

CITY OF BEDFORD, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

Prepared by:

City of Bedford, Texas
Finance Department



CITY OF BEDFORD, TEXAS

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INTRODUCTORY SECTION





CITY of BEDFORD

2000 FOREST RIDGE DRIVE, BEDFORD, TEXAS 76021-1895

March 08, 2011

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, for the fiscal year ended September 30, 2010. 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, a list of principal officials and an organizational chart. The financial section includes the independent auditor's report, a 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 multi-year 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 basic 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



CITY of BEDFORD

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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, park, 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 Metroplex (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. In addition, the City's property tax base has continued to decline slightly over the past few years due to the overall downturn of the economic climate and its affect on the housing market.

Several 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% 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 downturn experienced by the nation as a whole. However, the City of Bedford has fared better than a number of cities in our area with an increase in our sales tax revenue by 1.8% or \$170,779 when compared to the prior year.



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A significant portion of the City's general operating revenue (26.8%) is derived from sales tax and efforts to maintain and grow our sales tax base are a high priority. 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 Bedford.

Current longer range financial planning primarily revolves around several major water/sewer system infrastructure projects as well as a 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 plans to widen State Highway 183 (Airport Freeway), which runs East/West through the center of the City, and will have a significant impact on a number of businesses along the current frontage road. The City is working on plans to minimize the possible negative impact and to attempt to turn the project into a positive as it develops over the next several years. The project will likely have a significant impact on sales tax and on property values over the next several years and the City is in the process of attempting to analyze the magnitude of the financial impact that will result from the project in the short and longer term.

In addition, we have established a facility/utility maintenance fund and a computer/vehicle replacement fund, recognizing that a scheduled maintenance, repair and replacement program provides for the best utilization of financial resources.

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.



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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 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, 2009. 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 fourteenth 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.



CITY of BEDFORD

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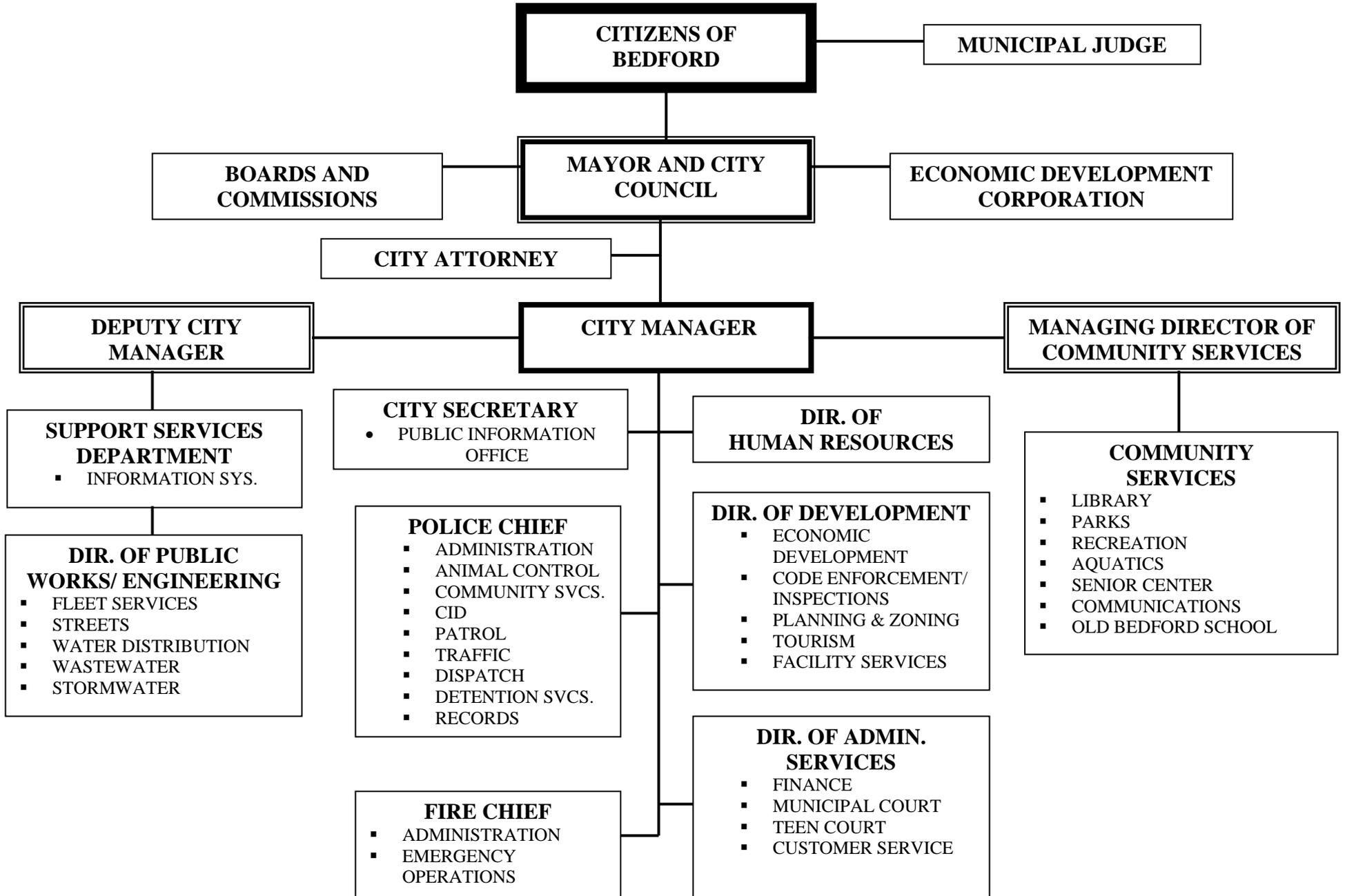
ACKNOWLEDGMENTS

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 Philip Bray, and the entire Accounting Staff, whose hard work and dedication was instrumental in the preparation of this report. Acknowledgment is also given to representatives of Pattillo, Brown & Hill, L.L.P. for their assistance in producing the final product. 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,

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

CITY OF BEDFORD ORGANIZATIONAL CHART



CITY OF BEDFORD

Principal Officials Fiscal Year 2009 – 2010

ELECTED

CITY COUNCIL

Jim Story – Mayor

Roger Fisher, Council Member, Place 1

Ray Champney, Council Member, Place 4

Roy Savage, Council Member, Place 2

Dr. Roy Turner, Council Member, Place 5

Jim Griffin, Council Member, Place 3

Chris Brown, Mayor Pro Tem, Place 6

SENIOR STAFF

Beverly Queen-Griffith, City Manager

David Miller Deputy City Manager

Michael Wells City Secretary

Jill McAdams Director of Human Resources

James Tindell Fire Chief

David Flory Police Chief

John Kubala Director of Public Works/Engineering

Mirenda Mcquagge-Walden Managing Director of Community Services

Clifford Blackwell 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, 2009

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.



President

Executive Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City of Council
City of Bedford, Texas

We have audited the accompanying 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, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bedford, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bedford, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2011, on our consideration of the City of Bedford, Texas' 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 of 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bedford, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Pattillo, Brown & Hill, L.L.P.

March 4, 2011

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

The discussion and analysis of the City of Bedford's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the accompanying transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Bedford exceeded its liabilities at the close of the most recent fiscal year by \$58,857,693 (net assets). Of this amount, \$8,342,056 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors.
- The City's net assets decreased \$738,909. The decrease is predominately the result of depreciation of the City's fixed assets.
- As of September 30, 2010, the City of Bedford's governmental funds reported combined ending fund balances of \$13,081,819, a decrease of \$2,783,831 in comparison with the prior fiscal year. Of this amount, \$11,504,723 or 87.9% percent of the total amount, is unreserved.
- As of September 30, 2010, the fund balance for the General Fund decreased by \$1,687,232. Total General Fund fund balance is \$6,002,464. The decrease is due to a combination of budgeted/unbudgeted capital expenditures for Public Safety equipment, building/land acquisitions, new library construction, and a budgeted shortfall in revenue.
- The City's total debt increased by \$1,770,000 during the 2009/10 fiscal year. The City issued \$6,920,000 of new debt during the 2009/10 fiscal year.

USING THIS ANNUAL REPORT

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

- The statement of net assets and statement of activities provide information about the activities of the City 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 provide 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 assets 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 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 assets and changes in them. You can think of the City's net assets (the difference between assets, what the citizens own, and liabilities, 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 assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the overall health of the City.

In the statement of net assets 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. Property taxes, sales taxes, 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 assets 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 of Bedford 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 unreserved fund balance serves as a useful measure of the City's ability to finance upcoming requirements. As a measure of the General Fund's liquidity, year ending unreserved fund balance of \$5,666,237 represents 17.1% (62 days) of next year's budgeted expenditures.

The Debt Service Fund has a total fund balance of \$1,240,869, all of which is reserved for the payment of debt. There was a decrease in fund balance of \$7,070 during the current year.

The Street Bond Capital Project Fund has a total fund balance of \$1,788,117, all of which is reserved for street projects. There was an increase in fund balance of \$32,265 during fiscal 2009/2010 due as a result of interest income and assessments collected.

The Economic Development Special Revenue Fund has a total fund balance of \$2,079,019, all of which is reserved for street infrastructure improvements and maintenance. There was a decrease in fund balance of \$965,560 during the current year.

THE CITY AS A WHOLE

The City's combined net assets changed from a year ago, decreasing from \$59,596,602 to \$58,857,693, primarily due to increased capital spending toward assets while reducing fund reserves. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Net assets of the City's governmental activities decreased from \$30,360,184 at September 30, 2009, to \$29,740,453 at September 30, 2010, or 2.0%. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) increased from \$7,423,676 at September 30, 2009, to \$8,342,056 at September 30, 2010, or (12.4%). Restricted net assets, those restricted mainly for capital projects and debt service decreased from \$8,752,351 to \$7,882,407, or 9.9% .

The largest portion of the City's net assets (52.6%) 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.

Table 1
CITY OF BEDFORD'S NET ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current	\$ 20,046	\$ 21,851	\$ 6,812	\$ 5,459	\$ 26,858	\$ 27,310
Other noncurrent assets	1,755	2,048	(244)	(367)	1,511	1,681
Capital assets	<u>63,760</u>	<u>61,908</u>	<u>34,703</u>	<u>35,625</u>	<u>98,463</u>	<u>97,533</u>
Total assets	<u>85,561</u>	<u>85,807</u>	<u>41,271</u>	<u>40,717</u>	<u>126,833</u>	<u>126,524</u>
Long-term liabilities	46,218	46,882	9,582	8,018	55,800	54,900
Current liabilities	<u>9,603</u>	<u>8,565</u>	<u>2,572</u>	<u>3,463</u>	<u>12,175</u>	<u>12,028</u>
Total liabilities	<u>55,821</u>	<u>55,447</u>	<u>12,154</u>	<u>11,481</u>	<u>67,975</u>	<u>66,928</u>
Net assets:						
Invested in capital assets, net of related debt	15,639	15,746	26,994	27,674	42,633	43,420
Restricted	7,306	8,176	576	576	7,882	8,752
Unrestricted	<u>6,795</u>	<u>6,438</u>	<u>1,547</u>	<u>986</u>	<u>8,342</u>	<u>7,424</u>
Total net assets	<u>\$ 29,740</u>	<u>\$ 30,360</u>	<u>\$ 29,117</u>	<u>\$ 29,236</u>	<u>\$ 58,858</u>	<u>\$ 59,596</u>

Governmental activities: Net assets from Governmental Activities decreased by \$619,731. Primary uses of revenues (69.6%) relate directly to Public Safety functions. Public safety (Police, Fire, and EMS) program revenues less direct expenses totaled \$(11,972,143) (38.0%)

Business-type activities: Revenues of the City's business-type activities totaled \$17,792,749 for the fiscal year ended September 30, 2010. Expenses for these activities were \$15,825,460, resulting in a net gain of \$1,967,289 from operations before transfers. The net assets, after interfund transfers, of the business-type activities decreased by \$119,178 due primarily to unseasonably wet weather which resulted in less than projected sales in the Water and Sewer Utility.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were lower than the final budget by \$734,782 and actual expenditures were lower by \$570,438. This resulted in a decrease in fund balance of \$1,305,220 (before the net effect of operating transfers).

Table 2
CITY OF BEDFORD'S CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 5,180	\$ 4,966	\$ 17,396	\$ 15,832	\$ 22,576	\$ 20,798
Operating grants and contributions	3,093	735	-	-	3,093	735
Capital grants and contributions	-	-	267	71	267	71
General revenues:						
Property taxes	13,714	13,487	-	-	13,714	13,487
Other taxes	13,590	13,423	-	-	13,590	13,423
Interest and investment earnings	151	344	17	47	168	391
Other general revenues	<u>1,347</u>	<u>558</u>	<u>112</u>	<u>-</u>	<u>1,460</u>	<u>558</u>
Total revenues	<u>37,075</u>	<u>33,513</u>	<u>17,793</u>	<u>15,950</u>	<u>54,868</u>	<u>49,463</u>
Expenses:						
Public safety	18,501	19,500	-	-	18,501	19,500
Leisure services	4,101	4,192	-	-	4,101	4,192
Community services	1,884	2,270	-	-	1,884	2,270
General government/administration	4,118	4,185	-	-	4,118	4,185
Public services	9,039	8,185	-	-	9,039	8,185
Interest on long-term debt	2,140	2,254	-	-	2,140	2,254
Water and sewer	-	-	15,094	13,999	15,094	13,999
Storm water	<u>-</u>	<u>-</u>	<u>731</u>	<u>717</u>	<u>731</u>	<u>717</u>
Total expenses	<u>39,782</u>	<u>40,586</u>	<u>15,825</u>	<u>14,716</u>	<u>55,607</u>	<u>55,302</u>
Increases in net assets before transfers	(2,706)	(7,073)	1,967	1,234	(739)	(5,839)
Transfers	<u>2,086</u>	<u>2,052</u>	<u>(2,086)</u>	<u>(2,052)</u>	<u>-</u>	<u>-</u>
Change in net assets	(620)	(5,021)	(119)	(818)	(739)	(5,839)
Net assets, beginning	<u>30,361</u>	<u>35,382</u>	<u>29,236</u>	<u>30,054</u>	<u>59,597</u>	<u>65,436</u>
Net assets, ending	<u>\$ 29,741</u>	<u>\$ 30,361</u>	<u>\$ 29,117</u>	<u>\$ 29,236</u>	<u>\$ 58,858</u>	<u>\$ 59,597</u>

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, 2010, and the amount and percentage of increases and decreases in relation to the prior year.

Table 3
GENERAL REVENUES
(in thousands)

	<u>2009-10</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2008-09</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Taxes	\$ 27,284	75.95%	\$ 402	1.49%
Licenses and permits	711	1.98%	97	15.73%
Charges for services	2,523	7.02%	(202)	(7.42%)
Fines and forfeitures	1,920	5.35%	405	26.69%
Intergovernmental	3,034	8.45%	2,111	228.60%
Interest	151	0.42%	(193)	(56.08%)
Miscellaneous	<u>300</u>	<u>0.84%</u>	<u>(97)</u>	<u>(24.33%)</u>
Total revenues	\$ <u>35,923</u>	<u>100.00%</u>	\$ <u>2,521</u>	<u>(3.90%)</u>

Table 4
GENERAL EXPENDITURES
(in thousands)

	<u>2009-10</u> <u>Amount</u>	<u>Percent</u> <u>of Total</u>	<u>Increase</u> <u>(Decrease)</u> <u>from 2008-09</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
General government	\$ 1,881	4.11%	\$ 15	0.83%
Community services	1,814	3.96%	(299)	(14.15%)
Public services	3,679	8.04%	870	31.00%
Administrative services	1,947	4.25%	110	5.96%
Public safety	17,144	37.45%	(35)	(0.21%)
Leisure services	3,667	8.01%	61	1.70%
Capital outlay	9,192	20.08%	6,399	229.05%
Debt service	<u>6,453</u>	<u>14.10%</u>	<u>39</u>	<u>0.60%</u>
Total expenditures	\$ <u>45,777</u>	<u>100.00%</u>	\$ <u>7,159</u>	<u>18.54%</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At September 30, 2010, the City had \$237,477,058 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm water facilities. This represents a net increase of \$9,169,712, or 4% over last year. Capital assets net of depreciation increased by approximately \$930,065 or 0.95%. The primary reason for the increase is the addition of a new library facility, as well as the acquisition of land that is used in conjunction with the new library facility. Therefore, the most significant impact of this capital outlay can be found among the Capital Projects Fund, the General Fund as well as the Grants-Special Revenue Fund.

Table 5
CITY OF BEDFORD'S CAPITAL ASSETS AT YEAR-END
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 7,509	\$ 7,099	\$ 88	\$ 88	\$ 7,597	\$ 7,187
Buildings and structures	13,686	13,449	519	520	14,205	13,969
Other improvements	121,122	120,924	-	-	121,122	120,924
Equipment	22,197	22,073	-	-	22,197	22,073
Utility distribution	-	-	61,657	61,362	61,657	61,362
Construction in progress	10,495	2,783	205	10	10,700	2,793
Total capital assets	\$ <u>175,008</u>	\$ <u>166,328</u>	\$ <u>62,469</u>	\$ <u>61,980</u>	\$ <u>237,478</u>	\$ <u>228,308</u>

The City's capital plans for FY 2010/2011 call for expenditures of approximately \$9.6 million for capital projects, primarily in five major categories: equipment, facilities, street improvements, drainage improvements, and improvements in water and sewer utility distribution system. The estimated expenditures for equipment are \$1.6 million for a state-of-the-art trunk radio system, heavy operating equipment and large meter replacements. The facility improvements, worth \$1.1 million, consists of major facility improvements city-wide, plus enhanced park lighting at a recreational area, in addition to land/facility acquisition in conjunction with the completed library project. The City plans to begin design work on a major street improvement as well as sidewalk enhancements totaling \$950,000. Moreover, \$3.5 million in drainage improvements within the Boys Ranch park area, and finally, the \$2.5 million in water and sewer projects that consists of major improvements to the water distribution system as well adding sanitary sewer improvements to address infiltration and inflow issues. Additional information on capital asset activity can be found in Note 2, pages 36 – 37 of this report.

