanding bonds totaling of \$5,500,000 through 2014 issuance of general and public property finance contractual obligations. The unrestricted net position of the business-type activities decreased from \$11,845,248 to \$5,256,555 as of September 30, 2014, or -55.6%. The primary reason for the decrease was annual debt service, transfers out and capital outlay for utility distribution infrastructure of Highway 183 expansion. The water and sewer fund decreased \$6,149,797 or 56.88% and the stormwater fund decreased \$438,896 or 42.47% in their unrestricted net positions.

Restricted net position of the City, those restricted mainly for economic development, capital projects and debt service increased from \$4,562,897 to \$6,240,223 or 36.76%.

The largest portion of the City's net position (71.58%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Resources needed to repay debt associated with acquisition of these assets must be provided from other sources, since the capital assets themselves cannot be used for this purpose.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current	\$ 25,760	\$ 18,401	\$ 11,093	\$ 15,153	\$ 36,853	\$ 33,554
Internal balances	300	300	(300)	(300)	-	-
Capital assets	42,765	48,371	47,820	38,581	90,585	86,952
Total assets	68,825	67,072	58,613	53,434	127,438	120,506
Deferred outflows of resources	109	118	42	47	151	165
Current liabilities	10,854	8,530	3,693	3,790	14,547	12,320
Long-term liabilities	35,967	35,931	16,734	17,676	52,701	53,607
Total liabilities	46,821	44,461	20,427	21,466	67,248	65,927
Net position						
Invested in capital assets, net of related debt	10,378	14,323	32,812	20,170	43,190	34,493
Restricted	6,081	4,563	159	-	6,240	4,563
Unrestricted	5,654	3,843	5,257	11,845	10,911	15,688
Total net position	\$ 22,113	\$ 22,729	\$ 38,228	\$ 32,015	\$ 60,341	\$ 54,744

- **Governmental Activities** – Net position for Governmental Activities decreased by \$615,425. This was primarily caused by an increase in general government and administration expenses of \$1,100,529 or 23.5%.
- **Business-type Activities** – Revenues of the City’s business-type activities totaled \$26,206,192 for the fiscal year ended September 30, 2014. Expenses for these activities were \$17,487,167, resulting in a net gain of \$8,719,025 from operations before transfers. The net position, after interfund transfers, of the business-type activities increased by \$6,212,422. This is primarily due to capital contributions of \$6,263,044.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 6,229	\$ 5,187	\$ 19,921	\$ 19,199	\$ 26,150	\$ 24,386
Operating grants and contributions	600	611	-	-	600	611
Capital grants and contributions	94	-	6,263	-	6,357	-
General revenue						
Property taxes	14,297	14,489	-	-	14,297	14,489
Other taxes	14,598	13,870	-	-	14,598	13,870
Interest and investment earnings	43	34	23	47	66	81
Other general revenues	467	535	-	11	467	546
Total revenues	<u>36,328</u>	<u>34,726</u>	<u>26,207</u>	<u>19,257</u>	<u>62,535</u>	<u>53,983</u>
<b>Expenses</b>						
Public safety	23,670	22,829	-	-	23,670	22,829
Leisure services	3,823	3,766	-	-	3,823	3,766
Community services	1,549	2,017	-	-	1,549	2,017
General government/administration	5,689	4,688	-	-	5,689	4,688
Public services	3,431	3,486	-	-	3,431	3,486
Interest on long-term debt	1,289	1,725	-	-	1,289	1,725
Water and sewer	-	-	16,561	15,646	16,561	15,646
Stormwater	-	-	926	1,256	926	1,256
Total expenses	<u>39,451</u>	<u>38,511</u>	<u>17,487</u>	<u>16,902</u>	<u>56,938</u>	<u>55,413</u>
<b>Increase (Decrease) in Net Position Before Transfers</b>	(3,123)	(3,785)	8,720	2,355	5,597	(1,430)
Transfers	<u>2,507</u>	<u>2,414</u>	<u>(2,507)</u>	<u>(2,414)</u>	-	-
<b>Change in Net Position</b>	<u>(616)</u>	<u>(1,371)</u>	<u>6,213</u>	<u>(59)</u>	<u>5,597</u>	<u>(1,430)</u>
<b>Net Position, As Previously Reported*</b>	22,729	25,156	32,015	32,276	54,744	57,432
<b>Change in Accounting Principle</b>	-	(1,056)	-	(202)	-	(1,258)
<b>Net Position, Beginning of Year</b>	<u>22,729</u>	<u>24,100</u>	<u>32,015</u>	<u>32,074</u>	<u>54,744</u>	<u>56,174</u>
<b>Net Position, End of Year</b>	<u>\$ 22,113</u>	<u>\$ 22,729</u>	<u>\$ 38,228</u>	<u>\$ 32,015</u>	<u>\$ 60,341</u>	<u>\$ 54,744</u>

\*Net position as of September 1, 2012 has been restated for the effects of adopting GASB No. 65.

### **General Fund Budgetary Highlights**

Actual revenues exceeded budgetary expectations by \$376,691 and actual expenditures were \$535,391 less than budgetary projections. Total operating revenues were \$26,534,792, while total operating expenditures were \$28,340,253. This resulted in a deficiency of \$1,805,121, which was \$912,082 better than budgetary expectations. This is primarily related to increased tax revenues, along with other major revenue categories, exceeding budgetary expectations. Coupled with other financing sources that totaled \$2,843,255, the General Fund completed the fiscal year with a positive variance that resulted in a \$1,038,134 net increase in fund balance.



## The City's Funds

The following tables present a summary of General, Special Revenue, Capital Projects and Debt Service Fund revenues and expenditures for the fiscal year ended September 30, 2014, and the amount and percentage of increases and decreases in relation to the prior year:

	General Revenues (in thousands)				
	2013	2014	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease)
Taxes	\$ 27,279	\$ 29,073	80%	\$ 1,794	7%
Licenses and permits	457	629	2%	172	38%
Charges for services	3,097	3,177	9%	80	3%
Fines and forfeitures	1,503	2,221	6%	718	48%
Intergovernmental	661	690	2%	29	4%
Interest	34	43	0%	9	26%
Miscellaneous	623	426	1%	(197)	-32%
<b>Total</b>	<b>\$ 33,654</b>	<b>\$ 36,259</b>	<b>100%</b>	<b>\$ 2,605</b>	<b>95%</b>

	General Expenditures (in thousands)				
	2013	2014	2014 Percent of Total	Increase (Decrease) from 2013	Percent Increase (Decrease)
General government	\$ 1,628	\$ 1,792	5%	\$ 164	10%
Community services	1,953	1,489	4%	(464)	-24%
Public services	2,458	2,453	6%	(5)	0%
Administrative services	1,947	2,262	6%	315	16%
Public safety	16,798	18,052	47%	1,254	7%
Leisure services	3,752	3,804	10%	52	1%
Capital outlay	1,244	2,114	5%	870	70%
Debt service	6,829	6,827	18%	(2)	0%
<b>Total</b>	<b>\$ 36,609</b>	<b>\$ 38,793</b>	<b>100%</b>	<b>\$ 2,184</b>	<b>81%</b>

## Capital Asset and Debt Administration

### Capital Assets

As of September 30, 2014, the City had \$266,247,115 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and stormwater facilities. This represents net increase of \$12,900,381 or 5.09% over last year. Capital assets net of depreciation increased by approximately \$3,631,686 or 4.18%. The City's capital plans for fiscal year 2015/2016 call for expenditures of approximately \$3.3 million for capital projects, primarily in the following categories: street improvements, drainage, and water and sewer distribution system. The estimated capital expenditure for street improvements is approximately \$585,000 to improve one of the City's major thoroughfares. This type of project is a mill and overlay project for Bedford Road. The drainage projects are estimated at \$1,010,000 for channel and culvert improvements and erosion control throughout areas of the City in need of major enhancements to improve downstream water flow.

Finally, the estimated capital improvement for water and sewer projects is \$1,735,000. The most notable of these projects is water main replacement for the Regents Park Area totaling \$670,000 out of \$900,000 worth of water projects. On the sewer side, the most notable project includes the implementation of trenchless technology in sewer main replacements along Rollingwood & Lincolnshire totaling \$620,000 out of \$835,000 worth of sewer projects. Additional information on capital asset activity can be found in *Note 7* of this report

**Capital Assets at Year-end  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 7,261	\$ 7,262	\$ 100	\$ 100	\$ 7,361	\$ 7,362
Buildings and structures	25,524	25,256	519	519	26,043	25,775
Other improvements	123,027	122,956	-	-	123,027	122,956
Equipment	26,595	26,419	3,357	3,306	29,952	29,725
Utility distribution	-	-	72,254	61,462	72,254	61,462
Construction in progress	1,924	603	5,686	5,464	7,610	6,067
<b>Total</b>	<b>\$ 184,331</b>	<b>\$ 182,496</b>	<b>\$ 81,916</b>	<b>\$ 70,851</b>	<b>\$ 266,247</b>	<b>\$ 253,347</b>

**Debt**

At year-end, the City had \$55,845,817 in General Obligation Bonds, Combination Tax and Revenue Certificates of Obligation, and capital lease obligations compared to \$56,553,872 at the end of the prior fiscal year, a decrease of 1.25%. The City issued debt in fiscal year 2013/2014, partially offset by the retirement of such debt as well, thus rendering a slight decrease in outstanding debt when compared to fiscal year ending 2012/2013.

**Outstanding Debt at Year-end  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligations	\$ 38,115	\$ 37,800	\$ -	\$ -	\$ 38,115	\$ 37,800
Certificates of obligation	-	-	17,335	18,275	17,335	18,275
Capital lease	396	479	-	-	396	479
<b>Total</b>	<b>\$ 38,511</b>	<b>\$ 38,279</b>	<b>\$ 17,335</b>	<b>\$ 18,275</b>	<b>\$ 55,846</b>	<b>\$ 56,554</b>

Standard and Poor's (S&P) affirmed the City of Bedford's "AA" rating in conjunction with the City's issuance of the Series 2014 General Obligation bonds as well as the Series 2014 Public Property Finance Contractual Obligations. The City's rating outlook from S&P's is "Stable." S&P's rating reflects their view of the City's strong wealth and income levels, its historically strong financial performance and reserves, and its moderate debt burden. In their opinion, the City budgetary flexibility remains very strong with reserves above 20% of expenditures. The General Obligation bonds are secured by an ad valorem tax levied against all taxable property within the City, within the limits prescribed by law. Additional information regarding the City's long-term debt can be found in *Note 8* of this report.

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

Continued growth in sales tax collections, coupled with moderate increases in taxable property values enabled the City Council to maintain a stable tax rate of \$0.4948303 per \$100 assessed valuation. The tax rate provides the City with the ability to continue to provide the high level quality of services the citizens of Bedford deserve and have come to expect, while providing for merit based increases to employee compensation and benefits.

In budget year 2014, the City Council also was able to fund a compensation plan that combined salary increases based on market levels and merit increases where market increases are not warranted. The total plan, valued at \$485,017, was added to the budget. In addition, the City Council authorized several personnel changes that included adding an intern the City Manager's office, reclassifying positions in Code Enforcement, Public Works, and the City Manager's Office, as well as increasing the part time/seasonal staffing in Leisure Services to meet increasing demands for services.

Moreover, in an effort to keep up with increased wholesale water and wastewater costs, the City Council authorized pass-through rate increases for both areas. They also approved funding for increased sidewalk maintenance, water tower tank bowl rehabilitation, additional utility expenses related to water well pumping, as well as meter replacements. In addition, the City Council will continue its goal of increasing the utility fund's working capital in an effort to replace the City's aging water and wastewater infrastructure.

### ***Contacting The City's Financial Management***

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Division at 2000 Forest Ridge Drive, Bedford, Texas 76021.



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## **Basic Financial Statements**

**City of Bedford, Texas**  
**Statement of Net Position**  
**September 30, 2014 (with Comparative Totals for 2013)**

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2014	2013
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 14,318,593	\$ 5,229,047	\$ 19,547,640	\$ 17,104,917
Investments	6,172,076	-	6,172,076	5,132,091
Receivables (net of allowance)	4,961,090	3,424,358	8,385,448	7,162,856
Internal balances	196,703	(196,703)	-	-
Due from other governments	87,530	-	87,530	99,423
Inventories and prepaid expenses	24,037	-	24,037	29,164
Restricted assets				
Investments	-	2,636,714	2,636,714	4,024,402
Total current assets	<u>25,760,029</u>	<u>11,093,416</u>	<u>36,853,445</u>	<u>33,552,853</u>
Noncurrent assets				
Internal balances	300,000	(300,000)	-	-
Capital assets, not being depreciated	9,185,295	5,786,170	14,971,465	13,428,584
Capital assets, being depreciated, net	<u>33,579,241</u>	<u>42,033,260</u>	<u>75,612,501</u>	<u>73,523,696</u>
Total noncurrent assets	<u>43,064,536</u>	<u>47,519,430</u>	<u>90,583,966</u>	<u>86,952,280</u>
Total assets	<u>68,824,565</u>	<u>58,612,846</u>	<u>127,437,411</u>	<u>120,505,133</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	<u>108,822</u>	<u>42,183</u>	<u>151,005</u>	<u>165,433</u>
Total deferred outflows of resources	<u>108,822</u>	<u>42,183</u>	<u>151,005</u>	<u>165,433</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	3,176,842	1,786,381	4,963,223	3,583,301
Due to other governments	-	-	-	205,189
Escrow and unearned revenue	704,792	2,041	706,833	415,687
Customer deposits	-	882,002	882,002	851,164
Current portion of compensated absences	1,039,792	56,482	1,096,274	890,979
Current portion of bonds payable and capital leases	<u>5,932,148</u>	<u>966,062</u>	<u>6,898,210</u>	<u>6,373,363</u>
Total current liabilities	<u>10,853,574</u>	<u>3,692,968</u>	<u>14,546,542</u>	<u>12,319,683</u>
Noncurrent liabilities				
Bonds payable	33,367,665	16,492,960	49,860,625	51,111,212
Capital leases	310,142	-	310,142	395,817
Compensated absences	2,079,585	112,965	2,192,550	1,781,958
Other post-employment benefits	<u>209,290</u>	<u>128,274</u>	<u>337,564</u>	<u>317,900</u>
Total noncurrent liabilities	<u>35,966,682</u>	<u>16,734,199</u>	<u>52,700,881</u>	<u>53,606,887</u>
Total liabilities	<u>46,820,256</u>	<u>20,427,167</u>	<u>67,247,423</u>	<u>65,926,570</u>
<b>Net Position</b>				
Net investment in capital assets	10,378,086	32,812,435	43,190,521	34,493,258
Restricted for				
Capital acquisition and construction	-	158,872	158,872	-
Debt service	977,409	-	977,409	1,060,593
Economic development	2,697,890	-	2,697,890	1,903,735
Other purposes	1,854,632	-	1,854,632	1,073,199
Public safety	475,830	-	475,830	476,461
Parks and beautification	75,590	-	75,590	48,909
Unrestricted	<u>5,653,694</u>	<u>5,256,555</u>	<u>10,910,249</u>	<u>15,687,841</u>
Total net position	<u>\$ 22,113,131</u>	<u>\$ 38,227,862</u>	<u>\$ 60,340,993</u>	<u>\$ 54,743,996</u>



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**City of Bedford, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2014 (with Comparative Totals for 2013)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government and administration	\$ 5,688,961	\$ 86,874	\$ 5,684	\$ -
Community services	1,549,075	586,449	-	-
Public services	3,431,383	261,846	-	-
Public safety	23,669,141	4,083,939	571,548	93,556
Leisure services	3,823,403	1,210,305	22,698	-
Interest expense	1,288,725	-	-	-
	<u>39,450,688</u>	<u>6,229,413</u>	<u>599,930</u>	<u>93,556</u>
	939,958	1,042,359		
Business-type activities				
Water and sewer services	16,560,909	18,607,795	-	6,263,044
Stormwater collection and disposal	926,258	1,312,932	-	-
	<u>17,487,167</u>	<u>19,920,727</u>	<u>-</u>	<u>6,263,044</u>
Total primary government	<u>\$ 56,937,855</u>	<u>\$ 26,150,140</u>	<u>\$ 599,930</u>	<u>\$ 6,356,600</u>

**General Revenues**

Taxes
Property taxes, penalty and interest
Sales
Franchise
Occupancy
Other
Investment earnings
Gain on sale of assets
Miscellaneous
Transfers
Total general revenues, special item and transfers

**Change in Net Position**

**Net Position, As Previously Reported**

**Change in Accounting Principle**

**Net Position, Beginning of Year**

**Net Position, End of Year**



<b>Net (Expenses) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>		<b>Totals</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2014</b>	<b>2013</b>
\$ (5,596,403)	\$ -	\$ (5,596,403)	\$ (4,605,531)
(962,626)	-	(962,626)	(1,658,844)
(3,169,537)	-	(3,169,537)	(3,267,502)
(18,920,098)	-	(18,920,098)	(18,871,914)
(2,590,400)	-	(2,590,400)	(2,584,771)
<u>(1,288,725)</u>		<u>(1,288,725)</u>	<u>(1,724,511)</u>
<u>(32,527,789)</u>	<u>-</u>	<u>(32,527,789)</u>	<u>(32,713,073)</u>
-	8,309,930	8,309,930	2,263,360
-	386,674	386,674	34,498
-	8,696,604	8,696,604	2,297,858
<u>\$ (32,527,789)</u>	<u>\$ 8,696,604</u>	<u>\$ (23,831,185)</u>	<u>\$ (30,415,215)</u>
\$ 14,297,275	\$ -	\$ 14,297,275	\$ 14,488,399
9,985,658	-	9,985,658	9,629,427
3,584,311	-	3,584,311	3,338,307
840,119	-	840,119	749,612
188,328	-	188,328	152,344
43,393	22,421	65,814	80,842
40,764	-	40,764	11,483
425,913	-	425,913	535,397
<u>2,506,603</u>	<u>(2,506,603)</u>	<u>-</u>	<u>-</u>
<u>31,912,364</u>	<u>(2,484,182)</u>	<u>29,428,182</u>	<u>28,985,811</u>
(615,425)	6,212,422	5,596,997	(1,429,404)
22,728,556	32,015,440	54,743,996	57,432,143
-	-	-	(1,258,743)
<u>22,728,556</u>	<u>32,015,440</u>	<u>54,743,996</u>	<u>56,173,400</u>
<u>\$ 22,113,131</u>	<u>\$ 38,227,862</u>	<u>\$ 60,340,993</u>	<u>\$ 54,743,996</u>

**City of Bedford, Texas**  
**Balance Sheet – Governmental Funds**  
**September 30, 2014 (with Comparative Totals for 2013)**

