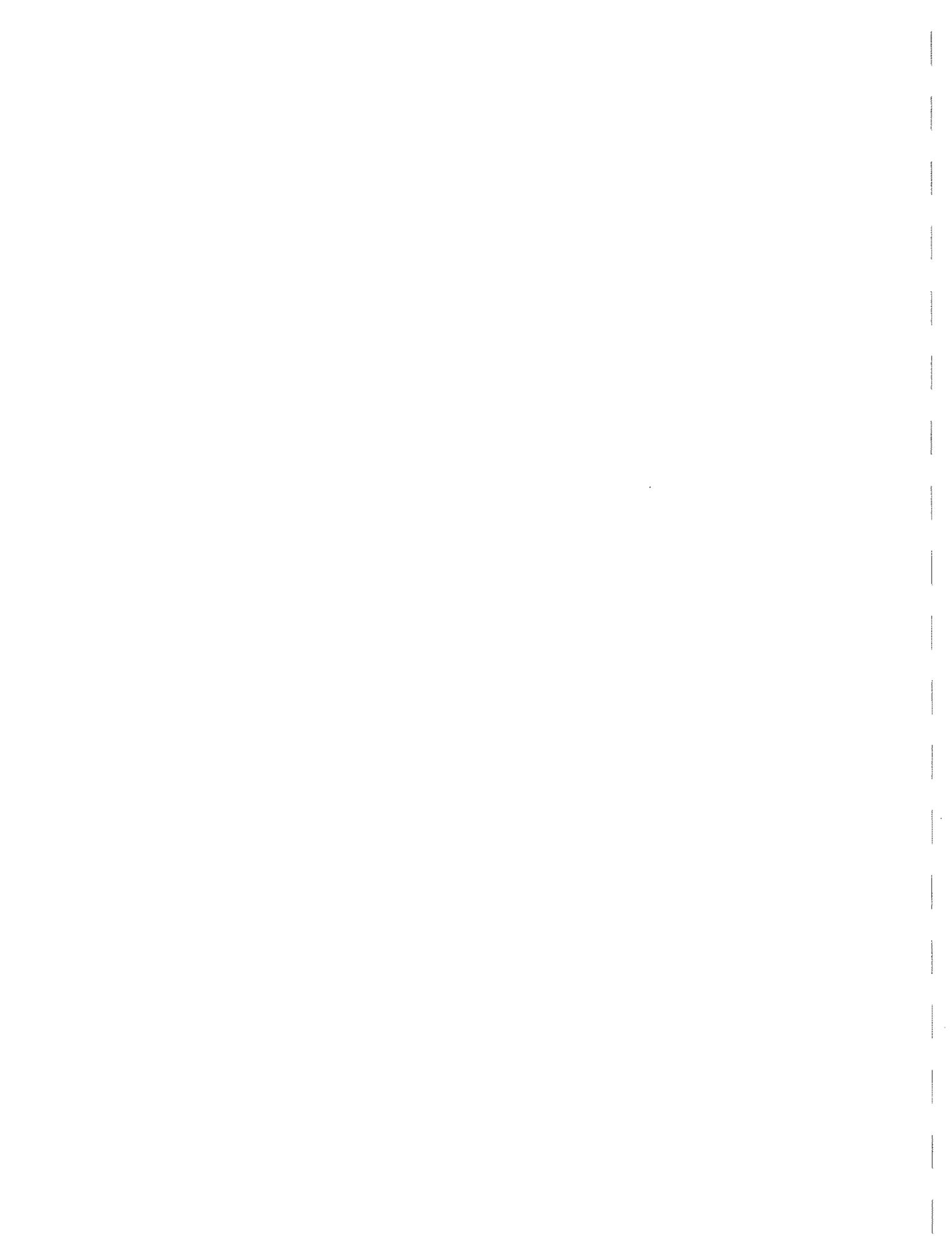


City of Bridgeport
Texas



Fiscal Year
October 1, 2006 – September 30, 2007

AULDRIDGE GRIFFIN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
131 S. Westmeadow, Suite 200 • PO Box 1000 • Cleburne, Texas 76033
(817) 641-1000 • Fax (817) 641-1044



CITY OF BRIDGEPORT

Comprehensive Annual Financial Report For year ended September 30, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	i
Organizational Chart	v
List of Elected and Appointed Officials	vi

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet to Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balance	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	27
Statement of Net Assets – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds	30
Statement of Cash Flows – Proprietary Funds	32
Notes to the Financial Statements	34
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Special Revenue Funds:	
Hotel/Motel Occupancy Tax Fund	58
Court Technology/Security Fund	59
Theater Fund	60
Cemetery Fund	61
Recreation Fund	62
General Capital Projects Fund	63
Debt Service Fund	64
Balance Sheet – Discretely Presented Component Unit	65

CITY OF BRIDGEPORT

**Comprehensive Annual Financial Report
For year ended September 30, 2007**

Reconciliation of the Balance Sheet to Statement of Net Assets –
Component Unit 66
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual - Component Unit..... 67
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities –
Component Unit 68

OTHER SUPPLEMENTARY INFORMATION

Auditor’s Report on Compliance and on Internal Controls 72
Schedule of Findings and Questioned Costs 74
Summary Schedule of Prior Year Audit Findings 75
Corrective Action Plan..... 76

SINGLE AUDIT ACT REQUIREMENTS

Auditor’s Report on Compliance with OMB Circular A-133 80
Schedule of Expenditures of Federal Awards 82
Notes to the Schedule of Expenditures of Federal Awards..... 83

TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS

Auditor’s Report on Compliance with Texas Water Development Board 86
Additional Information for Bond Issuers 87
Schedule of Insurance..... 89
Reserve Requirements..... 90



City of Bridgeport

December 18, 2007

The City Council and the Citizens of the City of Bridgeport

State law requires that all general-purposed local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. Pursuant to that requirement, the Mayor and staff are pleased to submit the Comprehensive Annual Financial Report for the City of Bridgeport, Texas for the fiscal year ended September 30, 2007.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making representations, the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Auldrige Griffin P.C., Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2007, are free from material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City was incorporated in 1913. The City occupies approximately five (5) square miles and serves a population of about 5,500. The City is empowered by state statute to levy a tax on both real and business personal property located within its boundaries. The City also has the power by state statute to extend its corporate city limits by annexation, which is done periodically when deemed appropriate by the City Council.

The City operates under the mayor-council form of government. Policy-making and legislative authority are vested in a governing Council consisting of the Mayor and five (5) Council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator, City Attorney, and Municipal Judge. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and appointing head of various departments. The Mayor and City Council members serve two (2) year staggered terms. The Council is elected on a non-partisan basis and the Mayor is elected at large.

The City of Bridgeport also is financially accountable for a legally separate economic development corporation, which is a discretely reported component unit within the City of Bridgeport's financial statements. Additional information this legally separate entity can be found in the notes to the financial statements (See Note 1).

Services Provided. The City provides a full range of services, including public safety (police, fire, and municipal court), maintenance of streets and infrastructure, sanitation services, maintenance of the treated water distribution system and both sanitary and storm water collection, and electrical distribution, recreational and cultural activities, and airport facility maintenance as well as general administrative services.

Economic Conditions and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader of the specific environment within which the City operates.

Local economy. The City of Bridgeport has and is still experiencing steady population growth. The City's population increased from 4,827 (adjusted census count) in 2000 to an estimated 5,600 in 2007.

The following facts reflect Bridgeport's economic condition and outlook:

Property valuations increased by about \$31,862,361 in 2007 to \$262,422,580. Residential and commercial activity continues to be strong. With new residential building lots going on line this year and commercial buildings currently under construction, all signs to property valuations continuing to increase.

The property tax rate remained the same at \$0.5875.

Sales tax collections continue to experience growth this year showing an increase over the previous year.

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 incurred. Accounting records for the City's utilities 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. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be

derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Bridgeport's financial planning and control. The Mayor, as the Budget Officer, is responsible for development of an annual budget. The City Administrator and the accounting staff coordinate the process. Activities of the general fund, debt service funds, and proprietary funds are included in the annual appropriated budget. The City Administrator is authorized to transfer budgeted amounts between line items and departments within any fund; however any revisions that alter the total expenditures of any fund must be approved by the City Council.

Budgetary control has been established at the department level. Financial reports are produced showing budget and actual expenditures by line item, and are distributed monthly to the departmental management and to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item. Revenue budgets are reviewed monthly.

Budget-to-actual comparisons are provided in the report for the general fund, special revenue funds, and the debt service fund on pages 27 & 58-65.

Debt Management. The City has been funding its capital program from issuance of certificates of obligations and grants.

Cash Management. The City utilizes its bank depository contract and its investment policy in the management of all cash. Under the bank depository contract, the City operating account earns the bank's public fund interest rate. The City's investment policy embraces current state regulations on the investment of public funds and authorizes the City to invest in certificates of deposits from the bank depository, direct obligations of the United States Government, obligations of an agency of the United States Government and local government investment pools. The combination of these investment vehicles provided a weighted average return of 3.403 percent over the fiscal year. The City requires that all deposits be collateralized with securities held in joint accounts at First Financial Bank of Bridgeport. Collateral is monitored monthly to ensure that the market value of the pledged securities equals or exceeds the related deposit or investment balance. Investments are always executed delivery-versus-payment method. That is, funds are not wired or paid until verification has been made that the correct security has been received. Securities are held on behalf of the City by the City's agent. All collateral shall be subject to verification and audit by the Director of Financial Services and the City's independent auditors.

Tax Appraisal/Collection Responsibilities. Under Texas law enacted in 1979, and subsequent revisions of the State Property Tax Code, the appraised value of taxable property in Bridgeport is established by Wise County Appraisal District. The City of Bridgeport and other taxing jurisdictions in Wise County provide a pro rata share of the budgeted expenditures incurred by the Appraisal District, based on individual levy. Wise County Tax Assessor-Collector provides tax collection services for the City and other taxing jurisdictions in Wise County.

Risk Management. Risk management within the City is a joint effort of all City department heads in coordination with the City's property and casualty insurance provider. Under a contractual arrangement, the City's facilities, procedures and claims are reviewed and evaluated by the loss

prevention representative with the insurance provider. The representative and department heads address areas of needs as identified through both external and internal analysis.

The minimizing of risk is addressed through employee training in the form of training films, safety courses and on-site instruction.

The City purchases liability insurance totaling \$14,882,721 for all exposures. The City also purchases workers' compensation coverage through Texas Political Subdivision.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City and consultants. We would like to express our appreciation to all staff members who assisted and contributed to its preparation. We would also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Donald C. Majka
Mayor

Van James
City Administrator

Amy Standard
Director of Financial Services

CITY OF BRIDGEPORT

LIST OF ELECTED AND APPOINTED OFFICIALS

YEAR ENDED SEPTEMBER 30, 2007

The City Council of Bridgeport, Texas

Donald Majka, Mayor
1001 Krista Drive
Bridgeport, Texas 76426

Billy Fred Walker, Council Member
P. O. Box 1031
Bridgeport, Texas 76426

Robert Vidal, Council Member
1706 Halsell
Bridgeport, Texas 76426

Scott Cheves, Council Member
1728 Boston Avenue
Bridgeport, Texas 76426

Al Scott, Council Member and Mayor Protem
P.O. Box 503
Bridgeport, Texas 76426

Ilene R. Enochs, Council Member
21 Robin Hood Lane
Bridgeport, TX 76426

Appointed Officials

Van James, City Administrator
900 Thompson Street
Bridgeport, Texas 76426

Rachel Huitt, Assist. City Administrator
900 Thompson Street
Bridgeport, Texas 76426

Patsy Stinnett, City Secretary
900 Thompson Street
Bridgeport, Texas 76426

David Turnbow, Director of Public Works
900 Thompson Street
Bridgeport, Texas 76426

Randy Singleton, Chief of Police
900 Thompson Street
Bridgeport, Texas 76426

Amy Standard, Dir. of Financial Services
900 Thompson Street
Bridgeport, Texas 76426

Kelly Allensworth, Dir. of Devel. Svc
900 Thompson Street
Bridgeport, Texas 76426

Ryan Nolting, Dir. of Parks & Recreation
900 Thompson Street
Bridgeport, Texas 76426

Rosa Reyes, Municipal Judge
900 Thompson Street
Bridgeport, Texas 76426

Michael McComis, Fire Marshall
900 Thompson Street
Bridgeport, Texas 76426

Ashley Melton, Executive Assistant
900 Thompson Street
Bridgeport, Texas 76426

William Myers, EDC Director
900 Thompson Street
Bridgeport, Texas 76426

FINANCIAL SECTION

This page is left blank intentionally.



