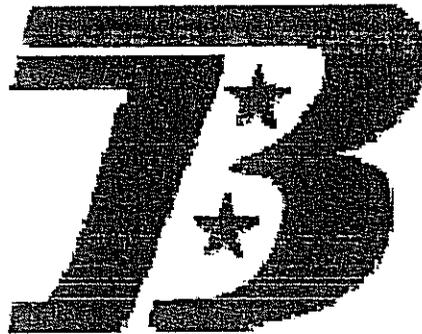


# Comprehensive Annual Financial Report



*City of Bridgeport*  
*Texas*

**Fiscal Year**  
**October 1, 2004 – September 30, 2005**

**CITY OF BRIDGEPORT, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDED  
SEPTEMBER 30, 2005**

**PREPARED BY**

**THE CITY OF BRIDGEPORT**

**FINANCE DEPARTMENT**



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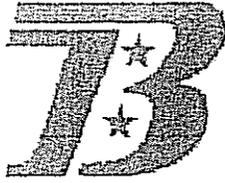
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## CITY OF BRIDGEPORT

March 24, 2006

The City Council and the Citizens of the City of Bridgeport

State law requires that all general-purpose 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, 2005.

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, Mathews and von Tungeln LLP, 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, 2005, 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, 2005, 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 5,400. 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 I).

**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 5,400 in 2006.

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

Property valuations increased by about \$28,794,448 in 2005 to \$201,163,019. 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 of \$0.5625 was the same that it had been for the past 3 Years.

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, and the debt service fund on pages 46-47.

**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.

### **Certificate of Achievement**

This report represents the City of Bridgeport's desire to improve reporting to stakeholders. This report also represents the second submittal to the Government Finance Officers Association of the United States and Canada (GFOA) in hopes of receiving a Certificate of Achievement for Excellence in Financial Reporting.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents meet or exceed program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

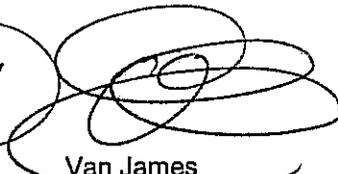
### **Acknowledgements**

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, TEXAS  
LIST OF ELECTED AND APPOINTED OFFICIALS  
YEAR ENDED SEPTEMBER 30, 2005