	<b>General</b>	<b>Debt Service</b>	<b>Street Bond</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 3,627,260	\$ 406,861	\$ 747,248
Investments	2,898,456	568,522	1,505,979
Receivables			
Taxes, less allowance for uncollectible	2,882,846	114,000	-
Accounts	440,795	-	20
Other	101,682	-	345,978
Due from other governments	87,530	-	-
Due from other funds	260,173	-	-
Inventories and prepaid expenditures	24,037	-	-
Advances to other funds	300,000	-	-
	<u>10,622,779</u>	<u>1,089,383</u>	<u>2,599,225</u>
Total assets	<u>\$ 10,622,779</u>	<u>\$ 1,089,383</u>	<u>\$ 2,599,225</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts and contracts payable	\$ 2,744,443	\$ 2,517	\$ -
Due to other funds	-	-	-
Escrow	64,164	-	413,646
Unearned revenue	-	-	-
	<u>2,808,607</u>	<u>2,517</u>	<u>413,646</u>
Total liabilities	<u>2,808,607</u>	<u>2,517</u>	<u>413,646</u>
Deferred inflows of resources	<u>438,249</u>	<u>109,457</u>	<u>345,978</u>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Advances to other funds	560,173	-	-
Inventories and prepaids	24,037	-	-
<b>Restricted for</b>			
Debt service	-	977,409	-
Road improvements	-	-	1,839,601
Capital acquisition and construction	-	-	-
Economic development	-	-	-
Public safety	190,990	-	-
Parks and beautification	-	-	-
Other	287,882	-	-
Assigned	140,000	-	-
Unassigned	6,172,841	-	-
	<u>7,375,923</u>	<u>977,409</u>	<u>1,839,601</u>
Total fund balances	<u>7,375,923</u>	<u>977,409</u>	<u>1,839,601</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,622,779</u>	<u>\$ 1,089,383</u>	<u>\$ 2,599,225</u>

See Notes to Financial Statements

Economic Development 4B	Series 2014	Nonmajor Government	Totals	
			2014	2013
\$ 1,414,010	\$ 4,976,624	\$ 3,146,590	\$ 14,318,593	\$ 9,252,798
717,457	-	481,662	6,172,076	5,132,091
596,055	-	-	3,592,901	2,817,564
74	-	75,725	516,614	421,109
-	-	80,022	527,682	363,781
-	-	-	87,530	99,423
-	-	-	260,173	28,797
-	-	-	24,037	29,164
-	-	-	300,000	300,000
<u>\$ 2,727,596</u>	<u>\$ 4,976,624</u>	<u>\$ 3,783,999</u>	<u>\$ 25,799,606</u>	<u>\$ 18,444,727</u>
\$ 29,706	\$ 57,562	\$ 263,861	\$ 3,098,089	\$ 1,646,433
-	-	63,470	63,470	68,017
-	-	-	477,810	473,385
-	-	16,824	16,824	-
<u>29,706</u>	<u>57,562</u>	<u>344,155</u>	<u>3,656,193</u>	<u>2,187,835</u>
-	-	-	893,684	835,197
-	-	-	560,173	328,597
-	-	-	24,037	29,164
-	-	-	977,409	1,060,593
-	-	-	1,839,601	1,832,971
-	4,919,062	2,096,874	7,015,936	3,274,169
2,697,890	-	-	2,697,890	1,903,735
-	-	284,840	475,830	476,461
-	-	75,590	75,590	48,909
-	-	982,540	1,270,422	715,438
-	-	-	140,000	-
-	-	-	6,172,841	5,751,658
<u>2,697,890</u>	<u>4,919,062</u>	<u>3,439,844</u>	<u>21,249,729</u>	<u>15,421,695</u>
<u>\$ 2,727,596</u>	<u>\$ 4,976,624</u>	<u>\$ 3,783,999</u>	<u>\$ 25,799,606</u>	<u>\$ 18,444,727</u>



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**City of Bedford, Texas**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2014**

Fund balances of governmental funds		\$ 21,249,729
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 as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		42,764,536
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.		(78,753)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		683,526
Receivables not measureable and available within 60 days of year-end, and therefore are entirely deferred in the fund financial statements.		323,893
Bond premiums and deferred charges on refunding are recognized as an other financing sources (uses) in the fund statements. In the government-wide statements, premiums and deferred charges on refunding are amortized over the life of the bonds. Unamortized balances as of fiscal year end equal premiums of \$1,099,138 and deferred charges on refunding of \$108,822.		(990,316)
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:		
General and contractual obligation bonds	38,115,000	
Compensated absences	3,119,377	
OPEB liability	209,290	
Capital leases	395,817	(41,839,484)
Total net position of governmental activities		\$ 22,113,131

**City of Bedford, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Governmental Funds**  
**Year Ended September 30, 2014 (with Comparative Totals for 2013)**

	<b>General</b>	<b>Debt Service</b>	<b>Street Bond</b>
<b>Revenues</b>			
Taxes, penalty and interest	\$ 20,360,037	\$ 5,157,454	\$ -
Licenses and permits	628,484	-	-
Charges for services	2,823,084	-	-
Fines and forfeitures	1,896,359	-	-
Support from governmental entities	549,418	-	-
Interest	8,165	4,715	6,630
Miscellaneous	269,245	7,651	-
	<u>26,534,792</u>	<u>5,169,820</u>	<u>6,630</u>
Total revenues			
<b>Expenditures</b>			
Current	-		
General governmental	1,789,456	-	-
Community services	548,643	-	-
Public services	1,879,833	-	-
Administrative services	2,208,433	-	-
Public safety	17,671,843	-	-
Leisure services	3,800,313	-	-
Capital outlay	341,651	-	-
Debt service			
Principal retirement	83,055	5,185,000	-
Interest and fiscal agent fees	16,686	1,446,151	-
Bond issuance costs	-	-	-
	<u>28,339,913</u>	<u>6,631,151</u>	<u>-</u>
Total expenditures			
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,805,121)</u>	<u>(1,461,331)</u>	<u>6,630</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,549,886	1,378,147	-
Transfers out	-	-	-
Issuance of debt	-	-	-
Premium on debt	-	-	-
Payment to refunded bond escrow agent	-	-	-
Lease purchase proceeds	221,936	-	-
Proceeds from sale of capital assets	40,764	-	-
Insurance proceeds	30,669	-	-
	<u>2,843,255</u>	<u>1,378,147</u>	<u>-</u>
Total other financing sources (uses)			
<b>Net Change in Fund Balances</b>	1,038,134	(83,184)	6,630
<b>Fund Balances, Beginning of Year</b>	<u>6,337,789</u>	<u>1,060,593</u>	<u>1,832,971</u>
<b>Fund Balances, End of Year</b>	<u>\$ 7,375,923</u>	<u>\$ 977,409</u>	<u>\$ 1,839,601</u>

See Notes to Financial Statements

Economic Development 4B	Series 2014	Nonmajor Governmental	Totals	
			2014	2013
\$ 2,715,318	\$ -	\$ 840,119	\$ 29,072,928	\$ 28,278,856
-	-	-	628,484	456,761
-	-	354,345	3,177,429	3,097,437
-	-	324,547	2,220,906	1,502,737
-	-	140,422	689,840	661,413
2,660	15,653	5,570	43,393	33,521
39,910	-	109,107	425,913	622,819
<u>2,757,888</u>	<u>15,653</u>	<u>1,774,110</u>	<u>36,258,893</u>	<u>34,653,544</u>
-	-	2,055	1,791,511	1,627,934
-	-	940,338	1,488,981	1,953,414
573,068	-	-	2,452,901	2,457,948
-	-	53,519	2,261,952	1,946,533
-	-	379,892	18,051,735	16,797,850
-	-	3,758	3,804,071	3,751,588
12,518	562,063	1,198,020	2,114,252	1,243,851
-	-	-	5,268,055	5,066,888
-	-	8	1,462,845	1,689,615
-	96,476	-	96,476	72,818
<u>585,586</u>	<u>658,539</u>	<u>2,577,590</u>	<u>38,792,779</u>	<u>36,608,439</u>
<u>2,172,302</u>	<u>(642,886)</u>	<u>(803,480)</u>	<u>(2,533,886)</u>	<u>(1,954,895)</u>
-	-	71,717	3,999,750	3,896,716
(1,378,147)	-	(115,000)	(1,493,147)	(1,482,265)
-	5,500,000	-	5,500,000	5,375,000
-	61,948	-	61,948	75,085
-	-	-	-	(3,682,267)
-	-	-	221,936	228,370
-	-	-	40,764	77
-	-	-	30,669	45,073
<u>(1,378,147)</u>	<u>5,561,948</u>	<u>(43,283)</u>	<u>8,361,920</u>	<u>4,455,789</u>
794,155	4,919,062	(846,763)	5,828,034	2,500,894
<u>1,903,735</u>	<u>-</u>	<u>4,286,607</u>	<u>15,421,695</u>	<u>12,920,801</u>
<u>\$ 2,697,890</u>	<u>\$ 4,919,062</u>	<u>\$ 3,439,844</u>	<u>\$ 21,249,729</u>	<u>\$ 15,421,695</u>

**City of Bedford, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2014**

Net change in fund balances – total governmental funds		\$ 5,828,034
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		2,114,252
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.		(7,706,770)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds		5,268,055
The issuance of long-term debt, such as bonds and capital leases, are shown as “Other Sources” and “Other Uses” in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:		
Issuance of debt	(5,500,000)	
Premium on debt issuance	(61,948)	
Amortization of refunding loss	(9,155)	
Amortization of bond premium	153,315	(5,417,788)
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(602,215)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		126,436
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 is the net change in these revenues for the year.		(225,429)
Change in net position of governmental activities		\$ (615,425)



**City of Bedford, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2014 (with Comparative Totals for 2013)**

	Water and Sewer	Stormwater Utility	Totals	
			2014	2013
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 4,614,296	\$ 614,751	\$ 5,229,047	\$ 7,852,119
Accounts receivable, net	3,217,427	206,931	3,424,358	3,236,509
Due from other funds	-	-	-	40,591
Restricted assets – investments	2,008,349	628,365	2,636,714	4,024,402
Total current assets	9,840,072	1,450,047	11,290,119	15,153,621
Property, plant and equipment				
Land	100,255	-	100,255	100,255
Equipment	3,147,579	209,192	3,356,771	-
Buildings and improvements	518,600	-	518,600	518,600
Utility distribution	59,314,849	12,939,166	72,254,015	64,768,467
Construction in progress	4,215,205	1,470,710	5,685,915	5,463,925
Total property, plant and equipment	67,296,488	14,619,068	81,915,556	70,851,247
Less accumulated depreciation and amortization	(27,673,762)	(6,422,364)	(34,096,126)	(32,270,040)
Total long-term assets	39,622,726	8,196,704	47,819,430	38,581,207
Total assets	49,462,798	9,646,751	59,109,549	53,734,828
<b>Deferred Outflows of Resources</b>	42,183	-	42,183	47,456
<b>Liabilities</b>				
Current Liabilities				
Accounts payable and accrued liabilities	1,700,441	85,940	1,786,381	1,936,868
Compensated absences	49,030	7,452	56,482	47,861
Deferred revenue	-	2,041	2,041	2,041
Due to other funds	168,057	28,646	196,703	1,371
Advances from other funds	-	300,000	300,000	300,000
Current maturities of bonds	831,062	135,000	966,062	951,993
Customer deposits	882,002	-	882,002	851,164
Total current liabilities	3,630,592	559,079	4,189,671	4,091,298
Long-term liabilities				
Compensated absences	98,060	14,905	112,965	95,722
Bonds payable	13,556,548	2,936,412	16,492,960	17,459,022
Other post-employment benefits	111,443	16,831	128,274	120,802
Total long-term liabilities	13,766,051	2,968,148	16,734,199	17,675,546
Total liabilities	17,396,643	3,527,227	20,923,870	21,766,844
<b>Net Position</b>				
Net investment in capital assets	27,287,411	5,525,024	32,812,435	20,170,192
Restricted for				
Capital acquisition and construction	158,872	-	158,872	-
Unrestricted	4,662,055	594,500	5,256,555	11,845,248
Total net position	\$ 32,108,338	\$ 6,119,524	\$ 38,227,862	\$ 32,015,440

**City of Bedford, Texas**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position – Proprietary Funds**  
**Year Ended September 30, 2014 (with Comparative Totals for 2013)**

	Water and Sewer	Stormwater Utility	Totals	
			2014	2013
<b>Operating Revenues</b>				
Water sales	\$ 11,917,187	\$ -	\$ 11,917,187	\$ 11,739,641
Charges for sewer services	6,516,659	-	6,516,659	5,930,354
Stormwater charges	-	1,282,819	1,282,819	1,260,624
Other	173,949	30,113	204,062	268,626
	<u>18,607,795</u>	<u>1,312,932</u>	<u>19,920,727</u>	<u>19,199,245</u>
Total operating revenues				
<b>Operating Expenses</b>				
Water supply and distribution	8,448,973	-	8,448,973	8,116,217
Wastewater collection and disposal	4,320,847	-	4,320,847	3,960,054
Billing and collection	1,195,481	506,864	1,702,345	2,099,464
Public services/engineering	610,256	-	610,256	605,250
Depreciation	1,553,447	294,885	1,848,332	1,571,352
	<u>16,129,004</u>	<u>801,749</u>	<u>16,930,753</u>	<u>16,352,337</u>
Total operating expenses				
<b>Operating Income</b>	<u>2,478,791</u>	<u>511,183</u>	<u>2,989,974</u>	<u>2,846,908</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	18,662	3,759	22,421	47,321
Gain on sale of capital assets	-	-	-	11,406
Interest expense and fiscal agent charges	(431,905)	(124,509)	(556,414)	(549,050)
	<u>(413,243)</u>	<u>(120,750)</u>	<u>(533,993)</u>	<u>(490,323)</u>
Total nonoperating revenues (expenses)				
<b>Income Before Transfers</b>	<u>2,065,548</u>	<u>390,433</u>	<u>2,455,981</u>	<u>2,356,585</u>
<b>Capital Contributions</b>	6,263,044	-	6,263,044	-
<b>Transfers In</b>	123,497	-	123,497	237,470
<b>Transfers Out</b>	<u>(2,213,763)</u>	<u>(416,337)</u>	<u>(2,630,100)</u>	<u>(2,651,921)</u>
<b>Change in Net Position</b>	<u>6,238,326</u>	<u>(25,904)</u>	<u>6,212,422</u>	<u>(57,866)</u>
<b>Total Net Position, As Previously Reported</b>	25,870,012	6,145,428	32,015,440	32,275,731
<b>Change in Accounting Principle</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(202,425)</u>
<b>Total Net Position, Beginning of Year</b>	<u>25,870,012</u>	<u>6,145,428</u>	<u>32,015,440</u>	<u>32,073,306</u>
<b>Total Net Position, End of Year</b>	<u>\$ 32,108,338</u>	<u>\$ 6,119,524</u>	<u>\$ 38,227,862</u>	<u>\$ 32,015,440</u>

**City of Bedford, Texas**  
**Statement of Cash Flows – Proprietary Funds**  
**Year Ended September 30, 2014 (with Comparative Totals for 2013)**

	Water and Sewer	Stormwater Utility	Totals	
			2014	2013
<b>Operating Activities</b>				
Receipts from customers and users	\$ 18,461,720	\$ 1,301,996	\$ 19,763,716	\$ 19,472,399
Receipts from other funds	208,648	-	208,648	(5,245)
Payments to suppliers	(12,631,982)	(435,301)	(13,067,283)	(12,866,377)
Payments to employees	(1,856,822)	(300,182)	(2,157,004)	(2,340,174)
Net cash provided by operating activities	<u>4,181,564</u>	<u>566,513</u>	<u>4,748,077</u>	<u>4,260,603</u>
<b>Noncapital Financing Activities</b>				
Transfers in	123,497	-	123,497	237,470
Transfers out	(2,213,763)	(389,062)	(2,602,825)	(2,650,550)
Net cash used in noncapital financing activities	<u>(2,090,266)</u>	<u>(389,062)</u>	<u>(2,479,328)</u>	<u>(2,413,080)</u>
<b>Capital and Related Financing Activities</b>				
Repayment of debt	(798,467)	(128,811)	(927,278)	(81,858)
Proceeds from capital related debt	-	-	-	4,048,753
Interest and fiscal agent fees	(426,632)	(124,509)	(551,141)	(543,777)
Proceeds from sale of property	-	-	-	13,906
Additions to property and equipment	(4,654,275)	(169,236)	(4,823,511)	(4,013,157)
Net cash used in capital and related financing activities	<u>(5,879,374)</u>	<u>(422,556)</u>	<u>(6,301,930)</u>	<u>(576,133)</u>
<b>Investing Activities</b>				
Interest on investments	18,662	3,759	22,421	47,321
Purchase (Maturity) on investments, net	1,387,798	(110)	1,387,688	339,712
Net cash provided by investing activities	<u>1,406,460</u>	<u>3,649</u>	<u>1,410,109</u>	<u>387,033</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(2,381,616)</u>	<u>(241,456)</u>	<u>(2,623,072)</u>	<u>1,658,423</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>6,995,912</u>	<u>856,207</u>	<u>7,852,119</u>	<u>6,193,696</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 4,614,296</u>	<u>\$ 614,751</u>	<u>\$ 5,229,047</u>	<u>\$ 7,852,119</u>

**City of Bedford, Texas**  
**Statement of Cash Flows – Proprietary Funds (Continued)**  
**Year Ended September 30, 2014 (with Comparative Totals for 2013)**

	Water and Sewer	Stormwater Utility	Totals	
			2014	2013
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income	\$ 2,478,791	\$ 511,183	\$ 2,989,974	\$ 2,846,908
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation	1,553,447	294,885	1,848,332	1,571,352
Change in				
Receivables	(176,913)	(10,936)	(187,849)	250,659
Due from other funds	208,648	-	208,648	(5,245)
Accounts payable and accrued liabilities	82,691	(233,178)	(150,487)	(434,396)
Compensated absences	4,062	4,559	8,621	8,830
Customer deposits	30,838	-	30,838	22,495
	<u>\$ 4,181,564</u>	<u>\$ 566,513</u>	<u>\$ 4,748,077</u>	<u>\$ 4,260,603</u>
Net cash provided by operating activities				
<b>Supplemental Disclosure of Noncash Capital and Related Financing Activities</b>				
Capital Contributions	<u>\$ 6,263,044</u>	<u>\$ -</u>	<u>\$ 6,263,044</u>	<u>\$ -</u>



## **Notes to Financial Statements**

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 1: Summary of Significant Accounting Policies**

The City of Bedford, Texas (City) Home Rule Charter was adopted September 24, 1966. The City operates under a Council/Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as 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 amounts of assets, deferred outflows, and liabilities and deferred inflows, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. Significant policies of the City are described below.

***Financial Reporting Entity***

Generally accepted accounting principles require that financial statements present the City (the primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on these criteria, the following blended component unit is included in the accompanying financial statements. Blended component units, although legally separate entities are, in substance, part of the City's operations.