Jack L. Auldridge, Jr., CPA
W. L. "Woody" Mathews, Jr., CPA
Kenneth L. von Tungehn, CPA
Michael D. Dunlap, CPA
Karen O. Thompson, CPA
M. Heath Beaty, CPA

C. Tom Frazier, CPA
Michael W. Griffin CPA
Keith A. Hollar, CPA
Victoria S. Scott, CPA
Patricia C. Hunter, CPA

Independent Auditor's Report

The Honorable Don Majka, Mayor,
and Members of the City Council
City of Bridgeport, 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 Bridgeport, Texas, as of and for the year ended September 30, 2007, 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 Bridgeport, 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 and OMB Circular A-133. 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 Bridgeport, Texas, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Proprietary Fund 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 issued our report dated December 11, 2007, on our consideration of the City of Bridgeport, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Schedule of Expenditures of Federal Awards, as of September 30, 2007 on pages 3 through 12 and page 68 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board and OMB Circular A-133. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information contained in Management's Discussion and Analysis and express no opinion on it. The information contained in the Schedule of Expenditures of Federal Awards is presented fairly in all material respects.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bridgeport, Texas' basic financial statements. The combining and individual fund statements and schedules described in accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

AuldrigeGriffin

AuldrigeGriffin, P.C.
Certified Public Accountants
December 11, 2007

Management's Discussion & Analysis (MD&A)

This page is left blank intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Bridgeport's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2007. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$12,505,454 at September 30, 2007. Of this amount, \$11,201,187 (restricted net assets) is restricted to capital projects, debt retirement, municipal court technology and security, and invested in capital assets, net of related debt.
- The City's total net assets decreased by \$122,012. This is due to expenses exceeding revenues.
- As of the close of the current fiscal year, the City of Bridgeport's governmental funds reported combined ending fund balances of \$3,432,168, a decrease of \$2,861,706 or 45% in comparison with the prior year's fund balance. Approximately 55% (\$1,880,602) of this total combined fund balance is available for spending at the government's discretion (unreserved fund balance). Some of these unreserved fund balances must be spent for legally designated purposes and others are required by the governing body to be held as a required or targeted reserve level.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,616,424, a decrease of 41% from prior year.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Bridgeport's basic financial statements. The City's basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

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

The government-wide financial statements include not only the City of Bridgeport itself (known as primary government), but also include the Bridgeport Economic Development Corporation which is legally

separate but financially accountable to the City. A discrete presentation has been used to report the financial information of this component unit. The financial information for the individual component unit is available from the City.

The government-wide financial statements can be found on pages 17 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Bridgeport, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: [1] governmental funds, [2] proprietary funds, and an [3] internal service fund.

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

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

The City maintains 9 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Capital Projects, and Debt Service, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining* statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and debt service fund. A budgetary comparison statement has been provided for the general and debt service funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 20 of this report.

Proprietary Funds. The City maintains four major different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, light and power, municipal airport and grant activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its equipment services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer, light and power, municipal airport, and grant, all of which are considered to be major funds of the City. The internal service fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As of September 30, 2007, the City of Bridgeport's assets exceeded liabilities by \$12,505,453.

The largest portion of the City's net assets (52%) reflects its investment in capital (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Bridgeport's Net Assets

TABLE A - 1 NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 3,913,453	\$ 6,856,340	\$ 4,860,205	\$ 5,784,384	\$ 8,773,658	\$ 12,640,724
Capital assets, net of accumulated depreciation	10,230,951	8,177,069	9,593,630	9,600,782	19,824,581	17,777,851
Total assets	14,144,404	15,033,409	14,453,835	15,385,166	28,598,239	30,418,575
Long-term liabilities outstanding	9,696,432	10,754,751	4,273,790	4,913,331	13,970,222	15,668,082
Other liabilities	1,190,024	506,750	932,539	1,608,022	2,122,563	2,114,772
Total liabilities	10,886,456	11,261,501	5,206,329	6,521,353	16,092,785	17,782,854
Net assets						
Invested in capital assets, net of related debt	1,450,946	814,905	5,108,677	7,099,202	6,559,623	7,914,107
Restricted net assets						
Capital Projects	1,551,566	3,332,448	2,715,892	2,440,313	4,267,458	5,772,761
Debt retirement	90,625	67,534	238,975	214,292	329,600	281,826
Municipal Court Technology & Security	44,506	33,842	-	-	44,506	33,842
Unrestricted	120,305	(462,081)	1,183,962	(912,991)	1,304,267	(1,375,072)
Total net assets	\$ 3,257,948	\$ 3,786,646	\$ 9,247,506	\$ 8,840,816	\$ 12,505,454	\$ 12,627,464

An additional portion of the City's net assets (37%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$1,304,267 may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2007, the city is able to report positive balances in all four categories of net assets, for the governmental activities and business-type activities.

Overall, there was a decrease of \$122,012 in total net assets during the fiscal year as mentioned above. This is due to expenses exceeding revenues. Specifically governmental activities and electric portion of the business-type activities had strong revenue increases over the previous year's revenues while net expenses had a slight increase.

Governmental activities. Governmental activities decreased the City's net assets by \$528,700 thereby accounting for 14% of the total growth in the net assets. Key highlights include an unchanged property tax rate of \$0.5875 per \$100 valuation of assessed values but due to increased appraisals and new construction, revenues still increased slightly.

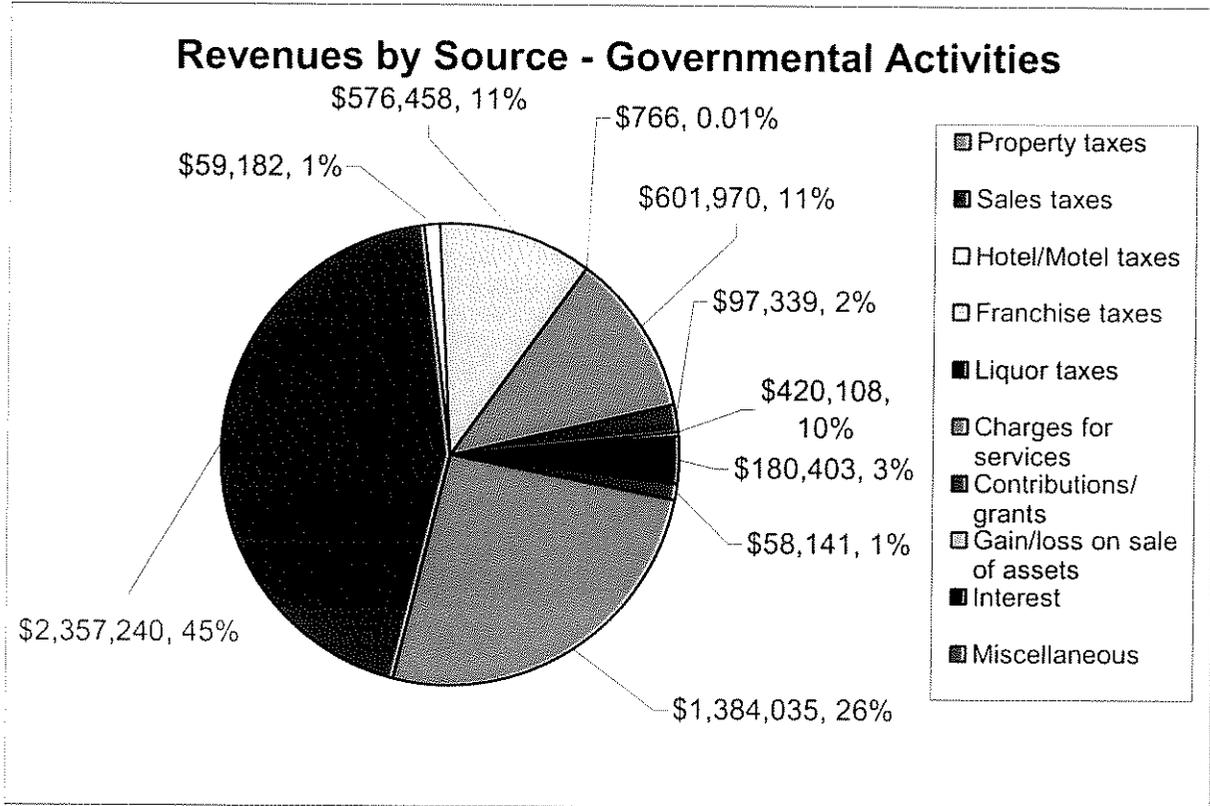
Business-type activities. Business-type activities increased the City's net assets by \$406,688, accounting for the other 86% of the total growth in net assets. Due to a mild and wet summer our revenues in the water/wastewater fund and electric fund decreased over 2006.

**TABLE A - 2
CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues						
Charges for services	\$ 601,970	\$ 316,613	\$ 8,438,207	\$ 9,160,593	\$ 9,040,177	\$ 9,477,206
Operating grants and contributions	97,339	159,787	780,028	53,305	877,367	213,092
Capital grants and contributions	-	-	-	396,000	-	396,000
General revenues						
Property taxes	1,384,035	1,193,418	-	-	1,384,035	1,193,418
Sales taxes	2,357,240	1,862,175	-	-	2,357,240	1,862,175
Franchise taxes	576,458	136,273	-	5,823	576,458	142,096
Liquor taxes	766	-	-	-	766	-
Hotel/ motel taxes	59,182	84,012	-	-	59,182	84,012
Gain (loss) on disposal of assets	18,651	-	42	-	18,693	-
Interest	180,403	179,868	253,871	268,733	434,275	448,601
Miscellaneous	58,141	685,953	98,898	4,320	157,039	690,273
Total revenues	5,334,186	4,618,099	9,571,047	9,888,774	14,905,233	14,506,873
Expenses:						
General government	1,109,212	2,655,599	-	-	1,109,212	2,655,599
Public safety	3,781,048	920,742	-	-	3,781,048	920,742
Highways and Streets	1,196,700	11,561	-	-	1,196,700	11,561
Culture and recreation	568,601	468,919	-	-	568,601	468,919
Development services	384,890	284,762	-	-	384,890	284,762
Maintenance	442,191	237,215	-	-	442,191	237,215
Interest on debt service	488,905	481,742	-	-	488,905	481,742
Water and sewer utilities	-	-	2,397,932	2,544,063	2,397,932	2,544,063
Electric utilities	-	-	5,516,851	6,383,406	5,516,851	6,383,406
Municipal airport	-	-	378,663	300,379	378,663	300,379
Grant	-	-	714,444	(5)	714,444	(5)
Total expenses	7,971,547	5,060,540	9,007,890	9,227,843	16,979,437	14,288,383
Increase (decrease) in net assets before transfers	(2,637,361)	(442,441)	563,157	660,931	(2,074,204)	218,490
Net transfers	166,921	345,429	(156,468)	(340,524)	10,452	4,905
Increase (decrease) in net assets	(2,470,441)	(97,010)	406,689	320,409	(2,063,752)	223,399
Net assets - beginning	5,728,389	3,883,662	8,840,816	8,520,408	14,569,205	12,404,070
Net assets - ending	\$ 3,257,948	\$ 3,786,650	\$ 9,247,506	\$ 8,840,816	\$ 12,505,455	\$ 12,627,466

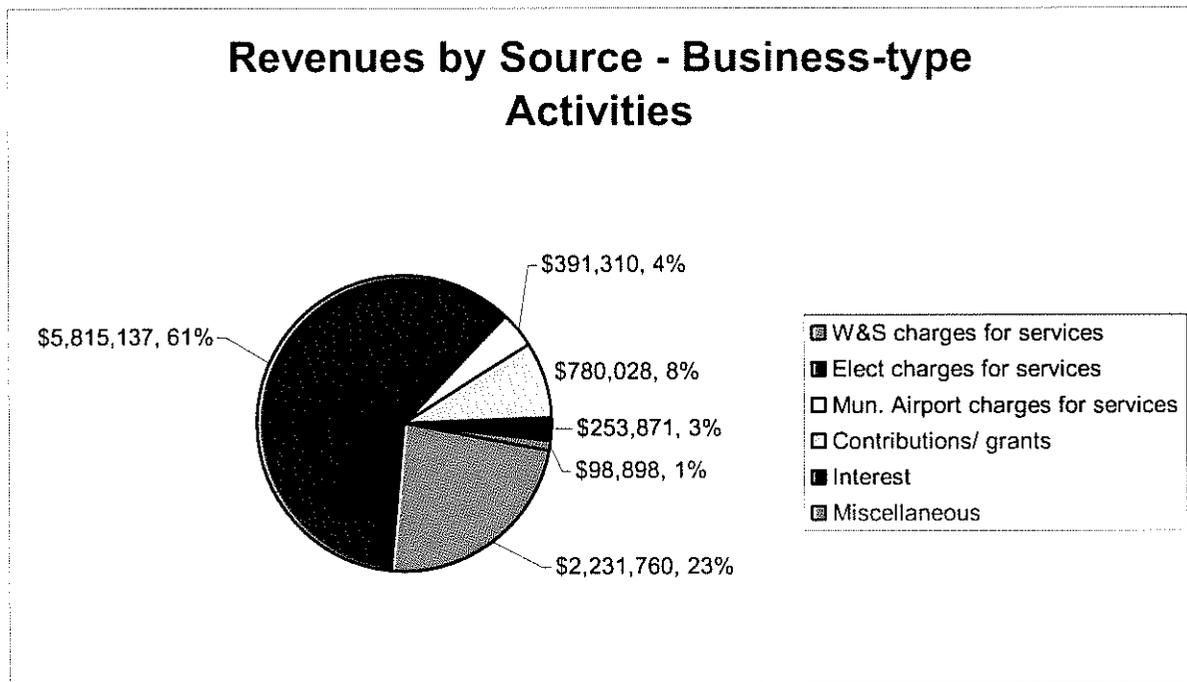
Governmental Activities

- Property tax rate remained the same at \$0.5875 as last year. The increase in the property values enabled an increase of tax revenues to \$1,384,035 that resulted in an increase of \$190,617 from the prior year. This increase allowed the City to fully fund debt requirements with no reliance on interest earnings to be able to make debt payments.



Business-Type Activities

A significant portion of the City's revenue comes from charges for services, 61 percent Electric; 23 percent Water & Sewer; and 4 percent Municipal Airport, 8 percent comes from contributions and grants, 3 percent comes from interest earnings, and less than 1 percent is miscellaneous sources.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources.

Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Bridgeport's governmental funds reported combined ending fund balance of \$3,432,168, a decrease of \$2,861,706 or 45% in comparison with the prior year. Approximately 47% constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated, indicating that it is not available for new spending because it has already been committed 1) to pay for specific capital improvements (\$1,551,566); 2) reserved for Special Revenue Funds (\$173,553); and 3) reserved for Debt Service payments (\$90,625).