Debt. At year-end, the City had \$57,835,000 in General Obligation Bonds, Combination Tax and Revenue Certificates of Obligation, Personal Property Public Finance Contractual Obligations, Tax Notes and Revenue Bonds outstanding, compared to \$56,065,000 at the end of the prior fiscal year, a decrease of 3%. The City issued \$6,920,000 of new debt during the 2009-2010 fiscal year.

Table 6
CITY OF BEDFORD'S OUTSTANDING DEBT AT YEAR-END
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligations	\$ 47,575	\$ 46,740	\$ -	\$ 390	\$ 47,575	\$ 47,130
Certificates of obligation	-	-	6,490	4,625	6,490	4,625
Contractual obligations	-	180	-	-	-	180
Tax notes	375	550	-	-	375	550
Revenue bonds	-	-	3,395	3,580	3,395	3,580
	\$ <u>47,950</u>	\$ <u>47,470</u>	\$ <u>9,885</u>	\$ <u>8,595</u>	\$ <u>57,835</u>	\$ <u>56,065</u>

The City's current outstanding debt is rated AA by Standard & Poor's (S&P) and Aa2 by Moody's. The outstanding Water and Sewer debt is rated A1 from Moody's. Additional information regarding the City of Bedford's long-term debt can be found in Note 2, on pages 37 – 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A deteriorating economy which is affecting the two most significant revenue streams (sales tax and property tax) for the City's General Fund has resulted in a tightening and further very close monitoring of revenues and expenditures. The City raised its property tax rate for the first time in four years. City management and the City Council are cognizant of the current conditions and are prepared to react as information and trends become more apparent.

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.



**BASIC
FINANCIAL STATEMENTS**



CITY OF BEDFORD, TEXAS
STATEMENTS OF NET ASSETS
AS OF SEPTEMBER 30, 2010 AND 2009

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2010	2009
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,700,338	\$ 2,824,412	\$ 14,524,750	\$ 17,495,852
Receivables (net of allowance)	6,246,952	3,278,302	9,525,254	8,874,998
Inventories and prepaid expenses	36,227	21,422	57,649	52,024
Restricted assets:				
Investments	<u>2,062,808</u>	<u>687,996</u>	<u>2,750,804</u>	<u>887,216</u>
Total current assets	<u>20,046,325</u>	<u>6,812,132</u>	<u>26,858,457</u>	<u>27,310,090</u>
Noncurrent assets:				
Advances to other funds	300,000	(300,000)	-	-
Bond issuance costs, net	1,454,940	56,300	1,511,240	1,680,621
Capital assets, not being depreciated	18,003,403	292,869	18,296,272	9,980,414
Capital assets, being depreciated	<u>45,756,811</u>	<u>34,410,075</u>	<u>80,166,886</u>	<u>87,552,679</u>
Total noncurrent assets	<u>65,515,154</u>	<u>34,459,244</u>	<u>99,974,398</u>	<u>99,213,714</u>
Total assets	<u>\$ 85,561,479</u>	<u>\$ 41,271,376</u>	<u>\$ 126,832,855</u>	<u>\$ 126,523,804</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,854,725	1,372,904	5,227,629	4,955,567
Due to other governments	12,554	-	12,554	75
Escrow and unearned revenue	536,911	2,041	538,952	535,554
Customer deposits	-	780,420	780,420	752,361
Current portion of compensated absences	622,136	31,326	653,462	634,345
Current portion of long-term debt	<u>4,577,000</u>	<u>385,000</u>	<u>4,962,000</u>	<u>5,150,000</u>
Total current liabilities	<u>9,603,326</u>	<u>2,571,691</u>	<u>12,175,017</u>	<u>12,027,902</u>
Noncurrent liabilities:				
General obligation bonds	43,183,000	6,300,000	49,483,000	46,980,000
Tax notes	190,000	-	190,000	375,000
Revenue bonds	-	3,200,000	3,200,000	3,560,000
Compensated absences	1,244,271	62,651	1,306,922	1,268,690
Premium on bonds payable	1,460,638	4,923	1,465,561	1,608,288
Other post employment benefits	<u>139,791</u>	<u>14,871</u>	<u>154,662</u>	<u>1,107,322</u>
Total noncurrent liabilities	<u>46,217,700</u>	<u>9,582,445</u>	<u>55,800,145</u>	<u>54,899,300</u>
Total liabilities	<u>55,821,026</u>	<u>12,154,136</u>	<u>67,975,162</u>	<u>66,927,202</u>
NET ASSETS				
Invested in capital assets, net of related debt	15,639,418	26,993,812	42,633,230	43,420,575
Restricted for				
Capital projects	3,057,320	-	3,057,320	3,363,128
Debt service	1,240,869	576,397	1,817,266	1,824,336
Economic development	2,079,019	-	2,079,019	3,044,579
Tourism	-	-	-	(85,971)
Other purposes	928,802	-	928,802	606,279
Unrestricted	<u>6,795,025</u>	<u>1,547,031</u>	<u>8,342,056</u>	<u>7,423,676</u>
Total net assets	<u>29,740,453</u>	<u>29,117,240</u>	<u>58,857,693</u>	<u>59,596,602</u>
Total liabilities and net assets	<u>\$ 85,561,479</u>	<u>\$ 41,271,376</u>	<u>\$ 126,832,855</u>	<u>\$ 126,523,804</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government and administration	\$ 4,117,515	\$ 90,428	\$ 4,878	\$ -
Community services	1,883,752	405,255	-	-
Public services	9,038,955	210,354	-	-
Public safety	18,500,766	3,472,196	3,056,427	-
Leisure services	4,100,548	1,001,728	31,653	-
Interest expense	2,140,046	-	-	-
Total governmental activities	<u>39,781,582</u>	<u>5,179,961</u>	<u>3,092,958</u>	<u>-</u>
Business-type activities:				
Water and sewer services	15,094,351	16,104,703	-	267,469
Stormwater collection and disposal	731,109	1,291,249	-	-
Total business-type activities	<u>15,825,460</u>	<u>17,395,952</u>	<u>-</u>	<u>267,469</u>
Total primary government	<u>\$ 55,607,042</u>	<u>\$ 22,575,913</u>	<u>\$ 3,092,958</u>	<u>\$ 267,469</u>

General revenues:

Taxes:

 Property taxes, penalty and interest

 Sales

 Franchise

 Occupancy

 Other

Interest

Contributions not restricted to specific programs

Gain on sale of assets

Miscellaneous

Special item - Change in OPEB plan

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government		Totals	
Governmental Activities	Business-type Activities	2010	2009
\$(4,022,209)	\$ -	\$(4,022,209)	\$(4,057,072)
(1,478,497)	-	(1,478,497)	(2,003,913)
(8,828,601)	-	(8,828,601)	(7,997,291)
(11,972,143)	-	(11,972,143)	(15,550,139)
(3,067,167)	-	(3,067,167)	(3,021,692)
(2,140,046)	-	(2,140,046)	(2,254,217)
<u>(31,508,663)</u>	<u>-</u>	<u>(31,508,663)</u>	<u>(34,884,324)</u>
-	1,277,821	1,277,821	611,831
<u>-</u>	<u>560,140</u>	<u>560,140</u>	<u>575,199</u>
<u>-</u>	<u>1,837,961</u>	<u>1,837,961</u>	<u>1,187,030</u>
<u>(31,508,663)</u>	<u>1,837,961</u>	<u>(29,670,702)</u>	<u>(33,697,294)</u>
13,714,212	-	13,714,212	13,486,685
9,531,017	-	9,531,017	9,360,239
3,278,385	-	3,278,385	3,407,455
557,129	-	557,129	434,495
223,205	-	223,205	220,591
151,108	17,046	168,154	390,976
34,631	-	34,631	35,973
88,737	-	88,737	98,074
229,001	-	229,001	423,658
995,040	112,282	1,107,322	-
<u>2,086,467</u>	<u>(2,086,467)</u>	<u>-</u>	<u>-</u>
<u>30,888,932</u>	<u>(1,957,139)</u>	<u>28,931,793</u>	<u>27,858,146</u>
(619,731)	(119,178)	(738,909)	(5,839,148)
<u>30,360,184</u>	<u>29,236,418</u>	<u>59,596,602</u>	<u>65,435,750</u>
<u>\$ 29,740,453</u>	<u>\$ 29,117,240</u>	<u>\$ 58,857,693</u>	<u>\$ 59,596,602</u>

CITY OF BEDFORD, TEXAS

BALANCE SHEETS

GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2010 AND 2009

	<u>General</u>	<u>Debt Service</u>	<u>Street Bond</u>
ASSETS			
Cash and cash equivalents	\$ 4,300,542	\$ 1,227,256	\$ 2,235,066
Receivables:			
Taxes, less allowance for uncollectible of \$8,019	2,273,999	151,510	-
Accounts	292,913	830	826
Other	125,012	-	345,978
Due from other governments	86,893	-	-
Due from other funds	1,769,429	-	-
Inventories and prepaid expenditures	36,227	-	-
Advances to other funds	<u>300,000</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 9,185,015</u>	 <u>\$ 1,379,596</u>	 <u>\$ 2,581,870</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 2,756,968	\$ 1,000	\$ -
Due to other governments	12,554	-	-
Due to other funds	-	-	-
Escrow and deferred revenue	<u>413,029</u>	<u>137,727</u>	<u>793,753</u>
Total liabilities	<u>3,182,551</u>	<u>138,727</u>	<u>793,753</u>
 Fund balances:			
Reserved for:			
Advances to other funds	300,000	-	-
Inventories and prepaids	36,227	-	-
Debt service	-	1,240,869	-
Unreserved, reported in:			
Special revenue fund	-	-	-
Capital projects fund	-	-	1,788,117
General fund	<u>5,666,237</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,002,464</u>	<u>1,240,869</u>	<u>1,788,117</u>
 Total liabilities and fund balances	 <u>\$ 9,185,015</u>	 <u>\$ 1,379,596</u>	 <u>\$ 2,581,870</u>

The accompanying notes are an integral part of these financial statements.

Economic Development 4B	Nonmajor Governmental	Totals	
		2010	2009
\$ 1,792,726	\$ 2,144,748	\$ 11,700,338	\$ 15,637,248
424,492	-	2,850,001	2,696,923
2,768	4,806	302,143	168,762
-	187,299	658,289	585,255
-	1,975,915	2,062,808	200,553
-	-	1,769,429	62,543
-	-	36,227	31,320
-	-	300,000	400,000
<u>\$ 2,219,986</u>	<u>\$ 4,312,768</u>	<u>\$ 19,679,235</u>	<u>\$ 19,782,604</u>
\$ 140,967	\$ 566,539	\$ 3,465,474	\$ 2,670,698
-	-	12,554	75
-	1,769,429	1,769,429	62,543
-	5,450	1,349,959	1,183,638
<u>140,967</u>	<u>2,341,418</u>	<u>6,597,416</u>	<u>3,916,954</u>
-	-	300,000	400,000
-	-	36,227	31,320
-	-	1,240,869	1,247,939
2,079,019	702,147	2,781,166	3,564,887
-	1,269,203	3,057,320	3,363,128
-	-	5,666,237	7,258,376
<u>2,079,019</u>	<u>1,971,350</u>	<u>13,081,819</u>	<u>15,865,650</u>
<u>\$ 2,219,986</u>	<u>\$ 4,312,768</u>	<u>\$ 19,679,235</u>	<u>\$ 19,782,604</u>



CITY OF BEDFORD, TEXAS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

AS OF SEPTEMBER 30, 2010

Fund balances of governmental funds \$ 13,081,819

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 63,760,214

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property taxes receivable	\$ 324,360	
Court fine receivable	2,436,519	
Other	<u>345,978</u>	3,249,567

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds payable	47,950,000	
Less: deferred issuance charges	(1,454,940)	
Plus: bond premium	1,460,638	
Accrued interest payable	389,251	
Compensated absences	1,866,407	
Other post employment benefits	<u>139,791</u>	<u>(50,351,147)</u>

Net assets of governmental activities \$ 29,740,453

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>General</u>	<u>Debt Service</u>	<u>Street Bond</u>
REVENUES			
Taxes, penalty and interest	\$ 19,489,620	\$ 4,854,232	\$ -
Licenses and permits	710,722	-	-
Charges for services	2,232,194	-	-
Fines and forfeitures	1,201,247	-	-
Support from governmental entities	536,328	-	-
Interest	55,695	23,531	32,915
Miscellaneous	195,871	41,245	-
Total revenues	<u>24,421,677</u>	<u>4,919,008</u>	<u>32,915</u>
EXPENDITURES			
Current:			
General government	1,868,448	-	-
Community services	1,040,766	-	-
Public services	1,859,206	-	650
Administrative services	1,879,969	-	-
Public safety	16,522,429	-	-
Leisure services	3,636,902	-	-
Capital outlay	1,408,113	-	-
Debt service:			
Principal retirement	-	4,405,000	-
Interest and fiscal agent fees	-	1,996,207	-
Bond issuance costs	-	-	-
Total expenditures	<u>28,215,833</u>	<u>6,401,207</u>	<u>650</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,794,156)</u>	<u>(1,482,199)</u>	<u>32,265</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,214,949	1,475,129	-
Transfers out	(201,200)	-	-
Issuance of debt	-	-	-
Proceeds from the sale of capital asset	38,152	-	-
Insurance proceeds	55,023	-	-
Total other financing sources and uses	<u>2,106,924</u>	<u>1,475,129</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(1,687,232)</u>	<u>(7,070)</u>	<u>32,265</u>
FUND BALANCES, BEGINNING	<u>7,689,696</u>	<u>1,247,939</u>	<u>1,755,852</u>
FUND BALANCES, ENDING	<u>\$ 6,002,464</u>	<u>\$ 1,240,869</u>	<u>\$ 1,788,117</u>

The accompanying notes are an integral part of these financial statements.

Economic Development 4B	Nonmajor Governmental	Totals	
		2010	2009
\$ 2,382,754	\$ 557,129	\$ 27,283,735	\$ 26,881,888
-	-	710,722	614,126
-	290,676	2,522,870	2,725,039
-	719,153	1,920,400	1,515,851
-	2,497,824	3,034,152	923,368
28,530	10,437	151,108	344,023
-	63,278	300,394	396,980
<u>2,411,284</u>	<u>4,138,497</u>	<u>35,923,381</u>	<u>33,401,275</u>
-	12,971	1,881,419	1,865,968
-	773,236	1,814,002	2,113,053
1,767,894	51,047	3,678,797	2,808,318
-	66,966	1,946,935	1,837,426
-	621,786	17,144,215	17,179,678
-	29,760	3,666,662	3,605,545
241,031	7,542,973	9,192,117	2,793,519
-	-	4,405,000	4,245,000
-	-	1,996,207	2,168,905
-	51,500	51,500	-
<u>2,008,925</u>	<u>9,150,239</u>	<u>45,776,854</u>	<u>38,617,412</u>
<u>402,359</u>	<u>(5,011,742)</u>	<u>(9,853,473)</u>	<u>(5,216,137)</u>
-	201,200	3,891,278	3,648,823
(1,372,919)	(230,692)	(1,804,811)	(1,596,899)
-	4,885,000	4,885,000	-
5,000	-	43,152	5,265
-	-	55,023	101,263
<u>(1,367,919)</u>	<u>4,855,508</u>	<u>7,069,642</u>	<u>2,158,452</u>
(965,560)	(156,234)	(2,783,831)	(3,057,685)
<u>3,044,579</u>	<u>2,127,584</u>	<u>15,865,650</u>	<u>18,923,335</u>
<u>\$ 2,079,019</u>	<u>\$ 1,971,350</u>	<u>\$ 13,081,819</u>	<u>\$ 15,865,650</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**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Net change in fund balances - total governmental funds \$(2,783,831)

Amounts reported for governmental activities in the Statement of Activities are

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 as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital outlay	\$ 9,320,217	
Asset deletions	(12,575)	
Depreciation expense	<u>(7,455,315)</u>	1,852,327

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	20,213	
Court fines receivable	170,984	
Ambulance receivable	<u>(122,971)</u>	68,226

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Issuance of bonds	(4,885,000)	
OPEB net pension obligation	(139,791)	
Principal repayments on bonds	<u>4,355,186</u>	(669,605)

The gain generated from the change in the City's Other Postemployment Benefit Plan (\$995,040) is reported as revenue (as a special item) in the government-wide financial statements. However, the gain is not recognized in the governmental funds because of its status as a long-term debt obligation. Thus, more revenue is reported in the statement of activities than in the governmental funds.