The City Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as if it were part of the primary government because its sole purpose is to operate, maintain, and finance the costs of the City's street improvements using taxes collected under Section 4B of the Development Corporation Act of 1979. Separate financial statements are not available.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

***Basis of Presentation***

The government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The primary effect of internal activity has been eliminated from the government-wide financial statements. However, interfund service provided and used is not eliminated in the process of consolidation on the government-wide statement of activities.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

- **General Fund** – is the City’s primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** – is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.
- **Street Bond Capital Projects Fund** – is used to account for construction of improvements to streets, street related drainage and sidewalks.
- **Economic Development 4B Fund** – is used to account for revenues and expenses associated with the operation, maintenance and financing of the costs of the City’s street improvements. Primary revenue source is sales taxes, and a small amount of interest.
- **Series 2014** – to account for construction projects authorized for the General and Contractual Obligation Series 2014 bond issues.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

All proprietary funds account for operations that are primarily financed by user charges.

The City reports the following proprietary funds:

- **Water and Sewer Fund** – accounts for providing water and sewer services to residential and commercial users in the City.
- **Stormwater Utility Fund** – accounts for the storm drainage runoff service provided to the residential and commercial users of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.



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Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services (except for sanitation services), fines and forfeits and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be all unrestricted cash and certificates of deposit with an original maturity date of three months or less.

***Investments***

Investments maturing within one year of date of purchase are reported at cost or amortized cost; all other investments are reported at fair value except for positions in investment pools. In accordance with state law, these pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Comptroller of Public Accounts although it is not registered with the SEC.

***Accounts Receivable***

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts and other specific information known to management that may affect collectibility.

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***Inventories***

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). The City uses the consumption method for determining cost; inventories are recognized as expenditures when consumed.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems, are reported at historical cost. Contributed assets are recorded at their estimated fair value as of the date received. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Buildings	20 – 40 years
Infrastructure	20 – 30 years
Water and sewer system	50 years
Improvements	10 – 20 years
Machinery and equipment	3 – 10 years

Interest expense is capitalized on contracts with durations over one-year in the proprietary funds. The minimum capitalization threshold is any item with a total cost greater than \$5,000 and a useful life greater than one-year.

***Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service from the City.

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Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay only if the compensated absences have matured with unused reimbursable leave outstanding following an employee's resignation or retirement. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

***Interfund Transactions***

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances.

***Net Position***

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net position of the Tourism Development Fund and the Economic Development 4B Fund are restricted by enabling legislation as indicated on the statement of net position.

The City's policy is to use restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance Classification***

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Balances include items not expected to be converted to cash including inventories and prepaid amounts.

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- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only 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 Council removes or changes the specified use by taking the same type of action that was employed when the 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** – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

***Prior Year Comparative Information***

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements as of and for the year ended September 30, 2013, from which the summarized information was derived.

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***New Pronouncements***

During the year ending September 30, 2015, the City will implement GASB Statements No. 68, *Accounting and Financial Reporting for Pensions* – an Amendment of GASB Statement No. 27. This statement establishes standards for measuring and recognizing liabilities, deferred inflows of resources, and expense/expenditures. Management has not currently determined what impact implementation will have on net position.

***Reclassifications***

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation. These reclassifications had no effect on change in net position/fund balance.

**Note 2: Deposits and Investments**

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

During the year ended September 30, 2014, the City invested in TexCLASS, TexSTAR, Texas DAILY and Lone Star, which are investment pools authorized by the Texas Legislature. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code. The pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

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Investments at year-end are shown below:

Investment Type	Fair Value	Weighted-Average Maturity
TexCLASS	\$ 202,131	1 day
TexSTAR	2,333,647	1 day
Texas DAILY	738,249	1 day
Lone Star investment public pool	83,777	1 day
Certificates of deposit	<u>7,521,947</u>	351 days
Total	<u>\$ 10,879,751</u>	

The City's investments at September 30, 2014, are held by the following investment pools:

Investment Type	Standard & Poor's Credit Rating
TexCLASS	AAAm
TexSTAR	AAAm
Texas DAILY	AAAm
Lone Star investment public pool	AAAm

- **Interest Rate Risk** – In accordance with its investment policy, the City manages its exposure to declines in fair market values by investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools. Furthermore, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase.
- **Credit Risk** – It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U. S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.
- **Custodial Credit Risk – Investments** – In accordance with its investment policy, the City minimizes custodial credit risk by limiting investments to the safest types of investment vehicles, prequalifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Currently, all investments are registered in the City's name.

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- **Custodial Credit Risk – Deposits** – The City’s deposits do not have any exposure to credit risk because all deposits in financial institutions are fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a value of not less than the principal amount of the deposits. The collateral is held by a third-party custodial bank as the City’s agent.
- **Concentration of Credit Risk** – The City limits investments to avoid concentration in securities from a specific issuer or business sector (where appropriate). As noted above, the City’s investments are distributed into a variety of allowable investment vehicles. Management does not believe there is a significant risk of loss due to the credit rating and nature of the investments.

***Summary of Deposit and Investment Balances***

Following is a reconciliation of the City’s deposit and investment balances as of September 30, 2014:

	<b>Totals</b>
Investments	\$ 10,879,751
Deposits and cash on hand	17,476,679
	<b>\$ 28,356,430</b>
<b>Government-wide Statement of Net Position</b>	
	<b>Government-wide Statement of Net Position</b>
Cash and cash equivalents	\$ 19,547,640
Investments	6,172,076
Restricted Assets:	
Investments	2,636,714
	<b>\$ 28,356,430</b>

**City of Bedford, Texas**  
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**Note 3: Receivables**

Receivables, including amounts due from other governments, as of September 30, 2014, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds			Total
	General	Debt Service	Street Bond	Economic Development	Nonmajor Governmental	Water and Sewer	Stormwater Utility	
Receivables								
Taxes								
Delinquent property taxes	\$ 217,985	\$ 137,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,489
Sales taxes	1,788,166	-	-	596,055	-	-	-	2,384,221
Franchise	867,104	-	-	-	-	-	-	867,104
Other	47,860	-	-	-	-	-	-	47,860
Accounts	440,795	-	206	74	75,725	3,497,088	206,931	4,220,819
Other	189,212	-	345,792	-	80,022	-	-	615,026
Gross receivables	<u>3,551,122</u>	<u>137,504</u>	<u>345,998</u>	<u>596,129</u>	<u>155,747</u>	<u>3,497,088</u>	<u>206,931</u>	<u>8,490,519</u>
Less allowance for uncollectibles	<u>(38,269)</u>	<u>(23,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,661)</u>	<u>-</u>	<u>(341,434)</u>
Net total receivables	<u>\$ 3,512,853</u>	<u>\$ 114,000</u>	<u>\$ 345,998</u>	<u>\$ 596,129</u>	<u>\$ 155,747</u>	<u>\$ 3,217,427</u>	<u>\$ 206,931</u>	<u>\$ 8,149,085</u>

Governmental funds report deferred outflows in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period.

At the end of the current fiscal year, the various components of deferred outflows reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 172,515
Delinquent property taxes receivable (Debt Service Fund)	109,457
Delinquent ambulance receivable (General Fund)	265,734
Street and drainage assessments receivable (Street Bond)	<u>345,978</u>
Total deferred outflows for governmental funds	<u>\$ 893,684</u>

**Note 4: Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and personal business property located in the City. The assessed value upon which the fiscal 2013 levy was based was \$3,121,183,647. The appraisal function is performed by the Tarrant County Appraisal District.



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General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by Home Rule Charter to \$1.50 per \$100 of assessed valuation for general governmental services and payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2014, was \$.4948303 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Current tax collection for the year ended September 30, 2014, was 100% of the tax levy.

Uncollected property taxes levied for the current fiscal year are recognized as receivables, and are deemed collectible in full.

**Note 5: Interfund Transfers**

Interfund transfers are payments between funds that are designed to cover various operating and overhead expenses and to allocate charges for services performed by one fund on behalf of another fund.

Individual fund transfers for the year ended September 30, 2014, were:

	<b>Transfer In</b>				<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Nonmajor Governmental</b>	<b>Water and Sewer</b>	
Transfers out					
Economic Development 4B	\$ -	\$ 1,378,147	\$ -	\$ -	\$ 1,378,147
Nonmajor governmental	80,000	-	35,000	-	115,000
Water and sewer	2,177,046	-	36,717	-	2,213,763
Stormwater utility	292,840	-	-	123,497	416,337
	<u>2,549,886</u>	<u>1,378,147</u>	<u>71,717</u>	<u>123,497</u>	<u>4,123,247</u>
Total transfers out	<u>\$ 2,549,886</u>	<u>\$ 1,378,147</u>	<u>\$ 71,717</u>	<u>\$ 123,497</u>	<u>\$ 4,123,247</u>

**City of Bedford, Texas**  
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**Note 6: Interfund Assets/Liabilities**

Interfund balances reflect payments made by one fund on behalf of another fund for which cash settlement has not been made as of the end of the accounting period. Amounts due to and from other funds will be settled within the next accounting period. Management has no current intention of repaying the advance to the Stormwater Utility Fund in the immediate future.

Individual interfund receivable and payable balances as well as advances at September 30, 2014, were:

	Due From			
	Nonmajor Governmental	Water Sewer	Stormwater Utility	Total
Due To				
General Fund	63,470	168,057	28,646	260,173
Total transfers out	\$ 63,470	\$ 168,057	\$ 28,646	\$ 260,173
	Advances to Other Funds	Advances from Other Funds		
Advances				
General Fund	\$ 300,000	\$ -		
Stormwater Utility Fund	-	300,000		
	\$ 300,000	\$ 300,000		

The advances between the General Fund and Stormwater Utility Fund are the result of the General Fund lending funds to cover start-up operating costs to the Stormwater Utility Fund.

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**Note 7: Capital Assets**

The following tables summarize changes in capital assets during the year ended September 30, 2014:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 7,261,343	\$ -	\$ -	\$ -	\$ 7,261,343
Construction in progress	603,061	1,581,602	(14,019)	(246,692)	1,923,952
Total assets not being depreciated	<u>7,864,404</u>	<u>1,581,602</u>	<u>(14,019)</u>	<u>(246,692)</u>	<u>9,185,295</u>
Capital assets, being depreciated					
Buildings	25,255,790	59,113	-	209,375	25,524,278
Equipment	26,419,105	440,143	(264,160)	-	26,595,088
Improvements other than buildings	122,956,187	33,394	-	37,317	123,026,898
Total capital assets being depreciated	<u>174,631,082</u>	<u>532,650</u>	<u>(264,160)</u>	<u>246,692</u>	<u>175,146,264</u>
Less accumulated depreciation					
Buildings	(10,577,820)	(777,088)	-	-	(11,354,908)
Equipment	(22,481,109)	(1,158,248)	264,160	-	(23,375,197)
Improvement other than buildings	(101,065,484)	(5,771,434)	-	-	(106,836,918)
Total accumulated depreciation	<u>(134,124,413)</u>	<u>(7,706,770)</u>	<u>264,160</u>	<u>-</u>	<u>(141,567,023)</u>
Total capital assets being depreciated, net	<u>40,506,669</u>	<u>(7,174,120)</u>	<u>-</u>	<u>246,692</u>	<u>33,579,241</u>
Governmental activities capital assets, net	<u>\$ 48,371,073</u>	<u>\$ (5,592,518)</u>	<u>\$ (14,019)</u>	<u>\$ -</u>	<u>\$ 42,764,536</u>
<b>Business-type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 100,255	\$ -	\$ -	\$ -	\$ 100,255
Construction in progress	5,463,925	2,141,494	-	(1,919,504)	5,685,915
Total assets not being depreciated	<u>5,564,180</u>	<u>2,141,494</u>	<u>-</u>	<u>(1,919,504)</u>	<u>5,786,170</u>
Capital assets, being depreciated					
Buildings	518,600	-	-	-	518,600
Equipment	3,306,571	72,447	(22,247)	-	3,356,771
Utility distributions	61,461,897	8,893,586	(20,972)	1,919,504	72,254,015
Total capital assets being depreciated	<u>65,287,068</u>	<u>8,966,033</u>	<u>(43,219)</u>	<u>1,919,504</u>	<u>76,129,386</u>
Less accumulated depreciation					
Buildings	(518,600)	-	-	-	(518,600)
Equipment	(3,065,143)	(126,539)	22,247	-	(3,169,435)
Utility distributions	(28,686,298)	(1,721,793)	-	-	(30,408,091)
Total accumulated depreciation	<u>(32,270,041)</u>	<u>(1,848,332)</u>	<u>22,247</u>	<u>-</u>	<u>(34,096,126)</u>
Total capital assets being depreciated, net	<u>33,017,027</u>	<u>7,117,701</u>	<u>(20,972)</u>	<u>1,919,504</u>	<u>42,033,260</u>
Business-type activities capital assets, net	<u>\$ 38,581,207</u>	<u>\$ 9,259,195</u>	<u>\$ (20,972)</u>	<u>\$ -</u>	<u>\$ 47,819,430</u>

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

<b>Governmental Activities</b>	
General government	\$ 146,777
Community services	60,094
Public services	5,603,387
Public safety	978,482
Leisure services	898,698
Administrative services	<u>19,332</u>
Total depreciation expense – governmental activities	<u><u>\$ 7,706,770</u></u>
<b>Business-type Activities</b>	
Water and sewer	\$ 1,553,447
Stormwater collection and disposal	<u>294,885</u>
Total depreciation expense – business-type activities	<u><u>\$ 1,848,332</u></u>

**Note 8: Long-term Liabilities**

The following is a summary of the long-term liabilities of the City for the year ended September 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One-Year</u>
<b>Governmental Activities</b>					
General/Contractual obligation bonds	\$ 37,800,000	\$ 5,500,000	\$ (5,185,000)	\$ 38,115,000	\$ 5,690,000
Premium on debt	1,190,505	61,948	(153,315)	1,099,138	156,473
Capital lease	478,872	-	(83,055)	395,817	85,675
Compensated absences	2,529,354	2,163,310	(1,573,287)	3,119,377	1,039,792
Other post-employment benefits	<u>197,098</u>	<u>12,192</u>	<u>-</u>	<u>209,290</u>	<u>-</u>
Governmental activities long-term liabilities	<u><u>\$ 42,195,829</u></u>	<u><u>\$ 7,737,450</u></u>	<u><u>\$ (6,994,657)</u></u>	<u><u>\$ 42,938,622</u></u>	<u><u>\$ 6,971,940</u></u>
<b>Business-type Activities</b>					
Certificates of obligation	\$ 18,275,000	\$ -	\$ (940,000)	\$ 17,335,000	\$ 955,000
Premiums on debt	136,015	-	(11,993)	124,022	11,062
Compensated absences	143,583	172,596	(146,732)	169,447	56,482
Other post-employment benefits	<u>120,802</u>	<u>7,472</u>	<u>-</u>	<u>128,274</u>	<u>-</u>
Business-type activities long-term liabilities	<u><u>\$ 18,675,400</u></u>	<u><u>\$ 180,068</u></u>	<u><u>\$ (1,098,725)</u></u>	<u><u>\$ 17,756,743</u></u>	<u><u>\$ 1,022,544</u></u>

**City of Bedford, Texas**  
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Governmental long-term debt consists of the following individual issues at September 30, 2014:

Series	Original Issue	Interest Rate	Debt Outstanding
<b>General Obligation and Contractual Bonds</b>			
Series 2004 General Obligation Refunding Bonds	\$ 12,350,000	2.4% – 5.0%	\$ 2,050,000
Series 2005 General Obligation Refunding Bonds	28,600,000	3.25% – 5.0%	13,200,000
Series 2007 General Obligation Bonds	4,000,000	3.875% – 5.0%	2,965,000
Series 2010 General Obligation Bonds	4,885,000	2.0% – 5.0%	4,355,000
Series 2011 General Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	3,005,000
Series 2011 General Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	1,950,000
Series 2013 General Obligation Refunding and Improvement Bonds	5,375,000	2.0% – 4.0%	5,090,000
Series 2014 General Obligation Bonds	3,200,000	2.0% – 4.0%	3,200,000
Series 2014 Public Property Finance Contractual Obligations	2,300,000	1.0% – 2.5%	<u>2,300,000</u>
Total General Obligation and Contractual Bonds			<u>\$ 38,115,000</u>

Business-type long-term debt consists of the following individual issues at September 30, 2014:

Series	Original Issue	Interest Rate	Debt Outstanding
<b>Certificates of Obligation</b>			
Series 2007 Certificates of Obligation	\$ 4,975,000	3.875% – 4.25%	\$ 3,690,000
Series 2010 Certificates of Obligation	2,035,000	3.0% – 4.125%	1,815,000
Series 2011 Certificates of Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	3,645,000
Series 2011 Combination Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	3,680,000
Series 2012 Combination Tax and Revenue Certificates of Obligation	630,000	0.09% – 1.4%	570,000
Series 2012A Combination Tax and Revenue Certificates of Obligation	4,270,000	1.0% – 2.75%	<u>3,935,000</u>
Total Certificates of Obligation			<u>\$ 17,335,000</u>

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The annual debt service requirement to amortize the bonds, certificates of obligation and capital lease obligations outstanding at September 30, 2014, follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds	Capital Lease	Interest	Total
2015	\$ 5,690,000	\$ 85,675	\$ 1,342,922	\$ 7,118,597
2016	5,610,000	88,767	1,105,212	6,803,979
2017	5,520,000	91,973	870,174	6,482,147
2018	4,310,000	95,297	662,828	5,068,125
2019	2,135,000	34,105	540,865	2,709,970
2020 – 2024	8,515,000	-	1,846,344	10,361,344
2025 – 2029	4,255,000	-	814,815	5,069,815
2030 – 2034	<u>2,080,000</u>	<u>-</u>	<u>161,566</u>	<u>2,241,566</u>
	<u>\$ 38,115,000</u>	<u>\$ 395,817</u>	<u>\$ 7,344,726</u>	<u>\$ 45,855,543</u>

Business-type Activities:

Year Ending September 30,	Certificate of Obligations	Interest	Total
2015	\$ 955,000	\$ 546,313	\$ 1,501,313
2016	990,000	523,076	1,513,076
2017	1,020,000	496,488	1,516,488
2018	1,065,000	466,785	1,531,785
2019	935,000	438,296	1,373,296
2020 – 2024	5,230,000	1,724,376	6,954,376
2025 – 2029	5,260,000	750,831	6,010,831
2030 – 2032	<u>1,880,000</u>	<u>74,524</u>	<u>1,954,524</u>
	<u>\$ 17,335,000</u>	<u>\$ 5,020,689</u>	<u>\$ 22,355,689</u>

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

***New Bond Issuance***

In March 2014, the City issued \$3,200,000 of General Obligation Bonds, Series 2014 (Bonds), as well as \$2,300,000 of Public Property Finance Contractual Obligations, Series 2014 (Contractual Obligations). The Bonds are issued with an interest rate ranging from 2.00% to 4.00% through maturity in February 2034; with proceeds from the sale designated for the purpose of permanent public improvements and public purposes including park improvements at the Boys Ranch Park. The Contractual Obligations are issued with an interest rate ranging from 1.00% to 2.50% through maturity in February 2024, with proceeds from the sale designated for the purpose of capital additions and improvements in general government and public safety classes. Bond and Contractual Obligation proceeds are kept in the Series 2014 Capital Projects Fund.