The general fund is the chief operating fund of the City. The City of Bridgeport budgeted and planned for a decrease in fund balance for fiscal year 2006-07 of \$1,133,349 for the general fund. However, due to stronger revenues the fund balance was only decreased by \$1,123,324.

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

Unrestricted net assets of the respective proprietary funds are Water and Sewer – (\$253,552); Electric - \$1,444,448; Municipal Airport – (\$7,110); Grant – \$176. The water and sewer and municipal airport, and grant funds had increases in net assets of \$3,988,494; \$33,523 and \$171, respectively; while the electric fund had a decrease in net assets of \$1,925,236.

General Fund Budgetary Highlights

The City Council did have a few major budget adjustments during the year. The revisions included appropriations to create a new Facility Maintenance position within the Internal Service Fund, construct new walking trail at Harwood Park, begin taking police uniforms to the dry cleaners for cleaning, contract with North Texas Council of Governments for the aeriels and iCommunities software to assist with the GIS division of Development Services, begin new recreation programs such as summer camp and an after school program, and to contract with Bottino Grund for the renovation design of the Theater.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$19,824,584 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City's capital asset investment for the current fiscal year was \$2,046,735 (net of accumulated depreciation). This was comprised of an 20% increase for governmental activities and a 7% increase in business-type activities.

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

- The completion of the sewer plant expansion project.
- The completion of the Law Enforcement Center project.
- The purchase of new recording software for development services.
- The purchase of a new laydown machine and pneumatic roller.
- Improvements were made to the swimming pool, and we began work on the ATV Park, Indoor Recreation Center, and Harwood Park improvements.
- Improvements were made to the library bathrooms and landscaping.
- The purchase of a new phone system for use at all City facilities.
- The designing stage of the Old Police Department Facility. The City has contributed \$4,120 towards construction in progress at year end.
- The purchase of a trencher to be used by the water distribution division, sewer collection division, and electric distribution division.
- The beginning stage of the runway/taxiway rehabilitation and expansion project at the airport. The City has contributed \$17,800 towards construction in progress at year end.
- The purchase of new equipment in accordance with our equipment replacement plan.
- Over \$263,539 was invested in the City's continual street improvement program.

TABLE A - 4
CITY OF BRIDGEPORT CAPITAL ASSETS (NET OF DEPRECIATION)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 357,539	\$ 143,352	\$ 116,283	\$ 116,283	\$ 473,822	\$ 259,635
Construction in progress	229,195	505,449	127,328	31,163	356,523	536,612
Streets	4,487,946	4,993,512	-	-	4,487,946	4,993,512
Water system improvements	-	-	7,722,023	8,107,362	7,722,023	8,107,362
Electric system improvements	-	-	988,308	757,566	988,308	757,566
Buildings and improvements	3,768,110	1,431,710	409,139	410,221	4,177,249	1,841,931
Machinery and equipment	132,157	74,812	49,261	91,953	181,418	166,765
Office furniture and equipment	283,207	204,002	3,066	23,902	286,273	227,904
Vehicles	972,798	824,231	178,224	62,331	1,151,022	886,562
Total	\$ 10,230,953	\$ 8,177,089	\$ 9,593,630	\$ 9,600,781	\$ 19,824,584	\$ 17,777,849

Additional information on the City's capital assets can be found in Note N of this report.

Long-Term Debt. At year-end the City had \$14,605,000 in bonds outstanding as shown in Table A-5.

Table A - 5
City's Long-Term Debt

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 10,363,500	\$ -	\$ 345,400	\$ 10,018,100	\$ 443,750
Capital leases payable	332,052	212,847	231,429	313,470	191,388
Compensated absences	89,932	38,303	-	128,235	
Governmental activity long-term liabilities:	\$ 10,785,484	\$ 251,150	\$ 576,829	\$ 10,459,805	\$ 635,138
Business-type activities:					
Bonds Payable	\$ 4,906,500	\$ -	\$ 319,600	\$ 4,586,900	\$ 341,250
Capital leases payable	4,233	84,373	33,685	54,921	26,780
Compensated absences	23,255	10,531	-	33,786	
Business-type activity long-term liabilities:	\$ 4,933,988	\$ 94,904	\$ 353,285	\$ 4,675,607	\$ 368,030

During the current fiscal year the City's total debt increased by \$97,750. This increase is due to the lease purchase of vehicles for different city divisions, but is partially offset by regularly scheduled annual principal payments, and the increase in our compensated absences.

Additional information on the City's long-term debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bridgeport kept the tax rate as 2006 at \$0.5875 per \$100 valuation. The City is forecasting an increase in sales tax collection with expectations of a growing economy.

Expenses for the general fund are expected to increase in personnel costs due to an increase in the number of employees and an increase in the benefits.

In 2006, Wastewater rates have been revised eliminating the volume charge from the base rate. This will have the effect of lowering charges to households that use less water and increasing charges to large users. The increase will take effect on the first billing cycle in April 2007 and should have increased water revenues by 11% and wastewater revenues by 19%, but due to the wet summer the City did not feel the effects of the increase. The water and sewer fund will continue to provide quality water distribution and effective wastewater collection services.

The electric rates will remain the same as the prior year, but the power cost adjustment charge will increase due to the increase in fuel costs. In January 2008, the City will enter into a contract with American Energy P (AEP) that will ultimately reduce the wholesale charges by 2.76%. The electric fund will continue to provide quality electric distribution to the citizens of Bridgeport.

The municipal airport will continue to provide quality aviation services without any increases in the rates charged.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Attn: Director of Financial Services, at 900 Thompson Street, Bridgeport, Texas 76426, call (940) 683-3405, or e-mail astandard@cityofbridgeport.net.

This page is left blank intentionally.

Basic Financial Statements

This page is left blank intentionally.

City of Bridgeport, Texas
Statement of Net Assets
September 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bridgeport EDC
ASSETS				
Cash and cash equivalents	\$ 499,280	\$ 139,549	\$ 638,829	\$ 707,507
Investments	1,743,120	709,290	2,452,410	139,775
Receivables (net of uncollectibles)				
Property taxes	57,718	-	57,718	-
Sales tax	488,757	-	488,757	384,750
Interest	339	-	339	-
Accounts	71,970	1,405,382	1,477,352	88,710
Internal Balances	997,682	(935,436)	62,246	(62,246)
Inventories	-	193,155	193,155	-
Prepaid items	616	-	616	5,337
Restricted Assets:				
Cash and cash investments	-	3,174,981	3,174,981	-
Deferred Charges	53,969	173,284	227,253	-
Capital Assets				
Land	358,114	116,283	474,397	1,919,857
Property, Plant & Equipment	4,460,494	500,855	4,961,349	47,586
System Improvements	10,937,776	17,064,705	28,002,481	108,413
Tools & Devices	175,309	436,705	612,014	-
Office Furniture and Equipment	436,689	229,980	666,669	-
Transportation Equipment	2,133,962	656,433	2,790,395	-
Less Accumulated Depreciation	(8,500,586)	(9,538,659)	(18,039,245)	(5,872)
Construction in progress	229,195	127,328	356,523	-
Total assets	<u>14,144,404</u>	<u>14,453,835</u>	<u>28,598,239</u>	<u>3,333,817</u>
LIABILITIES				
Accounts payable	314,655	138,244	452,898	6,799
Compensated absences payable	128,235	33,786	162,022	5,232
Accrued Liabilities	51,976	20,322	72,298	1,460
Taxes payable	-	27,963	27,963	-
Deposits	-	304,487	304,487	-
Note payable	-	-	-	1,824,721
Accrued interest payable	60,019	33,722	93,741	-
Current portion of capital leases	191,389	26,780	218,169	-
Current portion of long-term debt	443,750	341,250	785,000	204,448
Unearned revenue	-	5,985	5,985	88,710
Noncurrent Liabilities				
Capital leases payable	122,082	28,140	150,222	-
Revenue Bonds payable	-	3,455,650	3,455,650	-
CO bonds payable	9,574,350	790,000	10,364,350	-
Total liabilities	<u>10,886,456</u>	<u>5,206,329</u>	<u>16,092,785</u>	<u>2,131,370</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,450,946	5,108,677	6,559,623	-
Restricted for Capital Projects	1,551,566	2,715,892	4,267,458	-
Restricted for Debt Retirement	90,625	238,975	329,600	-
Restricted for Municipal Court Technology & Security	44,506	-	44,506	-
Unrestricted	120,305	1,183,962	1,304,267	1,202,447
Total net assets	<u>\$ 3,257,948</u>	<u>\$ 9,247,506</u>	<u>\$ 12,505,454</u>	<u>\$ 1,202,447</u>

City of Bridgeport, Texas
Statement of Activities
For the Year Ended September 30, 2007

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	1,109,212	145,342	12,544	-
Public safety	3,781,048	301,985	41,029	-
Highways and Streets	1,196,700	-	-	-
Development Services	384,890	87,991	-	-
Culture and recreation	568,601	66,652	43,766	-
City maintenance	442,191	-	-	-
Interest Expense	488,905	-	-	-
Total governmental activities	<u>7,971,547</u>	<u>601,970</u>	<u>97,339</u>	<u>-</u>
Business-type activities:				
Electric Fund	5,516,851	5,815,137	-	-
Grant Fund	714,444	-	777,730	-
Municipal Airport	378,663	391,310	2,298	-
Water and Sewer Fund	2,397,932	2,231,760	-	-
Total business-type activities	<u>9,007,890</u>	<u>8,438,207</u>	<u>780,028</u>	<u>-</u>
Total Primary Government	<u>\$ 16,979,437</u>	<u>\$ 9,040,177</u>	<u>\$ 877,367</u>	<u>\$ -</u>
Component unit:				
Economic Development Corporation	427,940	-	-	-
Total Component Unit	<u>\$ 427,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:
Property taxes
Sales taxes
Hotel/Motel taxes
Franchise taxes
Liquor Tax
Governmental Interest
Proprietary Interest
Gain/(Loss) of Disposal of Assets
Miscellaneous
Transfers in (out)
Total general revenues and transfers
Change in net assets
Net assets - beginning, as restated
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Bridgeport EDC
(951,325)	-	(951,325)	-
(3,438,034)	-	(3,438,034)	-
(1,196,700)	-	(1,196,700)	-
(296,899)	-	(296,899)	-
(458,184)	-	(458,184)	-
(442,191)	-	(442,191)	-
(488,905)	-	(488,905)	-
<u>(7,272,238)</u>	<u>-</u>	<u>(7,272,238)</u>	<u>-</u>
-	298,286	298,286	-
-	63,286	63,286	-
-	14,945	14,945	-
-	(166,172)	(166,172)	-
-	210,345	210,345	-
<u>(7,272,238)</u>	<u>210,345</u>	<u>(7,061,893)</u>	<u>-</u>
-	-	-	(427,940)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (427,940)</u>
1,384,035	-	1,384,035	-
2,357,240	-	2,357,240	1,178,422
59,182	-	59,182	-
576,458	-	576,458	-
766	-	766	-
180,403	-	180,403	21,661
-	253,871	253,871	-
18,651	42	18,693	-
58,141	98,898	157,039	189,574
166,921	(156,468)	10,453	(10,453)
<u>4,801,797</u>	<u>196,343</u>	<u>4,998,140</u>	<u>1,379,204</u>
(2,470,441)	406,688	(2,063,753)	951,266
5,728,389	8,840,816	14,569,205	251,181
<u>\$ 3,257,948</u>	<u>\$ 9,247,506</u>	<u>\$ 12,505,454</u>	<u>\$ 1,202,447</u>

City of Bridgeport, Texas
Balance Sheet
Governmental Funds
September 30, 2007

	<u>General Fund</u>	<u>General Capital Projects Fund</u>
ASSETS		
Cash and cash equivalents	\$ 237,571	\$ -
Investments	155,299	1,587,511
Receivables (net of allowance for uncollectibles)		
Interest	-	-
Property taxes	29,187	-
Sales taxes	488,757	-
Other	61,759	-
Due from other funds	997,682	-
Prepays	616	-
Total assets	<u>1,970,873</u>	<u>1,587,511</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	311,820	35,945
Accrued liabilities	232	-
Due to other funds	-	-
Unearned revenue	32,708	-
Unearned revenue - court	9,689	-
Total liabilities	<u>354,449</u>	<u>35,945</u>
Fund balances:		
Reserved for:		
Public Safety Building/Street Improvements	-	1,551,566
Unreserved, reported in		
General fund	1,616,424	-
Special revenue fund	-	-
Debt service fund	-	-
General capital projects fund	-	-
Total fund balances	<u>1,616,424</u>	<u>1,551,566</u>
Total liabilities and fund balances	<u>\$ 1,970,873</u>	<u>\$ 1,587,511</u>

The accompanying notes are an integral part of this statement.

<u>General Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 89,976	\$ 171,733	\$ 499,280
310	-	1,743,120
	-	-
339	-	339
28,531	-	57,718
-	-	488,757
-	10,211	71,970
-	-	997,682
-	-	616
<u>119,156</u>	<u>181,944</u>	<u>3,859,484</u>
-	8,391	356,156
-	-	232
-	-	-
28,531	-	61,239
-	-	9,689
<u>28,531</u>	<u>8,391</u>	<u>427,316</u>
-	-	1,551,566
-	-	1,616,424
-	173,553	173,553
90,625	-	90,625
-	-	-
<u>90,625</u>	<u>173,553</u>	<u>3,432,168</u>
<u>\$ 119,156</u>	<u>\$ 181,944</u>	<u>\$ 3,859,484</u>

This page is left blank intentionally.