995,040

Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	(39,363)	
Accrued interest expense	<u>(42,525)</u>	<u>(81,888)</u>

Change in net assets of governmental activities \$(619,731)

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010 AND 2009

	Water and Sewer	Stormwater Utility	Totals	
			2010	2009
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,007,765	\$ 816,647	\$ 2,824,412	\$ 1,858,604
Accounts receivable less allowance for uncollectible of \$605,688	3,041,565	236,737	3,278,302	2,892,842
Prepays and inventories	21,422	-	21,422	20,704
Deferred charges	56,300	-	56,300	32,875
Restricted assets - investments	687,996	-	687,996	686,663
Total current assets	<u>5,815,048</u>	<u>1,053,384</u>	<u>6,868,432</u>	<u>5,491,688</u>
Property, plant and equipment:				
Land	87,663	-	87,663	87,663
Buildings and improvements	518,600	-	518,600	519,948
Utility distribution	49,942,549	11,714,551	61,657,100	61,361,713
Construction in progress	205,206	-	205,206	10,350
Total property, plant and equipment	<u>50,754,018</u>	<u>11,714,551</u>	<u>62,468,569</u>	<u>61,979,674</u>
Less accumulated depreciation and amortization	<u>(22,396,864)</u>	<u>(5,368,761)</u>	<u>(27,765,625)</u>	<u>(26,354,468)</u>
Total long-term assets	<u>28,357,154</u>	<u>6,345,790</u>	<u>34,702,944</u>	<u>35,625,206</u>
Total assets	<u>34,172,202</u>	<u>7,399,174</u>	<u>41,571,376</u>	<u>41,116,894</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,315,840	57,064	1,372,904	1,938,143
Compensated absences	29,799	1,527	31,326	25,330
Deferred revenue	-	2,041	2,041	2,041
Advances from other funds	-	300,000	300,000	400,000
Current maturities of bonds	385,000	-	385,000	745,000
Customer deposits	780,420	-	780,420	752,361
Total current liabilities	<u>2,511,059</u>	<u>360,632</u>	<u>2,871,691</u>	<u>3,862,875</u>
Long-term liabilities:				
Compensated absences	59,597	3,054	62,651	50,661
General obligation bonds	6,300,000	-	6,300,000	4,290,000
Revenue bonds	3,200,000	-	3,200,000	3,560,000
Premium on bonds payable	4,923	-	4,923	4,658
Other post employment benefits	12,920	1,951	14,871	112,282
Total long-term liabilities	<u>9,577,440</u>	<u>5,005</u>	<u>9,582,445</u>	<u>8,017,601</u>
Total liabilities	<u>12,088,499</u>	<u>365,637</u>	<u>12,454,136</u>	<u>11,880,476</u>
NET ASSETS				
Invested in capital assets, net of related debt	20,648,022	6,345,790	26,993,812	27,674,312
Restricted by bond ordinance	576,397	-	576,397	576,397
Unrestricted	859,284	687,747	1,547,031	985,709
Total net assets	<u>22,083,703</u>	<u>7,033,537</u>	<u>29,117,240</u>	<u>29,236,418</u>
Total liabilities and net assets	<u>\$ 34,172,202</u>	<u>\$ 7,399,174</u>	<u>\$ 41,571,376</u>	<u>\$ 41,116,894</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
			<u>2010</u>	<u>2009</u>
OPERATING REVENUE				
Water sales	\$ 10,475,115	\$ -	\$ 10,475,115	\$ 9,557,761
Charges for sewer services	5,364,676	-	5,364,676	4,430,273
Stormwater charges	-	1,261,249	1,261,249	1,261,750
Other	<u>264,912</u>	<u>30,000</u>	<u>294,912</u>	<u>581,726</u>
Total operating revenues	<u>16,104,703</u>	<u>1,291,249</u>	<u>17,395,952</u>	<u>15,831,510</u>
OPERATING EXPENSES				
Water supply and distribution	8,243,196	-	8,243,196	7,420,914
Wastewater collection and disposal	3,629,709	-	3,629,709	3,576,468
Billing and collection	1,098,619	485,233	1,583,852	1,450,640
Public services/engineering	560,172	-	560,172	538,904
Depreciation and amortization	<u>1,182,364</u>	<u>243,793</u>	<u>1,426,157</u>	<u>1,325,445</u>
Total operating expenses	<u>14,714,060</u>	<u>729,026</u>	<u>15,443,086</u>	<u>14,312,371</u>
OPERATING INCOME	<u>1,390,643</u>	<u>562,223</u>	<u>1,952,866</u>	<u>1,519,139</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	11,783	5,263	17,046	46,953
Interest expense and fiscal agent charges	(380,291)	(2,083)	(382,374)	(403,595)
Total nonoperating revenues (expenses)	<u>(368,508)</u>	<u>3,180</u>	<u>(365,328)</u>	<u>(356,642)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>1,022,135</u>	<u>565,403</u>	<u>1,587,538</u>	<u>1,162,497</u>
CAPITAL CONTRIBUTIONS	267,469	-	267,469	71,486
SPECIAL ITEM - CHANGE IN OPEB PLAN	97,555	14,727	112,282	-
TRANSFERS IN	217,493	-	217,493	125,000
TRANSFERS OUT	(1,865,996)	(437,964)	(2,303,960)	(2,176,924)
CHANGE IN NET ASSETS	(261,344)	142,166	(119,178)	(817,941)
TOTAL NET ASSETS, BEGINNING	<u>22,345,047</u>	<u>6,891,371</u>	<u>29,236,418</u>	<u>30,054,359</u>
TOTAL NET ASSETS, ENDING	<u>\$ 22,083,703</u>	<u>\$ 7,033,537</u>	<u>\$ 29,117,240</u>	<u>\$ 29,236,418</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS

STATEMENTS OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Totals</u>	
			2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 15,740,032	\$ 1,198,519	\$ 16,938,551	\$ 15,783,934
Payments to suppliers	(12,073,063)	(176,902)	(12,249,965)	(10,844,473)
Payments to employees	(2,013,028)	(301,907)	(2,314,935)	(2,363,419)
Net cash provided by operating activities	<u>1,666,861</u>	<u>721,661</u>	<u>2,388,522</u>	<u>2,576,042</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Special Item - Change in OPEB Plan	97,555	14,727	112,282	-
Transfers in	217,493	-	217,493	125,000
Transfers out	(1,865,996)	(437,964)	(2,303,960)	(2,176,924)
Net cash used by noncapital financing activities	<u>(1,550,948)</u>	<u>(423,237)</u>	<u>(1,974,185)</u>	<u>(2,051,924)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayment of debt	(355,000)	(404,726)	(759,726)	(775,000)
Proceeds from capital related debt	2,035,000	-	2,035,000	-
Interest and fiscal agent fees	(501,006)	(2,083)	(503,089)	(388,920)
Additions to property and equipment	(236,427)	-	(236,427)	(1,870,205)
Net cash provided (used) by capital and related financing activities	<u>942,567</u>	<u>(406,809)</u>	<u>535,758</u>	<u>(3,034,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	11,783	5,263	17,046	46,953
Maturity of investments	498,667	-	498,667	(5,564)
Net cash provided by investing activities	<u>510,450</u>	<u>5,263</u>	<u>515,713</u>	<u>41,389</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,568,930	(103,122)	1,465,808	(2,468,618)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>938,835</u>	<u>919,769</u>	<u>1,858,604</u>	<u>4,327,222</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 2,507,765</u>	<u>\$ 816,647</u>	<u>\$ 3,324,412</u>	<u>\$ 1,858,604</u>

(continued)

CITY OF BEDFORD, TEXAS

STATEMENTS OF CASH FLOWS

PROPRIETARY FUNDS

(Continued)

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Water and Sewer	Stormwater Utility	Totals	
			2010	2009
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 1,390,643	\$ 562,223	\$ 1,952,866	\$ 1,519,139
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,182,364	243,793	1,426,157	1,325,445
(Increase) decrease in receivables	(392,730)	7,270	(385,460)	(91,066)
(Increase) decrease in prepaids and inventory	(718)	-	(718)	1,871
Increase (decrease) in accounts payable and accrued liabilities	(570,802)	5,563	(565,239)	(319,430)
Increase (decrease) in compensated absences	17,125	861	17,986	(15,689)
Increase (decrease) in advances from other funds	-	(100,000)	(100,000)	-
Increase (decrease) in other post employment benefits	12,920	1,951	14,871	112,282
Increase (decrease) in customer deposits	<u>28,059</u>	<u>-</u>	<u>28,059</u>	<u>43,490</u>
Net cash provided by operating activities	<u>\$ 1,666,861</u>	<u>\$ 721,661</u>	<u>\$ 2,388,522</u>	<u>\$ 2,576,042</u>
NONCASH ACTIVITY				
Contribution from developers	\$ 267,469	\$ -	\$ 267,469	\$ -

The accompanying notes are an integral part of these financial statements.

CITY OF BEDFORD, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bedford, Texas (the “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, and 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 and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. Significant policies of the City are described below.

A. 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. 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 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 taxes collected under Section 4B of the Development Corporation Act of 1979. Separate financial statements are not available.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary 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 statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. 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.

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.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from Special Revenue Funds and the restrictions on their net asset use.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, ambulance fees and municipal court fines and fees as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, special assessments, fines, interest and charges for services. Permits are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following major governmental funds:

The ***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.

The ***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.

The ***Street Bond Capital Projects Fund*** is used to account for construction of improvements to streets, street related drainage and sidewalks.

The ***Economic Development 4B Special Revenue 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.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary Funds (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City's policy is to apply all Financial Accounting Standards Board standards issued after November 30, 1989, to its proprietary funds unless they conflict with GASB guidance.

The City reports the following proprietary funds:

The *Water and Sewer Fund* accounts for providing water and sewer services to residential and commercial users in the City.

The *Stormwater Utility Fund* accounts for the storm drainage runoff service provided to the residential and commercial users of the City.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

For purposes of reporting cash flows, the Enterprise Funds consider cash and unrestricted investments in local government investment pools as cash and cash equivalents at September 30, 2010.

Fair Value of Financial Instruments

The City's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature.

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.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Investments

Investments are stated at amortized cost, which approximates fair value.

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.

Impairment of Long-lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported as the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

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 provided on a straight-line basis over the estimated useful life of the assets as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 40
Infrastructure	20 - 30
Water and sewer system	50
Improvements	10 - 20
Machinery and equipment	3 - 10

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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Compensated Absences

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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 assets are reported as restricted when there are limitations imposed on their 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 assets of the Tourism Development Fund and the Economic Development 4B Fund are restricted by enabling legislation as indicated on the Statement of Net Assets.

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

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, 2009, from which the summarized information was derived.

Reclassifications

Certain items in 2009 have been reclassified for comparative purposes with 2010.

2. DETAILED NOTES ON ALL FUNDS

Cash and Investments

The cash 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.

Deposits

As of September 30, 2010, \$1,250,000 of the City’s \$8,980,483 deposit balance was covered by FDIC insurance. \$7,730,483 of this balance is collateralized by pledged government agency securities.

Investments

At September 30, 2010, the City’s investments were registered or held by the City or its agent in the City’s name.

The City’s investments follow:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 187,996	30
TexStar	3,834,861	47
Texas Daily	3,136,979	50.3
Lone Star Investment Public Pool Liquidity Plus Fund	<u>95,068</u>	52
Total	<u>\$ 7,254,904</u>	

The City’s investments and cash equivalents at September 30, 2010, are held by the following investment pools:

<u>Investment Type</u>	<u>Standard & Poor's Credit Rating</u>
TexPool	AAAm
TexStar	AAAm
TexasDaily	AAAf
Lone Star Investment Pool Liquidity Plus Fund	AAAm

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Cash and Investments (Continued)

Investments (Continued)

All of the pools are chartered by the State of Texas. Portfolios consist only of those investments that are authorized by the State of Texas Public Funds Investment Act and the City's investment policy. Although there is no regulatory oversight over TexStar and TexasDaily, advisory boards consisting of participants and their designees maintain oversight responsibility for the investment pools. Assets held in the investment pools are carried at fair value, which is the same as the value of the pool shares of the external investment pools. Investments held in federal agency securities, which have a maturity period of less than one year, are carried at amortized cost, which approximates fair value.

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 advisers 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.

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's cash assets at banking institutions are not exposed to credit risk as they are collateralized by securities held in the City's name by a pledging financial institution. 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.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

Receivables as of year-end for the City’s individual major funds and nonmajor, 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	\$ 216,404	\$ 154,855	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,259
Sales taxes	1,273,476	-	-	424,492	-	-	-	1,697,968
Franchise	734,958	-	-	-	-	-	-	734,958
Other	53,835	-	-	-	-	-	-	53,835
Accounts	292,913	830	826	2,768	4,806	3,699,351	236,737	4,238,231
Other	125,012	-	345,978	-	187,299	-	-	658,289
Intergovernmental	86,893	-	-	-	1,975,915	-	-	2,062,808
Gross receivables	2,783,491	155,685	346,804	427,260	2,168,020	3,699,351	236,737	9,817,348
Less: allowance for uncollectibles	(4,674)	(3,345)	-	-	-	(657,786)	-	(665,805)
Net total receivables	\$ 2,778,817	\$ 152,340	\$ 346,804	\$ 427,260	\$ 2,168,020	\$ 3,041,565	\$ 236,737	\$ 9,151,543

Governmental funds report *deferred revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 186,633	\$ -
Delinquent property taxes receivable (Debt Service Fund)	137,727	-
Delinquent ambulance receivable (General Fund)	142,710	-
Escrow (General Fund)	-	14,229
Escrow (Street Bond)	-	793,753
Cash bonds - deferred adjudication (General Fund)	-	69,457
Rental fees (Nonmajor governmental)	-	5,450
Total deferred/unearned revenue for governmental funds	\$ 467,070	\$ 882,889

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 2010 levy was based was \$2,935,115,281. The appraisal function is performed by the Tarrant County Appraisal District.

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, 2010, was \$.463348 per \$100 of assessed valuation.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Property Tax (Continued)

Taxes are due by January 31 following the levy date. Current tax collection for the year ended September 30, 2010, was 99% of the tax levy.

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

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, 2010, were:

	Transfer In				Total
	General	Debt Service	Water and Sewer	Nonmajor Governmental	
Transfer out:					
General fund	\$ -	\$ -	\$ -	\$ 201,200	\$ 201,200
Economic development	-	1,372,919	-	-	1,372,919
Nonmajor government	128,482	102,210	-	-	230,692
Water and sewer	1,865,996	-	-	-	1,865,996
Stormwater utility	220,471	-	217,493	-	437,964
Total transfers out	<u>\$ 2,214,949</u>	<u>\$ 1,475,129</u>	<u>\$ 217,493</u>	<u>\$ 201,200</u>	<u>\$ 4,108,771</u>

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 Enterprise Fund in the immediate future.

The composition of interfund balances as of September 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special revenue fund:	
	Tourism development (nonmajor fund)	\$ 234,282
	Various grants fund (nonmajor fund)	<u>1,535,147</u>
Total governmental		<u>\$ 1,769,429</u>

Interfund balances from all the funds are created by short-term deficiencies in cash position in the individual fund. It is anticipated that the balances will be repaid within one year or less.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Assets/Liabilities (Continued)

Individual fund interfund receivable and payable balances at September 30, 2010, are:

<u>Advances:</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General fund	\$ 300,000	\$ -
Stormwater utility enterprise fund	<u>-</u>	<u>300,000</u>
	<u>\$ 300,000</u>	<u>\$ 300,000</u>

Restricted Assets and Liabilities

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The Interest and Sinking Trust Account is used to segregate resources accumulated for debt service payments over the next 12 months. The Reserve Trust Account is used to report resources set aside to make up potential future deficiencies in the Interest and Sinking Trust Account. The Repair and Replacement Trust Account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

Assets restricted for specific purposes in accordance with bond ordinances or other legal restrictions and related liabilities to be paid from those assets consist of the following at September 30, 2010:

	<u>Interest and Sinking Trust Account</u>	<u>Reserve</u>	<u>Repair and Maintenance</u>	<u>Total</u>
Water and Sewer Fund:				
Assets:				
Investments	\$ 213,956	\$ 405,619	\$ 68,421	\$ 687,996
Liabilities:				
Bond requirements	<u>(157,228)</u>	<u>(433,638)</u>	<u>(65,000)</u>	<u>(655,866)</u>
Excess reserves	<u>\$ 56,728</u>	<u>\$(28,019)</u>	<u>\$ 3,421</u>	<u>\$ 32,130</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following table summarizes changes in capital assets during the year ended September 30, 2010:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 7,099,455	\$ 409,444	\$ -	\$ -	\$ 7,508,899
Construction in progress	2,782,946	7,912,758	-	(201,200)	10,494,504
Total assets not being depreciated	<u>9,882,401</u>	<u>8,322,202</u>	<u>-</u>	<u>(201,200)</u>	<u>18,003,403</u>
Capital assets, being depreciated:					
Buildings	13,448,568	237,500	-	-	13,686,068
Equipment	22,072,500	760,515	(635,915)	-	22,197,100
Improvements other than buildings	120,924,203	-	(3,485)	201,200	121,121,918
Total capital assets being depreciated	<u>156,445,271</u>	<u>998,015</u>	<u>(639,400)</u>	<u>201,200</u>	<u>157,005,086</u>
Less accumulated depreciation:					
Buildings	(7,627,528)	(452,894)	-	-	(8,080,422)
Equipment	(18,906,646)	(1,199,297)	626,477	-	(19,479,466)
Improvements other than buildings	(77,885,611)	(5,803,124)	348	-	(83,688,387)
Total accumulated depreciation	<u>(104,419,785)</u>	<u>(7,455,315)</u>	<u>626,825</u>	<u>-</u>	<u>(111,248,275)</u>
Total capital assets being depreciated, net	<u>52,025,486</u>	<u>(6,457,300)</u>	<u>(12,575)</u>	<u>201,200</u>	<u>45,756,811</u>
Governmental activities capital assets, net	<u>\$ 61,907,887</u>	<u>\$ 1,864,902</u>	<u>\$ (12,575)</u>	<u>\$ -</u>	<u>\$ 63,760,214</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 87,663	\$ -	\$ -	\$ -	\$ 87,663
Construction in progress	10,350	194,856	-	-	205,206
Total assets not being depreciated	<u>98,013</u>	<u>194,856</u>	<u>-</u>	<u>-</u>	<u>292,869</u>
Capital assets, being depreciated:					
Buildings	519,948	-	-	(1,348)	518,600
Utility distribution	61,361,713	309,039	(15,000)	1,348	61,657,100
Total capital assets being depreciated	<u>61,881,661</u>	<u>309,039</u>	<u>(15,000)</u>	<u>-</u>	<u>62,175,700</u>
Less accumulated depreciation:					
Buildings	(480,765)	(22,739)	-	-	(503,504)
Utility distribution	(25,873,703)	(1,403,418)	15,000	-	(27,262,121)
Total accumulated depreciation	<u>(26,354,468)</u>	<u>(1,426,157)</u>	<u>15,000</u>	<u>-</u>	<u>(27,765,625)</u>
Total capital assets being depreciated, net	<u>35,527,193</u>	<u>(1,117,118)</u>	<u>-</u>	<u>-</u>	<u>34,410,075</u>
Business-type activities capital assets, net	<u>\$ 35,625,206</u>	<u>\$ (922,262)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,702,944</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 227,206
Community services	65,251
Public services	1,237,511
Public safety	491,410
Leisure services	5,358,501
Administrative services	<u>25,436</u>
Total depreciation expense - governmental activities	<u>\$ 7,405,315</u>
Business-type activities:	
Water and sewer	\$ 1,182,364
Stormwater collection and disposal	<u>243,793</u>
Total depreciation expense - business-type activities	<u>\$ 1,426,157</u>

Long-term Debt

The following is a summary of the debt transactions of the City for the year ended September 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 46,740,000	\$ 4,885,000	\$ 4,050,000	\$ 47,575,000	\$ 4,392,000
Contractual obligations	180,000	-	180,000	-	-
Tax notes	550,000	-	175,000	375,000	185,000
Compensated absences	1,827,044	1,653,723	1,614,360	1,866,407	622,136
Other post-employment benefits	<u>995,040</u>	<u>139,791</u>	<u>995,040</u>	<u>139,791</u>	<u>-</u>
Governmental activities					
long-term liabilities	<u>\$ 50,292,084</u>	<u>\$ 6,678,514</u>	<u>\$ 7,014,400</u>	<u>\$ 49,956,198</u>	<u>\$ 5,199,136</u>
Business-type activities					
General obligation bonds	\$ 390,000	\$ -	\$ 390,000	\$ -	\$ -
Certificates of obligation	4,625,000	2,035,000	170,000	6,490,000	190,000
Revenue bonds	3,580,000	-	185,000	3,395,000	195,000
Compensated absences	75,991	180,357	162,371	93,977	31,326
Other post-employment benefits	<u>112,282</u>	<u>14,871</u>	<u>112,282</u>	<u>14,871</u>	<u>-</u>
Business-type activities					
long-term liabilities	<u>\$ 8,783,273</u>	<u>\$ 2,230,228</u>	<u>\$ 1,019,653</u>	<u>\$ 9,993,848</u>	<u>\$ 416,326</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Governmental long-term debt consists of the following individual issues at September 30, 2010:

Series	Original Issue	Interest Rate	Debt Outstanding
General Obligation Bonds:			
Series 2002 General Obligation Refunding Bonds (issued in conjunction with business-type debt)	\$ 9,265,000	3.5% to 5.0%	\$ 5,285,000
Series 2003 General Obligation Refunding Bonds (issued in conjunction with business-type debt)	5,765,000	2.0% to 3.7%	770,000
Series 2004 General Obligation Refunding Bonds	12,350,000	2.4% to 5.0%	8,310,000
Series 2005 General Obligation Refunding Bonds	28,600,000	3.25% to 5.0%	24,740,000
Series 2007 General Obligation Bonds	4,000,000	3.875% to 4.875%	3,585,000
Series 2010 General Obligation Bonds	4,885,000	5.00% to 2.50%	<u>4,885,000</u>
Total General Obligation Bonds			47,575,000
Net Bond Premium			<u>1,460,638</u>
			49,035,638
Tax Notes:			
Series 2005 Tax Note	1,025,000	3.25% to 3.5%	<u>375,000</u>
Compensated Absences			
			<u>1,866,407</u>
Other Post-employment Benefits			
			<u>139,791</u>

Business-type long-term debt consists of the following individual issues at September 30, 2010:

Series	Original Issue	Interest Rate	Debt Outstanding
Certificates of Obligation:			
Series 2007 Certificates of Obligation	4,975,000	3.875% to 4.25%	\$ 4,455,000
Series 2010 Certificate of Obligation	2,035,000	3.0% to 4.125%	<u>2,035,000</u>
Total Certificates of Obligation			<u>6,490,000</u>
Revenue Bonds:			
Series 1998 Revenue Bonds	5,070,000	4.25% to 4.75%	1,015,000
Series 2002 Revenue Bonds	3,000,000	4.25% to 6.125%	<u>2,380,000</u>
Total Revenue Bonds			<u>3,395,000</u>
Compensated Absences			
			<u>93,977</u>
Other Post-employment Benefits			
			<u>14,871</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

The annual debt service requirements to amortize the bonds, certificates of obligation, contractual obligations and tax notes outstanding at September 30, 2010, follows:

Governmental Activities:

Fiscal Year Ending September 30,	General Obligation Bonds	Tax Notes	Interest	Total
2011	\$ 4,425,000	\$ 185,000	\$ 2,126,431	\$ 6,736,431
2012	4,740,000	190,000	1,826,876	6,756,876
2013	4,820,000	-	1,640,771	6,460,771
2014	4,870,000	-	1,425,811	6,295,811
2015	5,075,000	-	1,187,184	6,262,184
2016-2020	16,620,000	-	2,880,602	19,500,602
2021-2025	4,720,000	-	884,963	5,604,963
2026-2030	<u>2,305,000</u>	<u>-</u>	<u>212,083</u>	<u>2,517,083</u>
	<u>\$ 47,575,000</u>	<u>\$ 375,000</u>	<u>\$ 12,184,721</u>	<u>\$ 60,134,721</u>

Business-type Activities:

Fiscal Year Ending September 30,	Certificates of Obligation	Revenue Bonds	Interest	Total
2011	\$ 190,000	\$ 195,000	\$ 460,060	\$ 845,060
2012	250,000	205,000	397,008	852,008
2013	265,000	215,000	377,506	857,506
2014	280,000	230,000	356,700	866,700
2015	290,000	240,000	334,496	864,496
2016-2020	1,675,000	1,070,000	1,312,393	4,057,393
2021-2025	2,105,000	835,000	728,988	3,668,988
2026-2030	<u>1,435,000</u>	<u>405,000</u>	<u>126,870</u>	<u>1,966,870</u>
	<u>\$ 6,490,000</u>	<u>\$ 3,395,000</u>	<u>\$ 4,094,021</u>	<u>\$ 13,979,021</u>

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Advance Refunding of Debt

According to GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of September 30, 2010, outstanding balances of bond issues that have been refunded and defeased in substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments total \$31,470,000.

The ordinances authorizing the issuance of water and sewer system revenue bonds created the Interest and Sinking Trust Account, Reserve Trust Account and Repair and Replacement Trust Account. At September 30, 2010, the City had adequate amounts accumulated and included in restricted assets to comply with the bond ordinances.

General obligation bonds authorized and unissued at September 30, 2010, were \$14,575,000.

The General Fund and Tourism Fund have been used to liquidate the governmental fund liability for compensated absences.

Employees' Retirement System

ICMA Retirement Trust

The City participates in the ICMA Retirement Corporation Prototype Money Purchase Retirement Plan and Trust (the "Plan"), a defined contribution plan. The Plan's assets are held in the ICMA Retirement Trust, a trust established by public employers for the collective investment of funds held under the Plan. The City Council must authorize by resolution any amendments to the provisions of the pension plan.

The Plan covers all fulltime employees who have six months of service and are age 18 or older. Benefits vest based on the following schedule:

<u>Completed Years of Service</u>	<u>Nonforfeitable Percentage</u>
0 - 2	50%
3	60%
4	70%
5	80%
6	90%
7 or more	100%

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Employees' Retirement System (Continued)

ICMA Retirement Trust (Continued)

The contribution requirement, as established by the City Council, is 4% of each participant's earnings to be contributed fully by the City. During fiscal year 2010, the City contributed approximately \$871,607 to the Plan. The City's total payroll in the current fiscal year was approximately \$19,366,130, and payroll for covered employees was approximately \$18,756,147. The City is not the administrator or the trustee for the Plan.

Employee Retirement Plan

Texas Municipal Retirement System

Plan Description

Beginning in October 2010, 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 the System. 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.

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:

	<u>Plan Year 2010</u>
Employee deposit rate	5.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	0%
Annuity increase (to retirees)	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.

(continued)

2. **DETAILED NOTES ON ALL FUNDS** (Continued)

Employees' Retirement System (Continued)

Contributions (Continued)

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. The annual pension cost and net pension obligation/(asset) are as follows:

Year	Annual Required Contribution (a)	Interest on Net Pension Obligation (b)	Adjustment to the ARC (c)	Annual Pension Cost (APC) (d)	Actual Contribution Made (e)	Percentage of APC (f)	Net Pension Obligation/ (Asset) (g)
				(a)+(b)+(c)		(e) / (d)	(a) - (e)
09/30/10	\$ 1,024,167	\$ -	\$ -	\$ 1,024,167	\$ 1,024,167	100.0%	\$ -

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Actuarial Valuation Date	12/31/09
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	25 years - closed
Asset valuation method	10-year Smoothed Market
Actuarial Assumptions:	
Investment rate of return	7.5%
Projected salary increases	Varies by age and service
Inflation	3.0%
Cost-of-living adjustments	0.0%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actual Valuation Date	12/31/09
Actuarial value of assets	\$ 320,805
Actuarial accrued liability	8,653,917
Percent funded	3.7%
Unfunded (overfunded) actuarial accrued liability (UAAL)	8,333,114
Annual covered payroll	2,866,929
UAAL as a percentage of covered payroll	290.7%

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Postemployment 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 45, employees who will be required to contribute the full age based cost of coverage for the City's Health Plan do not receive an Other Postemployment Benefit.

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.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

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 with thirty (30) days of retirement. Anyone electing this coverage must meet all of the eligibility rules of the plan.

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 of Bedford. 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."

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Policy Information (Continued)

Retiree Health Plan Benefit Coverage (Continued)

- 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.
- 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, she 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 fulltime employees.

Definitions

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

(continued)

2. **DETAILED NOTES ON ALL FUNDS** (Continued)

Policy Authority

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

Related Policies/References for More Information

None

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 thirty (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.

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 of Bedford 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 of Bedford 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.

(continued)

2. **DETAILED NOTES ON ALL FUNDS** (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 176,109
Interest on Net OPEB Obligation	-
Adjustment to the ARC	<u>-</u>
Annual OPEB Cost	176,109
Employer Contributions with Interest	(21,447)
Increase (Decrease) in Net OPEB Obligation	(952,660)
Net OPEB Obligation, beginning of year	<u>1,107,322</u>
Net OPEB Obligation, end of year	<u>\$ 154,662</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

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 (4.5% discount rate, and Projected Unit Credit Cost method).

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/10	\$ 176,109	\$ 21,447	12%	\$ 154,662

Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll
11/30/09	\$ -	\$ 2,467,613	\$ 2,467,613	- %	\$ 16,465,708

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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 September 30, 2010, actuarial valuation, the Projected Unit Credit Cost Method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after a number of years. Both rates include a 3.0 percent 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 September 30, 2010, was 30 years.

Commitments and Contingencies

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 (the "Risk Pool") to provide insurance for workers' compensation benefits, liability and property coverage.

At September 30, 2010, 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.

(continued)

2. DETAILED NOTES ON ALL FUNDS (Continued)

Commitments and Contingencies (Continued)

Contracts

In 1972, the City entered into a contract with the Trinity River Authority (“TRA”) for the purchase of water. The contract is in effect for a period of 35 years from the date the Authority began receiving water from the Tarrant Water District (which was in 1974) and shall continue 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 in fiscal 2010 were approximately \$6,949,660.

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 \$2,679,999 were made in fiscal 2010.

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.

Special Item

During the year, the City adopted a new Other Postemployment Benefits plan for its employees. The gain generated from this change is reported as revenue (as a special item) in the government-wide financial statements (\$995,040) and as a special item in the Proprietary Fund Statements of Revenues, Expenses and Changes in Fund Net Assets (\$112,282).

**REQUIRED
SUPPLEMENTAL INFORMATION**



GENERAL FUND

The *General Fund* accounts for the resources used to finance the fundamental operations of the City. It is the basic fund of the City and covers all activities for which a separate fund has not been established.

CITY OF BEDFORD, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes, penalty and interest	\$ 20,082,399	\$ 20,082,399	\$ 19,489,620	\$(592,779)
Licenses and permits	745,800	745,800	710,722	(35,078)
Charges for services	2,280,700	2,280,700	2,232,194	(48,506)
Fines and forfeitures	1,240,000	1,240,000	1,201,247	(38,753)
Support from other governmental entities	567,300	567,300	536,328	(30,972)
Interest	60,160	60,160	55,695	(4,465)
Miscellaneous	180,100	180,100	195,871	15,771
Total revenues	<u>25,156,459</u>	<u>25,156,459</u>	<u>24,421,677</u>	<u>(734,782)</u>
EXPENDITURES				
General government:				
City council	105,031	105,031	95,021	10,010
City manager	402,967	402,967	420,699	(17,732)
City secretary	220,409	220,409	194,605	25,804
Information systems	626,354	626,354	634,427	(8,073)
Human resources	556,867	589,867	523,696	66,171
Total general government	<u>1,911,628</u>	<u>1,944,628</u>	<u>1,868,448</u>	<u>76,180</u>
Community services:				
Economic development	191,102	191,102	144,991	46,111
Planning and zoning	366,919	366,919	342,595	24,324
Inspections	536,655	536,655	553,180	(16,525)
Total community services	<u>1,094,676</u>	<u>1,094,676</u>	<u>1,040,766</u>	<u>53,910</u>
Public services:				
Facilities maintenance	620,358	620,358	598,735	21,623
Maintenance services	254,678	254,678	244,824	9,854
Streets	1,050,789	1,050,789	1,015,647	35,142
Total public services	<u>1,925,825</u>	<u>1,925,825</u>	<u>1,859,206</u>	<u>66,619</u>
Administrative services:				
Finance	523,399	523,399	533,610	(10,211)
Nondepartmental	611,689	611,689	642,821	(31,132)
Municipal court	544,969	544,969	543,678	1,291
Teen court	162,266	162,266	159,860	2,406
Total administrative services	<u>1,842,323</u>	<u>1,842,323</u>	<u>1,879,969</u>	<u>(37,646)</u>

(continued)

CITY OF BEDFORD, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)

GENERAL FUND
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES				
Public safety:				
Administration	\$ 1,267,430	\$ 1,276,406	\$ 1,296,323	\$(19,917)
Animal control	361,994	361,994	360,614	1,380
Criminal investigation division	1,408,546	1,408,546	1,450,608	(42,062)
Community services	825,579	825,579	784,510	41,069
SWAT	18,660	18,660	19,428	(768)
Patrol	4,615,277	4,615,277	4,355,109	260,168
Traffic	524,492	524,492	465,376	59,116
Dispatch	664,028	664,028	651,194	12,834
Jail	802,423	802,423	804,049	(1,626)
Records	384,245	384,245	382,794	1,451
Fire operations	<u>5,867,638</u>	<u>5,867,638</u>	<u>5,952,424</u>	<u>(84,786)</u>
Total public safety	<u>16,740,312</u>	<u>16,749,288</u>	<u>16,522,429</u>	<u>226,859</u>
Leisure services:				
Library	1,281,989	1,281,989	1,141,423	140,566
Parks	1,303,605	1,303,605	1,259,632	43,973
Recreation	559,966	526,966	561,408	(34,442)
Senior citizens	270,149	270,149	251,432	18,717
Splash	<u>471,760</u>	<u>471,760</u>	<u>423,007</u>	<u>48,753</u>
Total leisure services	<u>3,887,469</u>	<u>3,854,469</u>	<u>3,636,902</u>	<u>217,567</u>
Capital outlay	<u>243,162</u>	<u>234,186</u>	<u>1,408,113</u>	<u>(1,173,927)</u>
Total expenditures	<u>27,645,395</u>	<u>27,645,395</u>	<u>28,215,833</u>	<u>(570,438)</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>(2,488,936)</u>	<u>(2,488,936)</u>	<u>(3,794,156)</u>	<u>(1,305,220)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,209,117	2,209,117	2,214,949	5,832
Transfers out	(360)	(360)	(201,200)	(200,840)
Proceeds from the sale of capital asset	5,000	5,000	38,152	33,152
Insurance proceeds	<u>25,000</u>	<u>25,000</u>	<u>55,023</u>	<u>30,023</u>
Total other financing sources and uses	<u>2,238,757</u>	<u>2,238,757</u>	<u>2,106,924</u>	<u>(131,833)</u>
NET CHANGE IN FUND BALANCES	<u>(250,179)</u>	<u>(250,179)</u>	<u>(1,687,232)</u>	<u>(1,437,053)</u>
FUND BALANCES, BEGINNING	<u>7,689,696</u>	<u>7,689,696</u>	<u>7,689,696</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 7,439,517</u>	<u>\$ 7,439,517</u>	<u>\$ 6,002,464</u>	<u>\$(1,437,053)</u>