**Note 9: Retirement Plan**

***Plan Description***

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**City of Bedford, Texas**  
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The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	December 31,	
	2014	2013
Deposit rate	5.0%	5.0%
Matching ratio (City to employee)	2 – 1	2 – 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

**Contributions**

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year-to-year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

**Annual Pension Cost**

Contributions by the City were \$920,307 or 4.88% of the covered payroll of \$18,853,517 as required by the actuarial valuation.



**City of Bedford, Texas**  
**Notes to Financial Statements**  
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In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and revised actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010, TMRS Comprehensive Annual Financial Report (CAFR).

Actuarial valuations are based on long-term assumptions, and actual results in a specific year can, and almost certainly will, differ as actual experience deviates from the assumptions. The following table provides a detailed breakdown of changes in the retirement portion of the City of Bedford's contribution rate. This analysis reconciles the change in the retirement portion the City's contribution from plan year 2013 to 2014, but will not reflect any change in the cost of the supplemental death benefit. The City of Bedford does not participate in that benefit.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

Annual City pension cost and related information for the last three years is as follows:

	<b>December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Actuarial Information</b>			
Actuarial cost method	Employee Age Normal	Project Unit Credit	Project Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	30.0 years-closed period	22.1 years-closed period	23.1 years-closed period
Amortization period for new gains/losses	25 years	25 years	25 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
<b>Actuarial Assumptions</b>			
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	Varies by age and services	Varies by age and services	Varies by age and services
Inflation	3.0%	3.0%	3.0%
Cost of living adjustment	0.0%	0.0%	0.0%
City specific assumptions			
Payroll growth assumption	3.00%	3.00%	3.00%
<b>Schedule of Funding Information</b>			
Actuarial valuation date	12/31/2013	12/31/2012	12/31/2011
Actuarial value of assets	\$ 8,824,005	\$ 6,694,752	\$ 4,713,345
Actuarial accrued liability	\$ 18,629,880	\$ 17,582,830	\$ 15,748,320
Unfunded (overfund) Actuarial Accrued Liability (UAAL)	\$ 9,805,875	\$ 10,888,078	\$ 11,034,975
Funded ratio	47%	38%	30%
Annual covered payroll	\$ 18,853,517	\$ 18,597,171	\$ 18,649,701
UAAL as a percentage of covered payroll	52%	59%	59%

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

The City's net pension obligation (NPO) for TMRS at December 31, 2014, 2013 and 2012, is calculated as follows:

<b>Actuarial Valuation Date</b>	<b>2013</b>	<b>December 31, 2012</b>	<b>2011</b>
NPO, beginning of year	\$ -	\$ -	\$ -
Annual required contribution (ARC)	920,307	844,310	1,262,583
Contributions made	<u>920,307</u>	<u>844,310</u>	<u>1,262,583</u>
NPO, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Note 10: Post-employment Health Care Plan**

***Plan Description and Funding Policy***

Starting January 1, 2010, the City began requiring participants who are active employees with less than 20 years of service or 60 years or more of age with less than 5 years of service to contribute an age-based full-cost premium if they choose to remain on the City's health care plan upon retirement. In return, the City will make scheduled annual contributions into a retiree health savings plan in the name of each eligible employee who has 10 years of service or more. Employees are 50% vested at 20 years of service and 100% vested at 30 years of service.

Under provisions of GASB Statement No. 45, employees who will be required to contribute the full age-based cost of coverage for the City's health plan do not receive another post-employment benefit.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

Retiring employees will pay either age-based or blended premiums depending on their status as “grandfathered” or “non-grandfathered.” Blended premiums blend the cost of providing health coverage to both active employees and retirees, and will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

*Grandfathered Employees*

As of January 1, 2010, employees that have 20 years of continuous service with the City or employees having 5 years of continuous service and have reached the age of 60 will be eligible to purchase City health benefits at blended rates upon the date of their retirement if they are less than age 65. Employees who meet the requirements to stay on the plan will continue to pay both employee and employer required contributions for the retiree health plan chosen for themselves and eligible dependents. Employer and employee required contributions are determined annually by plan as part of the City’s annual budget. If the spouse or eligible dependents are on the plan at the time of the employee’s retirement, they can remain on the plan, until which time they are no longer eligible.

*Non-Grandfathered Employees*

Employees who do not meet the eligibility requirements to stay on the plan will pay age-based premiums for the retiree health plan chosen for themselves and eligible dependents. These employees will participate in the City’s retiree health savings plan.

***Policy Information***

*Retiree Health Plan Benefit Eligibility*

To be eligible for retiree health benefits, employees must meet the following criteria:

- Any employee who is covered under the City’s health plan at the effective date of (the employee’s) retirement, who is less than age 65, and who meets the “retiree” definition (as described below) may elect to continue health insurance coverage under the plan.
- Employees who are eligible and elect to stay on the plan will be required to begin paying monthly premiums immediately upon retirement.
- Employees eligible for retiree health insurance may also continue coverage for any dependents following the employee’s retirement, provided the dependents were covered under the employee’s health insurance as of the effective date of the employee’s retirement and the appropriate enrollment forms are completed within 30 days of retirement. Anyone electing this coverage must meet all of the eligibility rules of the plan.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

NOTE: When a covered retiree's spouse is employed at the time the City of Bedford employee retires, an exception to this policy may be made. The spouse may elect coverage under the City's health plan if the spouse's employment ends or the spouse's employer discontinues coverage.

- Dependents who are covered under the retiree's health insurance at the time of the retiree's death may continue coverage as follows: (a) the spouse may continue coverage following the death of the retiree until such time as the spouse remarries, dies or reaches age 65 (b) any other eligible dependent(s), as defined by the City's self-funded plan, may continue to be covered under retiree health insurance as long as all eligibility requirements of the City's plan are met.

*Retiree Health Plan Benefit Coverage*

Retirees are able to maintain retiree coverage through the City until they reach age 65 (see section below). Retirees cannot drop the City's plan and re-elect retiree benefits at a later date unless they become re-employed by the City. If this is the case, they must re-enroll into the City's retiree insurance program within 30 days of the termination from the City's re-employment.

- Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year until they reach age 65.
- Retirees who decide to elect the City's retiree health benefits will pay either age based on blended premiums depending on their status as "grandfathered" or "non-grandfathered."
- Blended premiums blend the cost of providing health coverage to both active employees and retirees, will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

*Retirees Age 65 or Older*

Effective January 1, 2010, retirees who are Medicare eligible or age 65 or older will have access to a more cost effective and comparable Medicare Supplement or Medicare Advantage Plan and will no longer have access to the City's health plan. Retirees will continue to have access to the City's dental plan.

- Retirees who choose to obtain coverage elsewhere may later elect one of the City's Medicare Supplement or Medicare Advantage plans when they become eligible for Medicare.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

- Retirees' dependents who are under 65 years of age will be able to maintain coverage through the City's health plan. Once a dependent reaches age 65, the dependent will no longer be able to access the City's health plan, but will be able to select either the Medicare Supplement or Medicare Advantage Plan which is less expensive than the current retiree premiums and is comparable to or offers a richer benefit than the City's health plan.
- If the employee is 65 years of age or older, but is not Medicare eligible, the City will evaluate the cost of Medicare Part A premiums each year and determine whether the City will reimburse the employee for the purchase of Medicare Part A (on behalf of the retiree or whether to allow the retiree to pay the premium to stay on the City's health plan). Retirees in this situation will be notified of this determination at the end of each year for the following plan year.

***Applicability***

This policy applies to all regular full-time employees.

***Definitions***

**Retiree** – is defined as an employee who has effected retirement with the City and is eligible to retire according to the City's pension plan guidelines.

***Policy Authority***

The City Council authorizes this policy. The City's management team and Human Resources are responsible for interpreting and enforcing this policy.

***Implementation Procedures***

Employees eligible for retiree health insurance will be given written notification from Human Resources explaining their eligibility to elect retiree health insurance, the applicable premium rates for the type of coverage(s) they are eligible to continue, and the procedures the employee must follow in order to elect retiree health insurance. They will also be given an election form on which to make their health insurance elections.

Employees eligible for retiree health insurance must complete the retiree health insurance election form and remit the appropriate premium payment as outlined in the retiree medical information packet within 30 days following the effective date of the employee's retirement; otherwise, the retiree will automatically forfeit his/her right to continue health insurance under this policy, except as provided by federal law.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

Retirees who are not age 65 and who are eligible for and elect retiree coverage through the City will receive notification from the City's Human Resources Department of the discontinuation of their retiree coverage along with enrollment information for the Medicare Supplement and Medicare Advantage plans upon turning age 65.

*Termination of Retiree Health Plan Coverage*

Retiree health insurance will automatically terminate for the retiree and/or covered dependents upon the earliest of the following occurrences:

- The City ceases to provide group health insurance.
- Retiree/retiree's dependent(s) fail to remit the monthly premium payment to the City's Human Resources Department by the last day of each month.
- The retiree returns to active employment status with the City and becomes covered under a City sponsored health plan.
- Dependent(s) of the retiree cease to meet the eligibility requirements of the City's medical plan.

**Note 11: Other Post-Employment Benefits**

***Plan Description***

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

***Benefits Provided***

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

- The retiree must have been covered for medical benefits under the City health plan as an employee immediately prior to termination of employment.
- Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment.
- Enroll for retiree health coverage within 30 days of the date of termination.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

**Annual Funding Policy**

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving PPO medical benefits contribute 50% – 80% per month for retiree-only coverage, 50% – 80% per month for retiree and spouse and 50% – 80% per month for retiree and family.

**Annual OPEB Costs**

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB No. Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the past three years and the related information is listed below:

	<b>2014</b>	<b>September 30, 2013</b>	<b>2012</b>
Annual required contribution	\$ 97,796	\$ 97,796	\$ 97,796
Interest on prior year net OPEB obligation	14,306	12,881	10,989
Adjustment to annual required contribution	<u>(20,970)</u>	<u>(18,882)</u>	<u>(16,109)</u>
Annual OPEB cost	91,132	91,795	92,676
Contributions made	<u>(71,468)</u>	<u>(60,130)</u>	<u>(50,649)</u>
Increase in net OPEB obligation	19,664	31,665	42,027
Net obligation, beginning of year	<u>317,900</u>	<u>286,235</u>	<u>244,208</u>
Net obligation, end of year	<u><u>\$ 337,564</u></u>	<u><u>\$ 317,900</u></u>	<u><u>\$ 286,235</u></u>
Percentage of OPEB costs contributed	21%	19%	18%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year are calculated using a 4.5% discount rate, and the Projected Unit Credit Cost method.



**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

***Funded Status and Funding Progress***

The funded status of the plan as of actuarial measurement date of December 31, 2013, was as follows:

Actuarial accrued liability	\$	1,138,070
Actuarial value of plan assets		27,970
Unfunded actuarial accrued liability	\$	1,110,100
Funded ratio		2.46%
Covered payroll	\$	3,596,883
Unfunded actuarial accrued liability as a percentage of covered payroll		30.9%

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after a number of years. Both rates include a 3.0% inflation assumption. The actuarial value of the plan's assets was set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.5%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011, was 25 years.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

**Note 12: Commitments and Contingencies**

***Risk Management***

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Risk Pool) to provide insurance for workers' compensation benefits, liability and property coverage.

At September 30, 2014, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions.

The Risk Pool has purchased stop-loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

***Trinity River Authority of Texas***

In 1972, the City entered into a contract with the Trinity River Authority (TRA) for the purchase of water. The contract shall remain in effect until all bonds, including refunding bonds, have been paid.

Under the terms of the contract, the City is obligated to pay its proportional share of operating and maintenance expenses and debt service charges by the TRA based on the ratio of estimated water usage for the ensuing year to the total estimated water usage. Total purchases during fiscal year 2014 were approximately \$7,700,000.

In 1973, the City entered into a 50-year contract with the TRA for the transportation, treatment, and disposal of sanitary sewage actually discharged and to share in the cost of operation and maintenance of the system. Total payments of approximately \$3,832,000 were made in fiscal year 2014. Additionally, \$322,767 was spent with the City of Hurst for the transportation, treatment and disposal of sanitary sewage as well.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2014**

***Litigation***

Various claims and lawsuits are pending against the City. In the opinion of the City's legal counsel and management, the potential loss on all claims after insurance will not be significant to the City's financial statements.

***State and Federal Programs***

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, should not be material.

**Note 13: Subsequent Events**

Subsequent events have been evaluated through February 9, 2015, which is the date the financial statements were available to be issued.



**Required Supplementary Information**

**City of Bedford, Texas**  
**Schedule of Funding Progress**  
**September 30, 2014**

Actuarial Valuation Date	Plan	Actuarial Value of Assets [1]	Actuarial Accrual Liability (AAL) [2]	Funded Ratio [3] [1]/[2]	Unfunded AAL (UAAL) [4] [2]-[1]	Covered Payroll [5]	UAAL as a Percentage of Covered Payroll [6] [4]/[5]
12/31/2010	TMRS *	2,378,268	11,372,548	20.9%	8,994,280	18,787,516	47.9%
12/31/2010	TMRS **	2,424,829	13,872,080	17.5%	11,447,251	18,787,516	60.9%
12/31/2011	TMRS	4,713,345	15,748,320	29.9%	11,034,975	18,649,701	59.2%
12/31/2012	TMRS	6,694,752	17,582,830	38.1%	10,888,078	18,597,171	58.5%
12/31/2013	TMRS	8,824,005	18,629,880	47.4%	9,805,875	18,853,517	52.0%
11/30/2010	OPEB	-	2,467,613	0.0%	2,467,613	16,465,708	15%
12/31/2011	OPEB	27,970	1,138,070	2.5%	1,110,100	3,596,883	31%

\* Actuarial valuation performed under original fund structure

\*\* Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In October 2013 the TMRS board adopted actuarial changes that were reflected in the December 31, 2013 actuarial valuation. The changes included updating the Annuity Purchase Rate (APR) factors to more accurately reflect continued mortality improvement. In addition, the board changed the funding method to Entry Age Normal (EAN) to minimize contribution rate volatility. For a complete description of the impact of the new actuarial assumptions, including the effects of TMRS city rates and funding ratios, please see the December 31, 2013, TMRS Comprehensive Annual Financial Report (CAFR) as well as the GRS actuarial valuation report on the TMRS website.

Under the reporting parameters, the City's retiree health care plan is 2.46% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,110,100 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 30.9%.

**City of Bedford, Texas**  
**Schedule of Funding Progress**  
**September 30, 2014**

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.



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**City of Bedford, Texas**  
**Budgetary Comparison Schedule General Fund**  
**September 30, 2014**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes, penalty and interest	\$ 20,249,179	\$ 20,249,179	\$ 20,360,037	\$ 110,858
Licenses and permits	815,450	815,450	628,484	(186,966)
Charges for services	2,501,280	2,721,280	2,823,084	101,804
Fines and forfeits	1,454,700	1,629,700	1,896,359	266,659
Support from other governmental entities	538,592	538,592	549,418	10,826
Interest	8,000	8,000	8,165	165
Miscellaneous	195,900	195,900	269,245	73,345
	<u>25,763,101</u>	<u>26,158,101</u>	<u>26,534,792</u>	<u>376,691</u>
<b>Expenditures</b>				
General government				
City Council	116,877	116,877	123,343	(6,466)
City Manager	490,474	505,665	526,355	(20,690)
City Secretary	244,073	256,170	241,112	15,058
Information systems	668,739	694,314	591,751	102,563
Human Resources	321,364	321,364	306,895	14,469
	<u>1,841,527</u>	<u>1,894,390</u>	<u>1,789,456</u>	<u>104,934</u>
Community services				
Economic development	193,237	193,237	143,086	50,151
Planning and zoning	347,182	355,846	405,557	(49,711)
	<u>540,419</u>	<u>549,083</u>	<u>548,643</u>	<u>440</u>
Public services				
Facilities maintenance	586,783	589,903	501,121	88,782
Maintenance services	244,594	249,068	249,564	(496)
Streets	1,072,556	1,164,806	1,129,148	35,658
	<u>1,903,933</u>	<u>2,003,777</u>	<u>1,879,833</u>	<u>123,944</u>
Administrative services				
Finance	509,145	517,183	518,879	(1,696)
Nondepartmental	1,383,652	1,348,707	953,921	394,786
Municipal court	564,881	573,391	580,290	(6,899)
Teen court	163,583	163,583	155,343	8,240
	<u>2,621,261</u>	<u>2,602,864</u>	<u>2,208,433</u>	<u>394,431</u>



**City of Bedford, Texas**  
**Budgetary Comparison Schedule General Fund (Continued)**  
**September 30, 2014**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Public safety				
Administration	\$ 851,182	\$ 863,804	\$ 859,964	\$ 3,840
Animal control	365,307	369,868	378,336	(8,468)
Criminal investigation division	1,526,109	1,555,818	1,526,617	29,201
Community services	688,653	700,243	716,447	(16,204)
Code compliance	419,224	527,554	481,148	46,406
SWAT	15,030	15,030	17,709	(2,679)
Patrol	4,303,548	4,303,548	4,158,236	145,312
Traffic	582,303	592,659	602,362	(9,703)
Dispatch	693,281	693,281	683,639	9,642
Jail	814,922	814,922	798,835	16,087
Records	558,928	558,928	559,449	(521)
Fire operations	<u>6,776,966</u>	<u>6,893,469</u>	<u>6,889,101</u>	<u>4,368</u>
Total public safety	<u>17,595,453</u>	<u>17,889,124</u>	<u>17,671,843</u>	<u>217,281</u>
Leisure services				
Library	1,297,036	1,317,112	1,272,047	45,065
Parks	1,180,112	1,180,112	1,114,758	65,354
Recreation	792,991	808,507	785,298	23,209
Senior citizens	218,899	218,899	211,690	7,209
Splash	<u>411,436</u>	<u>411,436</u>	<u>416,520</u>	<u>(5,084)</u>
Total leisure services	<u>3,900,474</u>	<u>3,936,066</u>	<u>3,800,313</u>	<u>135,753</u>
Capital outlay	-	-	341,651	(341,651)
Debt service	<u>-</u>	<u>-</u>	<u>99,741</u>	<u>(99,741)</u>
Total expenditures	<u>28,403,067</u>	<u>28,875,304</u>	<u>28,339,913</u>	<u>535,391</u>
Excess (deficiency) of revenues over expenditures	<u>(2,639,966)</u>	<u>(2,717,203)</u>	<u>(1,805,121)</u>	<u>912,082</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,549,886	2,549,886	2,549,886	-
Proceeds from sale of capital asset	-	-	40,764	40,764
Lease purchase proceeds	217,000	217,000	221,936	4,936
Insurance proceeds	<u>-</u>	<u>-</u>	<u>30,669</u>	<u>30,669</u>
Total other financing sources (uses)	<u>2,766,886</u>	<u>2,766,886</u>	<u>2,843,255</u>	<u>76,369</u>
<b>Net Changes in Fund Balance</b>	126,920	49,683	1,038,134	988,451
<b>Fund Balance, Beginning of Year</b>	<u>6,337,789</u>	<u>6,337,789</u>	<u>6,337,789</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 6,464,709</u>	<u>\$ 6,387,472</u>	<u>\$ 7,375,923</u>	<u>\$ 988,451</u>

**City of Bedford, Texas**  
**Budgetary Comparison Schedule**  
**Economic Development 4B Fund**  
**Year Ended September 30, 2014**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes, penalty and interest	\$ 2,300,000	\$ 2,300,000	\$ 2,715,318	\$ 415,318
Interest	10,000	10,000	2,660	(7,340)
Miscellaneous	-	-	39,910	39,910
Total revenues	<u>2,310,000</u>	<u>2,310,000</u>	<u>2,757,888</u>	<u>447,888</u>
<b>Expenditures</b>				
Current				
Public services	867,460	867,460	573,068	294,392
Capital outlay	<u>15,500</u>	<u>15,500</u>	<u>12,518</u>	<u>2,982</u>
Total expenditures	<u>882,960</u>	<u>882,960</u>	<u>585,586</u>	<u>297,374</u>
Excess (deficiency) of revenues over expenditures	1,427,040	1,427,040	2,172,302	745,262
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(1,412,995)</u>	<u>(1,412,995)</u>	<u>(1,378,147)</u>	<u>34,848</u>
<b>Net Changes in Fund Balance</b>	14,045	14,045	794,155	780,110
<b>Fund Balance, Beginning of Year</b>	<u>1,903,735</u>	<u>1,903,735</u>	<u>1,903,735</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,917,780</u>	<u>\$ 1,917,780</u>	<u>\$ 2,697,890</u>	<u>\$ 780,110</u>

**City of Bedford, Texas**  
**Notes to Required Supplementary Information**  
**September 30, 2014**

**Stewardship, Compliance and Accountability**

***Budgetary Information***

Annual budgets are adopted for the General, Debt Service, Court Security, Court Technology, Drug Forfeiture, Tourism Development, Park Donation, Bedford Beautification, Economic Development, Red Light Cameras and Public Safety Training funds using the modified accrual basis of accounting.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

- Prior to August 15, 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.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council after public hearings.
- All unexpended appropriations lapse at year-end.