City of Bridgeport, Texas
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balances - total governmental funds	\$ 3,432,168
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,825,257
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	(18,443)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(9,981,034)
Net assets of governmental activities	<u>\$ 3,257,948</u>

City of Bridgeport, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2007

	<u>General Fund</u>	<u>Capital Projects Fund</u>
REVENUES		
Taxes:		
Hotel/Motel	\$ -	\$ -
Property	653,007	-
Sales	2,357,240	-
Franchise	576,458	-
Liquor	766	-
Charges for services	147,758	-
Licenses, permits and fees	87,991	-
Court fines	289,312	-
Grants	57,714	-
Donations	-	-
Rents	13,110	-
Miscellaneous	121,584	-
Total revenues	<u>4,304,940</u>	<u>-</u>
EXPENDITURES		
Current:		
General government	1,010,242	1,464
Public safety	1,561,038	407
Highways and Streets	591,847	-
Development Services	375,203	-
Culture and recreation	536,856	263,085
Debt service		
Administrative charges	-	-
Capital Outlay:		
General government	118,209	8,868
Public safety	354,490	1,992,485
Highways and Streets	179,458	-
Development Services	22,467	-
Culture and recreation	124,823	39,472
Total expenditures	<u>4,874,633</u>	<u>2,305,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(569,693)</u>	<u>(2,305,781)</u>
OTHER FINANCING SOURCES (USES)		
Principal retirement	-	-
Interest Expense	-	-
Interest Revenue	60,906	102,985
Miscellaneous	191,667	-
Transfers in (out)	(806,206)	421,914
Total other financing sources and uses	<u>(553,633)</u>	<u>524,899</u>
Net change in fund balances	<u>(1,123,326)</u>	<u>(1,780,882)</u>
Fund balances - beginning	2,739,747	3,332,448
Fund balances - ending	<u>\$ 1,616,421</u>	<u>\$ 1,551,566</u>

The accompanying notes are an integral part of this statement.

<u>General Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 59,182	59,182
739,395	-	1,392,402
-	-	2,357,240
-	-	576,458
-	-	766
-	45,003	192,761
-	-	87,991
-	19,572	308,884
-	-	57,714
-	3,625	3,625
-	-	13,110
-	-	121,584
<u>739,395</u>	<u>127,382</u>	<u>5,171,717</u>
-	61,845	1,073,551
-	8,909	1,570,354
-	-	591,847
-	-	375,203
-	20,809	820,750
4,027	-	4,027
-	31,356	158,433
-	-	2,346,975
-	-	179,458
-	-	22,467
-	-	164,295
<u>4,027</u>	<u>122,919</u>	<u>7,307,360</u>
<u>735,368</u>	<u>4,463</u>	<u>(2,135,643)</u>
(345,400)	-	(345,400)
(477,466)	-	(477,466)
16,512	-	180,403
-	-	191,667
94,076	14,946	(275,270)
<u>(712,277)</u>	<u>14,946</u>	<u>(726,066)</u>
23,091	19,409	(2,861,709)
67,534	154,144	6,293,874
<u>\$ 90,625</u>	<u>\$ 173,553</u>	<u>\$ 3,432,165</u>

City of Bridgeport, 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, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,861,709)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	573,696
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayments 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.	(182,428)
Change in net assets of governmental activities	<u>\$ (2,470,441)</u>

City of Bridgeport, Texas
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 634,029	\$ 634,029	\$ 653,007	\$ 18,978
Sales	1,700,000	1,700,000	2,357,240	657,240
Franchise	772,921	772,921	576,458	(196,463)
Liquor	1,200	1,200	766	(434)
Charges for services	130,900	130,900	147,758	16,858
Licenses, permits and fees	131,050	131,050	87,991	(43,059)
Grants	47,566	47,566	57,714	10,148
Court fines	254,500	254,500	289,312	34,812
Rentals	16,000	16,000	13,110	(2,890)
Miscellaneous	65,342	65,342	121,584	56,242
Total revenues	<u>3,753,508</u>	<u>3,753,508</u>	<u>4,304,940</u>	<u>551,434</u>
EXPENDITURES				
Current:				
General government	1,193,946	1,041,712	1,010,242	31,471
Public safety	1,643,437	1,704,386	1,561,038	143,348
Highways and Streets	470,438	559,765	591,847	(32,083)
Development Services	360,959	339,336	375,203	(35,867)
Culture and recreation	538,408	587,688	536,856	50,832
Total current:	<u>4,207,189</u>	<u>4,232,887</u>	<u>4,075,186</u>	<u>157,702</u>
Capital Outlay:				
General government	37,371	95,487	118,209	(22,722)
Public safety	111,027	246,508	354,490	(107,982)
Highways and Streets	238,305	165,899	179,458	(13,559)
Development Services	15,369	24,963	22,467	2,496
Culture and recreation	118,705	138,705	124,823	13,882
Total capital outlay:	<u>520,777</u>	<u>671,562</u>	<u>799,447</u>	<u>(127,885)</u>
Total expenditures	<u>4,727,965</u>	<u>4,904,449</u>	<u>4,874,633</u>	<u>29,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(974,458)</u>	<u>(1,150,941)</u>	<u>(569,693)</u>	<u>581,250</u>
OTHER FINANCING SOURCES (USES)				
Interest Revenue	25,000	25,000	60,906	35,906
Miscellaneous	-	-	191,667	191,667
Transfers in (out)	(183,892)	(199,772)	(806,206)	(606,434)
Total other financing sources and uses	<u>(158,892)</u>	<u>(174,772)</u>	<u>(553,633)</u>	<u>(378,862)</u>
Net change in fund balances	<u>(1,133,349)</u>	<u>(1,325,713)</u>	<u>(1,123,326)</u>	<u>202,389</u>
Fund balances - beginning	2,739,747	2,739,747	2,739,747	-
Fund balances - ending	<u>\$ 1,606,398</u>	<u>\$ 1,414,034</u>	<u>\$ 1,616,421</u>	<u>202,389</u>

City of Bridgeport, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2007

	Water and Sewer Fund	Electric Fund	Municipal Airport Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ (239,539)	\$ (326,167)	\$ 16,116
Investments	116,699	592,590	-
Receivables (net of allowance for uncollectibles)	282,599	803,391	744
Due from other funds	-	34,272	(34,272)
Inventories	43,209	149,946	-
Total current assets	<u>\$ 202,968</u>	<u>\$ 1,254,032</u>	<u>\$ (17,412)</u>
Noncurrent assets:			
Restricted assets:			
Cash & cash investments	2,895,581	279,400	-
Deferred charges	173,284	-	-
Capital assets:			
Land	54,586	56,997	4,700
Building and improvements	258,783	96,594	145,478
System improvements	14,643,590	2,421,115	-
Machinery and equipment	366,975	69,730	-
Office furniture and fixtures	168,825	61,155	-
Transportation equipment	278,714	377,719	-
Accumulated depreciation	(7,633,312)	(1,881,225)	(24,122)
Construction in progress	109,528	-	17,800
Total capital assets (net of accumulated depreciation)	<u>8,247,689</u>	<u>1,202,085</u>	<u>143,856</u>
Total non-current assets	<u>11,316,554</u>	<u>1,481,485</u>	<u>143,856</u>
Total assets	<u>11,519,522</u>	<u>2,735,517</u>	<u>126,444</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other current liabilities	49,242	16,151	676
Accrued liabilities	11,356	8,966	-
Taxes payable	-	27,963	-
Due to other funds	-	-	-
Unearned revenue	-	5,985	-
Accrued interest payable	33,722	-	-
Current capital leases	-	26,780	-
Current portion of long-term debt	341,250	-	-
Total current liabilities	<u>435,570</u>	<u>85,845</u>	<u>676</u>
Current liabilities payable from restricted assets:			
Utility customer deposits	24,500	279,987	-
Total current liabilities payable from restricted assets:	<u>24,500</u>	<u>279,987</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	17,684	16,102	-
Capital leases	-	28,140	-
Revenue Bonds payable	3,455,650	-	-
C O bonds payable	790,000	-	-
Total noncurrent liabilities	<u>4,263,334</u>	<u>44,242</u>	<u>-</u>
Total liabilities	<u>4,723,404</u>	<u>410,074</u>	<u>676</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,094,803	880,996	132,878
Restricted for Capital Projects	2,715,892	-	-
Restricted for debt retirement	238,975	-	-
Unrestricted	(253,552)	1,444,448	(7,110)
Total net assets	<u>\$ 6,796,118</u>	<u>\$ 2,325,444</u>	<u>\$ 125,768</u>

<u>Grant Fund</u>	<u>Total Proprietary Funds</u>	<u>Gov. Activities Internal Service Fund</u>
\$ 178	\$ (549,413)	\$ -
-	709,290	-
318,648	1,405,382	-
(246,474)	(246,474)	-
-	193,155	-
<u>\$ 72,352</u>	<u>\$ 1,511,940</u>	<u>\$ -</u>
-	3,174,981	-
-	173,284	-
-	-	-
-	116,283	-
-	500,855	-
-	17,064,705	-
-	436,705	-
-	229,980	-
-	656,433	-
-	(9,538,659)	-
-	127,328	-
-	<u>9,593,630</u>	-
-	<u>12,941,895</u>	-
<u>72,352</u>	<u>14,453,835</u>	-
72,175	138,244	5,343
-	20,322	4,900
-	27,963	-
-	-	-
-	5,985	-
-	33,722	-
-	26,780	-
-	341,250	-
<u>72,175</u>	<u>594,266</u>	<u>10,243</u>
-	304,487	-
-	<u>304,487</u>	-
-	33,786	8,200
-	28,140	-
-	3,455,650	-
-	790,000	-
-	<u>4,307,576</u>	<u>8,200</u>
<u>72,175</u>	<u>5,206,329</u>	<u>18,443</u>
-	5,108,677	-
-	2,715,892	-
-	238,975	-
176	1,183,962	(18,443)
<u>\$ 176</u>	<u>\$ 9,247,506</u>	<u>\$ (18,443)</u>

City of Bridgeport, Texas
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2007

	<u>Water and Sewer Fund</u>	<u>Electric Fund</u>	<u>Municipal Airport Fund</u>
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	\$ 1,337,968	-	-
Sewer charges	893,791	-	-
Electric	-	5,815,137	-
Municipal Airport	-	-	391,310
Miscellaneous	331	15,270	553
Total operating revenues	<u>2,232,090</u>	<u>5,830,407</u>	<u>391,863</u>
OPERATING EXPENSES:			
General Government	-	-	-
Costs of sales and services:			
Salaries and wages	434,299	368,066	-
Employee benefits	161,498	119,994	-
Purchased water	249,024	-	-
Purchased electricity	-	4,185,310	-
Other purchased services	398,142	418,180	6,926
Supplies and maintenance	364,330	245,889	364,915
Property	-	-	-
Miscellaneous	14,908	80,665	-
Total operating expenses	<u>1,622,201</u>	<u>5,418,104</u>	<u>371,841</u>
Operating income (loss)	609,889	412,303	20,022
NONOPERATING REVENUES (EXPENSES):			
Grants	-	-	2,298
Interest and Fiscal charges	(323)	-	-
Miscellaneous	-	-	-
Interest expense	(163,577)	-	-
Depreciation	(611,831)	(98,747)	(6,822)
Total nonoperating revenue (expenses)	<u>(775,731)</u>	<u>(98,747)</u>	<u>(4,524)</u>
Income (loss) before contributions and transfers	(165,842)	313,556	15,498
Interest Revenue	163,390	90,296	14
Gain (Loss) on sale of assets	42	-	-
Transfers in (out)	2,300,639	(2,329,088)	18,010
Bond issuance costs	-	-	-
Change in net assets	<u>2,298,231</u>	<u>(1,925,235)</u>	<u>33,523</u>
Total net assets - beginning	<u>4,497,887</u>	<u>4,250,679</u>	<u>92,245</u>
Total net assets - ending	<u>\$ 6,796,118</u>	<u>\$ 2,325,444</u>	<u>125,768</u>

The accompanying notes are an integral part of this statement.