The City Council of Bridgeport, Texas

Donald Majka, Mayor  
1001 Krista Drive  
Bridgeport, Texas 76426

John Juarez, Council Member  
102 Cates Street  
Bridgeport, Texas

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

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

Robert Vidal  
1706 Halsell Street  
Bridgeport, Texas 76426

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

Appointed Officials

City Administrator

Van James

Assistant City Administrator

Rachel Huitt

Director of Financial Services

Amy Standard

City Secretary

Patsy Stinnett

Director of Infrastructure Services

David Turnbow

Police Chief

Randall Singleton

Interim Director of Development Services

Greg Damron

Fire Marshall and Emergency Coordinator

Michael McComis

Downtown Manager

Angie Tyson

Executive Assistant

Ashley Melton

Parks & Recreation Coordinator

Anndra Mann

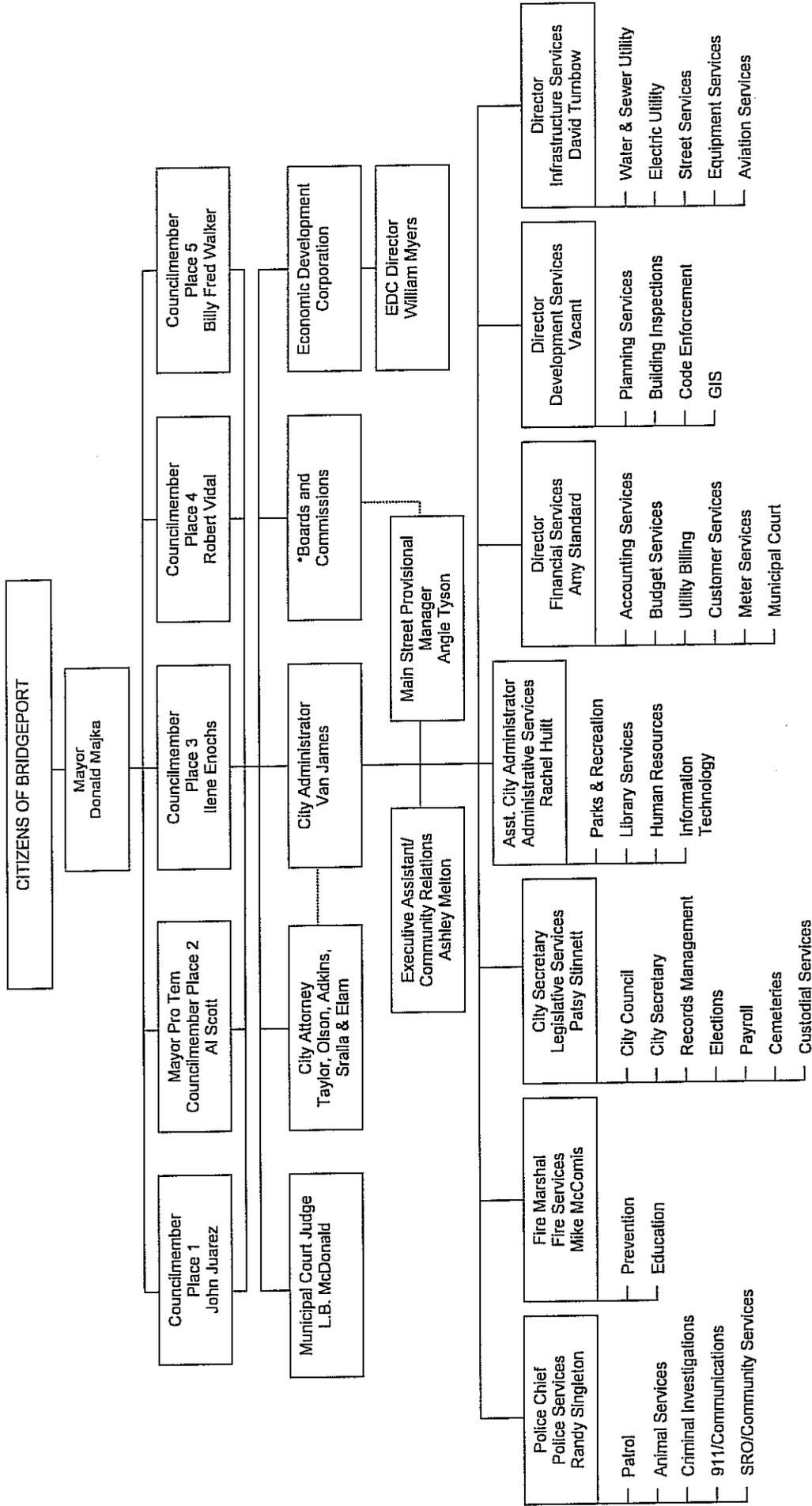
Utility Customer Service Coordinator

Kathy Stinnett

Librarian

Patricia Stegall

# City of Bridgeport Organizational Chart



\*Airport Board, Downtown Board, Housing Authority Board, Library Board, Parks Board, Planning & Zoning Commission

## **Financial Section**

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# AULDRIDGE, MATHEWS & VON TUNGELN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

131 South Westmeadow, Suite 200 • P.O. Box 1000 • Cleburne, Texas 76033

(817) 641-1000 • Fax (817) 641-1044

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

Member Texas Society  
of Certified Public Accountants

Member American Institute  
of Certified Public Accountants

## 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, 2005, 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. 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, 2005, 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 February 24, 2006, 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, as of September 30, 2005 on pages 3 through 12, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 and express no opinion on it.



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Texas Society of  
Certified Public Accountants

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.

A handwritten signature in cursive script that reads "Paul Dodge, Mathews & von Tungeln". The signature is written in black ink and is positioned above the typed name of the firm.