## **Combining Fund Statements and Schedules**

**City of Bedford, Texas**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2014**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 931,444	\$ 2,215,146	\$ 3,146,590
Investments	481,662	-	481,662
Receivables			
Accounts	75,725	-	75,725
Other	80,022	-	80,022
	<u>1,568,853</u>	<u>2,215,146</u>	<u>3,783,999</u>
Total assets	<u>\$ 1,568,853</u>	<u>\$ 2,215,146</u>	<u>\$ 3,783,999</u>
 <b>Liabilities and Fund Balances</b>			
Liabilities			
Accounts and contracts payable	\$ 145,589	\$ 118,272	\$ 263,861
Unearned revenues	16,824	-	16,824
Due to other funds	63,470	-	63,470
	<u>225,883</u>	<u>118,272</u>	<u>344,155</u>
Total liabilities	<u>225,883</u>	<u>118,272</u>	<u>344,155</u>
 Fund balances			
Restricted for			
Public safety	284,840	-	284,840
Parks and beautification	75,590	-	75,590
Other	982,540	-	982,540
Capital acquisition and construction	-	2,096,874	2,096,874
	<u>1,342,970</u>	<u>2,096,874</u>	<u>3,439,844</u>
Total fund balances	<u>1,342,970</u>	<u>2,096,874</u>	<u>3,439,844</u>
Total liabilities and fund balances	<u>\$ 1,568,853</u>	<u>\$ 2,215,146</u>	<u>\$ 3,783,999</u>

**City of Bedford, Texas**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2014**

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes, penalty and interest	\$ 840,119	\$ -	\$ 840,119
Charges for service	354,345	-	354,345
Fines and forfeitures	324,547	-	324,547
Support from governmental entities	140,422	-	140,422
Interest	2,987	2,583	5,570
Miscellaneous	109,107	-	109,107
	<u>1,771,527</u>	<u>2,583</u>	<u>1,774,110</u>
<b>Expenditures</b>			
Current			
General government	2,055	-	2,055
Community services	940,338	-	940,338
Public safety	379,892	-	379,892
Administrative services	53,519	-	53,519
Leisure	3,758	-	3,758
Capital outlay	18,150	1,179,870	1,198,020
Interest	-	8	8
	<u>1,397,712</u>	<u>1,179,878</u>	<u>2,577,590</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>373,815</u>	<u>(1,177,295)</u>	<u>(803,480)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	71,717	-	71,717
Transfers out	(115,000)	-	(115,000)
	<u>(43,283)</u>	<u>-</u>	<u>(43,283)</u>
<b>Net Change in Fund Balances</b>	330,532	(1,177,295)	(846,763)
<b>Fund Balances, Beginning of Year</b>	<u>1,012,438</u>	<u>3,274,169</u>	<u>4,286,607</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,342,970</u>	<u>\$ 2,096,874</u>	<u>\$ 3,439,844</u>

## **Special Revenue Funds**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The City's nonmajor special revenue funds are as follows:

**Miscellaneous Donations Fund** – This fund is used to account for miscellaneous designated contributions from citizens and other governments.

**Court Security Fund** – This fund accounts for monies collected under state statute designated to provide security for the Municipal Court facilities.

**Court Technology Fund** – This fund is used for monies collected under state statute designed to provide increased technology for the Municipal Court facilities.

**Library Technology Fund** – This fund is used for monies collected under state statute designed to provide increased technology for the Bedford Public Library.

**Park Donation Fund** – This fund is used for contributions from citizens designated for park improvements.

**Drug Forfeiture Fund** – This fund accounts for monies received from participation in federal drug enforcement activities.

**Bedford Beautification Fund** – This fund accounts for revenue and expenditures related to various citywide beautification programs proposed by the City's Beautification Commission.

**Public Safety Training Fund** – This fund accounts for funds received from state surplus to be used for police training.

**Tourism Development Fund** – This fund accounts for hotel/motel taxes received.

**Local Law Enforcement Block Grant Fund** – This fund accounts for revenue and expenditures of funds provided by the state for the purchase of various qualifying law enforcement related equipment.

**Regional Fire Grant Fund** – This fund is used to account for the revenues and expenditures related to the regional fire grants.

**Red Light Cameras Fund** – This fund accounts for revenues generated from red light camera fines.

**NETCO/Motorola Rebanding** – This fund accounts for the City's portion of proceeds received from Motorola for Northeast Tarrant County Trunked Radio Consortium (NETCO). Resolution No. 07-53.

**Various Grants** – This fund accounts for revenues and expenditures from multiple grants, the majority of which pertain to energy conservation.

**City of Bedford, Texas**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2014**

	<b>Miscellaneous Donation</b>	<b>Court Security</b>	<b>Court Technology</b>	<b>Library Technology</b>	<b>Park Donation</b>	<b>Drug Forfeiture</b>	<b>Bedford Beautification</b>
<b>Assets</b>							
Cash and cash equivalents	\$ 16,770	\$ 3,098	\$ 59,873	\$ 29,366	\$ 29,491	\$ 6,946	\$ 10,781
Investments	186,087	11,005	81,441	5,634	56,026	58,027	33,015
Receivables							
Accounts	25	28	-	-	408	-	-
Other	-	-	39	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 202,882</u>	<u>\$ 14,131</u>	<u>\$ 141,353</u>	<u>\$ 35,000</u>	<u>\$ 85,925</u>	<u>\$ 64,973</u>	<u>\$ 43,796</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts and contract payable	\$ 111	\$ -	\$ 221	\$ -	\$ 17,418	\$ 676	\$ -
Due to other funds	-	-	-	-	36,713	-	-
Unearned revenue	-	-	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>111</u>	<u>-</u>	<u>221</u>	<u>-</u>	<u>54,131</u>	<u>676</u>	<u>-</u>
Fund balances	<u>202,771</u>	<u>14,131</u>	<u>141,132</u>	<u>35,000</u>	<u>31,794</u>	<u>64,297</u>	<u>43,796</u>
Total liabilities and fund balances	<u>\$ 202,882</u>	<u>\$ 14,131</u>	<u>\$ 141,353</u>	<u>\$ 35,000</u>	<u>\$ 85,925</u>	<u>\$ 64,973</u>	<u>\$ 43,796</u>



Public Safety Training	Tourism Development	Local Law Enforcement Block Grant	Regional Fire Grant	Red Light Cameras	NETCO/Motorola Rebanding	Various Grants	Total Nonmajor Governmental Funds
\$ 18,746	\$ 530,619	\$ 1,117	\$ 5,028	\$ 7,980	\$ 3,767	\$ 207,862	\$ 931,444
-	-	-	-	50,427	-	-	481,662
-	75,264	-	-	-	-	-	75,725
-	-	-	-	18,842	-	61,141	80,022
<u>\$ 18,746</u>	<u>\$ 605,883</u>	<u>\$ 1,117</u>	<u>\$ 5,028</u>	<u>\$ 77,249</u>	<u>\$ 3,767</u>	<u>\$ 269,003</u>	<u>\$ 1,568,853</u>
\$ -	\$ 91,501	\$ -	\$ -	\$ 30,274	\$ -	\$ 5,388	\$ 145,589
-	20,171	-	-	6,586	-	-	63,470
-	16,824	-	-	-	-	-	16,824
-	128,496	-	-	36,860	-	5,388	225,883
<u>18,746</u>	<u>477,387</u>	<u>1,117</u>	<u>5,028</u>	<u>40,389</u>	<u>3,767</u>	<u>263,615</u>	<u>1,342,970</u>
<u>\$ 18,746</u>	<u>\$ 605,883</u>	<u>\$ 1,117</u>	<u>\$ 5,028</u>	<u>\$ 77,249</u>	<u>\$ 3,767</u>	<u>\$ 269,003</u>	<u>\$ 1,568,853</u>

**City of Bedford, Texas**  
**Combining Statement of Revenues,**  
**Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2014**

	Miscellaneous Donation	Court Security	Court Technology	Library Technology	Park Donation	Drug Forfeiture	Bedford Beautification
<b>Revenues</b>							
Taxes, penalty and interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-	-	-	-
Fines and forfeitures	-	42,703	56,936	-	-	-	-
Support from governmental entities	-	-	-	-	-	46,866	-
Interest	1,400	71	363	-	362	376	214
Miscellaneous	55,453	-	-	-	13,516	-	10,000
	<u>56,853</u>	<u>42,774</u>	<u>57,299</u>	<u>-</u>	<u>13,878</u>	<u>47,242</u>	<u>10,214</u>
Total revenues							
<b>Expenditures</b>							
Current							
General government	2,055	-	-	-	-	-	-
Community services	12,621	-	-	-	-	-	-
Public safety	-	-	-	-	30,370	54,080	-
Administrative services	31,095	-	22,424	-	-	-	-
Leisure services	-	-	-	-	-	-	3,758
Capital outlay	-	-	-	-	-	-	-
	<u>45,771</u>	<u>-</u>	<u>22,424</u>	<u>-</u>	<u>30,370</u>	<u>54,080</u>	<u>3,758</u>
Total Expenditures							
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>11,082</u>	<u>42,774</u>	<u>34,875</u>	<u>-</u>	<u>(16,492)</u>	<u>(6,838)</u>	<u>6,456</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	-	-	-	35,000	36,717	-	-
Transfers out	(35,000)	(35,000)	-	-	-	-	-
	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>35,000</u>	<u>36,717</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)							
<b>Net Change in Fund Balances</b>	(23,918)	7,774	34,875	35,000	20,225	(6,838)	6,456
<b>Fund Balances, Beginning of Year</b>	<u>226,689</u>	<u>6,357</u>	<u>106,257</u>	<u>-</u>	<u>11,569</u>	<u>71,135</u>	<u>37,340</u>
<b>Fund Balances, End of Year</b>	<u>\$ 202,771</u>	<u>\$ 14,131</u>	<u>\$ 141,132</u>	<u>\$ 35,000</u>	<u>\$ 31,794</u>	<u>\$ 64,297</u>	<u>\$ 43,796</u>

Public Safety Training	Tourism Development	Local Law Enforcement Block Grant	Regional Fire Grant	Red Light Cameras	NETCO/Motorola Rebanding	Various Grants	Total Nonmajor Governmental Funds
\$ -	\$ 840,119	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,119
-	354,345	-	-	-	-	-	354,345
-	-	-	-	224,908	-	-	324,547
-	-	-	-	-	-	93,556	140,422
-	22	-	-	164	-	15	2,987
<u>5,926</u>	<u>24,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,107</u>
<u>5,926</u>	<u>1,218,698</u>	<u>-</u>	<u>-</u>	<u>225,072</u>	<u>-</u>	<u>93,571</u>	<u>1,771,527</u>
-	-	-	-	-	-	-	2,055
-	927,717	-	-	-	-	-	940,338
-	-	-	-	211,910	-	83,532	379,892
-	-	-	-	-	-	-	53,519
-	-	-	-	-	-	-	3,758
-	-	-	-	18,150	-	-	18,150
<u>-</u>	<u>927,717</u>	<u>-</u>	<u>-</u>	<u>230,060</u>	<u>-</u>	<u>83,532</u>	<u>1,397,712</u>
<u>5,926</u>	<u>290,981</u>	<u>-</u>	<u>-</u>	<u>(4,988)</u>	<u>-</u>	<u>10,039</u>	<u>373,815</u>
-	-	-	-	-	-	-	71,717
-	(45,000)	-	-	-	-	-	(115,000)
-	(45,000)	-	-	-	-	-	(43,283)
<u>5,926</u>	<u>245,981</u>	<u>-</u>	<u>-</u>	<u>(4,988)</u>	<u>-</u>	<u>10,039</u>	<u>330,532</u>
<u>12,820</u>	<u>231,406</u>	<u>1,117</u>	<u>5,028</u>	<u>45,377</u>	<u>3,767</u>	<u>253,576</u>	<u>1,012,438</u>
<u>\$ 18,746</u>	<u>\$ 477,387</u>	<u>\$ 1,117</u>	<u>\$ 5,028</u>	<u>\$ 40,389</u>	<u>\$ 3,767</u>	<u>\$ 263,615</u>	<u>\$ 1,342,970</u>

**City of Bedford, Texas**  
**Combining Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2014**

	<b>Court Security</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
<b>Revenues</b>				
Taxes, penalty and interest	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-
Fines and forfeitures	35,000	35,000	42,703	7,703
Support from governmental entities	-	-	-	-
Interest	-	-	71	71
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>35,000</u>	<u>35,000</u>	<u>42,774</u>	<u>7,774</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Administrative services	-	-	-	-
Community services	-	-	-	-
Public safety	-	-	-	-
Public service	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>35,000</u>	<u>35,000</u>	<u>42,774</u>	<u>7,774</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(35,000)	(35,000)	(35,000)	-
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	-	-	7,774	7,774
<b>Fund Balances, Beginning of Year</b>	<u>12,638</u>	<u>12,638</u>	<u>6,357</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 12,638</u>	<u>\$ 12,638</u>	<u>\$ 14,131</u>	<u>\$ 7,774</u>

**Court Technology**

**Park Donation**

<b>Court Technology</b>				<b>Park Donation</b>			
<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Budget</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
45,000	45,000	56,936	11,936	-	-	-	-
-	-	-	-	-	-	-	-
-	-	363	363	-	-	362	362
-	-	-	-	11,000	11,000	13,516	2,516
<u>45,000</u>	<u>45,000</u>	<u>57,299</u>	<u>12,299</u>	<u>11,000</u>	<u>11,000</u>	<u>13,878</u>	<u>2,878</u>
-	-	-	-	-	-	-	-
20,555	20,555	22,424	(1,869)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	-	-	-
-	-	-	-	-	33,300	30,370	2,930
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>20,555</u>	<u>20,555</u>	<u>22,424</u>	<u>(1,869)</u>	<u>25,000</u>	<u>33,300</u>	<u>30,370</u>	<u>2,930</u>
24,445	24,445	34,875	10,430	(14,000)	(22,300)	(16,492)	5,808
-	-	-	-	-	-	36,717	36,717
-	-	-	-	-	-	-	-
-	-	-	-	-	-	36,717	36,717
24,445	24,445	34,875	10,430	(14,000)	(22,300)	20,225	42,525
86,027	86,027	106,257	-	20,760	20,760	11,569	-
<u>\$ 110,472</u>	<u>\$ 110,472</u>	<u>\$ 141,132</u>	<u>\$ 10,430</u>	<u>\$ 6,760</u>	<u>\$ (1,540)</u>	<u>\$ 31,794</u>	<u>\$ 42,525</u>

**City of Bedford, Texas**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget and Actual**  
**Nonmajor Special Revenue Funds (Continued)**  
**Year Ended September 30, 2014**

	Drug Forfeiture			
	Original Budget	Final Budget	Actual	Variance from Budget
<b>Revenues</b>				
Taxes, penalty and interest	\$ -	\$ -	\$ -	\$ -
Charges for service	-	-	-	-
Fines and forfeitures	-	-	-	-
Support from governmental entities	25,000	25,000	46,866	21,866
Interest	-	-	376	376
Miscellaneous	-	-	-	-
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>47,242</u>	<u>22,242</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Administrative services	-	-	-	-
Community services	-	-	-	-
Public safety	15,000	65,000	54,080	10,920
Public services	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>15,000</u>	<u>65,000</u>	<u>54,080</u>	<u>10,920</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>10,000</u>	<u>(40,000)</u>	<u>(6,838)</u>	<u>33,162</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	10,000	(40,000)	(6,838)	33,162
<b>Fund Balances, Beginning of year</b>	<u>59,262</u>	<u>59,262</u>	<u>71,135</u>	<u>-</u>
<b>Fund Balances, End of year</b>	<u>\$ 69,262</u>	<u>\$ 19,262</u>	<u>\$ 64,297</u>	<u>\$ 33,162</u>

**Bedford Beautification**

**Public Safety Training**

Bedford Beautification				Public Safety Training			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	214	214	-	-	-	-
10,000	10,000	10,000	-	-	-	5,926	5,926
<u>10,000</u>	<u>10,000</u>	<u>10,214</u>	<u>214</u>	<u>-</u>	<u>-</u>	<u>5,926</u>	<u>5,926</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	3,758	6,242	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,000</u>	<u>10,000</u>	<u>3,758</u>	<u>6,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	6,456	6,456	-	-	5,926	5,926
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	6,456	6,456	-	-	5,926	5,926
34,200	34,200	37,340	-	12,816	12,816	12,820	-
<u>\$ 34,200</u>	<u>\$ 34,200</u>	<u>\$ 43,796</u>	<u>\$ 6,456</u>	<u>\$ 12,816</u>	<u>\$ 12,816</u>	<u>\$ 18,746</u>	<u>\$ 5,926</u>