Grant Fund	Total Proprietary Funds	Gov. Activities Internal Service Fund
-	\$ 1,337,968	-
-	893,791	-
-	5,815,137	-
-	391,310	-
-	16,154	20,990
-	8,454,360	20,990
-	-	477,399
-	802,365	-
-	281,492	-
-	249,024	-
-	4,185,310	-
714,444	1,537,692	-
-	975,134	-
-	-	-
-	95,573	-
714,444	8,126,590	477,399
(714,444)	327,770	(456,409)
777,730	780,028	-
-	(323)	-
82,744	82,744	-
-	(163,577)	-
-	(717,400)	-
860,474	(18,528)	-
146,030	309,242	(456,409)
172	253,872	-
-	42	-
(146,030)	(156,469)	442,191
-	-	-
172	406,688	(14,218)
5	8,840,816	(4,225)
177	9,247,506	(18,443)

City of Bridgeport, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2007

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Electric Fund	Municipal Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from other	\$ 1,222	\$ 15,270	\$ 553
Cash received from customers	2,311,494	5,990,630	391,110
Cash payments to other	(934)	(68,316)	-
Cash payments to employees and professional contractors for services	(588,161)	(482,081)	-
Cash payments to suppliers for goods and services	(1,031,101)	(6,005,815)	(418,516)
Net cash provided from operating activities	<u>692,520</u>	<u>(550,312)</u>	<u>(26,853)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	\$ -	\$ -	\$ -
Transfer from(to) primary government	(374,751)	(95,967)	40,000
Transfer from(to) other funds	159,939	(62,968)	(10,990)
Net cash provided (used) by noncapital and related financing activities	<u>(214,812)</u>	<u>(158,935)</u>	<u>29,010</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(287,925)	(364,917)	(17,800)
Bond issuance cost	12,357	-	-
Capital grants received	-	-	2,298
Principal and interest paid on bonds and lease obligations	(340,377)	-	-
Proceeds from issuance of long-term debt	(135,000)	-	-
Proceeds from sale of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(750,945)</u>	<u>(364,917)</u>	<u>(15,502)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	163,390	90,296	14
Sale/ maturity of investments	-	576,215	-
Net cash provided by investing activities	<u>163,390</u>	<u>666,511</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	(109,847)	(407,653)	(13,330)
Cash and cash equivalents, October 1, 2006	2,882,588	360,886	29,446
Cash and cash equivalents, September 30, 2007	<u>\$ 2,772,741</u>	<u>\$ (46,767)</u>	<u>\$ 16,116</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 9,185	\$ 284,103	\$ 2,200
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	611,831	98,747	6,822
Increase (decrease) in accounts payable - other	2,889	12,348	-
Increase (decrease) in accounts payable - supplier	(38,897)	(1,109,673)	(35,675)
Increase (decrease) in compensated absences	6,773	3,758	-
(Increase) decrease in customer receivables	80,583	175,493	(200)
Increase (decrease) in inventory	19,292	(17,309)	-
(Increase) decrease in other operating receivables	-	-	-
Increase (decrease) in salaries & benefits payable	863	2,221	-
Total adjustments	<u>683,335</u>	<u>(834,415)</u>	<u>(29,053)</u>
Net cash provided (used) by operating activities	<u>\$ 692,520</u>	<u>\$ (550,312)</u>	<u>\$ (26,853)</u>

Grant Fund	Total Proprietary Funds	Gov. Activities Internal Services Fund
\$ (153,160)	\$ (136,114)	\$ -
(82,744)	8,610,490	(10)
-	(69,251)	-
-	(1,070,242)	(257,333)
72,175	(7,383,257)	(214,436)
<u>(163,729)</u>	<u>(48,374)</u>	<u>(471,779)</u>
\$ -	\$ -	-
631,700	200,982	296,525
246,474	332,455	145,665
<u>878,174</u>	<u>533,437</u>	<u>442,190</u>
(714,444)	(1,385,087)	-
-	12,357	-
-	2,298	-
-	(340,377)	-
-	(135,000)	21,000
-	-	-
<u>(714,444)</u>	<u>(1,845,808)</u>	<u>21,000</u>
172	253,871	-
-	576,215	-
<u>172</u>	<u>830,087</u>	<u>-</u>
172	(530,659)	(8,589)
5	3,272,925	8,588
<u>\$ 177</u>	<u>2,742,266</u>	<u>(1)</u>
\$ 82,744	\$ 378,232	(477,409)
-	717,400	-
-	15,238	-
72,175	(1,112,071)	1,525
-	10,531	2,123
(82,744)	173,132	-
-	1,984	-
(235,904)	(235,904)	-
-	3,084	1,983
<u>(246,472)</u>	<u>(426,606)</u>	<u>5,631</u>
<u>\$ (163,728)</u>	<u>\$ (48,374)</u>	<u>\$ (471,779)</u>

For the Year Ended September 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Bridgeport, Texas, ("City"), included in the accompanying basic financial statements conform to the generally accepted accounting principles (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

A. Financial Reporting Entity

The City of Bridgeport was incorporated under the laws of the State of Texas in 1913 and operates under a Mayor-Council form of government. The City's financial statements include the accounts of all City operations. Generally accepted accounting principles require all funds that are controlled by or are independent on the City Council to be included in the City's financial statements. The reporting entity is the primary government, or the City, and those component units for which the primary government is financially accountable. Financial accountability is defined as the appointment of a voting majority of the potential component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit or impose a financial burden on the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate statements to be misleading or incomplete. Based on these considerations, the City's financial statements include the Corporation for Economic Development of the City of Bridgeport as a discretely presented component unit.

DISCRETELY PRESENTED COMPONENT UNIT

The Corporation for Economic Development of the City of Bridgeport, Texas (BEDC) has been included in the reporting entity as a discretely presented component unit. BEDC can not be considered a blended component unit because the revenues are not only for the benefit of the City. BEDC was created by the City in September 1994, although no activity took place until fiscal year 1995 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. It is funded through voter authorized sales tax. The five member Board, minimum of three residents and the Mayor serving on the board in Place 1 for the duration of term, all of whom shall own property in the City, is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net assets of BEDC shall be converted to the City. The City accounts for BEDC as a discretely presented component unit on the government-wide financial statements.

Separate audited financial statements are not issued for BEDC. Unaudited financial statements may be obtained from the City's finance office.

RELATED ORGANIZATIONS

The Mayor and City Council are responsible for appointing a voting majority of the members of some local boards and commissions, but the City's accountability for these organizations does not extend beyond making the appointments. These entities are the Airport Board, Parks and Recreation Board, Main Street Board, Cultural Arts Board, Planning and Zoning Commission, Cemetery Board, and Bridgeport Housing Authority.

For the Year Ended September 30, 2007

B. Basis of Presentation

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide financial statements (based on the City as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

Government-wide financial statements. The government-wide Statement of Activities demonstrates the degree to which direct expenses of a given program or function is offset by the program's revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements.

Fund financial statements. The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Each fund is considered a separate accounting entity and the operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements; all non-major fund are aggregated and presented in a single column.

The government wide focus is on the sustainability of the City as an entity and the change in net financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

Each presentation provides a different focus, which allows the reader to compare and analyze the information to enhance the usefulness of the statements.

GOVERNMENTAL FUND TYPES

Governmental Funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds (in the fund financial statements) is on the sources, uses and balance of current financial resources and include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The individual funds are described as follows:

Major Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

For the Year Ended September 30, 2007

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

General Capital Projects Fund – This capital projects fund is used to account for financial resources to be used for the acquisition or construction of parks, buildings, and other facilities. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

PROPRIETARY FUND TYPES

The Proprietary Fund Types are used to account for the City's organization and activities which are similar to those often found in the private sector. These funds are financed and operated in a manner similar to private business enterprises – where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered mainly through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Major Proprietary Funds

Electric Fund – This fund accounts for the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Water/Wastewater Fund – This fund accounts for the City's water, wastewater, including operations, contracted maintenance, internal maintenance, expansion of the system within the City's service territory and the costs of environmental mandates that arise.

Airport Fund – This fund accounts for the City's airport operations, including contracted maintenance, and internal maintenance.

Non-major Proprietary Fund

Internal Service Fund - This fund provides services primarily to other funds of the government, is presented in the summary form as part of the proprietary fund financial statements. The financial statement of the internal service fund is allocated in the governmental column when presented at the government-wide level. Various operations are accounted for as an internal service fund, such as operational costs associated with automobile and heavy equipment owned by the City and made available to various departments, costs related to maintaining and repairing City owned facilities, operational costs associated with the City's computer equipment within various departments, as well as jointly shared administrative departments.

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

For the Year Ended September 30, 2007

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in the financial statements.

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989 generally are followed in both the government-wide and proprietary fund financials statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private-sector guidance issued subsequent to November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing sources) in net current assets.

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues available if they are collected within sixty (60) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from current available financial resources.

Ad valorem, sales, hotel, and franchise tax revenues recorded in the Governmental Fund Types are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fine and forfeitures and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

D. Budgets

At least 30 days prior to the end of the each fiscal year, the City Administrator submits a proposed budget presenting a complete financial plan for the ensuing fiscal year to the City Council (the Council). Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard. The budget must be legally adopted by the Council through passage of an ordinance no later than the thirtieth day of the last month of the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all Governmental and Proprietary Fund Types. Budgets for all funds were legally adopted for the

For the Year Ended September 30, 2007

period. Budgetary control is exercised at the division level. All budgets are prepared on the budgetary basis, recognizing encumbrances outstanding at year-end as expenditures against that year's appropriation. These encumbrances are reconciled to generally accepted accounting principles where appropriate.

The Council may transfer any unencumbered appropriation balance or portion thereof from one division, office, department or agency to another at any time. The Director of Financial Services has authority, without Council approval, to transfer appropriation balances from one expenditure account to another within a single division, office, and department. The City Administrator has authority, without Council approval, to transfer appropriation balances from one fund to another.

Budget amounts are as originally adopted, or as transferred pursuant to authorization of the Council. Individual amendments were not material in relation to the original appropriations, with the exception of amendments related to capital projects and the internal service fund transfers. Unencumbered appropriations lapse each year at September 30.

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purposes and actual results.

E. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary control in all funds. Encumbrance accounting is a process whereby purchase orders, contracts and other commitments for the expending of monies are recorded in order to reserve that portion of the applicable appropriation. Outstanding year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments are carried forward into the subsequent fiscal year.

F. Cash and Investments

For cash flow purposes, cash and cash equivalents consist of demand deposits, certificates of deposits and deposits in authorized investment pools.

The operating cash balances from all funds are consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are state at fair value, or market price as of September 30, 2007. Interest earnings are then allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service and bond proceeds reserved for future construction.

G. Restricted Assets

The utility funds, based on certain bond covenants, are required to establish and maintain prescribed amounts of resources that could be used only to service outstanding debt. In addition restricted assets consist of cash and investments, including customer deposits.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first, then restricted resources as they are needed.

For the Year Ended September 30, 2007

H. Long-term Receivables

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year end.

I. Inventories

The City records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

J. Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

K. Interfund Transactions

All legally authorized transfers have been appropriately presented as interfund transfers and are included in the fund financial statements of both Governmental and Proprietary Fund Types. As a general rule, the effect of interfund activity is shown as the net and reported as Internal Balances on the government-wide financial statements.

L. Intergovernmental Revenues

Intergovernmental revenues represent entitlements and shared revenues which are accounted for within the fund financed. Such revenues, received for purposes normally financed through the general government, are accounted for within the Special Revenue Funds.

M. Compensated Absences

All employees may accumulate a maximum of two times their annual vacation, up to an absolute cap of 240 hours, or 30 days. Upon termination, non-Civil Service employees are paid only for any unused accumulated vacation hours. Upon termination, Civil Service employees are paid for any unused accumulated vacation hours, any holidays not taken, and any personal day not taken. Sick leave for both regular and Civil Service employees is not paid upon termination, but will be paid only upon illness while in the employ of the City.

Accumulated vacation leave, which is expected to be liquidated with expendable available financial resources, is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave within governmental funds that are not expected to be liquidated with expendable available financial resources are reported as a long-term liability on the statement of net assets. No expenditure is reported for these amounts in the fund financial statements. Accumulated vacation leave of proprietary fund types are recorded as an expense and liability of those funds as the benefits accrue to employees.

For the Year Ended September 30, 2007

N. Capital Assets

Capital Assets:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and an expected useful life of over one year.

Depreciation for assets not following the modified approach is computed using the straight-line method on the composite assets based upon the estimated useful lives as follows:

Infrastructure	30 years
Buildings	50 years
Building Improvements	20 years
Vehicles	2-15 years
Office equipment	3-15 years
Computer equipment	3-5 years

The City records capital contributions to proprietary funds as revenue.

O. Long-term Obligations

The portion of long-term general obligation debt used to finance proprietary fund operations and payable from the revenues of the Enterprise Funds is recorded in such funds. General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the City as a whole and not its individual funds. Accordingly, such un-matured obligations of the City are accounted for on the statement of net assets and payments of principal and interest relating to the general obligation bonds are recorded as expenditures when they are paid in the fund statements. Self-supporting general obligation debt, which will be repaid from non-general revenue sources, is recorded in the appropriate proprietary fund.

P. Bond Issuance Costs

For Governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period on the fund financial statements. Bond proceeds are reported as other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund types and on the government-wide statements, premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charged and amortized over the term of the related debt.

Q. Comparative Data/Reclassification

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the

For the Year Ended September 30, 2007

City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

R. Post Employment Benefits (other than pension benefits)

Except for health insurance provided pursuant to the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides no post employment benefits and thus has no related obligation.

S. Risk Financing Activity

The City of Bridgeport is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2004, the City purchased general liability coverage from Texas Municipal League Intergovernmental Risk Pool (TML-IRP). The City pays an annual premium to TML-IRP for such coverage. TML-IRP is a self-funded pool operating as a common risk management and insurance program. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

T. Credit Risk

Financial investments which potentially subject the City to concentrations of credit risk consist principally of cash, investments and accounts receivable. At September 30, 2007, there was not a significant risk arising from cash, investments, or accounts receivable.

U. Nature and Purpose of Reservations and Designation of Fund Equity

In fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

Fund balances and net assets are restricted and/or reserved for the following purposes:

Restrictions:

- **Debt Service** – tax funds levied and reserved for retirement of general long-term debt.
- **Capital Projects** – funds identified for capital outlay including infrastructure and other capital projects; these funds were collected through bond proceeds, legally restricted for capital needs. Bond proceeds are considered restricted because of ordinances authorizing their issuance and documents filed with the State Attorney General specifying the usage of the related proceeds.

Reservations:

- **Encumbrances** – funds reserved for payment of outstanding commitments related to unperformed contracts for goods or services, i.e. open purchase orders.
- **Inventories** – assets such as supplies and fuel that are unavailable for spending.
- **Special Programs** – funds relating to grants, hotel/motel tax, and other restricted sources.