CITY OF BEDFORD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (GAAP)**

SPECIAL REVENUE FUND

ECONOMIC DEVELOPMENT 4B

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes, penalty and interest	\$ 2,380,000	\$ 2,380,000	\$ 2,382,754	\$ 2,754
Interest	<u>17,500</u>	<u>17,500</u>	<u>28,530</u>	<u>11,030</u>
Total revenues	<u>2,397,500</u>	<u>2,397,500</u>	<u>2,411,284</u>	<u>13,784</u>
EXPENDITURES				
Current:				
Public services	1,648,000	2,548,000	1,767,894	780,106
Capital outlay	<u>243,300</u>	<u>243,300</u>	<u>241,031</u>	<u>2,269</u>
Total expenditures	<u>1,891,300</u>	<u>2,791,300</u>	<u>2,008,925</u>	<u>782,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>506,200</u>	<u>(393,800)</u>	<u>402,359</u>	<u>796,159</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,372,919)	(1,372,919)	(1,372,919)	-
Proceeds from sale of capital asset	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total other financing sources and uses	<u>(1,372,919)</u>	<u>(1,372,919)</u>	<u>(1,367,919)</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCES	(866,719)	(1,766,719)	(965,560)	801,159
FUND BALANCES, BEGINNING	<u>3,044,579</u>	<u>3,044,579</u>	<u>3,044,579</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,177,860</u>	<u>\$ 1,277,860</u>	<u>\$ 2,079,019</u>	<u>\$ 801,159</u>

CITY OF BEDFORD, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2010

1. BUDGETARY INFORMATION

Annual budgets are adopted for the General, Debt Service, Court Security, Drug Forfeiture, Tourism Development, Park Donation, Beautification Commission, Economic Development, and Police Training funds using the modified accrual basis of accounting.

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

- a) 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.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to September 30, the budget is legally enacted through passage of an ordinance.
- d) 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.
- e) Midyear budget revisions are made based on revised revenue projections and/or expenditure adjustments. The budget was amended during the year.
- f) All unexpended appropriations lapse at year-end.



**COMBINING FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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.

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.

Police 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.

Northeast Fire Department Association Grant Fund – This fund accounts for Homeland Security Grant funds used for the purchase of major homeland security related apparatus and equipment to be used by participating agencies in the Northeast Tarrant County region.

Citizen's Emergency Response Team Grant Fund – This fund accounts for funds used for training citizen volunteers to assist in local emergency response situations.

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

NETCO/Motorola Rebanding – This fund accounts for The City of Bedford'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 GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 841,823	\$ 1,302,925	\$ 2,144,748
Receivables:			
Accounts	4,806	-	4,806
Other	187,299	-	187,299
Due from other governments	<u>1,975,915</u>	<u>-</u>	<u>1,975,915</u>
 Total assets	 <u>\$ 3,009,843</u>	 <u>\$ 1,302,925</u>	 <u>\$ 4,312,768</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 532,817	\$ 33,722	\$ 566,539
Deferred revenues	5,450	-	5,450
Due to other funds	<u>1,769,429</u>	<u>-</u>	<u>1,769,429</u>
Total liabilities	<u>2,307,696</u>	<u>33,722</u>	<u>2,341,418</u>
Fund balances:			
Unreserved, reported in:			
Special revenue	702,147	-	702,147
Capital projects	<u>-</u>	<u>1,269,203</u>	<u>1,269,203</u>
Total fund balances	<u>702,147</u>	<u>1,269,203</u>	<u>1,971,350</u>
 Total liabilities and fund balances	 <u>\$ 3,009,843</u>	 <u>\$ 1,302,925</u>	 <u>\$ 4,312,768</u>

CITY OF BEDFORD, TEXAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes, penalty and interest	\$ 557,129	\$ -	\$ 557,129
Charges for services	290,676	-	290,676
Fines and forfeitures	719,153	-	719,153
Support from governmental entities	2,497,824	-	2,497,824
Interest	3,765	6,672	10,437
Miscellaneous	<u>63,278</u>	<u>-</u>	<u>63,278</u>
Total revenues	<u>4,131,825</u>	<u>6,672</u>	<u>4,138,497</u>
EXPENDITURES			
Current:			
General government	12,971	-	12,971
Administrative Services	66,966	-	66,966
Community services	773,236	-	773,236
Public services	-	51,047	51,047
Public safety	588,191	33,595	621,786
Leisure	20,055	9,705	29,760
Capital outlay	2,471,225	5,071,748	7,542,973
Debt service:			
Bond issuance costs	<u>-</u>	<u>51,500</u>	<u>51,500</u>
Total expenditures	<u>3,932,644</u>	<u>5,217,595</u>	<u>9,150,239</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>199,181</u>	<u>(5,210,923)</u>	<u>(5,011,742)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	201,200	-	201,200
Transfers out	<u>(218,542)</u>	<u>(12,150)</u>	<u>(230,692)</u>
Total other financing sources (uses)	<u>(17,342)</u>	<u>4,872,850</u>	<u>4,855,508</u>
NET CHANGE IN FUND BALANCES	181,839	(338,073)	(156,234)
FUND BALANCES, BEGINNING	<u>520,308</u>	<u>1,607,276</u>	<u>2,127,584</u>
FUND BALANCES, ENDING	<u>\$ 702,147</u>	<u>\$ 1,269,203</u>	<u>\$ 1,971,350</u>

CITY OF BEDFORD, TEXAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2010

	<u>Miscellaneous Donations</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Park Donation</u>	<u>Drug Forfeiture</u>	<u>Beautification Commission</u>
ASSETS						
Cash and cash equivalents	\$ 180,334	\$ 7,716	\$ 92,781	\$ 60,933	\$ 32,314	\$ 27,074
Receivables:						
Accounts	-	-	-	158	2,311	-
Other	-	-	-	-	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 180,334</u>	<u>\$ 7,716</u>	<u>\$ 92,781</u>	<u>\$ 61,091</u>	<u>\$ 34,625</u>	<u>\$ 27,074</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,429	\$ -	\$ 100	\$ -	\$ 10,084	\$ 498
Deferred revenues	-	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,429</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>10,084</u>	<u>498</u>
Fund balances	<u>178,905</u>	<u>7,716</u>	<u>92,681</u>	<u>61,091</u>	<u>24,541</u>	<u>26,576</u>
Total liabilities and fund balances	<u>\$ 180,334</u>	<u>\$ 7,716</u>	<u>\$ 92,781</u>	<u>\$ 61,091</u>	<u>\$ 34,625</u>	<u>\$ 27,074</u>

<u>Police Training</u>	<u>Tourism Development</u>	<u>Local Law Enforcement Grant</u>	<u>Regional Fire Grant</u>	<u>Red Light</u>	<u>NETCO Motorola</u>	<u>Various Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 12,096	\$ -	\$ 1,115	\$ 5,020	\$ 416,446	\$ 5,994	\$ -	\$ 841,823
-	2,337	-	-	-	-	-	4,806
-	127,508	-	-	59,791	-	-	187,299
-	-	-	-	-	-	1,975,915	1,975,915
<u>\$ 12,096</u>	<u>\$ 129,845</u>	<u>\$ 1,115</u>	<u>\$ 5,020</u>	<u>\$ 476,237</u>	<u>\$ 5,994</u>	<u>\$ 1,975,915</u>	<u>\$ 3,009,843</u>
\$ 300	\$ 116,768	\$ -	\$ -	\$ 162,252	\$ -	\$ 241,386	\$ 532,817
-	5,450	-	-	-	-	-	5,450
-	234,282	-	-	-	-	1,535,147	1,769,429
<u>300</u>	<u>356,500</u>	<u>-</u>	<u>-</u>	<u>162,252</u>	<u>-</u>	<u>1,776,533</u>	<u>2,307,696</u>
<u>11,796</u>	<u>(226,655)</u>	<u>1,115</u>	<u>5,020</u>	<u>313,985</u>	<u>5,994</u>	<u>199,382</u>	<u>702,147</u>
<u>\$ 12,096</u>	<u>\$ 129,845</u>	<u>\$ 1,115</u>	<u>\$ 5,020</u>	<u>\$ 476,237</u>	<u>\$ 5,994</u>	<u>\$ 1,975,915</u>	<u>\$ 3,009,843</u>

CITY OF BEDFORD, TEXAS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Miscellaneous Donations</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Park Donation</u>	<u>Drug Forfeiture</u>	<u>Beautification Commission</u>
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	29,708	-	-	-	-
Fines and forfeits	-	-	39,306	-	-	-
Support from other governmental entities	-	-	-	-	38,004	-
Interest	1,328	12	1,139	103	461	44
Miscellaneous	<u>43,746</u>	<u>-</u>	<u>-</u>	<u>4,052</u>	<u>-</u>	<u>10,000</u>
Total revenues	<u>45,074</u>	<u>29,720</u>	<u>40,445</u>	<u>4,155</u>	<u>38,465</u>	<u>10,044</u>
EXPENDITURES						
Current:						
General government	12,971	-	-	-	-	-
Administrative services	9,008	-	7,958	-	-	-
Community services	-	-	-	-	-	-
Public safety	25,847	-	-	-	59,602	-
Leisure	-	-	-	-	-	2,085
Capital outlay	<u>17,172</u>	<u>-</u>	<u>44,966</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>64,998</u>	<u>-</u>	<u>52,924</u>	<u>-</u>	<u>59,602</u>	<u>2,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>(19,924)</u>	<u>29,720</u>	<u>(12,479)</u>	<u>4,155</u>	<u>(21,137)</u>	<u>7,959</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>(28,682)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(28,682)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES						
	<u>(19,924)</u>	<u>1,038</u>	<u>(12,479)</u>	<u>4,155</u>	<u>(21,137)</u>	<u>7,959</u>
FUND BALANCES, BEGINNING						
	<u>198,829</u>	<u>6,678</u>	<u>105,160</u>	<u>56,936</u>	<u>45,678</u>	<u>18,617</u>
FUND BALANCES, ENDING						
	<u>\$ 178,905</u>	<u>\$ 7,716</u>	<u>\$ 92,681</u>	<u>\$ 61,091</u>	<u>\$ 24,541</u>	<u>\$ 26,576</u>

<u>Police Training</u>	<u>Tourism Development</u>	<u>Local Law Enforcement Grant</u>	<u>Regional Fire Grant</u>	<u>Red Light</u>	<u>NETCO Motorola</u>	<u>Various Grants</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 557,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,129
-	260,968	-	-	-	-	-	290,676
-	-	-	-	679,847	-	-	719,153
6,997	-	-	-	-	-	2,452,823	2,497,824
21	-	2	9	620	9	17	3,765
-	4,315	-	-	-	1,165	-	63,278
<u>7,018</u>	<u>822,412</u>	<u>2</u>	<u>9</u>	<u>680,467</u>	<u>1,174</u>	<u>2,452,840</u>	<u>4,131,825</u>
-	-	-	-	-	-	-	12,971
-	-	-	-	-	-	50,000	66,966
-	773,236	-	-	-	-	-	773,236
6,377	-	-	-	494,918	-	1,447	588,191
-	-	-	-	-	-	17,970	20,055
-	-	-	-	25,410	-	2,383,677	2,471,225
<u>6,377</u>	<u>773,236</u>	<u>-</u>	<u>-</u>	<u>520,328</u>	<u>-</u>	<u>2,453,094</u>	<u>3,932,644</u>
<u>641</u>	<u>49,176</u>	<u>2</u>	<u>9</u>	<u>160,139</u>	<u>1,174</u>	<u>(254)</u>	<u>199,181</u>
-	-	-	-	-	-	201,200	201,200
-	(189,860)	-	-	-	-	-	(218,542)
-	(189,860)	-	-	-	-	201,200	(17,342)
641	(140,684)	2	9	160,139	1,174	200,946	181,839
<u>11,155</u>	<u>(85,971)</u>	<u>1,113</u>	<u>5,011</u>	<u>153,846</u>	<u>4,820</u>	<u>(1,564)</u>	<u>520,308</u>
<u>\$ 11,796</u>	<u>\$ (226,655)</u>	<u>\$ 1,115</u>	<u>\$ 5,020</u>	<u>\$ 313,985</u>	<u>\$ 5,994</u>	<u>\$ 199,382</u>	<u>\$ 702,147</u>

CITY OF BEDFORD, TEXAS

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

BUDGETED NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED SEPTEMBER 30, 2010

	Court Security			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	29,000	29,000	29,708	708
Fines and forfeits	-	-	-	-
Support from other governmental entities	-	-	-	-
Interest	-	-	12	12
Miscellaneous	-	-	-	-
Total revenues	29,000	29,000	29,720	720
EXPENDITURES				
General government	-	-	-	-
Community services	-	-	-	-
Public safety	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	29,000	29,000	29,720	720
OTHER FINANCING SOURCES (USES)				
Transfers out	(28,682)	(28,682)	(28,682)	-
Total other financing sources (uses)	(28,682)	(28,682)	(28,682)	-
NET CHANGE IN FUND BALANCES	318	318	1,038	720
FUND BALANCES, BEGINNING	6,678	6,678	6,678	-
FUND BALANCES, ENDING	\$ 6,996	\$ 6,996	\$ 7,716	\$ 720

Court Technology				Park Donation			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
40,000	40,000	39,306	(694)	-	-	-	-
-	-	-	-	-	-	-	-
700	700	1,139	439	200	200	103	(97)
-	-	-	-	45,500	45,500	4,052	(41,448)
<u>40,700</u>	<u>40,700</u>	<u>40,445</u>	<u>(255)</u>	<u>45,700</u>	<u>45,700</u>	<u>4,155</u>	<u>(41,545)</u>
9,720	9,720	7,958	1,762	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>43,674</u>	<u>43,674</u>	<u>44,966</u>	<u>(1,292)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>53,394</u>	<u>53,394</u>	<u>52,924</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(12,694)	(12,694)	(12,479)	215	45,700	45,700	4,155	(41,545)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(12,694)	(12,694)	(12,479)	215	45,700	45,700	4,155	(41,545)
<u>105,160</u>	<u>105,160</u>	<u>105,160</u>	<u>-</u>	<u>56,936</u>	<u>56,936</u>	<u>56,936</u>	<u>-</u>
<u>\$ 92,466</u>	<u>\$ 92,466</u>	<u>\$ 92,681</u>	<u>\$ 215</u>	<u>\$ 102,636</u>	<u>\$ 102,636</u>	<u>\$ 61,091</u>	<u>\$ (41,545)</u>

(continued)

CITY OF BEDFORD, TEXAS

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

BUDGETED NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

YEAR ENDED SEPTEMBER 30, 2009

	Drug Forfeiture			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Support from other governmental entities	-	-	38,004	38,004
Interest	240	240	461	221
Miscellaneous	-	-	-	-
Total revenues	240	240	38,465	38,225
EXPENDITURES				
General government	-	-	-	-
Community services	-	-	-	-
Public safety	15,000	15,000	59,602	(44,602)
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	15,000	15,000	59,602	(44,602)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(14,760)	(14,760)	(21,137)	(6,377)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	(14,760)	(14,760)	(21,137)	(6,377)
FUND BALANCES, BEGINNING	45,678	45,678	45,678	-
FUND BALANCES, ENDING	\$ 30,918	\$ 30,918	\$ 24,541	\$(6,377)

Beautification Commission				Police Training			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,000	7,000	6,997	(3)
100	100	44	(56)	60	60	21	(39)
<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,100</u>	<u>10,100</u>	<u>10,044</u>	<u>(56)</u>	<u>7,060</u>	<u>7,060</u>	<u>7,018</u>	<u>(42)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,600	6,600	6,377	223
-	-	2,085	(2,085)	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,085</u>	<u>(2,085)</u>	<u>6,600</u>	<u>6,600</u>	<u>6,377</u>	<u>223</u>
<u>10,100</u>	<u>10,100</u>	<u>7,959</u>	<u>(2,141)</u>	<u>460</u>	<u>460</u>	<u>641</u>	<u>181</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,100	10,100	7,959	(2,141)	460	460	641	181
<u>18,617</u>	<u>18,617</u>	<u>18,617</u>	<u>-</u>	<u>11,155</u>	<u>11,155</u>	<u>11,155</u>	<u>-</u>
<u>\$ 28,717</u>	<u>\$ 28,717</u>	<u>\$ 26,576</u>	<u>\$(2,141)</u>	<u>\$ 11,615</u>	<u>\$ 11,615</u>	<u>\$ 11,796</u>	<u>\$ 181</u>

(continued)