**City of Bedford, Texas**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances – Budget and Actual**  
**Nonmajor Special Revenue Funds (Continued)**  
**Year Ended September 30, 2014**

	Tourism Development			Variance from Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Taxes, penalty and interest	\$ 750,000	\$ 750,000	\$ 840,119	\$ 90,119
Charges for service	433,550	433,550	354,345	(79,205)
Fines and forfeitures	-	-	-	-
Support from governmental entities	-	-	-	-
Interest	325	325	22	(303)
Miscellaneous	800	800	24,212	23,412
Total revenues	<u>1,184,675</u>	<u>1,184,675</u>	<u>1,218,698</u>	<u>34,023</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Administrative services	-	-	-	-
Community services	990,907	990,907	927,717	63,190
Public safety	-	-	-	-
Public services	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>990,907</u>	<u>990,907</u>	<u>927,717</u>	<u>63,190</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>193,768</u>	<u>193,768</u>	<u>290,981</u>	<u>97,213</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	148,768	148,768	245,981	97,213
<b>Fund Balances, Beginning of Year</b>	<u>24,041</u>	<u>24,041</u>	<u>231,406</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$ 172,809</u>	<u>\$ 172,809</u>	<u>\$ 477,387</u>	<u>\$ 97,213</u>



Red Light Cameras				Totals			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ 840,119	\$ 90,119
-	-	-	-	433,550	433,550	354,345	(79,205)
200,000	200,000	224,908	24,908	280,000	280,000	324,547	44,547
-	-	-	-	25,000	25,000	46,866	21,866
-	-	164	164	325	325	1,572	1,247
-	-	-	-	21,800	21,800	53,654	31,854
<u>200,000</u>	<u>200,000</u>	<u>225,072</u>	<u>25,072</u>	<u>1,510,675</u>	<u>1,510,675</u>	<u>1,621,103</u>	<u>110,428</u>
-	-	-	-	-	-	-	-
-	-	-	-	20,555	20,555	22,424	(1,869)
-	-	-	-	990,907	990,907	927,717	63,190
161,429	162,057	211,910	(49,853)	201,429	260,357	296,360	(36,003)
-	-	-	-	-	33,300	30,370	2,930
-	-	-	-	10,000	10,000	3,758	6,242
22,500	22,500	18,150	4,350	22,500	22,500	18,150	4,350
<u>183,929</u>	<u>184,557</u>	<u>230,060</u>	<u>(45,503)</u>	<u>1,245,391</u>	<u>1,337,619</u>	<u>1,298,779</u>	<u>38,840</u>
<u>16,071</u>	<u>15,443</u>	<u>(4,988)</u>	<u>(20,431)</u>	<u>265,284</u>	<u>173,056</u>	<u>322,324</u>	<u>149,268</u>
-	-	-	-	-	-	36,717	36,717
-	-	-	-	(80,000)	(80,000)	(80,000)	-
-	-	-	-	(80,000)	(80,000)	(43,283)	36,717
16,071	15,443	(4,988)	(20,431)	185,284	93,056	279,041	185,985
<u>131,810</u>	<u>131,810</u>	<u>45,377</u>	<u>-</u>	<u>381,554</u>	<u>381,554</u>	<u>522,261</u>	<u>-</u>
<u>\$ 147,881</u>	<u>\$ 147,253</u>	<u>\$ 40,389</u>	<u>\$ (20,431)</u>	<u>\$ 566,838</u>	<u>\$ 474,610</u>	<u>\$ 801,302</u>	<u>\$ 185,985</u>

## **Debt Service Fund**

**The Debt Service Fund** – is used to account for the accumulation of resources for the repayment of long-term debt.

**City of Bedford, Texas**  
**Schedule of Revenues, Expenditures and Changes**  
**in Fund Balance – Budget and Actual**  
**Debt Service Fund**  
**Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>		<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes, penalty and interest	\$ 5,154,966	\$ 5,154,966	\$ 5,157,454	\$ 2,488
Interest	9,000	9,000	4,715	(4,285)
Miscellaneous	-	-	7,651	7,651
Total revenues	<u>5,163,966</u>	<u>5,163,966</u>	<u>5,169,820</u>	<u>5,854</u>
<b>Expenditures</b>				
Principal retirement	5,085,000	5,085,000	5,185,000	(100,000)
Interest and fiscal agent fees	1,466,187	1,466,187	1,446,151	20,036
Total expenditures	<u>6,551,187</u>	<u>6,551,187</u>	<u>6,631,151</u>	<u>(79,964)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,387,221)</u>	<u>(1,387,221)</u>	<u>(1,461,331)</u>	<u>(74,110)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,377,875	1,377,875	1,378,147	272
Total other financing sources (uses)	<u>1,377,875</u>	<u>1,377,875</u>	<u>1,378,147</u>	<u>272</u>
<b>Net Change in Fund Balance</b>	(9,346)	(9,346)	(83,184)	(73,838)
<b>Fund Balance, Beginning of Year</b>	<u>1,060,593</u>	<u>1,060,593</u>	<u>1,060,593</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,051,247</u>	<u>\$ 1,051,247</u>	<u>\$ 977,409</u>	<u>\$ (73,838)</u>

## **Capital Projects Funds**

The **Capital Projects Funds** are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**Series 2002** – to account for construction projects authorized for the General Obligation Series 2002 bond issue.

**Series 2003** – to account for construction projects authorized for the General Obligation Series 2003 bond issue.

**Series 2004** – to account for construction projects authorized for the General Obligation Series 2004 refunding and improvement bond issue.

**Series 2007** – to account for construction projects authorized for the General Obligation Series 2007 bond issue.

**Series 2011** – to account for construction projects authorized for the General Obligation Series 2011 bond issue.

**Series 2013** – to account for construction projects authorized for the General Obligation Series 2013 bond issue.

**Series 2014** – to account for construction projects authorized for the General and Contractual Obligation Series 2014 bond issues (included as a major fund on governmental funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances statements).

**City of Bedford, Texas**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2014**

	Series 2002	Series 2003	Series 2004	Series 2007	Series 2011	Series 2013	Totals
<b>Assets</b>							
Cash and cash equivalents	\$ 194,538	\$ 3,643	\$ 138,045	\$ 243,595	\$ 756,843	\$ 878,482	\$ 2,215,146
Due to (from) other funds	-	-	(148,199)	-	148,199	-	-
Total assets	<u>\$ 194,538</u>	<u>\$ 3,643</u>	<u>\$ (10,154)</u>	<u>\$ 243,595</u>	<u>\$ 905,042</u>	<u>\$ 878,482</u>	<u>\$ 2,215,146</u>
<b>Liabilities and Fund Balances (Deficit)</b>							
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 70,551	\$ 4,737	\$ 42,984	\$ 118,272
Total liabilities	-	-	-	70,551	4,737	42,984	118,272
Fund balances (Deficit)	194,538	3,643	(10,154)	173,044	900,305	835,498	2,096,874
Total liabilities and fund balances (deficit)	<u>\$ 194,538</u>	<u>\$ 3,643</u>	<u>\$ (10,154)</u>	<u>\$ 243,595</u>	<u>\$ 905,042</u>	<u>\$ 878,482</u>	<u>\$ 2,215,146</u>

**City of Bedford, Texas**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**September 30, 2014**

	Series 2002	Series 2003	Series 2004	Series 2007	Series 2011	Series 2013	Totals
<b>Revenues</b>							
Interest	\$ -	\$ -	\$ 52	\$ 108	\$ 941	\$ 1,482	\$ 2,583
Total revenues	<u>-</u>	<u>-</u>	<u>52</u>	<u>108</u>	<u>941</u>	<u>1,482</u>	<u>2,583</u>
<b>Expenditures</b>							
Capital outlay	-	-	-	124,566	194,320	860,984	1,179,870
Interest	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total Expenditures	<u>8</u>	<u>-</u>	<u>-</u>	<u>124,566</u>	<u>194,320</u>	<u>860,984</u>	<u>1,179,878</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(8)</u>	<u>-</u>	<u>52</u>	<u>(124,458)</u>	<u>(193,379)</u>	<u>(859,502)</u>	<u>(1,177,295)</u>
<b>Net Change in Fund Balances (Deficit)</b>	<u>(8)</u>	<u>-</u>	<u>52</u>	<u>(124,458)</u>	<u>(193,379)</u>	<u>(859,502)</u>	<u>(1,177,295)</u>
<b>Fund Balances (Deficit), Beginning of Year</b>	<u>194,546</u>	<u>3,643</u>	<u>(10,206)</u>	<u>297,502</u>	<u>1,093,684</u>	<u>1,695,000</u>	<u>3,274,169</u>
<b>Fund Balances (Deficit), End of Year</b>	<u>\$ 194,538</u>	<u>\$ 3,643</u>	<u>\$ (10,154)</u>	<u>\$ 173,044</u>	<u>\$ 900,305</u>	<u>\$ 835,498</u>	<u>\$ 2,096,874</u>



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**Statistical Section (Unaudited)**



## **Statistical Section**

This part of the City of Bedford’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. The tables herein, are unaudited.

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#### **Debt Capacity**

These schedules contain trend 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.....81

#### **Demographic and Economic Information**

The schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time with other governments .....86

#### **Operating Information**

The schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs .....89

Sources: Unless otherwise noted, the information in these schedules are derived from Comprehensive Annual Financial Reports for the relevant year.



## **Financial Trends**

**City of Bedford, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 22,052,609	\$ 20,152,043	\$ 18,066,323	\$ 14,984,593	\$ 15,746,263	\$ 15,639,418	\$ 18,342,224	\$ 18,908,115	\$ 14,323,066	\$ 10,378,086
Restricted	10,479,326	10,170,951	10,684,040	9,252,835	8,175,954	7,306,010	3,638,843	5,213,292	8,426,186	6,081,351
Unrestricted	6,289,258	8,718,258	10,515,405	11,143,963	6,437,967	6,795,025	4,537,414	1,035,005	(20,696)	5,653,694
Total governmental activities net position	<u>\$ 38,821,193</u>	<u>\$ 39,041,252</u>	<u>\$ 39,265,768</u>	<u>\$ 35,381,391</u>	<u>\$ 30,360,184</u>	<u>\$ 29,740,453</u>	<u>\$ 26,518,481</u>	<u>\$ 25,156,412</u>	<u>\$ 22,728,556</u>	<u>\$ 22,113,131</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 27,281,585	\$ 27,720,235	\$ 28,252,592	\$ 25,633,370	\$ 27,674,312	\$ 26,993,812	\$ 26,915,595	\$ 25,139,719	\$ 20,170,192	\$ 32,812,435
Restricted	660,668	633,948	775,601	574,491	576,397	576,397	-	-	-	158,872
Unrestricted	4,192,650	4,368,465	2,873,279	3,846,498	985,709	1,547,031	3,806,277	7,136,012	11,845,248	5,256,555
Total business-type activities, net position	<u>\$ 32,134,903</u>	<u>\$ 32,722,648</u>	<u>\$ 31,901,472</u>	<u>\$ 30,054,359</u>	<u>\$ 29,236,418</u>	<u>\$ 29,117,240</u>	<u>\$ 30,721,872</u>	<u>\$ 32,275,731</u>	<u>\$ 32,015,440</u>	<u>\$ 38,227,862</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 49,334,194	\$ 47,872,278	\$ 46,318,915	\$ 40,617,963	\$ 43,420,575	\$ 42,633,230	\$ 45,257,819	\$ 44,047,834	\$ 34,493,258	\$ 43,190,521
Restricted	11,139,994	10,804,899	11,459,641	9,827,326	8,752,351	7,882,407	3,638,843	5,213,292	8,426,186	6,240,223
Unrestricted	10,481,908	13,086,723	13,388,684	14,990,461	7,423,676	8,342,056	8,343,691	8,171,017	11,824,552	10,910,249
Total primary government net position	<u>\$ 70,956,096</u>	<u>\$ 71,763,900</u>	<u>\$ 71,167,240</u>	<u>\$ 65,435,750</u>	<u>\$ 59,596,602</u>	<u>\$ 58,857,693</u>	<u>\$ 57,240,353</u>	<u>\$ 57,432,143</u>	<u>\$ 54,743,996</u>	<u>\$ 60,340,993</u>

**City of Bedford, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities				
General government and administration	\$ 3,508,689	\$ 3,445,079	\$ 3,837,032	\$ 3,824,933
Community services	1,171,199	1,393,991	1,549,822	1,847,222
Public services	7,160,271	7,914,908	7,636,447	10,375,836
Public safety	14,736,575	15,393,011	17,342,223	17,811,789
Leisure services	3,168,021	3,579,489	4,077,063	4,181,914
Interest expense	2,232,690	2,408,480	2,405,086	2,415,600
Total governmental activities expense	<u>31,977,445</u>	<u>34,134,958</u>	<u>36,847,673</u>	<u>40,457,294</u>
Business-type activities				
Water and sewer services	11,512,181	12,217,772	12,025,510	14,178,331
Stormwater collection and disposal	608,602	629,715	596,639	722,489
Total business-type activities expenses	<u>12,120,783</u>	<u>12,847,487</u>	<u>12,622,149</u>	<u>14,900,820</u>
Total primary government program expenses	<u>\$ 44,098,228</u>	<u>\$ 46,982,445</u>	<u>\$ 49,469,822</u>	<u>\$ 55,358,114</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government and administration	\$ 72,339	\$ 102,348	\$ 119,222	\$ 123,753
Community services	791,041	613,869	827,940	613,936
Public services	142,295	165,123	150,074	154,155
Public safety	2,358,206	3,094,688	3,045,090	3,868,960
Leisure services	526,822	734,938	749,525	898,200
Operating grants and contributions	579,295	655,952	633,460	666,150
Capital grants and contributions	1,867,438	116,682	340,150	-
Total governmental activities program revenues	<u>6,337,436</u>	<u>5,483,600</u>	<u>5,865,461</u>	<u>6,325,154</u>
Business-type activities				
Charges for services				
Water and sewer services	12,886,431	13,786,141	11,969,357	13,250,970
Stormwater collection and disposal	1,263,409	1,317,313	1,326,610	1,308,828
Operating grants and contributions	26,815	-	-	-
Capital grants and contributions	-	-	-	300,648
Total business-type activities program revenues	<u>14,176,655</u>	<u>15,103,454</u>	<u>13,295,967</u>	<u>14,860,446</u>
Total primary government program revenues	<u>\$ 20,514,091</u>	<u>\$ 20,587,054</u>	<u>\$ 19,161,428</u>	<u>\$ 21,185,600</u>

Table 2

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	4,184,723	\$	4,117,515	\$	3,906,050	\$	4,796,677	\$	4,688,432	\$	5,688,961
	2,270,248		1,883,752		1,848,795		1,986,123		2,017,011		1,549,075
	8,185,269		9,038,955		8,876,104		8,354,007		3,486,148		3,431,383
	19,499,698		18,500,766		18,358,228		17,292,190		22,828,761		23,669,141
	4,191,990		4,100,548		4,754,190		3,690,814		3,765,867		3,823,403
	2,254,217		2,140,046		2,213,384		2,169,120		1,724,511		1,288,725
	<u>40,586,145</u>		<u>39,781,582</u>		<u>39,956,751</u>		<u>38,288,931</u>		<u>38,510,730</u>		<u>39,450,688</u>
	13,999,365		15,094,351		16,294,807		15,112,250		15,645,261		16,560,909
	716,601		731,109		950,760		1,336,366		1,256,126		926,258
	<u>14,715,966</u>		<u>15,825,460</u>		<u>17,245,567</u>		<u>16,448,616</u>		<u>16,901,387</u>		<u>17,487,167</u>
\$	<u>55,302,111</u>	\$	<u>55,607,042</u>	\$	<u>57,202,318</u>	\$	<u>54,737,547</u>	\$	<u>55,412,117</u>	\$	<u>56,937,855</u>
\$	98,178	\$	90,428	\$	88,135	\$	84,733	\$	76,647	\$	86,874
	266,293		405,255		1,061,313		652,376		358,167		586,449
	180,998		210,354		1,362,564		1,687,163		218,646		261,846
	3,314,907		3,472,196		2,541,942		2,386,756		3,374,638		4,083,939
	1,105,972		1,001,728		1,129,453		1,174,702		1,158,956		1,210,305
	735,473		3,092,958		711,749		599,111		610,603		599,930
	-		-		1,695,184		44,102		-		93,556
	<u>5,701,821</u>		<u>8,272,919</u>		<u>8,590,340</u>		<u>6,628,943</u>		<u>5,797,657</u>		<u>6,922,899</u>
	14,539,710		16,104,703		19,811,255		18,915,135		17,908,621		18,607,795
	1,291,800		1,291,249		1,290,285		1,291,856		1,290,624		1,312,932
	-		-		-		-		-		-
	71,486		267,469		26,446		147,360		-		6,263,044
	<u>15,902,996</u>		<u>17,663,421</u>		<u>21,127,986</u>		<u>20,354,351</u>		<u>19,199,245</u>		<u>26,183,771</u>
\$	<u>21,604,817</u>	\$	<u>25,936,340</u>	\$	<u>29,718,326</u>	\$	<u>26,983,294</u>	\$	<u>24,996,902</u>	\$	<u>33,106,670</u>

**City of Bedford, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years (Continued)**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2005	2006	2007	2008
<b>Net (Expense) Revenues</b>				
Governmental activities	\$ (25,640,009)	\$ (28,651,358)	\$ (30,982,212)	\$ (34,132,140)
Business-type activities	2,055,872	2,255,967	673,818	(40,374)
	<u>(23,584,137)</u>	<u>(26,395,391)</u>	<u>(30,308,394)</u>	<u>(34,172,514)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities				
Taxes				
Property	10,981,392	12,482,435	12,716,071	13,227,183
Sales	8,229,218	8,949,089	9,263,121	9,691,349
Franchise	2,894,912	3,229,578	4,481,280	3,195,320
Other	684,834	719,393	1,199,052	866,468
Unrestricted grants and contributions	405,220	58,434	26,818	33,737
Investment earnings	507,131	868,272	1,062,938	793,585
Miscellaneous	311,360	265,286	424,331	407,004
Transfers	2,438,537	1,929,925	2,033,117	2,033,117
	<u>26,452,604</u>	<u>28,502,412</u>	<u>31,206,728</u>	<u>30,247,763</u>
Business-type activities				
Investment earnings	127,403	254,588	252,283	226,378
Miscellaneous	-	-	-	-
Transfers	(2,438,537)	(1,929,925)	(20,331,117)	(2,033,117)
	<u>(2,311,134)</u>	<u>(1,675,337)</u>	<u>(20,078,834)</u>	<u>(1,806,739)</u>
	<u>24,141,470</u>	<u>26,827,075</u>	<u>11,127,894</u>	<u>28,441,024</u>
<b>Change in Net Position</b>				
Government activities	812,595	(148,946)	224,516	(3,884,377)
Business-type activities	(255,262)	580,630	(19,405,016)	(1,847,113)
	<u>\$ 557,333</u>	<u>\$ 431,684</u>	<u>\$ (19,180,500)</u>	<u>\$ (5,731,490)</u>