For the Year Ended September 30, 2007

2. CASH AND INVESTMENTS

For Cash flow purposes, cash and temporary investments consist of demand deposits, certificates of deposits, and in authorized investment pools. The operating cash balance from all funds is consolidated in pooled cash and investment accounts. Excess pooled balances are invested in U.S. Treasury securities, U.S. Government agency securities, fully collateralized money market funds and local government investment pools. Maturities on all investments are consistent with the City's cash flow requirements. Investments are recorded at cost. Interest earnings are allocated to each fund based on average monthly pooled equity balances. Separate cash and investment accounts are maintained for restricted cash such as debt service, utility debt reserves, and bond proceeds reserved for future construction.

The investment policies of the City are governed by State statutes and a City Council adopted Investment Policy.

DEPOSITS

Texas Statutes require that all bank deposits be insured or fully collateralized by the U.S. government obligations or obligations of the State of Texas and its agencies. Market value of the collateral pledged must equal at least 100% of the bank deposits not covered by federal deposit insurance.

At year end, the carrying amount of the City's bank deposits was \$81,668 and the bank balances were \$368,897 all of which were entirely covered by Federal depository insurance or by collateral held by the City's agent bank in the City's name. The City's discretely presented component unit had a carrying amount of \$707,507 at year end.

INVESTMENTS

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

The City of Bridgeport intends to match the holding periods of investment funds with liquidity needs of the City. In no case will the weighted average maturity (WAM) of investments of the City's operating funds exceed one (1) year. The maximum final stated maturity of any investment should not exceed five (5) years.

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

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in mainly investment pools which purchase a combination of shorter term investments with an average maturity of less than 31 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

For the Year Ended September 30, 2007

The City's investments carried at fair value as of September 30, 2007, are:

Investment Type	Amount	Weighted Average Maturity	Rating as of September 30, 2007	Rating as of September 30, 2007
TexPool	\$ 4,797,669	31 days	AAAm	AAAm
Agency Discount Note - Senior unsecured debt	999,519	90 - 180 days	AAA	AAA
	<u>\$ 5,797,188</u>			

As of September 30, 2007 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

Credit Risk - is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Concentration of Credit Risk - The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2007, other than external investment pools and securities guaranteed by the U.S. Government, the City not have 5% or more of its investments with one issuer.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2007 the carrying amount of the City's cash on hand and deposits were \$81,668 and the bank balance was \$368,897. Of the bank balance, \$100,000 was covered by federal depository insurance while the remaining \$268,897 was secured with securities held by the pledging financial institution's trust department or agent in the City's name.

The City is a voluntary participant in the TexPool external investment pool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized

For the Year Ended September 30, 2007

cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

3. TAXES

Property Taxes – Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1st. Taxes become delinquent February 1st of the following year and are subject to interest and penalty charges. Under an agreement which began in 1985, Wise County Appraisal District (Appraisal District) collects the City's taxes. In the fund financial statements, City property tax revenues are recognized when levied to the extent that they are collected in the current year. Taxes collected prior to the levy date to which they apply are recorded as unearned revenues and recognized as revenue of the period to which they apply. All collections from prior year levies are considered delinquent tax revenue for reporting purposes in the year collected. The allowance for uncollectible taxes at September 30, 2007 was \$26,914 between the General and Debt Service Funds.

The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2007, was \$0.5875 per \$100 of assessed valuation.

The Appraisal District is responsible for the recording and appraisal of property for all taxing units in Wise County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every four years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to an increase of no more than 8%.

In May 2006, Council approved an initiative to freeze property taxes for homeowners over the age of 65 or disabled. This measure mirrors the State of Texas Constitutional Amendment Proposition 13, which passed overwhelmingly statewide in 2003. "Prop 13" gives local governments the option of "freezing" taxes for the elderly and disabled.

Sales Taxes – The City has adopted the provisions of Article 1066C, Vernon's Texas Civil Statutes, as amended, which grant the City the power to impose and levy a 1% Local Sales and Use Tax within the City. Proceeds of the tax are credited to the General Fund. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits to the City monthly the proceeds of the tax, after deduction of a 2% service fee.

In 1994, the City began collecting an additional ½ cent sales tax in accordance with the Texas Development Corporation Act of 1979, Article 5190.6, Section 4A Texas Revised Civil Statutes for the promotion and development of new and expanded business enterprises. This sales tax is administered through the Corporation for Economic Development of the City of Bridgeport (BEDC), a legally separate entity from the City. BEDC is reported as a discretely presented component unit of the City.

4. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

Balances due to primary government and from other funds at September 30, 2007, consisted of the following:

For the Year Ended September 30, 2007

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	EDC Fund	62,246	Operating expenditures
General Fund	Water & Sewer Fund	362,595	Operating expenditures
General Fund	Electric Fund	326,367	Operating expenditures
General Fund	Grant Fund	246,474	Grant projects expenditures
Electric Fund	Municipal Airport Fund	34,272	Capital projects expenditures
Total		<u>\$ 1,031,954</u>	

Transfers to and from other funds at September 30, 2007, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Municipal Airport Fund	\$ 40,000	Provide resources for repayment
General Fund	Internal Service Fund	296,525	Provide resources for repayment
General Fund	Water and Sewer Fund	374,751	Provide resources for repayment
General Fund	General Capital Projects	421,914	Provide resources for repayment
General Fund	Theater Fund	6,600	Provide resources for repayment
General Fund	Recreation Fund	10,380	Provide resources for repayment
Hotel Occupancy Fund	Theater Fund	5,419	Provide resources for repayment
Hotel Occupancy Fund	Internal Service Fund	2,034	Provide resources for repayment
Water and Sewer Fund	Debt Service Fund	43,807	Provide resources for repayment
Water and Sewer Fund	General Fund	95,967	Reimburse expenditures
Water and Sewer Fund	Internal Service Fund	97,905	Provide resources for repayment
Water and Sewer Fund	Sewer Capital Projects	255,000	Provide resources for repayment
Water Capital Projects	Water and Sewer Fund	119,190	Provide resources for repayment
Electric Fund	Water and Sewer Fund	2,163,567	Provide resources for repayment
Electric Fund	General Fund	95,967	Reimburse expenditures
Electric Fund	Debt Service Fund	50,269	Supplement other funds sources
Electric Fund	Internal Service Fund	30,284	Provide resources for repayment
EDC Fund	General Fund	6,000	Provide resources for repayment
EDC Fund	Internal Service Fund	4,452	Provide resources for repayment
Airport Fund	Internal Service Fund	10,990	Provide resources for repayment
Airport Fund	Electric Fund	11,000	Provide resources for repayment
Grant Fund	General Fund	146,030	Reimburse expenditures
Total		<u>\$ 4,288,051</u>	

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2007, was as follows:

For the Year Ended September 30, 2007

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 505,449	\$ 212,271	\$ (488,526)	\$ 229,195
Total capital assets not being depreciated	505,449	212,270.69	(488,526)	229,195
Capital assets being depreciated:				
Land	143,352	214,762	-	358,114
Property, Plant & Equipment	1,919,830	2,540,663	-	4,460,494
System Improvements	10,650,669	287,106	-	10,937,776
Tools & Devices	175,310	-	-	175,309
Office furniture and equipment	294,943	141,745	-	436,689
Vehicles	1,924,677	294,150	84,866	2,133,962
Total capital assets being depreciated	15,108,782	3,478,427	84,866	18,502,344
Less accumulated depreciation for:				
Land	-	575	-	575
Property, plant and equipment	488,120	93,486	-	581,607
System Improvements	5,657,157	797,417	-	6,454,574
Tools & Devices	100,498	19,302	-	119,800
Office furniture and equipment	90,941	65,229	-	156,170
Vehicles	1,100,446	172,282	84,866	1,187,862
Total accumulated depreciation	7,437,162	1,148,290	84,866	8,500,586
Total capital assets being depreciated, net	7,671,620	2,330,137	-	10,001,758
Governmental activities capital assets, net	\$ 8,177,069	\$ 2,542,408	\$ (488,526)	\$ 10,230,953
Governmental activities depreciation by Function:				
General Government	\$ 81,724			
Public Safety	135,064			
Highways and Streets	897,728			
Development Services	5,532			
Culture and recreation	28,242			
Depreciation expense - governmental activities	\$ 1,148,290			

For the Year Ended September 30, 2007

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 116,283	\$ -	\$ -	\$ 116,283
Construction in progress	<u>31,163</u>	<u>96,165</u>	<u>-</u>	<u>127,328</u>
Total capital assets not being depreciated	<u>147,446</u>	<u>96,165</u>	<u>-</u>	<u>243,611</u>
Capital assets being depreciated:				
Property, plant and equipment	478,421	22,434	-	500,855
Water and sewer system improvements	14,507,768	135,822	-	14,643,590
Electric system improvements	2,116,390	304,725	-	2,421,115
Tools & Devices	429,592	7,113	-	436,705
Office Furniture and Equipment	229,980	-	-	229,980
Vehicles	<u>512,444</u>	<u>143,989</u>	<u>-</u>	<u>656,433</u>
Total capital assets being depreciated	<u>18,274,596</u>	<u>614,083</u>	<u>-</u>	<u>18,888,679</u>
Less accumulated depreciation for:				
Property, Plant & Equipment	68,200	33,527	-	101,727
Water and sewer system improvements	6,400,406	519,174	-	6,919,581
Electric system improvements	1,358,824	88,321	-	1,447,145
Tools & Devices	337,639	27,785	-	365,423
Office Furniture and Equipment	206,078	20,836	-	226,914
Vehicles	<u>450,113</u>	<u>27,756</u>	<u>-</u>	<u>477,868</u>
Total accumulated depreciation	<u>8,821,259</u>	<u>717,399</u>	<u>-</u>	<u>9,538,659</u>
Total capital assets being depreciated, net	<u>9,453,338</u>	<u>(103,316)</u>	<u>-</u>	<u>9,350,021</u>
Business-type activities capital assets, net	<u>\$ 9,600,784</u>	<u>\$ (7,151)</u>	<u>\$ -</u>	<u>\$ 9,593,630</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 1,719,225	\$ 200,632	\$ -	\$ 1,919,857
Total capital assets not being depreciated	<u>1,719,225</u>	<u>200,632</u>	<u>-</u>	<u>1,919,857</u>
Capital assets being depreciated:				
Buildings and Improvements	-	47,586	-	47,586
System Improvements	108,413	-	-	108,413
Total capital assets being depreciated	<u>108,413</u>	<u>47,586</u>	<u>-</u>	<u>155,998</u>
Less accumulated depreciation for:				
Buildings and Improvements	452	5,421	-	5,872
Total accumulated depreciation	<u>452</u>	<u>5,421</u>	<u>-</u>	<u>5,872</u>
Total capital assets being depreciated, net	<u>107,961</u>	<u>42,165</u>	<u>-</u>	<u>150,126</u>
Componet Unit capital assets, net	<u>\$ 1,827,185</u>	<u>\$ 242,797</u>	<u>\$ -</u>	<u>\$ 2,069,983</u>

Depreciation was charged to functions as follows:

Business Type Activities \$ 717,399

For the Year Ended September 30, 2007

6. LONG-TERM DEBT

A. OVERVIEW

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2007:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 10,363,500	\$ -	\$ 345,400	\$ 10,018,100	\$ 443,750
Capital leases	332,052	212,847	231,429	313,470	191,388
Compensated absences *	89,932	38,303	-	128,235	-
Total governmental activities	\$ 10,785,484	\$ 251,150	\$ 576,829	\$ 10,459,805	\$ 635,138
<u>Business-type activities:</u>					
General obligation bonds	\$ 4,906,500	\$ -	\$ 319,600	\$ 4,586,900	341,250
Capital leases	4,232	84,373	33,685	54,920	26,780
Compensated absences *	23,255	10,531	-	33,786	-
Total business-type activities	\$ 4,933,987	\$ 94,904	\$ 353,285	\$ 4,675,606	\$ 368,030
<u>Component Unit:</u>					
Notes payable	\$ 2,226,818	\$ -	\$ 203,391	\$ 2,023,427	\$ 204,651
Compensated absences*	2,566	2,666	-	5,232	-
Total component unit activities	\$ 2,229,384	\$ 2,666	\$ 203,391	\$ 2,028,659	\$ 204,651

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Compensated absences	Governmental	128,235
Compensated absences	Business-type	33,786

B. DEBT SERVICE REQUIREMENTS

Debt service requirements on long-term debt at September 30, 2007, are as follows:

For the Year Ended September 30, 2007

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	443,750	469,043	912,793
2009	472,100	445,494	917,594
2010	490,450	421,915	912,365
2011	512,150	399,505	911,655
2012	535,500	376,099	911,599
2013-2017	3,116,250	1,489,170	4,605,420
2018-2022	2,962,900	733,921	3,696,821
2023-2027	1,385,000	203,239	1,588,239
2028-2030	100,000	5,000	105,000
Totals	<u>\$ 10,018,100</u>	<u>\$ 4,543,386</u>	<u>\$ 14,561,486</u>

<u>Year Ending September 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	341,250	145,927	487,177
2009	347,900	135,225	483,125
2010	359,550	124,000	483,550
2011	372,850	112,211	485,061
2012	389,500	99,625	489,125
2013-2017	1,388,750	331,390	1,720,140
2018-2022	1,247,100	126,274	1,373,374
2023-2024	140,000	3,290	143,290
Total	<u>\$ 4,586,900</u>	<u>\$ 1,077,942</u>	<u>\$ 5,664,842</u>

<u>Year Ending September 30,</u>	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	204,651	29,174	233,825
2009	210,730	26,593	237,323
2010	221,882	23,943	245,825
2011	223,700	21,124	244,824
2012	182,686	18,138	200,824
2013-2017	1,026,374	43,290	1,069,664
2018-2020	24,538	799	25,337
Totals	<u>\$ 2,094,561</u>	<u>\$ 163,061</u>	<u>\$ 2,257,622</u>

C. CAPITAL LEASES

Commitments under capitalized agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2007; as follows:

For the Year Ended September 30, 2007

Deposit Rate:	7%
Matching Ratio (City to Employee):	2 to 1
A member is vested after:	5 Years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the City (expressed as years of services/age) are:

5 yrs/age 60; 20 yrs/any age

B. Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25 year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006 valuation is effective for rates beginning January 2008).