CITY OF BEDFORD, TEXAS

**COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

BUDGETED NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

YEAR ENDED SEPTEMBER 30, 2010

	Tourism Development			
	Original Budget	Final Budget	Actual	Variance from Budget
REVENUES				
Taxes	\$ 755,000	\$ 755,000	\$ 557,129	\$(197,871)
Charges for services	290,410	290,410	260,968	(29,442)
Fines and forfeits	-	-	-	-
Support from other governmental entities	-	-	-	-
Interest	7,100	7,100	-	(7,100)
Miscellaneous	19,404	19,404	4,315	(15,089)
Total revenues	<u>1,071,914</u>	<u>1,071,914</u>	<u>822,412</u>	<u>(249,502)</u>
EXPENDITURES				
General government	-	-	-	-
Community services	882,030	882,030	773,236	108,794
Public safety	-	-	-	-
Leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>882,030</u>	<u>882,030</u>	<u>773,236</u>	<u>108,794</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>189,884</u>	<u>189,884</u>	<u>49,176</u>	<u>(140,708)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(189,860)	(189,860)	(189,860)	-
Total other financing sources (uses)	<u>(189,860)</u>	<u>(189,860)</u>	<u>(189,860)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	24	24	(140,684)	(140,708)
FUND BALANCES, BEGINNING	(85,971)	(85,971)	(85,971)	-
FUND BALANCES, ENDING	<u>\$(85,947)</u>	<u>\$(85,947)</u>	<u>\$(226,655)</u>	<u>\$(140,708)</u>

Red Light				Totals			
Original Budget	Final Budget	Actual	Variance from Budget	Original Budget	Final Budget	Actual	Variance from Budget
\$ -	\$ -	\$ -	\$ -	\$ 755,000	\$ 755,000	\$ 557,129	\$(197,871)
-	-	-	-	319,410	319,410	290,676	(28,734)
515,347	515,347	679,847	164,500	555,347	555,347	719,153	163,806
-	-	-	-	7,000	7,000	45,001	38,001
766	766	620	(146)	9,166	9,166	2,400	(6,766)
-	-	-	-	74,904	74,904	18,367	(56,537)
<u>516,113</u>	<u>516,113</u>	<u>680,467</u>	<u>164,354</u>	<u>1,720,827</u>	<u>1,720,827</u>	<u>1,632,726</u>	<u>(88,101)</u>
-	-	-	-	9,720	9,720	7,958	1,762
-	-	-	-	882,030	882,030	773,236	108,794
380,560	394,180	494,918	(100,738)	402,160	415,780	560,897	(145,117)
-	-	25,410	(25,410)	-	-	27,495	(27,495)
-	-	-	-	43,674	43,674	44,966	(1,292)
<u>380,560</u>	<u>394,180</u>	<u>520,328</u>	<u>(126,148)</u>	<u>1,337,584</u>	<u>1,351,204</u>	<u>1,414,552</u>	<u>(63,348)</u>
<u>135,553</u>	<u>121,933</u>	<u>160,139</u>	<u>38,206</u>	<u>383,243</u>	<u>369,623</u>	<u>218,174</u>	<u>(151,449)</u>
-	-	-	-	(218,542)	(218,542)	(218,542)	-
-	-	-	-	(218,542)	(218,542)	(218,542)	-
135,553	121,933	160,139	38,206	164,701	151,081	(368)	(151,449)
<u>153,846</u>	<u>153,846</u>	<u>153,846</u>	<u>-</u>	<u>312,099</u>	<u>312,099</u>	<u>312,099</u>	<u>-</u>
<u>\$ 289,399</u>	<u>\$ 275,779</u>	<u>\$ 313,985</u>	<u>\$ 38,206</u>	<u>\$ 476,800</u>	<u>\$ 463,180</u>	<u>\$ 311,731</u>	<u>\$(151,449)</u>

DEBT SERVICE FUND

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

CITY OF BEDFORD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance from Budget
	Original	Final		
REVENUES				
Taxes, penalty and interest	\$ 4,903,912	\$ 4,903,912	\$ 4,854,232	\$ (49,680)
Interest	8,000	8,000	23,531	15,531
Miscellaneous	37,963	37,963	41,245	3,282
Total revenues	4,949,875	4,949,875	4,919,008	(30,867)
EXPENDITURES				
Principal on debt	4,405,000	4,405,000	4,405,000	-
Interest and fiscal agent fees	2,020,004	2,020,004	1,996,207	23,797
Total expenditures	6,425,004	6,425,004	6,401,207	23,797
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,475,129)	(1,475,129)	(1,482,199)	(7,070)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,475,129	1,475,129	1,475,129	-
Total other financing sources and uses	1,475,129	1,475,129	1,475,129	-
NET CHANGE IN FUND BALANCES	-	-	(7,070)	(7,070)
FUND BALANCES, BEGINNING	1,247,939	1,247,939	1,247,939	-
FUND BALANCES, ENDING	\$ 1,247,939	\$ 1,247,939	\$ 1,240,869	\$(7,070)

CAPITAL PROJECTS FUNDS

The *Capital Projects Fund* is 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 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 2010 – to account for construction projects authorized for the General Obligation Series 2010 bond issue.

CITY OF BEDFORD, TEXAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2010

	<u>Series 2002</u>	<u>Series 2003</u>	<u>Series 2004</u>	<u>Series 2007</u>	<u>Series 2010</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ <u>207,767</u>	\$ <u>3,638</u>	\$ <u>404,926</u>	\$ <u>652,804</u>	\$ <u>33,790</u>	\$ <u>1,302,925</u>
Total assets	\$ <u><u>207,767</u></u>	\$ <u><u>3,638</u></u>	\$ <u><u>404,926</u></u>	\$ <u><u>652,804</u></u>	\$ <u><u>33,790</u></u>	\$ <u><u>1,302,925</u></u>
LIABILITIES AND FUND BALANCES						
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33,722</u>	\$ <u>33,722</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,722</u>	<u>33,722</u>
Fund balances	<u>207,767</u>	<u>3,638</u>	<u>404,926</u>	<u>652,804</u>	<u>68</u>	<u>1,269,203</u>
Total liabilities and fund balances	\$ <u><u>207,767</u></u>	\$ <u><u>3,638</u></u>	\$ <u><u>404,926</u></u>	\$ <u><u>652,804</u></u>	\$ <u><u>33,790</u></u>	\$ <u><u>1,302,925</u></u>

CITY OF BEDFORD, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR CAPITAL PROJECTS FUNDS

YEAR ENDED SEPTEMBER 30, 2010

	<u>Series 2002</u>	<u>Series 2003</u>	<u>Series 2004</u>	<u>Series 2007</u>	<u>Series 2010</u>	<u>Totals</u>
REVENUES						
Interest	\$ <u>572</u>	\$ <u>6</u>	\$ <u>991</u>	\$ <u>1,572</u>	\$ <u>3,531</u>	\$ <u>6,672</u>
Total revenues	<u>572</u>	<u>6</u>	<u>991</u>	<u>1,572</u>	<u>3,531</u>	<u>6,672</u>
EXPENDITURES						
Public services	-	-	51,047	-	-	51,047
Public safety	33,595	-	-	-	-	33,595
Leisure services	-	-	9,705	-	-	9,705
Capital outlay	75,440	-	17,598	141,747	4,836,963	5,071,748
Debt service:						
Bond issuance costs	<u>(4,100)</u>	<u>-</u>	<u>4,100</u>	<u>-</u>	<u>51,500</u>	<u>51,500</u>
Total expenditures	<u>104,935</u>	<u>-</u>	<u>82,450</u>	<u>141,747</u>	<u>4,888,463</u>	<u>5,217,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>(104,363)</u>	<u>6</u>	<u>(81,459)</u>	<u>(140,175)</u>	<u>(4,884,932)</u>	<u>(5,210,923)</u>
OTHER FINANCING SOURCES						
Proceeds from the sale of debt, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,885,000</u>	<u>4,885,000</u>
Total other financing sources	<u>(12,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,885,000</u>	<u>4,872,850</u>
NET CHANGE IN FUND BALANCES						
	<u>(116,513)</u>	<u>6</u>	<u>(81,459)</u>	<u>(140,175)</u>	<u>68</u>	<u>(338,073)</u>
FUND BALANCES, BEGINNING						
	<u>324,280</u>	<u>3,632</u>	<u>486,385</u>	<u>792,979</u>	<u>-</u>	<u>1,607,276</u>
FUND BALANCES, ENDING						
	\$ <u>207,767</u>	\$ <u>3,638</u>	\$ <u>404,926</u>	\$ <u>652,804</u>	\$ <u>68</u>	\$ <u>1,269,203</u>

STATISTICAL SECTION



STATISTICAL SECTION

This part of the City of Bedford, Texas' 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 government's overall financial health.

Contents

	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	69 – 76
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax.	77 – 82
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	83 – 89
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	90 – 91
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	92 – 94

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



FINANCIAL TRENDS



TABLE 1

CITY OF BEDFORD, TEXAS

NET ASSETS BY COMPONENT

**LAST EIGHT FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
Invested in capital assets, net of related debt	\$ 31,145,948	\$ 21,399,758	\$ 22,052,609	\$ 20,152,043	\$ 18,066,323	\$ 14,984,593	\$ 15,746,263	\$ 15,639,418
Restricted	5,845,813	7,470,270	10,479,326	10,170,951	10,684,040	9,252,835	8,175,954	7,306,010
Unrestricted	<u>4,882,749</u>	<u>9,308,365</u>	<u>6,289,258</u>	<u>8,718,258</u>	<u>10,515,405</u>	<u>11,143,963</u>	<u>6,437,967</u>	<u>6,795,025</u>
Total governmental activities net assets	<u>\$ 41,874,510</u>	<u>\$ 38,178,393</u>	<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>
Business-type activities:								
Invested in capital assets, net of related debt	\$ 26,910,671	\$ 26,638,461	\$ 27,281,585	\$ 27,720,235	\$ 28,252,592	\$ 25,633,370	\$ 27,674,312	\$ 26,993,812
Restricted	533,310	479,614	660,668	633,948	775,601	574,491	576,397	576,397
Unrestricted	<u>4,562,493</u>	<u>4,926,531</u>	<u>4,192,650</u>	<u>4,368,465</u>	<u>2,873,279</u>	<u>3,846,498</u>	<u>985,709</u>	<u>1,547,031</u>
Total business-type activities net assets	<u>\$ 32,006,474</u>	<u>\$ 32,044,606</u>	<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>
Primary government:								
Invested in capital assets, net of related debt	\$ 58,056,619	\$ 48,038,219	\$ 49,334,194	\$ 47,872,278	\$ 46,318,915	\$ 40,617,963	\$ 43,420,575	\$ 42,633,230
Restricted	6,379,123	7,949,884	11,139,994	10,804,899	11,459,641	9,827,326	8,752,351	7,882,407
Unrestricted	<u>9,445,242</u>	<u>14,234,896</u>	<u>10,481,908</u>	<u>13,086,723</u>	<u>13,388,684</u>	<u>14,990,461</u>	<u>7,423,676</u>	<u>8,342,056</u>
Total primary government net assets	<u>\$ 73,880,984</u>	<u>\$ 70,222,999</u>	<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>

Note:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004 and restated 2003 to be comparable.

CITY OF BEDFORD, TEXAS

CHANGES IN NET ASSETS

LAST EIGHT FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
EXPENSES			
Governmental activities:			
General government	\$ 3,425,412	\$ 3,522,415	\$ 3,508,689
Community services	1,579,140	1,389,664	1,171,199
Public services	7,701,405	7,741,427	7,160,271
Public safety	14,037,183	14,304,884	14,736,575
Leisure services	3,929,286	3,856,045	3,168,021
Interest on long-term debt	3,101,736	2,875,781	2,232,690
Total governmental activities expenses	33,774,162	33,690,216	31,977,445
Business-type activities:			
Water and sewer	13,048,752	12,528,401	11,512,181
Stormwater collection and disposal	713,653	664,883	608,602
Total business-type activities expenses	13,762,405	13,193,284	12,120,783
 Total primary government program expenses	 \$ 47,536,567	 \$ 46,883,500	 \$ 44,098,228
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government	\$ 1,620,115	\$ 1,668,352	\$ 72,339
Community services	782,958	820,417	791,041
Public services	106,765	102,917	142,295
Public safety	2,547,762	2,460,452	2,358,206
Leisure services	715,168	754,757	526,822
Operating grants and contributions	1,023,693	738,079	579,295
Capital grants and contributions	-	311,640	1,867,438
Total governmental activities program revenues	6,796,461	6,856,614	6,337,436
Business-type activities:			
Charges for services:			
Water and sewer	11,621,283	12,115,682	12,886,431
Wastewater collection and disposal	1,231,784	1,267,241	1,263,409
Operating grants and contributions	-	7,500	26,815
Capital grants and contributions	-	-	-
Total business-type activities program revenues	12,853,067	13,390,423	14,176,655
 Total primary government program revenues	 \$ 19,649,528	 \$ 20,247,037	 \$ 20,514,091

TABLE 2

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	3,445,079	\$	3,837,032	\$	3,824,933	\$	4,184,723	\$	4,117,515
	1,393,991		1,549,822		1,847,222		2,270,248		1,883,752
	7,914,908		7,636,447		10,375,836		8,185,269		9,038,955
	15,393,011		17,342,223		17,811,789		19,499,698		18,500,766
	3,579,489		4,077,063		4,181,914		4,191,990		4,100,548
	2,408,480		2,405,086		2,415,600		2,254,217		2,140,046
	<u>34,134,958</u>		<u>36,847,673</u>		<u>40,457,294</u>		<u>40,586,145</u>		<u>39,781,582</u>
	12,217,772		12,025,510		14,178,331		13,999,365		15,094,351
	629,715		596,639		722,489		716,601		731,109
	<u>12,847,487</u>		<u>12,622,149</u>		<u>14,900,820</u>		<u>14,715,966</u>		<u>15,825,460</u>
\$	<u>46,982,445</u>	\$	<u>49,469,822</u>	\$	<u>55,358,114</u>	\$	<u>55,302,111</u>	\$	<u>55,607,042</u>
\$	102,348	\$	119,222	\$	123,753	\$	98,178	\$	90,428
	613,869		827,940		613,936		266,293		405,255
	165,123		150,074		154,155		180,998		210,354
	3,094,688		3,045,090		3,868,960		3,314,907		3,472,196
	734,938		749,525		898,200		1,105,972		1,001,728
	655,952		633,460		666,150		735,473		3,092,958
	116,682		340,150		-		-		-
	<u>5,483,600</u>		<u>5,865,461</u>		<u>6,325,154</u>		<u>5,701,821</u>		<u>8,272,919</u>
	13,786,141		11,969,357		13,250,970		14,539,710		16,104,703
	1,317,313		1,326,610		1,308,828		1,291,800		1,291,249
	-		-		-		-		-
	-		-		300,648		71,486		267,469
	<u>15,103,454</u>		<u>13,295,967</u>		<u>14,860,446</u>		<u>15,902,996</u>		<u>17,663,421</u>
\$	<u>20,587,054</u>	\$	<u>19,161,428</u>	\$	<u>21,185,600</u>	\$	<u>21,604,817</u>	\$	<u>25,936,340</u>

(continued)

CITY OF BEDFORD, TEXAS

CHANGES IN NET ASSETS (Continued) LAST EIGHT FISCAL YEARS

	Fiscal Year		
	2003	2004	2005
NET (EXPENSE) REVENUES			
Governmental activities	\$(26,977,701)	\$(26,833,602)	\$(25,640,009)
Business-type activities	(909,338)	197,139	2,055,872
Total primary government net expense	<u>(27,887,039)</u>	<u>(26,636,463)</u>	<u>(23,584,137)</u>
GENERAL REVENUES AND OTHER			
CHANGES IN NET ASSETS			
Governmental activities:			
Taxes			
Property	10,287,392	10,723,394	10,981,392
Sales	8,246,849	8,021,755	8,229,218
Franchise	2,897,941	2,916,291	2,894,912
Other	678,449	721,636	684,834
Unrestricted grants and contributions	49,975	25,949	405,220
Investment earnings	241,208	205,295	507,131
Miscellaneous	289,987	308,165	311,360
Transfers	214,560	215,000	2,438,537
Total governmental activities	<u>22,906,361</u>	<u>23,137,485</u>	<u>26,452,604</u>
Business-type activities:			
Investment earnings	87,046	55,993	127,403
-	-	-	-
Transfers	(214,560)	(215,000)	(2,438,537)
Total business-type activities	<u>(127,514)</u>	<u>(159,007)</u>	<u>(2,311,134)</u>
Total primary government	<u>22,778,847</u>	<u>22,978,478</u>	<u>24,141,470</u>
CHANGE IN NET ASSETS			
Governmental activities	(4,071,340)	(3,696,117)	812,595
Business-type activities	(1,036,852)	38,132	(255,262)
Total primary government	<u>\$(5,108,192)</u>	<u>\$(3,657,985)</u>	<u>\$ 557,333</u>

Notes:

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004 and restated 2003 to be comparable. Beginning in 2005, the City reported charges between the business-type activities and governmental activities as transfers, prior to that time, they were treated as a program expense and program income in the General Fund.