Table 2 (Continued)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (34,884,324)	\$ (31,508,663)	\$ (31,366,411)	\$ (31,659,988)	\$ (32,713,073)	\$ (32,527,789)
<u>1,187,030</u>	<u>1,837,961</u>	<u>3,882,419</u>	<u>3,905,735</u>	<u>2,297,858</u>	<u>8,696,604</u>
<u>(33,697,294)</u>	<u>(29,670,702)</u>	<u>(27,483,992)</u>	<u>(27,754,253)</u>	<u>(30,415,215)</u>	<u>(23,831,185)</u>
13,486,685	13,714,212	13,968,871	13,735,255	14,488,399	14,297,275
9,360,239	9,531,017	9,060,295	9,363,047	9,629,427	9,985,658
3,407,455	3,278,385	3,405,709	3,325,941	3,338,307	3,584,311
753,160	869,071	919,452	875,838	901,956	1,028,447
35,973	34,631	34,355	-	-	-
344,023	151,108	131,541	26,459	33,521	43,393
423,658	229,001	451,896	594,715	535,474	466,677
<u>2,051,924</u>	<u>2,086,467</u>	<u>2,336,631</u>	<u>2,376,664</u>	<u>2,414,451</u>	<u>2,506,603</u>
<u>29,863,117</u>	<u>29,893,892</u>	<u>30,308,750</u>	<u>30,297,919</u>	<u>31,341,535</u>	<u>31,912,364</u>
46,935	17,046	55,527	21,051	47,321	22,421
-	112,282	3,317	3,734	11,406	-
<u>(2,051,924)</u>	<u>(2,086,467)</u>	<u>(2,336,631)</u>	<u>(2,376,664)</u>	<u>(2,414,451)</u>	<u>(2,506,603)</u>
<u>(2,004,989)</u>	<u>(1,957,139)</u>	<u>(2,277,787)</u>	<u>(2,351,879)</u>	<u>(2,355,724)</u>	<u>(2,484,182)</u>
<u>27,858,128</u>	<u>27,936,753</u>	<u>28,030,963</u>	<u>27,946,040</u>	<u>28,985,811</u>	<u>29,428,182</u>
(5,021,207)	(1,614,771)	(1,057,661)	(1,362,069)	(1,371,538)	(615,425)
<u>(817,959)</u>	<u>(119,178)</u>	<u>1,604,632</u>	<u>1,553,856</u>	<u>(57,866)</u>	<u>6,212,422</u>
<u>\$ (5,839,166)</u>	<u>\$ (1,733,949)</u>	<u>\$ 546,971</u>	<u>\$ 191,787</u>	<u>\$ (1,429,404)</u>	<u>\$ 5,596,997</u>



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**City of Bedford, Texas**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011*	2012	2013	2014
<b>General Fund</b>										
Reserved/nonspendable	\$ 468,200	\$ 627,581	\$ 534,232	\$ 445,045	\$ 431,320	\$ 336,227	\$ 326,807	\$ 360,284	\$ 357,761	\$ 724,210
Restricted	-	-	-	-	-	-	-	-	-	478,872
Unassigned	5,957,453	7,603,569	9,902,948	9,225,455	7,258,376	5,666,237	4,087,163	4,764,530	5,751,658	6,172,841
<b>Total general fund</b>	<u>\$ 6,425,653</u>	<u>\$ 8,231,150</u>	<u>\$ 10,437,180</u>	<u>\$ 9,670,500</u>	<u>\$ 7,689,696</u>	<u>\$ 6,002,464</u>	<u>\$ 4,413,970</u>	<u>\$ 5,124,814</u>	<u>\$ 6,109,419</u>	<u>\$ 7,375,923</u>
<b>All Other Governmental Funds</b>										
Reserved/nonspendable	\$ 1,651,920	\$ 1,709,022	\$ 1,741,424	\$ 1,290,684	\$ 1,247,939	\$ 1,240,869	\$ -	\$ -	\$ -	\$ -
Restricted for										
Debt service	-	-	-	-	-	-	1,219,755	1,108,669	1,060,593	977,409
Road improvements	-	-	-	-	-	-	1,815,920	1,824,024	1,832,971	1,839,601
Capital acquisition and construction	-	-	-	-	-	-	3,254,958	1,830,699	3,274,169	7,015,936
Economic development	-	-	-	-	-	-	1,183,613	1,501,475	1,903,735	2,697,890
Public safety	-	-	-	-	-	-	625,514	308,698	248,091	284,840
Parks and beautification	-	-	-	-	-	-	83,481	505,923	715,438	982,540
Other	-	-	-	-	-	-	52,482	54,960	48,909	75,590
<b>Assigned</b>										
Unreserved, reported in										
Special revenue funds	4,707,096	5,201,608	6,530,516	3,763,105	3,564,887	2,781,166	-	-	-	-
Capital projects	4,120,310	3,260,321	2,412,100	4,199,046	3,363,128	3,057,292	-	-	-	-
<b>Unassigned</b>	-	-	-	-	-	-	(204,412)	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 10,479,326</u>	<u>\$ 10,170,951</u>	<u>\$ 10,684,040</u>	<u>\$ 9,252,835</u>	<u>\$ 8,175,954</u>	<u>\$ 7,079,327</u>	<u>\$ 8,031,311</u>	<u>\$ 7,134,448</u>	<u>\$ 9,083,906</u>	<u>\$ 13,873,806</u>

\* GASB Statement No. 54 was implemented in fiscal year 2011

**City of Bedford, Texas**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes, penalties and interest	\$ 22,771,161	\$ 25,322,653	\$ 27,693,033	\$ 26,844,636	\$ 26,881,888	\$ 27,283,735	\$ 27,322,766	\$ 27,950,618	\$ 28,278,856	\$ 29,072,928
Licenses and permits	952,837	802,733	1,014,223	802,498	614,126	710,722	521,463	863,709	456,761	628,484
Charges for services	1,548,615	1,947,486	2,295,407	2,579,188	2,725,039	2,522,870	2,817,269	2,822,239	3,097,437	3,177,429
Fines and forfeitures	929,944	1,038,739	1,142,100	1,353,458	1,515,851	1,920,400	2,109,088	2,078,895	1,502,737	2,220,906
Support from governmental entities	2,637,224	902,951	1,025,420	752,157	923,368	3,034,152	2,329,053	654,732	661,413	689,840
Interest	507,130	868,272	1,062,939	793,585	344,023	151,108	131,541	26,459	33,521	43,393
Miscellaneous	852,034	566,909	972,943	705,769	396,980	300,394	577,387	557,599	622,819	425,913
<b>Total revenues</b>	<b>30,198,945</b>	<b>31,449,743</b>	<b>35,206,065</b>	<b>33,831,291</b>	<b>33,401,275</b>	<b>35,923,381</b>	<b>35,808,567</b>	<b>34,954,251</b>	<b>34,653,544</b>	<b>36,258,893</b>
<b>Expenditures</b>										
General government	1,497,535	1,609,684	1,975,517	1,884,640	1,865,968	1,881,419	1,637,817	1,574,751	1,627,934	1,791,511
Community services	1,068,241	1,295,893	1,469,188	1,741,022	2,113,053	1,814,002	1,780,483	1,912,686	1,953,414	1,488,981
Public services	2,094,947	2,751,676	2,280,339	5,165,407	2,808,318	3,678,797	3,497,327	2,708,419	2,457,948	2,452,901
Administrative services	1,901,101	1,853,739	1,810,950	1,810,273	1,837,426	1,946,935	1,903,157	2,081,900	1,946,533	2,261,952
Public safety	15,386,754	14,380,728	16,120,214	16,444,533	17,179,678	17,144,215	16,986,248	16,126,751	16,797,850	18,051,735
Leisure services	2,553,264	2,977,194	3,525,025	3,538,133	3,605,545	3,666,662	3,782,933	3,661,546	3,751,588	3,804,071
Capital outlay	2,840,037	1,063,196	1,239,719	4,677,674	2,793,519	9,192,117	5,272,761	2,281,440	1,243,851	2,114,252
Debt service										
Interest and fiscal agent fees	2,711,746	2,330,436	2,324,110	2,326,809	2,168,905	2,047,707	2,265,090	1,921,115	1,689,615	1,462,845
Principal retirement	3,340,000	3,620,000	3,775,000	4,110,000	4,245,000	4,405,000	4,610,000	5,186,621	5,066,888	5,268,055
Bond issuance costs	-	-	-	-	-	-	-	-	72,818	96,476
<b>Total expenditures</b>	<b>33,393,625</b>	<b>31,882,546</b>	<b>34,520,062</b>	<b>41,698,491</b>	<b>38,617,412</b>	<b>45,776,854</b>	<b>41,735,816</b>	<b>37,455,229</b>	<b>36,608,439</b>	<b>38,792,779</b>

**City of Bedford, Texas**  
**Changes in Fund Balances of Governmental Funds (Continued)**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4 (Continued)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (3,194,680)	\$ (432,803)	\$ 686,003	\$ (7,867,200)	\$ (5,216,137)	\$ (9,853,473)	\$ (5,927,249)	\$ (2,500,978)	\$ (1,954,895)	\$ (2,533,886)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	2,872,222	-	-	4,002,129	-	4,885,000	6,115,000	-	5,375,000	5,500,000
Lease purchase proceeds	-	-	-	-	-	-	-	339,011	228,370	221,936
Proceeds from sale of capital assets	-	-	-	26,972	5,265	43,152	44,797	219,723	77	40,764
Premium on debt	-	-	-	-	-	-	97,085	-	75,085	61,948
Proceeds from refunding	28,600,000	-	-	-	-	-	-	-	-	-
Payments to escrow account	(30,364,682)	-	-	-	-	-	(3,313,090)	-	(3,682,267)	-
Insurance proceeds	-	-	-	-	101,263	55,023	10,288	41,100	45,073	30,669
Transfers in	4,525,479	3,818,155	3,647,499	3,638,901	3,648,823	4,803,148	3,909,807	3,863,681	3,896,716	3,999,750
Transfers out	(2,086,941)	(1,888,230)	(1,614,383)	(1,605,784)	(1,596,899)	(2,616,681)	(1,573,176)	1,487,017	(1,482,265)	(1,493,147)
Total other financing sources (uses)	3,546,078	1,929,925	2,033,116	6,062,218	2,158,452	7,169,642	5,290,711	5,950,532	4,455,789	8,361,920
<b>Net Change in Fund Balances</b>	\$ 351,398	\$ 1,497,122	\$ 2,719,119	\$ (1,804,982)	\$ (3,057,685)	\$ (2,683,831)	\$ (636,538)	\$ 3,449,554	\$ 2,500,894	\$ 5,828,034
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	19.8%	19.3%	18.3%	17.4%	17.9%	17.6%	18.9%	14.7%	14.5%	14.4%



**Revenue Capacity**

**City of Bedford, Texas**  
**Tax Revenues by Source – Governmental Funds**  
**Last Ten Fiscal Years**

**Table 5**

Fiscal Years Ended	Ad Valorem	Hotel/Motel	Franchise	Sales	Total
2005	\$ 10,943,466	\$ 591,240	\$ 3,007,237	\$ 8,229,218	\$ 22,771,161
2006	12,437,659	584,414	3,231,178	9,069,402	25,322,653
2007	12,665,245	1,006,541	4,518,607	9,502,640	27,693,033
2008	13,010,378	665,255	3,195,320	9,691,349	26,562,302
2009	13,459,108	434,495	3,407,455	9,360,239	26,661,297
2010	13,693,999	557,129	3,278,385	9,531,017	27,060,530
2011	13,968,871	663,291	3,405,709	9,060,295	27,098,166
2012	13,735,255	723,745	3,325,941	9,363,047	27,147,988
2013	14,411,722	749,612	3,338,307	9,629,427	28,129,068
2014	14,474,874	840,119	3,584,311	9,985,658	28,884,962

**City of Bedford, Texas**  
**Water Revenue**  
**Last Ten Fiscal Years**

Table 6

Fiscal Years Ended	Number of Customers	Gallons Billed (000's)	Water Revenue	Revenue Per Customer	Revenue Per 1,000 Gallons
2005	22,775	2,753,677	\$ 8,374,020	\$ 368	\$ 3.04
2006	22,892	3,361,159	8,253,726	361	2.46
2007	22,974	2,499,179	7,559,401	329	3.02
2008	23,113	2,804,199	8,460,437	366	3.02
2009	23,100	2,667,852	9,245,489	400	3.47
2010	23,085	2,486,470	10,038,233	435	4.04
2011	23,090	2,945,337	12,673,013	549	4.30
2012	23,035	2,229,120	12,185,112	529	5.47
2013	23,018	2,511,415	11,739,641	510	4.67
2014	23,041	2,337,171	11,917,187	517	5.10

**City of Bedford, Texas**  
**Principal Water Customers**  
**Fiscal Year Ended September 30, 2014**

Table 7

Customer Name	Gallons Consumed (000's)	Percent Total	Amount Billed	Total Percent
Texas Health Resources Hospital	41,651	1.78%	\$ 133,770	1.12%
City of Bedford	17,961	0.77%	121,197	1.02%
Walden Residential Property Management	16,401	0.70%	54,377	0.46%
The Courts of Bedford	12,277	0.53%	40,399	0.34%
The Creek on Park Place	11,953	0.51%	41,875	0.35%
Gardens of Bedford Apartments	10,825	0.46%	35,824	0.30%
Waters Park Apartments	9,895	0.42%	32,996	0.28%
Telesis/DBA Parkwood Healthcare	7,381	0.32%	25,686	0.22%
Speedway Car Wash	7,036	0.30%	23,016	0.19%
Linbrook Apartments	6,651	0.28%	21,828	0.18%
Top ten total	<u>142,031</u>	<u>6.07%</u>	<u>530,968</u>	<u>4.46%</u>
City total	<u><u>2,337,171</u></u>	<u><u>100%</u></u>	<u><u>\$ 11,917,187</u></u>	<u><u>100%</u></u>

**City of Bedford, Texas**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 8**

<b>Fiscal Years Ended</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Market Value</b>	<b>Less Tax-exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>
2005	\$ 2,669,430,145	\$ 230,013,805	\$ 2,899,443,950	\$ 286,451,113	\$ 2,612,992,837	0.4007570	\$ 2,612,992,837
2006	2,760,812,235	208,984,999	2,969,797,234	214,560,155	2,755,237,079	0.4468820	2,755,237,079
2007	2,842,614,223	196,258,668	3,038,872,891	241,756,607	2,797,116,284	0.4468820	2,797,116,284
2008	* 3,087,588,896	191,415,397	3,279,004,293	365,023,177	2,913,981,116	0.4468820	2,913,981,116
2009	3,091,012,419	190,186,408	3,281,198,827	346,224,096	2,934,974,731	0.4468820	2,934,974,731
2010	2,986,569,350	179,267,541	3,165,836,891	363,395,164	2,802,441,727	0.4633480	2,802,441,727
2011	3,095,960,546	168,619,714	3,264,580,260	387,551,829	2,877,028,431	0.4916090	2,877,028,431
2012	3,235,990,575	159,315,402	3,395,305,977	429,317,650	2,965,988,327	0.5043290	2,970,991,006
2013	3,202,304,589	161,052,296	3,363,356,885	402,262,501	2,961,094,384	0.4991150	2,961,094,384
2014	3,372,021,008	165,181,254	3,537,202,262	416,018,615	3,121,183,647	0.4948303	3,121,183,647

Source: Tarrant County Appraisal District (Reports)

\*Note: Total Taxable Assessed Value and Estimated Actual Taxable Value Columns are based on the July Certified Appraisal roles with the exception of 2011. 2011 Total Taxable Assessed Value and Estimated Actual Taxable Value columns are based on the September Certified Appraisal roles due to the timing of re-evaluation of properties. If the July role would have been used, the taxable value would have been materially understated.



**City of Bedford, Texas**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Table 9

Taxpayer	2014		2005	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Meridian Hill LP	\$ -	0%	\$ 30,640,000	1.17%
Tellabs-Bedford, Inc.	-	0%	26,797,392	1.03%
CWS Barton-Shoal Creek Apartments	-	0%	25,902,144	0.99%
121 Airport Centre II LP	-	0%	25,804,180	0.99%
Wal Mart Stores, Inc	-	0%	23,550,499	0.90%
Point Loma/Bedford LP	-	0%	18,486,879	0.71%
TXU Electric Delivery Co.	-	0%	18,182,122	0.70%
Shops/Dunhill at Central Park	-	0%	16,500,000	0.63%
Wdop Sub I & II, L.P.	-	0%	12,622,096	0.48%
TSCA-227 LP	-	0%	11,322,985	0.43%
CMF 15 Portfolio, L.L.C.	76,100,000	2.44%	-	0%
Wal Mart Stores, Inc	26,425,138	0.85%	-	0%
Oncor Electric Delivery Co., L.L.C.	21,166,300	0.68%	-	0%
Pem 121 Airport S, L.P.	20,344,608	0.65%	-	0%
Parc Plaza Homes, L.P.	17,947,689	0.58%	-	0%
Wdop Sub I & II, L.P.	17,051,147	0.55%	-	0%
Paramount Villages, L.L.P.	16,500,000	0.53%	-	0%
State National Ins Co Inc	16,471,289	0.53%	-	0%
Point Loma Woods Dallas LLC	15,800,000	0.51%	-	0%
Arbors of Central Park ICG LLC	15,300,000	0.49%	-	0%
<b>Total</b>	<b>\$ 243,106,171</b>	<b>7.81%</b>	<b>\$ 209,808,297</b>	<b>8.03%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 3,121,183,647</b>		<b>\$ 2,612,992,837</b>	

**City of Bedford, Texas**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Table 10

Fiscal Years Ended	Taxes Levied for the Fiscal Year	Collected With the Fiscal Year of the Levy		Collections in Subsequent Years	Collected With the Fiscal Year of the Levy	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 10,943,466	\$ 10,854,501	99.19%	\$ 70,801	\$ 10,925,302	99.83%
2006	12,437,659	12,331,514	99.15%	39,744	12,371,258	99.47%
2007	12,665,246	12,576,174	99.30%	85,749	12,661,923	99.97%
2008	13,032,220	12,951,575	99.38%	71,900	13,023,475	99.93%
2009	13,584,386	13,447,636	98.99%	48,001	13,495,637	99.35%
2010	13,688,110	13,563,573	99.09%	55,547	13,619,120	99.50%
2011	13,897,299	13,799,107	99.29%	93,693	13,892,800	99.97%
2012	14,374,422	14,244,589	99.10%	63,934	14,308,523	99.54%
2013	14,437,257	14,263,591	98.80%	51,369	14,314,960	99.15%
2014	14,524,393	14,423,256	99.30%	15,728	14,438,984	99.41%

Source: Tarrant County Tax Office (YTD Summary - Section A,B,C)



**Debt Capacity**

**City of Bedford, Texas**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

**Table 11**

Fiscal Years Ended	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Contractual Obligations	Certificates of Obligation	Tax Notes	Capital Leases	Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation			
2005	\$ 54,945,000	\$ 900,000	\$ 2,350,000	\$ 1,025,000	\$ -	\$ 4,520,000	\$ 2,100,000	\$ -	\$ 65,840,000	4.66%	1,370
2006	52,340,000	720,000	1,605,000	935,000	-	4,235,000	1,670,000	-	61,505,000	4.12%	1,266
2007	49,620,000	540,000	825,000	840,000	-	4,000,000	1,245,000	-	57,070,000	4.13%	1,164
2008	50,635,000	360,000	-	720,000	-	3,760,000	820,000	4,790,000	61,085,000	3.85%	1,235
2009	46,740,000	180,000	-	550,000	-	2,580,000	390,000	4,625,000	55,065,000	3.44%	1,128
2010	47,575,000	-	-	375,000	-	3,395,000	-	6,490,000	57,835,000	3.68%	1,231
2011	46,020,000	-	-	190,000	-	4,150,000	-	10,810,000	61,170,000	3.77%	1,302
2012	41,023,000	-	-	-	339,000	-	-	14,342,000	55,704,000	3.39%	1,185
2013	37,800,000	-	-	-	478,872	-	-	18,275,000	56,553,872	3.50%	1,164
2014*	36,904,350	2,309,788	-	-	395,817	-	-	17,459,022	57,068,977	3.32%	1,171

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Personal income and population information can be found at Tarrant County Appraisal District.  
\* Beginning fiscal year 2014, balances are net of bond premiums/discounts.