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial Value of Assets	\$ 2,784,827	\$ 2,449,734	\$ 2,213,913	\$ 2,001,378
Actuarial Accrued Liability	3,291,640	2,647,350	2,174,517	1,947,386
Percentage Funded	84.6%	92.5%	101.8%	102.8%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	506,813	197,616	(39,396)	(53,992)
Annual Covered Payroll	2,426,239	2,397,378	1,789,284	1,627,903
UAAL as a Percentage of Covered Payroll	20.9%	8.2%	-2.2%	-3.3%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost:				
Plus: Annual Required Contribution (ARC)	446,351	116,548	92,862	68,682
Less: Contributions Made	<u>(446,351)</u>	<u>(116,548)</u>	<u>(92,862)</u>	<u>(68,682)</u>
NPO at the end of the period	\$ -	\$ -	\$ -	\$ -

8. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The plan is administered by MetLife.

City of Bridgeport
Notes to the Financial Statements
For the Year Ended September 30, 2007

9. HEALTH CARE COVERAGE

During the year ended September 30, 2007, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$167.26 per pay period per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

10. COMMITMENTS AND CONTINGENCIES

Grants

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds or any money received may be required and the collectibles of any related receivable may be impaired. In the opinion of the City, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Litigation

The City has no reportable litigation pending against the City as of September 30, 2007.

11. DEFICIT FUND EQUITY

At September 30, 2007, the Internal Service Fund had negative net assets of \$18,443. This deficit is due to the transfers from the operating funds to cover the expenses within the Internal Service Fund.

12. SUBSEQUENT EVENTS

In January 2007, the City entered into a Limited Guaranty Agreement with Compass Bank on behalf of West 380 Family Care Facility. This agreement requires the City to establish a Special Limited Guaranty Interest and Sinking Fund in the amount of \$60,000 with the original principle amount being \$3,000,000.

Combining and Individual Fund Statements and Schedules

City of Bridgeport, Texas
Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2007

	<u>Hotel/Motel Tax</u>	<u>Court Technology/ Security</u>
ASSETS		
Cash and cash equivalents	\$ 98,712	\$ 44,506
Investments	-	-
Receivables (net of allowance for uncollectibles)		
Interest	-	-
Property taxes	-	-
Sales taxes	-	-
Other	10,211	-
Due from other funds	-	-
Prepays	-	-
Total assets	<u>108,923</u>	<u>44,506</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and other current liabilities	7,807	-
Accrued liabilities	-	-
Due to other funds	-	-
Unearned revenue	-	-
Unearned revenue - court	-	-
Total liabilities	<u>7,807</u>	<u>-</u>
Fund balances:		
Reserved for:		
Public Safety Building/Street Improvements	-	-
Unreserved, reported in		
General fund	-	-
Special revenue fund	101,116	44,506
Debt service fund	-	-
General capital projects fund	-	-
Total fund balances	<u>101,116</u>	<u>44,506</u>
Total liabilities and fund balances	<u>\$ 108,923</u>	<u>\$ 44,506</u>

Special Revenue Funds

Theater	Cemetery	Recreation	Main Street	Total Non-Major Governmental Funds
\$ 9,690	\$ 11,205	\$ 4,849	\$ 2,773	\$ 171,733
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	10,211
-	-	-	-	-
<u>9,690</u>	<u>11,205</u>	<u>4,849</u>	<u>2,773</u>	<u>181,944</u>
381	-	202	-	8,391
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>381</u>	<u>-</u>	<u>202</u>	<u>-</u>	<u>8,391</u>
-	-	-	-	-
-	-	-	-	-
9,308	11,205	4,646	2,773	173,553
-	-	-	-	-
-	-	-	-	-
<u>9,308</u>	<u>11,205</u>	<u>4,646</u>	<u>2,773</u>	<u>173,553</u>
<u>\$ 9,690</u>	<u>\$ 11,205</u>	<u>\$ 4,849</u>	<u>\$ 2,773</u>	<u>\$ 181,944</u>

City of Bridgeport, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended September 30, 2007

	Hotel/Motel Tax	Court Technology/ Security
REVENUES		
Taxes:		
Hotel/Motel	\$ 59,182	\$ -
Property	-	-
Sales	-	-
Franchise	-	-
Liquor	-	-
Charges for services	-	-
Licenses, permits and fees	-	-
Court fines	-	19,572
Grants	-	-
Donations	-	-
Rents	-	-
Miscellaneous	-	-
Total revenues	<u>59,182</u>	<u>19,572</u>
EXPENDITURES		
Current:		
General government	41,714	-
Public safety	-	8,909
Highways and Streets	-	-
Development Services	-	-
Culture and recreation	-	-
Debt service		
Administrative charges	-	-
Capital Outlay:		
General government	31,356	-
Public safety	-	-
Highways and Streets	-	-
Development Services	-	-
Culture and recreation	-	-
Total expenditures	<u>73,069</u>	<u>8,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,887)</u>	<u>10,663</u>
OTHER FINANCING SOURCES (USES)		
Principal retirement	-	-
Interest Expense	-	-
Interest Revenue	-	-
Miscellaneous	-	-
Transfers in (out)	(5,419)	-
Total other financing sources and uses	<u>(5,419)</u>	<u>-</u>
Net change in fund balances	(19,306)	10,663
Fund balances - beginning	120,422	33,842
Fund balances - ending	<u>\$ 101,116</u>	<u>\$ 44,506</u>

The accompanying notes are an integral part of this statement.

Special Revenue Funds

<u>Theater</u>	<u>Cemetery</u>	<u>Recreation</u>	<u>Main Street</u>	<u>Total Non-Major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	59,182
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,750	24,177	15,075	-	45,003
-	-	-	-	-
-	-	-	-	19,572
-	-	-	-	-
-	-	-	3,625	3,625
-	-	-	-	-
-	-	-	-	-
<u>5,750</u>	<u>24,177</u>	<u>15,075</u>	<u>3,625</u>	<u>127,382</u>
6,306	12,973	-	852	61,845
-	-	-	-	8,909
-	-	-	-	-
-	-	20,809	-	20,809
-	-	-	-	-
-	-	-	-	31,356
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,306</u>	<u>12,973</u>	<u>20,809</u>	<u>852</u>	<u>122,918</u>
<u>(556)</u>	<u>11,205</u>	<u>(5,734)</u>	<u>2,773</u>	<u>4,464</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,984	-	10,380	-	14,946
<u>9,984</u>	<u>-</u>	<u>10,380</u>	<u>-</u>	<u>14,946</u>
9,428	11,205	4,646	2,773	19,409
(120)	-	-	-	154,144
<u>\$ 9,308</u>	<u>\$ 11,205</u>	<u>\$ 4,646</u>	<u>\$ 2,773</u>	<u>\$ 173,553</u>

City of Bridgeport, Texas
Special Revenue Hotel Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Hotel/Motel	72,250	72,250	59,182	(13,068)
Total revenues	<u>72,250</u>	<u>72,250</u>	<u>59,182</u>	<u>(13,068)</u>
EXPENDITURES				
Current:				
General government	26,703	41,153	41,714	(561)
Capital Outlay:				
General government	65,000	65,000	31,356	33,644
Total expenditures	<u>91,703</u>	<u>106,153</u>	<u>73,069</u>	<u>33,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,453)</u>	<u>(33,903)</u>	<u>(13,887)</u>	<u>20,015</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(14,450)	-	(5,419)	(5,419)
Total other financing sources and uses	<u>(14,450)</u>	<u>-</u>	<u>(5,419)</u>	<u>(5,419)</u>
Net change in fund balances	<u>(33,903)</u>	<u>(33,903)</u>	<u>(19,306)</u>	<u>14,597</u>
Fund balances - beginning	120,422	120,422	120,422	-
Fund balances - ending	<u>\$ 86,519</u>	<u>\$ 86,519</u>	<u>\$ 101,116</u>	<u>\$ 14,597</u>

City of Bridgeport, Texas
Special Revenue Court Technology & Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Court Fines	18,000	18,000	19,572	1,572
Total revenues	18,000	18,000	19,572	1,572
EXPENDITURES				
Current:				
Public Safety	-	-	8,909	(8,909)
Total expenditures	-	-	8,909	(8,909)
Excess (deficiency) of revenues over (under) expenditures	18,000	18,000	10,663	(7,337)
Fund balances - beginning	33,842	33,842	33,842	-
Fund balances - ending	\$ 51,842	\$ 51,842	\$ 44,506	\$ (7,337)

City of Bridgeport, Texas
Special Revenue Theater Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges and Services	9,600	9,600	5,750	(3,850)
Total revenues	9,600	9,600	5,750	(3,850)
EXPENDITURES				
Current:				
General Government	31,778	25,378	6,306	19,072
Total expenditures	31,778	25,378	6,306	19,072
Excess (deficiency) of revenues over (under) expenditures	(22,178)	(15,778)	(556)	15,222
OTHER FINANCING SOURCES (USES)				
Transfers in	13,825	13,825	12,019	(1,806)
Transfers out	(2,441)	(2,441)	(2,034)	407
Total other financing sources and uses	11,384	11,384	9,984	(1,400)
Net change in fund balances	(10,794)	(4,394)	9,428	13,822
Fund balances - beginning	(120)	(120)	(120)	-
Fund balances - ending	\$ (10,914)	\$ (4,514)	\$ 9,308	\$ 13,822

City of Bridgeport, Texas
Special Revenue Cemetery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges and Services	13,000	13,000	24,177	11,177
Total revenues	13,000	13,000	24,177	11,177
EXPENDITURES				
Current:				
General Government	15,940	15,940	12,973	2,967
Total expenditures	15,940	15,940	12,973	2,967
Excess (deficiency) of revenues over (under) expenditures	(2,940)	(2,940)	11,205	14,145
OTHER FINANCING SOURCES (USES)				
Grants	2,940	2,940	-	(2,940)
Total other financing sources and uses	2,940	2,940	-	(2,940)
Net change in fund balances	-	-	11,205	11,205
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 11,205	\$ 11,205

City of Bridgeport, Texas
Special Revenue Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges and Services	-	29,700	15,075	(14,625)
Total revenues	-	29,700	15,075	(14,625)
EXPENDITURES				
Current:				
Culture and Recreation	-	40,080	20,809	19,271
Total expenditures	-	40,080	20,809	19,271
Excess (deficiency) of revenues over (under) expenditures	-	(10,380)	(5,734)	4,646
OTHER FINANCING SOURCES (USES)				
Transfer in	-	10,380	10,380	-
Total other financing sources and uses	-	10,380	10,380	-
Net change in fund balances	-	-	4,646	4,646
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 4,646	\$ 4,646

City of Bridgeport, Texas
 General Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	3,015,483	3,015,483	-	(3,015,483)
Total revenues	3,015,483	3,015,483	-	(3,015,483)
EXPENDITURES				
Current:				
General Government	25,000	25,000	1,464	23,536
Public Safety	-	-	407	(407)
Development Services	-	50,000	-	50,000
Culture and Recreation	2,260,793	2,260,793	263,085	1,997,708
Total current:	2,285,793	2,335,793	264,957	2,070,836
Capital Outlay:				
General Government	-	-	8,868	(8,868)
Public Safety	2,837,000	2,837,000	1,992,485	844,515
Culture and Recreation	250,000	250,000	39,472	210,528
Total capital outlay:	3,087,000	3,087,000	2,040,825	1,046,175
Total expenditures	5,372,793	5,422,793	2,305,782	3,117,011
Excess (deficiency) of revenues over (under) expenditures	(2,357,310)	(2,407,310)	(2,305,782)	101,528
OTHER FINANCING SOURCES (USES)				
Interest Revenue	5,000	5,000	102,985	97,985
Transfers in	280,310	280,310	421,914	141,604
Miscellaneous	1,525,000	1,525,000	-	(1,525,000)
Total other financing sources and uses	1,810,310	1,810,310	524,899	(1,285,411)
Net change in fund balances	(547,000)	(597,000)	(1,780,883)	(1,183,883)
Fund balances - beginning	3,332,448	3,332,448	3,332,448	-
Fund balances - ending	\$ 2,785,448	\$ 2,735,448	\$ 1,551,566	\$ (1,183,883)

City of Bridgeport, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	749,123	749,123	739,395	(9,728)
Total revenues	749,123	749,123	739,395	(9,728)
EXPENDITURES				
Debt Service:				
Administrative charges	1,500	1,500	4,027	(2,527)
Total expenditures	1,500	1,500	4,027	(2,527)
Excess (deficiency) of revenues over (under) expenditures	747,623	747,623	735,368	(12,255)
OTHER FINANCING SOURCES (USES)				
Interest Revenue	3,000	3,000	16,512	13,512
Transfers in	104,131	104,131	94,076	(10,054)
Principal	(311,816)	(311,816)	(345,400)	(33,584)
Interest	(434,772)	(434,772)	(477,466)	(42,694)
Total other financing sources and uses	(639,458)	(639,458)	(712,277)	(72,820)
Net change in fund balances	108,165	108,165	23,091	(85,074)
Fund balances - beginning	67,534	67,534	67,534	-
Fund balances - ending	\$ 175,700	\$ 175,700	\$ 90,624	\$ (85,074)

Bridgeport Economic Development Corporation
Balance Sheet
Governmental Funds
September 30, 2007