Auldridge, Mathews & von Tungeln PC  
February 24, 2006

**Management's Discussion & Analysis (MD&A)**

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## 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, 2005. 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 \$12,406,519 at September 30, 2005. Of this amount, \$2,407,459 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$277,100. This is due to revenues exceeding expenses.
- As of the close of the current fiscal year, the City of Bridgeport's governmental funds reported combined ending fund balances of \$6,493,541, an increase of \$3,227,711 or 98.8% in comparison with the prior year's fund balance. This substantial increase is primarily due to the issuance of \$3,040,000 in Certificate of Obligation (C.O.) for the public safety building and street improvements, thus increasing the cash balance within the Capital Projects Fund at the year's end. Approximately 48% (\$3,179,515) 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 \$3,039,596, an increase of 11% from prior year.
- The City's total long-term debt increased by \$2,800,000 primarily due to new issuance of \$3,040,000 in C.O.'s but is partially offset by a combination of bond principal payments.

### 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 15-17 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 5 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, hotel/motel tax, and court technology/security capital projects, and debt service, all of which are considered to be major funds.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general, hotel/motel tax, and court technology/security funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 18-25 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 26-31 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 32-43 of this report.

**Other information** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 45-53 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, 2005, the City of Bridgeport's assets exceeded liabilities by \$12,406,519.

The largest portion of the City's net assets (48%) 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 6,891,863	\$ 3,613,703	\$ 8,651,257	\$ 7,136,774	\$ 15,543,120	\$ 10,750,477
Capital assets, net of accumulated depreciation	6,744,605	7,075,732	9,052,815	8,428,878	15,797,420	15,504,610
<b>Total assets</b>	<b>13,636,468</b>	<b>10,689,435</b>	<b>17,704,072</b>	<b>15,565,652</b>	<b>31,340,540</b>	<b>26,255,087</b>
Long-term liabilities outstanding	9,595,925	6,153,611	5,765,631	5,694,178	15,361,556	11,847,789
Other liabilities	154,432	650,885	3,418,033	1,626,995	3,572,465	2,277,880
<b>Total liabilities</b>	<b>9,750,357</b>	<b>6,804,496</b>	<b>9,183,664</b>	<b>7,321,173</b>	<b>18,934,021</b>	<b>14,125,669</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	530,962	664,374	5,423,110	1,946,680	5,954,072	2,611,054
Restricted net assets						
Capital Projects	-	-	3,014,544	-	3,014,544	-
Debt retirement	118,075	39,524	882,370	-	1,000,445	39,524
Municipal Court Technology & Security	29,999	-	-	-	29,999	-
Unrestricted	3,207,075	3,181,041	(799,616)	6,297,798	2,407,459	9,478,839
<b>Total net assets</b>	<b>\$ 3,866,111</b>	<b>\$ 3,884,939</b>	<b>\$ 8,520,408</b>	<b>\$ 8,244,478</b>	<b>\$ 12,406,519</b>	<b>\$ 12,129,417</b>

An additional portion of the City's net assets (33%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2,407,459) may be used to meet the government's ongoing obligations to citizens and creditors.

As of September 30, 2005, the city is able to report positive balances in all three categories of net assets, for the government activities and two of three categories for business-type activities with negative unrestricted net assets of \$799,616 for the business-type activities.

Overall, there was an increase of \$277,100 in total net assets during the fiscal year as mentioned above. This is due to revenues exceeding expenses. Specifically governmental activities and light and power 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 increased the City's net assets by \$1,172, thereby accounting for 0.42% of the total growth in the net assets. Key highlights include an unchanged property tax rate of \$0.5625 per \$100 valuation of assessed values but due to increased appraisals and new construction, revenues still increased slightly.