TABLE 2

Fiscal Year				
2006	2007	2008	2009	2010
\$(28,651,358)	\$(30,982,212)	\$(34,132,140)	\$(34,884,324)	\$(31,508,663)
<u>2,255,967</u>	<u>673,818</u>	<u>(40,374)</u>	<u>1,187,030</u>	<u>1,837,961</u>
<u>(26,395,391)</u>	<u>(30,308,394)</u>	<u>(34,172,514)</u>	<u>(33,697,294)</u>	<u>(29,670,702)</u>
12,482,435	12,716,071	13,227,183	13,486,685	13,714,212
8,949,089	9,263,121	9,691,349	9,360,239	9,531,017
3,229,578	4,481,280	3,195,320	3,407,455	3,278,385
719,393	1,199,052	866,468	753,160	780,334
58,434	26,818	33,737	35,973	34,631
868,272	1,062,938	793,585	344,023	151,108
265,286	424,331	407,004	423,658	1,312,778
<u>1,929,925</u>	<u>2,033,117</u>	<u>2,033,117</u>	<u>2,051,924</u>	<u>2,086,467</u>
<u>28,502,412</u>	<u>31,206,728</u>	<u>30,247,763</u>	<u>29,863,117</u>	<u>30,888,932</u>
254,588	252,283	226,378	46,953	17,046
-	-	-	-	112,282
<u>(1,929,925)</u>	<u>(2,033,117)</u>	<u>(2,033,117)</u>	<u>(2,051,924)</u>	<u>(2,086,467)</u>
<u>(1,675,337)</u>	<u>(1,780,834)</u>	<u>(1,806,739)</u>	<u>(2,004,971)</u>	<u>(1,957,139)</u>
<u>26,827,075</u>	<u>29,425,894</u>	<u>28,441,024</u>	<u>27,858,146</u>	<u>28,931,793</u>
(148,946)	224,516	(3,884,377)	(5,021,207)	(619,731)
<u>580,630</u>	<u>(1,107,016)</u>	<u>(1,847,113)</u>	<u>(817,941)</u>	<u>(119,178)</u>
<u>\$ 431,684</u>	<u>\$(882,500)</u>	<u>\$(5,731,490)</u>	<u>\$(5,839,148)</u>	<u>\$(738,909)</u>



CITY OF BEDFORD, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 436,782	\$ 422,830	\$ 429,235	\$ 425,318	\$ 468,200	\$ 627,581	\$ 534,232	\$ 445,045	\$ 431,320	\$ 336,227
Unreserved	<u>4,945,155</u>	<u>4,616,746</u>	<u>4,698,471</u>	<u>4,965,862</u>	<u>5,957,453</u>	<u>7,603,569</u>	<u>9,902,948</u>	<u>9,225,455</u>	<u>7,258,376</u>	<u>5,666,237</u>
Total general fund	<u>\$ 5,381,937</u>	<u>\$ 5,039,576</u>	<u>\$ 5,127,706</u>	<u>\$ 5,391,180</u>	<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>
All other governmental funds										
Reserved	\$ 1,757,963	\$ 1,651,230	\$ 1,601,216	\$ 1,675,399	\$ 1,651,920	\$ 1,709,022	\$ 1,741,424	\$ 1,290,684	\$ 1,247,939	\$ 1,240,869
Unreserved, reported in:										
Special revenue funds	5,164,874	5,039,873	4,244,597	3,692,131	4,707,096	5,201,608	6,530,516	3,763,105	3,564,887	2,781,166
Capital projects funds	<u>4,930,778</u>	<u>9,748,902</u>	<u>3,174,600</u>	<u>5,794,871</u>	<u>4,120,310</u>	<u>3,260,321</u>	<u>2,412,100</u>	<u>4,199,046</u>	<u>3,363,128</u>	<u>3,057,320</u>
Total all other governmental funds	<u>\$ 11,853,615</u>	<u>\$ 16,440,005</u>	<u>\$ 9,020,413</u>	<u>\$ 11,162,401</u>	<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>\$ 7,079,355</u>

CITY OF BEDFORD, TEXAS

CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 20,977,866	\$ 21,278,814	\$ 22,005,932	\$ 22,369,519	\$ 22,771,161	\$ 25,322,653	\$ 27,693,033	\$ 26,844,636	\$ 26,881,888	\$ 27,283,735
Administrative overhead	1,670,409	1,584,612	1,556,804	1,600,000	-	-	-	-	-	-
Licenses and permits	731,772	971,727	745,265	856,941	952,837	802,733	1,014,223	802,498	614,126	710,722
Charges for services	1,615,928	1,221,309	1,451,482	1,434,694	1,548,615	1,947,486	2,295,407	2,579,188	2,725,039	2,522,870
Fines and forfeitures	1,460,534	1,367,577	1,632,629	1,522,254	929,944	1,038,739	1,142,100	1,353,458	1,515,851	1,920,400
Support from governmental entiti	1,950,101	768,559	1,088,400	968,372	2,637,224	902,951	1,025,420	752,157	923,368	3,034,152
Interest	907,385	414,230	241,272	205,268	507,130	868,272	1,062,939	793,585	344,023	151,108
Miscellaneous	924,091	823,938	619,402	709,294	852,034	566,909	972,943	705,769	396,980	300,394
Total revenues	<u>30,238,086</u>	<u>28,430,766</u>	<u>29,341,186</u>	<u>29,666,342</u>	<u>30,198,945</u>	<u>31,449,743</u>	<u>35,206,065</u>	<u>33,831,291</u>	<u>33,401,275</u>	<u>35,923,381</u>
EXPENDITURES										
General government	1,304,756	1,391,748	1,390,724	1,420,361	1,497,535	1,609,684	1,975,517	1,884,640	1,865,968	1,881,419
Community services	2,666,673	2,035,041	1,852,209	1,613,795	1,068,241	1,295,893	1,469,188	1,741,022	2,113,053	1,814,002
Public services	2,125,181	2,220,200	2,687,525	2,862,536	2,094,947	2,751,676	2,280,339	5,165,407	2,808,318	3,678,797
Administrative services	2,453,081	2,083,372	2,016,552	1,944,802	1,901,101	1,853,739	1,810,950	1,810,273	1,837,426	1,946,935
Public safety	11,439,283	12,265,074	12,394,972	12,798,996	15,386,754	14,380,728	16,120,214	16,444,533	17,179,678	17,144,215
Leisure services	2,526,425	3,035,678	3,128,844	3,188,335	2,553,264	2,977,194	3,525,025	3,538,133	3,605,545	3,666,662
Capital outlay	3,102,714	3,815,809	7,511,420	1,365,727	2,840,037	1,063,196	1,239,719	4,677,674	2,793,519	9,192,117
Debt service										
Interest	3,113,857	3,038,128	3,275,974	3,002,663	2,711,746	2,330,436	2,324,110	2,326,809	2,168,905	2,047,707
Principal	2,507,145	2,702,145	3,137,145	3,517,145	3,340,000	3,620,000	3,775,000	4,110,000	4,245,000	4,405,000
Total expenditures	<u>31,239,115</u>	<u>32,587,195</u>	<u>37,395,365</u>	<u>31,714,360</u>	<u>33,393,625</u>	<u>31,882,546</u>	<u>34,520,062</u>	<u>41,698,491</u>	<u>38,617,412</u>	<u>45,776,854</u>

(continued)

CITY OF BEDFORD, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(Continued)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,001,029)</u>	<u>\$ (4,156,429)</u>	<u>\$ (8,054,179)</u>	<u>\$ (2,048,018)</u>	<u>\$ (3,194,680)</u>	<u>\$ (432,803)</u>	<u>\$ 686,003</u>	<u>\$ (7,867,200)</u>	<u>\$ (5,216,137)</u>	<u>\$ (9,853,473)</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowing	(1,001,029)	7,667,229	525,000	8,671,277	2,872,222	-	-	4,002,129	-	4,885,000
Proceeds from sale of capital assets	-	-	-	-	-	-	-	26,972	5,265	43,152
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Proceeds from refunding	-	1,615,000	6,383,845	4,065,000	28,600,000	-	-	-	-	-
Payments to escrow account	-	(1,122,298)	(6,400,688)	(8,497,797)	(30,364,682)	-	-	-	-	-
Proceeds from insurance	-	-	-	-	-	-	-	-	101,263	55,023
Transfers in	2,084,082	2,224,419	2,126,612	2,554,048	4,525,479	3,818,155	3,647,499	3,638,901	3,648,823	3,891,278
Transfers out	(1,753,987)	(1,983,892)	(1,912,053)	(2,339,048)	(2,086,941)	(1,888,230)	(1,614,383)	(1,605,784)	(1,596,899)	(1,804,811)
Total other financing sources (uses)	<u>(670,934)</u>	<u>8,400,458</u>	<u>722,716</u>	<u>4,453,480</u>	<u>3,546,078</u>	<u>1,929,925</u>	<u>2,033,116</u>	<u>6,062,218</u>	<u>2,158,452</u>	<u>7,069,642</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,671,963)</u>	<u>\$ 4,244,029</u>	<u>\$ (7,331,463)</u>	<u>\$ 2,405,462</u>	<u>\$ 351,398</u>	<u>\$ 1,497,122</u>	<u>\$ 2,719,119</u>	<u>\$ (1,804,982)</u>	<u>\$ (3,057,685)</u>	<u>\$ (2,783,831)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>20.0%</u>	<u>20.0%</u>	<u>21.5%</u>	<u>21.5%</u>	<u>19.8%</u>	<u>19.3%</u>	<u>18.3%</u>	<u>17.4%</u>	<u>17.9%</u>	<u>17.6%</u>



REVENUE CAPACITY



CITY OF BEDFORD, TEXAS

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Hotel/Motel</u>	<u>Franchise</u>	<u>Sales</u>	<u>Total</u>
2001	\$ 7,995,845	\$ 802,740	\$ 2,844,883	\$ 9,334,398	\$ 20,977,866
2002	8,579,310	750,199	3,085,710	8,863,595	21,278,814
2003	10,171,889	588,240	2,998,954	8,246,849	22,005,932
2004	10,681,231	644,056	3,022,477	8,021,755	22,369,519
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

CITY OF BEDFORD, TEXAS

WATER REVENUE

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Gallons Billed (000)</u>	<u>Water Revenue</u>	<u>Revenue Per Customer</u>	<u>Revenue Per Gallon</u>
2001	22,257	3,116,327	\$ 8,225,346	\$ 370	\$ 2.64
2002	22,451	2,649,477	7,893,649	352	2.98
2003	22,566	2,827,719	8,272,334	367	2.93
2004	22,662	2,635,211	7,763,547	343	2.95
2005	22,775	2,753,677	8,374,020	368	3.04
2006	22,892	3,361,159	9,253,726	404	2.75
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

TABLE 7

CITY OF BEDFORD, TEXAS
PRINCIPAL WATER CUSTOMERS
FISCAL YEAR ENDED SEPTEMBER 30, 2010

<u>Customer Name</u>	<u>Gallons Consumed (000)</u>	<u>Percent Total</u>	<u>Amount Billed</u>	<u>Total Percent</u>
Harris HEB Hospital	35,454	1.43%	\$ 92,517	0.92%
City of Bedford	16,638	0.67%	110,777	1.10%
Oaks of Landera	14,813	0.60%	41,782	0.42%
Waters Park Apartments	10,932	0.44%	29,893	0.30%
Heartland of Bedford, HCR Manorcare	9,932	0.40%	28,611	0.29%
Shops Central, L.P.	9,932	0.40%	26,156	0.26%
The Courts of Bedford	9,923	0.40%	26,134	0.26%
Shenandoah Village Apartments	9,311	0.37%	25,825	0.26%
Walden Residential Property Management	7,965	0.32%	21,219	0.21%
HEB Independent School District	<u>7,503</u>	<u>0.30%</u>	<u>21,133</u>	<u>0.21%</u>
Top Ten Total	<u>132,403</u>	<u>5.32%</u>	<u>424,047</u>	<u>4.22%</u>
City Total	<u>2,486,470</u>	<u>100.00%</u>	<u>\$ 10,038,233</u>	<u>100.00%</u>

Source: City Utility Billing Office

TABLE 8

CITY OF BEDFORD, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Total Market Value	Less: Tax-exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2001	\$ 2,168,022,969	\$ 269,509,950	\$ 2,437,532,919	\$ 99,983,154	\$ 2,337,549,765	\$ 0.342922	\$ 2,337,549,765
2002	2,329,929,277	312,206,177	2,642,135,454	151,507,249	2,490,628,205	0.339361	2,490,628,205
2003	* 2,540,202,432	182,637,601	2,722,840,033	228,120,443	2,494,719,590	0.384051	2,494,719,590
2004	2,633,549,517	251,455,398	2,885,004,915	289,744,893	2,595,260,022	0.389424	2,595,260,022
2005	2,669,430,145	230,013,805	2,899,443,950	286,451,113	2,612,992,837	0.400757	2,612,992,837
2006	2,760,812,235	208,984,999	2,969,797,234	214,560,155	2,755,237,079	0.446882	2,755,237,079
2007	2,842,614,223	196,258,668	3,038,872,891	241,756,607	2,797,116,284	0.446882	2,797,116,284
2008	* 3,087,588,896	191,415,397	3,279,004,293	365,023,177	2,913,981,116	0.446882	2,913,981,116
2009	3,091,012,419	190,186,408	3,281,198,827	346,224,096	2,934,974,731	0.446882	2,934,974,731
2010	2,986,569,350	179,267,541	3,165,836,891	363,395,164	2,802,441,727	0.463348	2,802,441,727

Source: Tarrant County Appraisal District (Reports)

*Note: TAD revised format of reports

CITY OF BEDFORD, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2010		2001	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Marconi Communications, Inc.	\$ -	- %	\$ 103,682,958	4.44%
California State Teachers Ret.	-	- %	26,218,231	1.12%
CWS Barton-Shoal Creek Apartments	-	- %	25,500,000	1.09%
Shops at Central, L.P.	-	- %	25,000,000	1.07%
Southwestern Bell	-	- %	21,697,675	0.93%
TXU Electric	-	- %	18,424,427	0.79%
WDOP SUB I	-	- %	18,027,843	0.77%
Team Bank	-	- %	17,922,930	0.77%
Ca Harwood, L.P.	-	- %	17,446,454	0.75%
Cac, Ltd. Partnership	-	- %	14,836,128	0.63%
CMF 15 Portfolio, LLC	54,800,000	1.83%	-	- %
Wal-Mart Stores, Inc.	26,264,050	0.88%	-	- %
Oncor Electric Delivery	19,901,489	0.66%	-	- %
PEM 121 Airport S L.P.	19,123,000	0.64%	-	- %
WDOP SUB II	17,885,473	0.60%	-	- %
Shops Dunhill Ratel, LLC	16,421,105	5.50%	-	- %
Texas Health Resources	13,289,796	0.44%	-	- %
ML Casa III, L.P.	11,734,612	0.39%	-	- %
Leeward Strategic Properties	10,731,100	0.36%	-	- %
State National Insurance Co. Inc.	10,700,000	0.36%	-	- %
Total	<u>\$ 200,850,625</u>	<u>11.66%</u>	<u>\$ 288,756,646</u>	<u>12.36%</u>

Source: Tarrant County Appraisal District (Reports)

CITY OF BEDFORD, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Fiscal Year Ended</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected With the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 7,995,845	\$ 7,924,318	99.11%	\$ 57,788	\$ 7,982,106	99.83%
2002	8,579,310	8,508,753	99.18%	54,257	8,563,010	99.81%
2003	10,171,889	10,089,495	99.19%	67,405	10,156,900	99.85%
2004	10,681,231	10,594,677	99.19%	69,470	10,664,147	99.84%
2005	10,943,466	10,854,501	99.19%	66,419	10,920,920	99.79%
2006	12,437,659	12,331,514	99.15%	82,589	12,414,103	99.15%
2007	12,665,246	12,576,174	99.30%	66,825	12,642,999	99.30%
2008	13,032,220	12,951,575	99.38%	54,027	13,005,602	99.38%
2009	13,584,386	13,447,636	98.99%	49,500	13,497,136	98.99%
2010	13,688,110	13,563,573	99.09%	23,959	13,587,532	99.09%

Source: Tarrant County Appraisal District (Entity Reports)

DEBT CAPACITY

CITY OF BEDFORD, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Contractual Obligations	Certificates of Obligation	Tax Notes	Capital Leases
2001	\$ 34,600,000	\$ 1,620,000	\$ 21,587,940	\$ -	\$ -
2002	42,250,000	1,440,000	19,600,795	-	-
2003	44,535,000	1,260,000	15,037,145	-	-
2004	46,430,000	1,080,000	14,260,000	-	-
2005	54,945,000	900,000	2,350,000	1,025,000	-
2006	52,340,000	720,000	1,605,000	935,000	-
2007	49,620,000	540,000	825,000	840,000	-
2008	50,635,000	360,000	-	720,000	-
2009	46,740,000	180,000	-	550,000	-
2010	47,575,000	-	-	375,000	-

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 in Table 16.