	EDC General Fund
ASSETS	
Cash and cash equivalents	\$ 847,282
Receivables sales taxes	384,750
Receivables other	88,710
Total assets	<u>1,320,743</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	6,327
Accrued Liabilities	730
Wages payable	6,436
Deferred revenue	88,710
Total liabilities	<u>102,202</u>
Fund balances:	
Unreserved	1,218,540
Total fund balance	<u>1,218,540</u>
Total liabilities and fund balance	<u><u>\$ 1,320,743</u></u>

Bridgeport Economic Development Corporation
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
Governmental Funds
September 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:

Fund balance	\$ 1,218,540
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the	2,007,736
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not	(2,029,167)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	5,337
Net assets of governmental activities	<u>\$ 1,202,447</u>

Bridgeport Economic Development Corporation
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Governmental Funds
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts EDC Fund	Variance with Final Budget
	Original	Final		
REVENUES				
Sales tax	\$ 600,000	\$ 600,000	\$ 1,178,422	\$ (578,422)
Grants	385,985	385,985	-	385,985
Miscellaneous	14,700	14,700	189,574	(174,874)
Total revenues	<u>1,000,685</u>	<u>1,000,685</u>	<u>1,367,996</u>	<u>(367,311)</u>
EXPENDITURES				
Current:				
Salaries and benefits	87,985	87,985	91,211	(3,226)
Supplies	10,950	10,950	15,123	(4,173)
Contractual services	441,260	441,260	116,159	325,101
Economic incentive grants	47,302	47,302	117,024	(69,722)
Debt service:				
Principal	138,199	138,199	215,953	(77,754)
Interest	55,000	55,000	50,753	4,247
Capital outlay:	872,014	872,014	85,317	786,697
Total expenditures	<u>1,652,710</u>	<u>1,652,710</u>	<u>691,540</u>	<u>961,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(652,025)</u>	<u>(652,025)</u>	<u>676,456</u>	<u>(1,328,481)</u>
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	-
Interest income	7,150	7,150	21,661	(14,511)
Transfers out	(6,000)	(6,000)	(10,453)	4,453
Total other financing sources and uses	<u>1,150</u>	<u>1,150</u>	<u>11,208</u>	<u>(10,058)</u>
Net change in fund balances	<u>(650,875)</u>	<u>(650,875)</u>	<u>687,663</u>	<u>(1,338,538)</u>
Fund balances - beginning	251,181	251,181	251,181	
Fund balances - ending	<u>\$ (399,694)</u>	<u>\$ (399,694)</u>	<u>\$ 938,844</u>	<u>\$ (1,338,538)</u>

Bridgeport Economic Development Corporation
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
September 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net increase (decrease) in fund balances - total governmental funds	\$ 687,663
Governmental funds report capital outlay as expenditures.	85,317
The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds	215,953
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(37,667)
Net increase (decrease) in net assets of governmental activities	<u>\$ 951,266</u>

Other Supplementary Information

This page is left blank intentionally.



Jack L. Auldridge, Jr., CPA
W. L. "Woody" Mathews, Jr., CPA
Kenneth L. von Tungeln, CPA
Michael D. Dunlap, CPA
Karen O. Thompson, CPA
M. Heath Beaty, CPA

C. Tom Frazier, CPA
Michael W. Griffin CPA
Keith A. Hollar, CPA
Victoria S. Scott, CPA
Patricia C. Hunter, CPA

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

*[No Reportable Instances of Noncompliance and No Material Weaknesses
(No Reportable Conditions Identified)]*

The Honorable Donald Majka, Mayor
and Members of the City Council
City of Bridgeport, Texas

We have audited the basic financial statements of the City of Bridgeport, Texas as of and for the year ended September 30, 2007 and have issued our report thereon dated December 11, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance & Other Matters

As part of obtaining reasonable assurance about whether the City of Bridgeport, Texas' 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*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Bridgeport, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A *material weakness* is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, Board of Trustees, 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.

AuldrigeGriffin, P.C.
December 11, 2007

**City of Bridgeport
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2007**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statement noted? Yes No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's 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 Circular A-133? Yes None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	U.S. Department of Housing and Urban Development
14.228	U.S. Department of Housing and Urban Development
14.239	U.S. Department of Housing and Urban Development
66.458	Environmental Protection Agency
66.458	Environmental Protection Agency

Dollar threshold used to distinguish between type A and type B programs: \$500,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

**City of Bridgeport
Summary Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2007**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
None		

**City of Bridgeport
Corrective Action Plan
For the Year Ended September 30, 2007**

None

This page is left blank intentionally.

Single Audit Act Requirements

This page is left blank intentionally.



Jack L. Auldridge, Jr., CPA
W. L. "Woody" Mathews, Jr., CPA
Kenneth L. von Tungen, CPA
Michael D. Dunlap, CPA
Karen O. Thompson, CPA
M. Heath Beaty, CPA

C. Tom Frazier, CPA
Michael W. Griffin CPA
Keith A. Hollar, CPA
Victoria S. Scott, CPA
Patricia C. Hunter, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH
OMB CIRCULAR A-133**

*[Unqualified Opinion on Compliance and No Material Weaknesses
(No Reportable Conditions Identified)]*

The Honorable Donald Majka, Mayor
and Members of the City Council
City of Bridgeport, Texas

Compliance

We have audited the compliance of the City of Bridgeport, Texas with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. City of Bridgeport, Texas' major federal programs are identified in the summary of auditor's 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 City of Bridgeport, Texas' management. Our responsibility is to express an opinion on the City of Bridgeport, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 that 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 of Bridgeport, Texas' compliance with those requirements and performing 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 of Bridgeport, Texas' compliance with those requirements.

In our opinion, the City of Bridgeport, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007.

Internal Control over Compliance

The management of the City of Bridgeport, 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 of Bridgeport, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, City Council, 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. However, this report is a matter of public record and its distribution is not limited.

AuldridgeGriffin, P.C.
December 11, 2007

CITY OF BRIDGEPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NO.</u>	<u>PASS- THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
PASSED THROUGH TEXAS DEPARTMENT OF AGRICULTURE 2005 TEXAS CAPITAL FUND	14.228	723142	\$ 714,444
PASSED THROUGH TEXAS DEPARTMENT OF AGRICULTURE 2005 TEXAS CAPITAL FUND	14.228	723079	-
PASSED THROUGH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS HOME PROGRAMS	14.239	1000287	23,989
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 738,433</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
PASSED THROUGH TEXAS WATER DEVELOPMENT BOARD	66.458	121300	\$ -
PASSED THROUGH TEXAS WATER DEVELOPMENT BOARD	66.458	126600	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 738,433</u>

CITY OF BRIDGEPORT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARD
FOR THE YEAR ENDED SEPTEMBER 30, 2007

NOTE 1 – BASIS OF PRESENTATION

THE ACCOMPANYING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS INCLUDES THE FEDERAL GRANT ACTIVITY OF CITY OF BRIDGEPORT, TEXAS AND IS PRESENTED ON THE MODIFIED ACCRUAL BASIS OF ACCOUNTING. THE INFORMATION IN THIS SCHEDULE IS PRESENTED IN ACCORDANCE WITH THE REQUIREMENTS OF OMB CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS. THEREFORE, SOME AMOUNTS PRESENTED IN THIS SCHEDULE MAY DIFFER FROM AMOUNTS PRESENTED IN, OR USED IN THE PREPARATION OF, THE BASIC FINANCIAL STATEMENTS.

NOTE 2 – EXPENDITURES: HUD

\$81,161 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS.

NOTE 3 – ENVIRONMENTAL PROTECTION AGENCY

\$461,091 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS, PROPRIETARY FUNDS.

Texas Water Development Board Requirements

This page is left blank intentionally.



Jack L. Auldridge, Jr., CPA
W. L. "Woody" Mathews, Jr., CPA
Kenneth L. von Tungeln, CPA
Michael D. Dunlap, CPA
Karen O. Thompson, CPA
M. Heath Beaty, CPA

C. Tom Frazier, CPA
Michael W. Griffin CPA
Keith A. Hollar, CPA
Victoria S. Scott, CPA
Patricia C. Hunter, CPA

Report on Compliance with Texas Water Development Board Requirements

The Honorable Mayor and City Council
City of Bridgeport
Bridgeport, Texas 76426

The Honorable Mayor and City Council:

We have audited the accompanying general purpose financial statements of City of Bridgeport, as of and for the year ended September 30, 2007, and have issued our report there on dated December 11, 2007. 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.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the ordinance authorizing the issuance of the Series 1991 Utility System Revenue Bonds, Texas Water Development Board insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the City Council and management of the City of Bridgeport, Texas and the Texas Water Development Board and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

AuldridgeGriffin, P.C.
December 11, 2007

**City of Bridgeport
Additional Information for Bonds
September 30, 2007**

SCHEDULE OF RATES AND CUSTOMERS:

Sewer:

Customers 1,765

Rates:

		<u>Gallons</u>
Residential within city limits	7.67	per month, minimum bill
	3.43	per 1,000 gallons
Residential outside city limits	10.41	per month, minimum bill
	6.85	per 1,000 gallons
Commercial within city limits	7.67	per month, minimum bill
	3.43	per 1,000 gallons
Commercial outside city limits	10.41	per month, minimum bill
	6.85	per 1,000 gallons
Commercial, Large Customers	6.17	per month, minimum bill
	4.11	per 1,000 gallons

Water:

Customers 2,183

Rates:

		<u>Gallons</u>
Residential within city limits	13.72	0 - 3,000, minimum bill
	3.27	per 1,000, 3,001-10,000 gallons
	4.45	per 1,000, >10,000 gallons
Residential outside city limits	23.52	0 - 3,000, minimum bill
	4.91	per 1,000, 3,001-10,000 gallons
	6.38	per 1,000, >10,000 gallons
Commercial within city limits	14.38	0 - 3,000, minimum bill
	3.92	per 1,000, 3,001-10,000 gallons
	5.33	per 1,000, >10,000 gallons
Commercial outside city limits	26.14	0 - 3,000, minimum bill
	5.88	per 1,000, 3,001-10,000 gallons
	7.64	per 1,000, >10,000 gallons
Commercial, Large Customers	13.51	0 - 3,000, minimum bill
	4.31	per 1,000, 3,001-10,000 gallons
	5.17	per 1,000, >10,000 gallons
Metered Bulk Water Customers	5.61	0 - 3,000, minimum bill
	5.61	per 1,000, 3,001-10,000 gallons
	6.73	per 1,000, >10,000 gallons
Non-Metered Bulk Water Customers	7.18	0 - 3,000, minimum bill
	7.18	per 1,000, 3,001-10,000 gallons
	8.62	per 1,000, >10,000 gallons

City of Bridgeport
 Additional Information for Bonds
 September 30, 2007

SCHEDULE OF RATES AND CUSTOMERS:

Electric:

Customers 2,242

Rates:

Residential customer charge	6.42	Per month
Residential energy charge	5.71	Cents per Kwhr for all Kwhrs used per month in the summer months of May-October
	5.71	Cents per Kwhr for first 600 Kwhrs used per month in the winter billing months of November - April
	2.56	Cents per Kwhr for all additional Kwhrs used in the winter billing months of November - April
Commercial customer charge	15.32	Per month single phase service
	45.96	Per month three-phase service
Customer without metered demand - energy charge	6.02	Per Kwh 0 - 2,500
	3.17	Per Kwh over 2,500
Customer with metered demand - demand charge	6.80	Per Kw in excess of 15kw
Energy charge	5.95	Per Kwh 0 - 2,500
	3.13	Per Kwh 2,500 - 6,000
	0.69	Per Kwh over 6,000
Municipal Customers	1.62	Per Kwh

There were no unmetered customers at September 30, 2007.

**City of Bridgeport
Schedule of Insurance
September 30, 2007**

<u>Insurance Company</u>	<u>Coverage</u>	<u>Policy Dates</u>	
Allstate Insurance Company	Fire & Casualty - \$11,200,800	11/1/2007	11/1/2008
St. Paul Fire & Casualty Ins. Co.	Law Enforcement Officers Liab - \$1,000,000	10/1/2007	10/1/2008
Old Republic Insurance Co.	Airport Liability - \$2,000,000	5/26/2007	5/26/2008
St. Paul Fire & Casualty Ins. Co.	Auto Liab & Physical Damage - \$1,000,000	10/1/2007	10/1/2008
St. Paul Fire & Casualty Ins. Co.	Commercial General Liability - \$2,000,000	10/1/2007	10/1/2008
St. Paul Fire & Casualty Ins. Co.	Public Officials Liab Policy - \$500,000	10/1/2007	10/1/2008
American Merc Lloyds Ins. Co.	Performance Brush Bandit - \$17,500	10/1/2007	10/1/2008
Texas Political Subdivision	Worker's Compensation - statutory amts	10/1/2007	10/1/2008
Colony Management Service	Fuel Tank Police Dept - \$1,000,000	12/1/2007	12/1/2008
Allstate Insurance Company	Electronic Equipment Scada System Airport Weather System CPU System FBM System - \$222,384	11/2/2007	11/2/2008
Illinois Union Ins. Co.	Fuel Tank Airport - \$1,000,000	4/29/2007	4/29/2008

City of Bridgeport
Reserve Requirement
September 30, 2007

	Interest and Sinking Funds	Reserve Funds
First lien bonds		
Required ultimate balance	\$ -	\$ 179,688
Required present balance	\$ -	\$ 179,688
Actual present balance	\$ -	\$ 135,000
Junior lien bonds		
Required ultimate balance	\$ -	\$ -
Required present balance	\$ -	\$ -
Actual preent balance	\$ -	\$ -

This page is left blank intentionally.