**City of Bedford, Texas**  
**Ratio of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Table 12

Fiscal Years Ended	General Bonded Debt Outstanding			Total	Percentage of Actual Taxable Value of Property	Per Capita
	Gross Bonded Debt	Less Debt Service	Less Debt Payable from Enterprise			
2005	\$ 59,395,000	\$ 1,651,920	\$ 2,100,000	\$ 55,643,080	2.05%	1,158
2006	57,270,000	1,709,022	1,670,000	53,890,978	1.92%	1,109
2007	53,070,000	1,597,012	1,245,000	50,227,988	1.76%	1,024
2008	57,325,000	1,290,684	5,610,000	50,424,316	1.70%	1,020
2009	56,065,000	1,247,939	5,015,000	49,802,061	1.71%	1,002
2010	57,835,000	1,240,869	6,490,000	50,104,131	1.79%	1,067
2011	59,550,000	1,219,755	13,340,000	44,990,245	1.56%	958
2012	58,705,000	1,108,669	12,725,000	44,871,331	1.50%	949
2013	54,575,000	1,070,702	12,075,000	41,429,298	1.41%	853
2014*	54,363,372	978,236	17,459,022	35,926,114	1.15%	737

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

Property value data can be found in Table 8

Population data can be found in Table 16

\* Beginning fiscal year 2014, balances are net of bond premiums/discounts.

**City of Bedford, Texas**  
**Direct and Overlapping**  
**Governmental Activities Debt**  
**September 30, 2014**

Table 13

Taxing Jurisdiction	Taxable Assessed Value (000's) 2014/2015	Total G. O. Debt Outstanding 9/30/2014	Estimated Percentage Applicable*	Overlapping G. O. Debt 9/30/2014
Hurst-Eules-Bedford Independent School District	\$ 9,592,153	\$ 290,687,648	31.75%	\$ 92,293,328
Tarrant County	135,529,907	317,820,000	1.90%	6,038,580
Tarrant County College District	136,312,562	7,935,000	1.90%	150,765
Tarrant County Hospital District	135,784,012	<u>24,425,000</u>	1.90%	<u>464,075</u>
Subtotal overlapping debt		640,867,648		98,946,748
City of Bedford	3,120,591	<u>55,450,000</u>	100.00%	<u>55,450,000</u>
Total direct and overlapping debt		<u>\$ 696,317,648</u>		<u>\$ 154,396,748</u>

Sources: Debt outstanding data provided by each governmental unit.

GO Debt Outstanding, %, and Overlapping Debt provided by the Municipal Advisory of Texas (Texas MAC)

\*The percentage of overlapping debt applicable is estimated using the estimated population of the City divided by the estimated population of the other governmental entity that is within the district's boundaries.

**City of Bedford, Texas**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Table 14

<b>Fiscal Year</b>	<b>Total Taxable Assessed Value (AV)</b>	<b>Debt Limit 2.5% of Assessed Value (AV)</b>	<b>Total Net Debt Applicable to the Limit</b>	<b>Legal Debt Margin</b>	<b>Total Net Debt Applicable to the Limit as a % of Taxable AV</b>	<b>% of Debt Limit Available</b>
2005	2,612,992,837	65,324,821	59,395,000	5,929,821	2.3%	9.1%
2006	2,755,237,079	68,880,927	57,270,000	11,610,927	2.1%	16.9%
2007	2,797,116,284	69,927,907	53,070,000	16,857,907	1.9%	24.1%
2008	2,913,981,116	72,849,528	57,325,000	15,524,528	2.0%	21.3%
2009	2,934,974,731	73,374,368	56,065,000	17,309,368	1.9%	23.6%
2010	2,802,441,727	70,061,043	57,835,000	12,226,043	2.1%	17.5%
2011	2,877,028,431	71,925,711	59,550,000	12,375,711	2.1%	17.2%
2012	2,965,988,327	74,149,708	58,705,000	15,444,708	2.0%	20.8%
2013	2,961,094,384	74,027,360	54,575,000	19,452,360	1.8%	26.3%
2014	3,121,183,647	78,029,591	55,450,000	22,579,591	1.8%	28.9%

Note: The City of Bedford does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 provide that a maximum tax rate of \$2.50 per \$100 assessed valuation may be imposed for any one year. Additionally, no debt shall be created by any city, unless at the same time provision be made to assess and collect annually a sufficient sum to pay the interest thereon and creating an interest and sinking fund of at least 2% thereon.

Although Section 6.01 of the Bedford City Charter states a maximum tax rate of \$1.50 per \$100 assessed valuation, this particular table will address the City of Bedford’s legal debt limit by using Article XI, Section 5 of the State Constitution because the City does not officially have a legal debt limit for general obligation bonds as well as certificate of obligations.

**City of Bedford, Texas**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

Table 15

Fiscal Years Ended	Water Revenue Bonds							Average Annual Debt Service	Average Requirements
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage			
				Principal	Interest				
2005	\$ 13,146,374	\$ 9,859,396	\$ 3,286,978	\$ 440,000	\$ 227,633	4.92	\$ 309,550	10.62	
2006	14,165,690	10,953,539	3,212,151	285,000	210,814	6.48	300,680	10.68	
2007	12,333,536	10,672,129	1,661,407	235,000	198,400	3.83	309,519	5.37	
2008	13,451,782	12,620,031	831,751	240,000	187,049	1.95	287,053	2.90	
2009	14,539,710	12,539,272	2,000,438	180,000	176,895	5.61	286,163	7.06	
2010	16,104,703	13,518,776	2,585,927	185,000	167,908	7.33	283,163	9.13	
2011	19,811,255	14,552,568	5,258,687	195,000	1,585,533	2.95	316,165	16.63	
2012	18,915,135	13,397,242	5,517,893	- *	-	-	-	-	
2013	17,908,621	14,086,044	3,822,577	-	-	-	-	-	
2014	18,607,795	14,575,557	4,032,238	-	-	-	-	-	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Operating expenses do not include interest, depreciation or amortization expenses.

\* 2012 - Annual Debt Service Variance is due to City refunding of its 1998 and 2002 revenue bonds.





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**Demographic and  
Economic Information**

**City of Bedford, Texas**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

Table 16

Calendar Years	Population	Personal Income	Per Capita Personal Income	Average Household Income	Median Age	School Enrollment	Unemployment Rate
2005	48,050	\$ 1,412,622	\$ 29,399	\$ 69,000	37.6	19,962	4.3%
2006	48,600	1,558,894	32,076	72,397	37.7	20,248	4.4%
2007	49,050	1,381,493	28,165	66,120	37.9	20,350	3.7%
2008	49,450	1,587,542	32,104	75,508	38.2	21,000	3.6%
2009	49,700	1,628,072	32,758	76,000	38.4	20,653	6.0%
2010	49,979	1,573,186	33,487	81,109	38.9	50,537	6.8%
2011	46,979	1,620,682	34,498	75,462	34.2	20,898	6.8%
2012	47,001	1,677,950	34,926	61,584	39.5	20,762	5.2%
2013	48,566	1,615,499	33,264	78,521	40.4	21,814	5.3%
2014	48,721	1,719,705	35,297	78,372	40.6	22,138	4.7%

Sources: Population: North Central Texas Council of Governments (NCTOG)  
Per Capita Personal Income and Average Household Income: Demographics Now  
Median Age and Unemployment Rate: Demographics Now  
School Enrollment: [hebisd.edu/insideheb/facts\\_figure.asp](http://hebisd.edu/insideheb/facts_figure.asp)  
Unemployment Rate: Texas Labor Market and Career Information (TWC)

**City of Bedford, Texas**  
**Principal Employers**  
**Current Year and Eight Years Ago**

Table 17

Employer	2014		2006	
	Employees	Percentage of Total City Employment	Employees	Percentage of Total City Employment
Texas Health Resources Hospital	1,800	6.16%	1,800	6.20%
Walmart Supercenter	892	3.05%	318	1.10%
Carter Blood Care	860	2.94%	600	2.07%
Warrantech	415	1.42%	550	1.90%
City of Bedford	369	1.26%	359	1.24%
State National Insurance	350	1.20%	-	-
The Beryl Companies	330	1.13%	251	0.87%
Daystar Television Network	279	0.96%	-	-
HEB ISD (Administrative Office)	175	0.60%	-	-
Grubb's Nissan	140	0.48%	155	0.53%
Heartland of Bedford	104	0.36%	110	0.38%
Kroger Foods, Inc.	87	0.30%	105	0.36%
Albertson's	70	0.24%	175	0.60%
Citigroup	-	-	540	1.86%
Nuvell Credit & Finance	-	-	154	0.53%
Park Place Motors	-	-	150	0.52%
	5,871	20.10%	5,267	18.16%
All Other	23,339	79.90%	23,744	81.84%
Total	29,210	100.00%	29,011	100.00%

Sources: Total City Employment information can be found Texas Workforce Commission Website via (<http://www.tracer2.com/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>)

City of Bedford, Economic Development Department - Demographics data

## City of Bedford, Texas Tax Rate History Last Ten Fiscal Years

Table 18

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Maximum State Rate	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.5
Maximum City Rate	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5
Less										
General Fund – M & O Rate	0.23777	0.288185	0.288052	0.297623	0.285847	0.299096	0.309075	0.311257	0.306043	0.303214
Debt Service Fund – I & S Rate	0.162987	0.158697	0.15883	0.149259	0.161035	0.164252	0.182534	0.193072	0.193072	0.1916160
Total assessed City Rate	0.400757	0.446882	0.446882	0.446882	0.446882	0.463348	0.491609	0.504329	0.499115	0.49483
Net available City Rate	\$ 1.099243	\$ 1.053118	\$ 1.053118	\$ 1.053118	\$ 1.053118	\$ 1.036652	\$ 1.008391	\$ 0.995671	\$ 1.000885	\$ 1.005170
Percentage of rate assessed as a percentage of tax rate limit	26.72%	29.79%	29.79%	29.79%	29.79%	30.89%	32.77%	33.62%	33.27%	32.99%

Source: Tarrant County Tax Office



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## **Operating Information**

**City of Bedford, Texas**  
**Full-time Equivalent City Governmental Employees by Function/Program**  
**Last Ten Fiscal Years**

**Table 19**

Function/Program	Full-time Equivalent Employees as of June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Management and communication	8.0	8.0	8.0	8.0	8.0	6.0	6.0	6.0	6.0	7.5
Finance	15.0	15.0	14.5	14.0	14.0	13.0	12.0	12.0	12.5	11.5
Municipal Court and Teen Court	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Development and planning	12.0	12.0	12.0	13.5	15.0	18.0	12.8	12.8	6.0	6.0
Library	21.5	16.4	16.4	16.4	16.4	16.4	16.4	17.2	19.7	19.6
Support services	7.0	7.0	7.0	7.0	7.0	7.0	11.0	10.0	10.0	11.0
Police										
Officers	87.4	84.9	84.9	82.0	82.0	83.0	86.3	84.3	80.0	80.0
Civilians	44.0	45.0	47.0	47.0	47.0	51.7	48.6	49.6	55.0	53.0
Animal control	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Fire										
Firefighters and officers	65.0	64.0	64.0	64.0	64.0	64.0	64.0	63.0	63.0	63.0
Civilians	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	8.0	8.0
Parks and recreation										
Management and comm.	0.0	0.0	0.0	0.0	0.0	1.0	1.0	2.0	2.0	2.0
Parks and recreation	46.2	41.9	41.9	42.8	42.8	41.3	37.8	36.4	37.5	37.6
Senior Citizens Center	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.5	3.5	3.5
Tourism and special events	0.0	0.0	0.0	0.0	0.0	0.0	3.5	3.5	4.4	4.5
Public works										
Engineering	5.0	4.0	4.0	5.0	5.0	6.1	6.0	6.0	5.5	5.5
Water	12.0	12.6	12.6	12.6	12.6	12.0	15.0	13.0	13.8	12.5
Wastewater	11.0	11.0	11.0	10.0	10.0	10.0	8.0	7.0	7.0	7.5
Stormwater	5.0	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Streets	12.0	11.0	11.0	11.0	11.0	11.0	10.0	11.0	10.0	10.0
Fleet maintenance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
<b>Total</b>	<b>377.1</b>	<b>362.8</b>	<b>364.3</b>	<b>365.3</b>	<b>366.8</b>	<b>372.5</b>	<b>369.4</b>	<b>365.3</b>	<b>369.9</b>	<b>368.7</b>

Source: City Finance - Position Control Report



**City of Bedford, Texas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

**Table 20**

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community services										
Building permits issued	155	89	6,051	4,925	917	762	800	297	761	778
Estimated cost	31,398,670	19,962,590	33,101,399	23,921,329	15,326,556	27,144,564	10,216,130	41,282,146	19,951,220	29,646,601
Police										
Physical arrests	2,624	2,730	2,692	2,986	2,368	2,607	3,490	3,285	2,715	2,534
Parking violations	3,797	3,917	3,874	4,115	91	114	150	207	135	47
Traffic violations	9,547	12,520	12,628	14,664	11,225	14,740	15,945	15,929	11,848	19,807
Fire										
Emergency responses	5,996	6,679	7,203	7,345	7,291	7,312	7,550	8,218	8,114	8,155
Patients transported	2,112	2,208	2,444	2,474	2,478	2,462	2,628	2,989	3,015	3,038
Fires extinguished	250	251	237	206	132	88	145	90	103	106
Inspections	1,531	1,310	1,878	2,480	2,189	2,705	2,438	2,901	2,835	3,096
Culture and recreation										
Parks and recreation										
Athletic league spring team	34	22	8	15	42	39	12	8	-	-
Athletic league fall team	5	19	21	16	13	13	10	-	-	-
Community center registration	1,663	3,166	3,593	3,562	4,154	3,666	3,633	3,945	4,040	4,112
Annual recreation revenue	121,900	152,796	178,490	209,346	268,871	267,648	281,047	306,587	289,285	332,189
Library										
Population service	48,417	48,600	49,050	49,450	49,700	49,700	46,979	47,001	48,566	48,721
Number of library visits	162,423	178,319	226,092	252,319	271,764	256,674	279,991	279,991	252,506	244,388
Volumes in collection	107,807	106,068	105,389	101,935	101,179	99,104	101,395	101,395	112,644	118,095
Total volumes borrowed	292,827	344,529	460,782	496,144	511,186	252,401	552,737	552,737	579,572	584,917
Turnover rate	2.70%	3.30%	4.40%	4.90%	5.10%	5.80%	5.50%	5.45%	5.15%	5.00%
Total operating expenditures	799,751	904,536	985,787	1,015,766	1,037,121	1,141,421	1,089,441	1,089,441	1,249,419	1,309,275
Cost per population served	16.52	18.61	20.1	20.54	20.87	22.96	21.92	22	26	27
Total paid staff (FTE)	21.53	16.38	16.38	16.38	16.38	16.38	16.38	16	20	20
Public works										
Street repair – asphalt sq. yard	1,779	2,020	2,018	1,494	2,150	3,055	40,988	36,004	21,850	26,425
Street repair – concrete sq. yard	195	249	782	73	311	602	22,661	3,693	3,655	311
Sidewalk installation/repairs – sq. yard	6,996	4,252	15,555	22,483	32,913	4,947	1,684	10,503	5,630	5,950
Water and sewer										
Water main breaks	42	57	31	20	21	24	39	67	46	46
Stated in thousands of gallons										
Average daily consumption	7,544	9,209	7,313	8,592	8,194	7,600	8,988	7,329	6,881	6,403
Peak daily consumption	12,107	16,300	14,529	16,476	14,168	12,932	16,232	12,375	10,141	9,588

Source: Various City departments

**City of Bedford, Texas**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

**Table 21**

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	15	15	15	17	17
Other units: CID-SWAT-PSO	47	47	47	47	47	58	58	58	50	59
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Fire equipment units	5	5	5	5	5	5	5	5	5	5
EMS units	4	4	4	4	4	4	4	4	4	4
Other units	11	11	11	11	11	11	11	11	11	11
Regional grant units – Homeland Security	11	11	11	11	11	11	11	11	-	-
<b>Other public works</b>										
Streets (miles)	454	460	460	460	460	460	460	460	455	456
Streetlights	1,700	1,725	1,725	1,735	1,737	1,738	1,738	1,738	1,738	1,738
Traffic signals	24	24	24	24	24	24	24	24	25	25
<b>Parks and recreation</b>										
Park acreage	150	150	150	150	150	150	150	150	150	150
Playgrounds	12	12	17	17	17	17	17	17	17	17
Swimming pools	2	2	3	3	3	3	3	3	4	4
Soccer/football fields	6	6	6	6	6	6	6	6	11	11
Community centers	3	3	3	3	3	3	3	3	3	3
<b>Water</b>										
Water mains (miles)	147	147	147	147	147	147	147	147	148	149
Fire hydrants	1,380	1,400	1,425	1,425	1,425	1,425	1,425	1,425	1,425	1,800
Storage capacity										
(one ground well – 250,000 gallons)	6,225	6,225	6,225	6,225	6,225	5,250	5,250	5,250	5,250	5,250
(elevated storage – 5 million gallons)										
<b>Stormwater</b>										
Storm sewers (miles)	91	91	91	91	91	91	91	91	92	92

Source: Various City departments



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