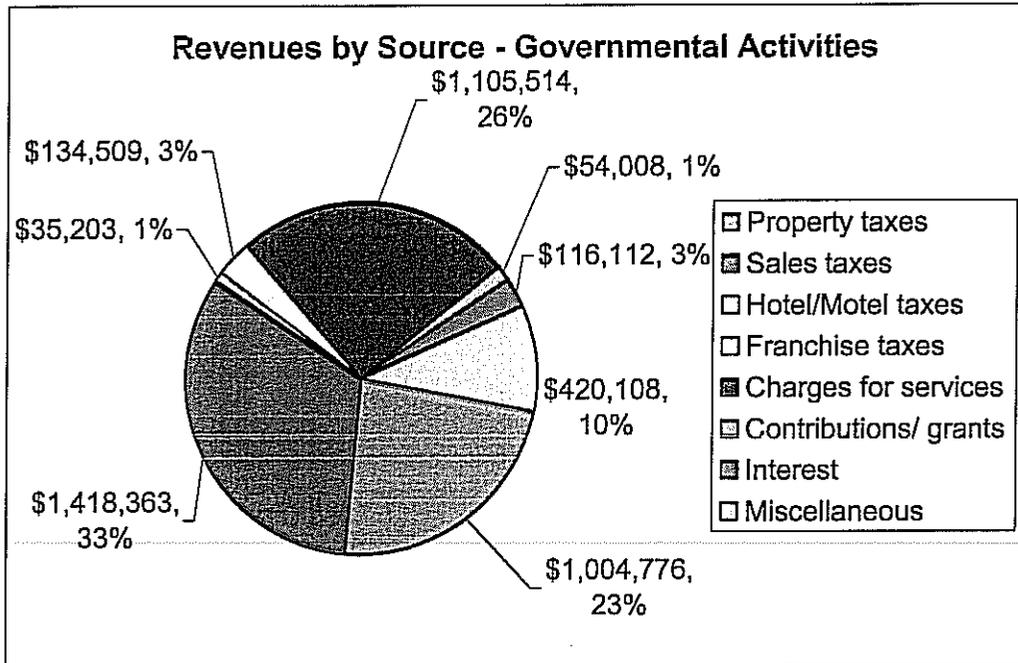
**Business-type activities** Business-type activities increased the City's net assets by \$275,928, accounting for the other 99.58% of the total growth in net assets.

TABLE A - 2  
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 1,105,514	\$ 933,757	\$ 6,493,066	\$ 5,687,299	\$ 7,598,580	\$ 6,621,056
Operating grants and contributions	54,008	58,220	17,336	18,981	71,344	77,201
Capital grants and contributions	-	-	223,000	-	223,000	-
General revenues						
Property taxes	1,004,776	869,816	-	-	1,004,776	869,816
Sales taxes	1,418,363	1,223,900	-	-	1,418,363	1,223,900
Franchise taxes	134,509	138,620	3,189	-	137,698	138,620
Hotel/motel taxes	35,203	18,837	-	-	35,203	18,837
Gain (loss) on disposal of assets	-	-	1,079	(136,484)	1,079	(136,484)
Interest	116,112	22,861	155,151	54,362	271,263	77,223
Miscellaneous	420,108	458,783	75,821	8,930	495,928	467,713
Total revenues	4,288,592	3,724,793	6,968,641	5,633,088	11,257,234	9,357,881
<b>Expenses:</b>						
General government	684,513	821,194	-	-	684,513	821,194
Public safety	1,381,114	1,269,651	-	-	1,381,114	1,269,651
Highways and Streets	1,025,090	1,336,109	-	-	1,025,090	1,336,109
Culture and recreation	553,049	437,415	-	-	553,049	437,415
Development services	226,838	-	-	-	226,838	-
Maintenance	171,907	161,055	-	-	171,907	161,055
Interest on debt service	580,974	357,396	-	-	580,974	357,396
Water and sewer utilities	-	-	2,242,584	2,416,074	2,242,584	2,416,074
Electric utilities	-	-	3,876,732	2,908,946	3,876,732	2,908,946
Municipal airport	-	-	219,911	136,142	219,911	136,142
Grant	-	-	17,423	26,884	17,423	26,884
Total expenses	4,623,485	4,382,820	6,356,650	5,488,046	10,980,134	9,870,866
Increase (decrease) in net assets before transfers	(334,892)	(658,027)	611,992	145,042	277,099	(512,985)
Net transfers	336,064	461,337	(336,064)	(461,337)	-	-
Increase (decrease) in net assets	1,172	(196,690)	275,928	(316,295)	277,100	(512,985)
Net assets - beginning	3,884,938	4,081,627	8,244,478	8,560,773	12,129,419	12,642,400
Net assets - ending	\$ 3,886,110	\$ 3,884,938	\$ 8,520,407	\$ 8,244,478	\$ 12,406,519	\$ 12,129,416