TABLE 11

Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation			
\$ 3,695,000	\$ -	\$ 3,577,152	\$ 65,080,092	4.14%	\$ 1,376
5,960,000	1,600,000	1,614,205	72,465,000	4.62%	1,537
5,450,000	2,895,000	42,855	69,220,000	4.69%	1,450
4,960,000	2,525,000	-	69,255,000	4.67%	1,443
4,520,000	2,100,000	-	65,840,000	4.66%	1,370
4,235,000	1,670,000	-	61,505,000	4.12%	1,266
4,000,000	1,245,000	-	57,070,000	4.13%	1,164
3,760,000	820,000	4,790,000	61,085,000	3.85%	1,235
3,580,000	390,000	4,625,000	56,065,000	3.44%	1,128
3,395,000	-	6,490,000	57,835,000	3.47%	1,163

CITY OF BEDFORD, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	Gross Bonded Debt	Less Debt Service	Less Debt Payable from Enterprise	Total		
2001	\$ 61,385,092	\$ 1,757,963	\$ 3,577,152	\$ 56,049,977	2.40%	\$ 1,184
2002	66,505,000	1,651,230	3,214,205	61,639,565	2.46%	1,307
2003	62,510,000	1,601,216	2,567,855	58,340,929	2.24%	1,222
2004	63,215,000	1,675,399	2,525,000	59,014,601	2.17%	1,229
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	1.67%	1,007

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.

CITY OF BEDFORD, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2010

Taxing Jurisdiction	Taxable Assessed Value 2010/2011	Total G. O. Debt Outstanding 09/30/10	Estimated Percentage Applicable	Overlapping G. O. Debt 09/30/10
Hurst-Eules-Bedford Independent School District	\$ 8,451,572	\$ 205,152	32.04%	\$ 65,731
Tarrant County	120,591,495	301,025	2.54%	7,646
Tarrant County College District	121,102,509	33,371	2.54%	848
Tarrant County Hospital District	120,673,002	28,850	2.54%	733
			0.00%	
Subtotal overlapping debt		568,398		74,957
City of Bedford	-	47,575	100.00%	47,575
Total direct and overlapping debt		\$ 615,973		\$ 122,532

Sources: Debt outstanding data provided by each governmental unit.

CITY OF BEDFORD, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2001	2002	2003	2004	2005
Maximum State Rate	\$ <u>2.500000</u>				
Maximum City Rate	\$ 1.500000	\$ 1.500000	\$ 1.500000	\$ 1.500000	\$ 1.500000
Less:					
General Fund - M & O Rate	0.170030	0.180170	0.200481	0.213251	0.237770
Debt Service Fund - I & S Rate	<u>0.172892</u>	<u>0.159191</u>	<u>0.183570</u>	<u>0.176173</u>	<u>0.162987</u>
Total assessed City Rate	<u>0.342922</u>	<u>0.339361</u>	<u>0.384051</u>	<u>0.389424</u>	<u>0.400757</u>
Net available City Rate	\$ <u>1.157078</u>	\$ <u>1.160639</u>	\$ <u>1.115949</u>	\$ <u>1.110576</u>	\$ <u>1.099243</u>
Percentage of rate assessed as a percentage of tax rate limit	22.86%	22.62%	25.60%	25.96%	26.72%

Source: Prior year financial reports for the City

Note:

Clarification of Legal Debt Margin and Maximum Ad Valorem Tax Rate - the City of Bedford does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter, in Article VI, Section 6.01, provides that general property taxes are limited to \$1.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

TABLE 14

Fiscal Year				
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ <u>2.500000</u>				
\$ 1.500000	\$ 1.500000	\$ 1.500000	\$ 1.500000	\$ 1.500000
0.288185	0.288052	0.297623	0.285847	0.299096
<u>0.158697</u>	<u>0.158830</u>	<u>0.149259</u>	<u>0.161035</u>	<u>0.164252</u>
<u>0.446882</u>	<u>0.446882</u>	<u>0.446882</u>	<u>0.446882</u>	<u>0.463348</u>
\$ <u>1.053118</u>	\$ <u>1.053118</u>	\$ <u>1.053118</u>	\$ <u>1.053118</u>	\$ <u>1.036652</u>
29.79%	29.79%	29.79%	29.79%	30.89%

CITY OF BEDFORD, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue Bonds							Average Annual Debt Service	Average Requirements
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage			
				Principal	Interest				
2001	\$ 12,244,712	\$ 9,592,064	\$ 2,652,648	\$ 700,000	\$ 177,377	3.02	\$ 274,701	9.66	
2002	11,514,006	9,666,862	1,847,144	735,000	146,884	2.09	362,741	5.09	
2003	11,823,433	10,305,682	1,517,751	510,000	342,049	1.78	342,354	4.43	
2004	12,296,285	9,719,158	2,577,127	490,000	248,769	3.49	325,118	7.93	
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	13,531,696	2,573,007	185,000	167,908	7.29	283,163	9.09	

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.

**DEMOGRAPHIC AND
ECONOMIC INFORMATION**



CITY OF BEDFORD, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Average Household Income	Median Age	School Enrollment	Unemployment Rate
2001	47,309	\$ 1,573,545	\$ 33,261	\$ 69,100	36.3	19,500	2.8%
2002	47,152	1,568,323	33,261	70,000	37.1	19,500	3.9%
2003	47,750	1,476,191	30,915	72,168	37.5	19,506	3.9%
2004	48,000	1,481,520	30,865	70,953	37.5	19,461	3.4%
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	49,750	1,665,978	33,487	81,109	38.9	20,537	6.8%

Sources: DemographicsNow
North Central Texas Council of Governments
US Census Bureau
City-Data.com
hebisd.edu/insideheb/facts_figures.asp

TABLE 17

CITY OF BEDFORD, TEXAS

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2010			2001	
	Employees		Percentage of Total City Employment	Employees	Percentage of Total City Employment
Harris Methodist HEB Hospital	1,600	1	5.55%	1,500	6.35%
Carter Blood Care	1,100	2	3.82%	575	2.43%
Wal-Mart Supercenter	435	3	1.51%	365	1.55%
Warrantech	415	4	1.44%	411	1.74%
Boeryl	400	5	1.39%	160	0.68%
City of Bedford	372	6	1.29%	362	1.53%
State National Insurance	300	7	1.04%	-	- %
HEB ISD (Administrative Office) - (C)	250	8	0.87%	2,500	10.59%
Transamerica Insurance	250	9	0.87%	-	- %
Daystar Television Network	200	10	0.69%	-	- %
Bank One	-	-	- %	1,049	4.44%
Citigroup	-	-	- %	700	2.96%
George Grubbs Enterprises, Inc.	-	-	- %	200	0.85%
ADP	-	-	- %	200	0.85%
Nuvell/Semperian	-	-	- %	179	0.76%
Aloha Technologies	-	-	- %	175	0.74%
Albertsons Store	-	-	- %	155	0.66%
Park Place Motors	-	-	- %	150	0.64%
Cheddars	-	-	- %	125	0.53%
Kroger Signature Store	-	-	- %	105	0.44%
Total	<u>5,322</u>		<u>18.46%</u>	<u>8,911</u>	
Total City Employment	<u>28,825</u>	A		<u>23,614</u>	B

Note: A - Texas Workforce Commission - www.tracer2.com/cgi/dataanalysis/labForceReport.asp?

B - Estimate based on NCTCOGT's 2000 data plus 1% marginal change

C - Change stat to Administrative Office only because that's only employer facility within City limits.

Source: North Central Texas Council of governments, TXU electric web-site, City of Bedford Economic Development, and Texas Workforce Commission.

OPERATING INFORMATION



TABLE 18

CITY OF BEDFORD, TEXAS
FULLTIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fulltime Equivalent Employees as of June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Management and communications	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	6.0
Finance	11.0	11.0	11.0	15.0	15.0	15.0	14.5	14.0	14.0	13.0
Municipal Court and Teen Court	10.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0
Development and planning	14.0	14.0	12.0	12.0	12.0	12.0	12.0	13.5	15.0	18.0
Library	21.5	21.5	21.5	21.5	21.5	16.4	16.4	16.4	16.4	16.4
Support services	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Police										
Officers	79.7	76.7	76.7	79.4	87.4	84.9	84.9	82.0	82.0	83.0
Civilians	44.0	46.0	46.0	44.0	44.0	45.0	47.0	47.0	47.0	51.7
Animal control	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Fire										
Firefighters and officers	65.0	65.0	65.0	65.0	65.0	64.0	64.0	64.0	64.0	64.0
Civilians	1.0	1.0	1.0	-	1.0	1.0	1.0	2.0	2.0	2.0
Parks and recreation										
Park and recreation	32.7	32.7	42.4	47.0	46.2	41.9	41.9	42.8	42.8	1.0
Senior Citizens Center	3.6	3.6	3.6	3.6	4.0	4.0	4.0	4.0	4.0	41.3
Public works										
Engineering	5.0	5.0	4.0	5.0	5.0	4.0	4.0	5.0	5.0	6.1
Water	14.0	14.0	14.0	12.0	12.0	12.6	12.6	12.6	12.6	12.0
Wastewater	8.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	10.0
Stormwater	5.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	6.0	6.0
Streets	15.0	15.0	13.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0
Fleet maintenance	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Total	<u>355.0</u>	<u>357.5</u>	<u>363.2</u>	<u>368.5</u>	<u>377.1</u>	<u>362.8</u>	<u>364.3</u>	<u>365.3</u>	<u>366.8</u>	<u>372.5</u>

Source: City Budget office

TABLE 19

CITY OF BEDFORD, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Community services										
Building permits issued	268	244	187	150	155	89	6,051	4,925	917	762
Estimated cost	\$ 48,214,644	\$ 42,113,433	\$ 25,171,235	\$ 20,405,916	\$ 31,398,670	\$ 19,962,590	\$ 33,101,399	\$ 23,921,329	\$ 15,326,556	\$ 27,144,564
Police										
Physical arrests ^a	2,587	2,432	2,696	2,754	2,624	2,730	2,692	2,986	2,368	2,607
Parking violations ^a	4,699	5,940	6,613	6,083	3,797	3,917	3,874	4,115	91	114
Traffic violations	15,884	20,245	21,584	19,550	9,547	12,520	12,628	14,664	11,225	14,740
Fire ^a										
Emergency responses	4,576	4,618	4,858	5,397	5,996	6,679	7,203	7,345	7,291	7,312
Patients transported (est. 98>04)	1,533	1,703	1,892	2,102	2,112	2,208	2,444	2,474	2,478	2,462
Fires extinguished	122	183	201	202	250	251	237	206	132	88
Inspections	937	1,581	1,725	1,658	1,531	1,310	1,878	2,480	2,189	2,705
Culture and recreation										
Parks and recreation										
Athletic league spring team ^b	67	85	92	91	34	22	8	15	42	39
Athletic league fall team ^b	31	39	43	42	5	19	21	16	13	13
Community center registration ^b	2,720	3,471	3,773	3,721	1,663	3,166	3,593	3,562	4,154	3,666
Annual recreation revenue	\$ 172,415	\$ 220,021	\$ 239,133	\$ 235,842	\$ 121,900	\$ 152,796	\$ 178,490	\$ 209,346	\$ 268,871	\$ 267,648
Library										
Population served	47,152	47,152	48,378	48,378	48,417	48,600	49,050	49,450	49,700	49,700
Number of library visits	194,792	207,590	219,227	239,342	162,423	178,319	226,092	252,319	271,764	256,674
Volumes in collection	98,942	121,697	132,078	108,380	107,807	106,068	105,389	101,935	101,179	99,104
Total volumes borrowed	341,349	362,996	377,468	393,156	292,827	344,529	460,782	496,144	511,186	525,401
Turnover rate	3.5%	3.0%	2.9%	3.6%	2.7%	3.3%	4.4%	4.9%	5.1%	5.8%
Total operating expenditure:	\$ 936,802	\$ 1,028,728	\$ 979,966	\$ 1,007,366	\$ 799,751	\$ 904,536	\$ 985,787	\$ 1,015,766	\$ 1,037,121	\$ 1,141,421
Cost per population served	\$ 19.87	\$ 21.82	\$ 20.26	\$ 20.82	\$ 16.52	\$ 18.61	\$ 20.10	\$ 20.54	\$ 20.87	\$ 22.96
Total paid staff (FTE)	21.51	21.53	21.53	21.53	21.53	16.38	16.38	16.38	16.38	16.38
Public works										
Street repair - asphalt sq. yard	333	298	2,037	512	1,779	2,020	2,018	1,494	2,150	3,055
Street repair - concrete sq. yard	N/A	28	33	299	195	249	782	73	311	602
Sidewalk installation/repairs - sq.yard	484	8,802	5,302	5,611	6,996	4,252	15,555	22,483	32,913	4,947
Water and sewer										
New connections - water ^c	110	110	111	129	93	91	65	127	(23)	(31)
New connections - sewer ^c	110	115	130	117	57	111	60	3	27	(14)
Water main breaks	18	23	12	18	42	57	31	20	21	24
Stated in thousands of gallons:										
Average daily consumption	8,538	7,126	7,747	7,220	7,544	9,209	7,313	8,592	8,194	7,600
Peak daily consumption	16,318	16,420	17,482	14,580	12,107	16,300	14,529	16,476	14,168	12,932

Source: Various City departments

Notes: a - 1999 through 2000 are estimates based on subsequent history
 b - 1999 through 2004 are estimates based on 2005 before rollback
 c - 1999 through 2002 are estimates.

CITY OF BEDFORD, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	9	9	9	9	9	9	9	9	9	15
Other units: CID-SWAT-PSO	47	47	47	47	47	47	47	47	47	58
Fire										
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	7	11	11	11	11	11	11	11	11	11
Regional grant units - Homeland Security	-	-	-	2	11	11	11	11	11	11
Other public works										
Streets (miles) ^a	379.0	401.0	417.0	428.0	454.0	460.0	460.0	460.0	460.0	460.0
Streetlights ^a	1,529	1,589	1,645	1,675	1,700	1,725	1,725	1,735	1,737	1,738
Traffic signals	23	23	23	23	24	24	24	24	24	24
Parks and recreation										
Park acreage	150	150	150	150	150	150	150	150	150	150
Playgrounds	12	12	12	12	12	12	17	17	17	17
Swimming pools	2	2	2	2	2	2	3	3	3	3
Soccer/football fields	6	6	6	6	6	6	6	6	6	6
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	145.0	145.0	146.0	146.0	147.0	147.0	147.0	147.0	147.0	147.0
Fire hydrants ^a	1,170	1,230	1,315	1,350	1,380	1,400	1,425	1,425	1,425	1,425
Storage capacity (three ground wells - 1 M gallons per)	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,225	5,250
Stormwater										
Storm sewers (miles)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

Source: Various City departments

Note: a - Years 2002 through 2004 are estimates



SINGLE AUDIT SECTION





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Mayor and Members of City Council
City of Bedford, Texas
Bedford, Texas

We have audited the 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, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Bedford, Texas, in a separate letter dated March 4, 2011.

This report is intended solely for the information and use of the executive committee, management, others within the entity, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

March 4, 2011



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Mayor and Members of City Council
City of Bedford, Texas
Bedford, Texas

Compliance

We have audited the compliance of the City of Bedford, Texas (the “City”) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2010. The City’s major federal programs are identified in the summary of auditors’ results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City’s management. Our responsibility is to express an opinion on the City’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City’s compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the City of Bedford, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the City Council and management of the City of Bedford, Texas, others within the City, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

March 4, 2011

CITY OF BEDFORD, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Justice</u>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	2009-562	\$ <u>6,306</u>
Total Direct Program			<u>6,306</u>
Passed through Governor's Criminal Justice Division:			
2009 Justice Assitance Grant	16.738	2009-DJ-BX-1379	24,801
2009 Justice Assitance Grant - ARRA	16.803	2009-SU-B9-0057	<u>50,000</u>
Total Passed through Texas Department of Criminal Justice Division			<u>74,801</u>
Passed through the City of Fort Worth:			
2009 Justice Assitance Grant - ARRA	16.803	2009-SB-B9-1479	<u>102,586</u>
Total Passed through the City of Fort Worth			<u>102,586</u>
Total U. S. Department Justice			<u>183,693</u>
<u>U. S. Department of Transportation</u>			
Passed through the Texas Department of Transportation:			
Traffic Safety Program	20.600	580EGF6196	<u>18,756</u>
Total Passed through the Texas Department of Transportation			<u>18,756</u>
Total U. S. Department of Transportation			<u>18,756</u>
<u>U. S. Department of Energy</u>			
Passed through State Energy Conservation Office:			
State Energy Program - ARRA	81.041	EE0000116	<u>2,036,702</u>
Total State of Texas Governor's Office			<u>2,036,702</u>
Direct Program:			
Energy Efficiency & Conservation Black Grant - ARRA	81.128	DE-EE0001559	<u>201,200</u>
Total Direct Program			<u>201,200</u>
Total U. S. Department of Energy			<u>2,237,902</u>

The accompanying notes are an integral part of this schedule.

CITY OF BEDFORD, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
YEAR ENDED SEPTEMBER 30, 2010**

State Grantor/ Grant Description		Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security</u>			
Passed through the Governor's Division of Emergency Management			
Citizens Corps Grant FY2009	97.053	09-SR-7132-03	\$ 18,589
State Homeland Security Program	97.073	6SHSP7132	<u>292</u>
Total U. S. Department of Homeland Security			<u>18,881</u>
Total Federal Awards			<u>\$ 2,459,232</u>

The accompanying notes are an integral part of this schedule.

CITY OF BEDFORD, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2010

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the City of Bedford, Texas. The City's reporting entity is defined in Note 1 of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF BEDFORD, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
--	------

Identification of major programs:

CFDA Number(s) #81.041	Name of Federal Program or Cluster: State Energy Program ARRA
---------------------------	--

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee under Section 510(a) of OMB Circular A-133?	No
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

CITY OF BEDFORD, TEXAS

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

None