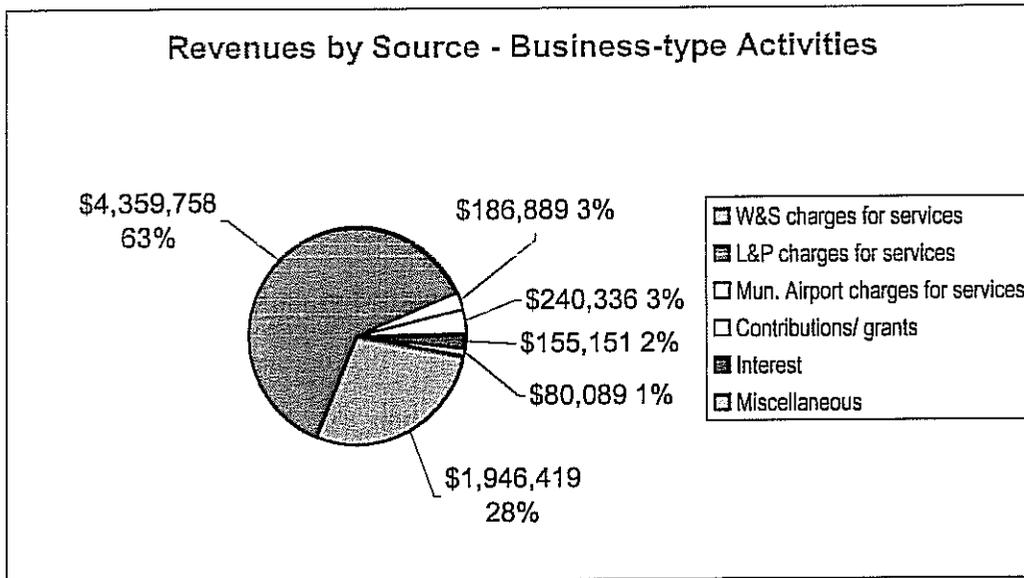
## Governmental Activities

- Property tax rates remained the same from last year. This coupled with the increasing values enabled an increase of tax revenues to \$1,004,776 that resulted in an increase of \$135,273 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, 63 percent Light & Power; 28 percent Water & Sewer; and 3 percent Municipal Airport, 3 percent comes from contributions and grants, 2 percent comes from interest earnings, and 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 \$6,493,541, an increase of \$3,227,711 in comparison with the prior year. Approximately 49% 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 (\$3,284,028); 2) reserved for Court Fund (\$29,999).

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 2004-05 of \$473,506 for the general fund. However, due to increase in sales tax revenues the fund balance was not decreased but yet it was increased by \$295,284.

**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 - (\$4,157,915); Light and Power - \$3,437,205; Municipal Airport - (\$51,606); Grant - (\$27,303). The water and sewer, light and power, and municipal airport funds had increases in net assets of \$43,630, \$227,614, \$5,107, respectively. The grant fund has a net asset decrease of \$423.

## General Fund Budgetary Highlights

The City Council did have a few major budget adjustments during the year. The revisions included appropriations to build a new records storage facility, utilize a wireless point to point network between city facilities, purchase a new vehicle for use in the police department in accordance with our equipment replacement plan, design a master thoroughfare plan to assist in economic development, add a public restroom to Payne park, and to surface the bridges donated to the City in Harwood park. Actual revenues were higher and actual expenditures were lower than the revised budget resulting in \$295,284 added to an already healthy fund balance. The City's Financial Management Policy Statement established a target fund balance of 10% of the annual expenditures. The current fiscal year ending fund balance of \$3,039,596 is 93% of the adopted budget.

## 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, 2005, amounts to \$15,797,419 (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 \$292,809. This was comprised of a 4.9% decrease for governmental activities and a 7.4% increase in business-type activities.

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

- The continuation of the sewer plant expansion project. The City has contributed \$941,810 towards construction in progress at year end.
- The purchase of new financial software that will increase the efficiency of the information presented at a department level as well as the governing body.
- The purchase of new equipment in accordance with our equipment replacement plan.
- Over \$256,966 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	
	2005	2004	2005	2004	2005	2004
Land	\$ 143,352	\$ 143,352	\$ 66,583	\$ 29,173	\$ 209,935	\$ 172,525
Construction in progress	-	-	941,810	212,971	941,810	212,971
Streets	4,639,261	5,122,065	-	-	4,639,261	5,122,065
Water system improvements	-	-	5,008,182	5,232,170	5,008,182	5,232,170
Sewer system improvements	-	-	1,530,444	1,569,153	1,530,444	1,569,153
Electric system improvements	-	-	782,636	854,097	782,636	854,097
Buildings and improvements	1,249,149	1,262,422	414,901	195,549	1,664,050	1,457,971
Machinery and equipment	127,958	90,665	160,386	152,513	288,344	243,178
Office furniture and equipment	143,289	25,448	44,738	65,574	188,027	91,022
Vehicles	441,596	431,780	103,134	117,678	544,730	549,458
<b>Total</b>	<b>\$ 6,744,605</b>	<b>\$ 7,075,732</b>	<b>\$ 9,052,815</b>	<b>\$ 8,428,878</b>	<b>\$ 15,797,419</b>	<b>\$ 15,504,610</b>

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

**Long-Term Debt** At year-end the City had \$15,239,833 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
<b>Governmental Activities:</b>					
Bonds Payable	\$ 6,272,550	\$ 3,040,000	\$ (215,350)	\$ 9,097,200	\$ 258,700
Capital leases payable	138,808	308,683	(123,435)	324,057	117,401
Compensated absences	55,527	34,241	-	89,768	
<b>Governmental activity long-term liabilities:</b>	<u>\$ 6,466,885</u>	<u>\$ 3,382,924</u>	<u>\$ (338,785)</u>	<u>\$ 9,511,025</u>	<u>\$ 376,101</u>
<b>Business-type activities:</b>					
Bonds Payable	\$ 6,442,450	-	\$ (754,650)	\$ 5,687,800	\$ 781,300
Capital leases payable	39,748	12,706	(37,813)	14,641	10,409
Compensated absences	21,268	5,099	-	26,367	
<b>Business-type activity long-term liabilities:</b>	<u>\$ 6,503,466</u>	<u>\$ 17,805</u>	<u>\$ (792,463)</u>	<u>\$ 5,728,808</u>	<u>\$ 791,709</u>

During the current fiscal year the City's total debt increased by \$2,800,000. This increase is due to the issuance of \$3,040,000 in C.O.'s, but is partially offset by regularly scheduled annual principal payments.

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

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

The City of Bridgeport plans on increasing the tax rate to \$0.5875 per \$100 valuation. This increase consists of a shift in the operations and maintenance rate decreasing to \$0.2500, while the interest and sinking component will increase to \$0.3375. 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. Two new departments, Financial Services and Main Street Program, were added in the General Fund.

Sewer 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. It is anticipated this change will increase revenues by \$12,000. The water and sewer fund will continue to provide quality water distribution and effective sewer 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. 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) 627-4459, or e-mail [astandard@cityofbridgeport.net](mailto:astandard@cityofbridgeport.net).

## **Basic Financial Statements**

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City of Bridgeport, Texas  
Statement of Net Assets  
September 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bridgeport EDC
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,998,642	\$ -	\$ 1,998,642	\$ 210,095
Investments	3,793,810	1,123,130	4,916,940	128,510
Receivables (net of uncollectibles)				
Property taxes	76,622	-	76,622	-
Sales tax	274,325	-	274,325	137,163
Interest	339	-	339	-
Accounts	282,027	1,075,703	1,357,730	94,019
Due from other funds	417,967	2,185,972	2,603,939	-
Due from component unit	8,514	-	8,514	-
Inventories	-	129,358	129,358	-
Prepaid items	617	-	617	5,337
Restricted Assets:				
Cash and cash investments	-	3,938,592	3,938,592	-
Deferred Charges	39,000	198,502	237,502	-
Capital Assets				
Land	143,352	71,283	214,635	2,138,661
Building and Improvements	1,649,874	467,888	2,117,762	-
System Improvements	9,531,375	14,552,057	24,083,432	-
Machinery and Equipment	214,319	429,592	643,911	-
Office Furniture and Equipment	192,400	229,980	422,380	-
Transportation Equipment	1,405,411	512,444	1,917,855	-
Less Accumulated Depreciation	(6,392,126)	(8,152,239)	(14,544,365)	-
Construction in progress	-	941,810	941,810	-
Total assets	<u>13,636,468</u>	<u>17,704,072</u>	<u>31,340,540</u>	<u>2,713,785</u>
<b>LIABILITIES</b>				
Accounts payable	91,066	506,217	597,283	-
Accrued Liabilities	62,569	14,641	77,210	969
Taxes payable	172	21,533	21,705	-
Deposits	-	272,327	272,327	-
Due to other funds	625	2,603,315	2,603,940	-
Due to primary government	-	-	-	8,514
Note payable	-	-	-	2,895,922
Accrued interest payable	84,900	36,823	121,723	6,870
Current portion of capital leases	117,401	10,409	127,810	-
Current portion of long-term debt	258,700	781,300	1,040,000	-
Unearned revenue	-	-	-	94,019
Noncurrent Liabilities				
Compensated absences payable	89,768	26,367	116,135	-
Capital leases payable	206,656	4,232	210,888	-
Revenue Bonds payable	-	3,856,500	3,856,500	-
CO bonds payable	8,838,500	1,050,000	9,888,500	-
Total liabilities	<u>9,750,357</u>	<u>9,183,664</u>	<u>18,934,021</u>	<u>3,006,294</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	530,962	5,423,110	5,954,072	-
Restricted for Capital Projects	-	3,014,544	3,014,544	-
Restricted for debt retirement	118,075	882,370	1,000,445	-
Restricted for Municipal Court Technology & Security	29,999	-	29,999	-
Unrestricted	3,207,075	(799,616)	2,407,459	(292,509)
Total net assets	<u>\$ 3,886,111</u>	<u>\$ 8,520,408</u>	<u>\$ 12,406,519</u>	<u>\$ (292,509)</u>

City of Bridgeport, Texas  
Statement of Activities  
For the Year Ended September 30, 2005

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	684,513	189,152	1,520	-
Public safety	1,381,114	555,668	17,664	-
Highways and Streets	1,025,090	-	-	-
Development Services	226,838	158,577	-	-
Culture and recreation	553,049	30,210	34,824	-
City maintenance	171,907	171,907	-	-
Debt service	580,974	-	-	-
Total governmental activities	<u>4,623,485</u>	<u>1,105,514</u>	<u>54,008</u>	<u>-</u>
Business-type activities:				
Grant Fund	17,423	-	17,000	-
Light and Power Fund	3,876,732	4,359,758	-	-
Municipal Airport	219,911	186,889	336	-
Water and Sewer Fund	2,242,584	1,946,419	-	223,000
Total business-type activities	<u>6,356,650</u>	<u>6,493,066</u>	<u>17,336</u>	<u>223,000</u>
Total Primary Government	<u>\$ 10,980,135</u>	<u>\$ 7,598,580</u>	<u>\$ 71,344</u>	<u>\$ 223,000</u>
<b>Component unit:</b>				
Economic Development Corporation	1,163,808	-	-	-
Total Component Unit	<u>\$ 1,163,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:  
Property taxes  
Sales taxes  
Hotel/Motel taxes  
Franchise taxes  
Interest on Investments  
Gain/(Loss) of Disposal of Assets  
Miscellaneous  
Transfers in (out)  
Total general revenues and transfers  
Change in net assets  
Net assets - beginning  
Net assets - ending

Net (Expense) Revenue and Changes in Net Assets Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Bridgeport EDC
(493,841)		(493,841)	-
(807,782)		(807,782)	-
(1,025,090)		(1,025,090)	-
(68,261)		(68,261)	-
(488,015)		(488,015)	-
-		-	-
(580,974)		(580,974)	-
<u>(3,463,963)</u>	<u>-</u>	<u>(3,463,963)</u>	<u>-</u>
-	(423)	(423)	-
-	483,026	483,026	-
-	(32,686)	(32,686)	-
-	(73,165)	(73,165)	-
-	376,752	376,752	-
<u>(3,463,963)</u>	<u>376,752</u>	<u>(3,087,211)</u>	<u>-</u>
-	-	-	(1,163,808)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,163,808)</u>
1,004,776	-	1,004,776	-
1,418,363	-	1,418,363	708,650
35,203	-	35,203	-
134,509	3,189	137,698	-
116,112	155,151	271,263	7,458
-	1,079	1,079	-
420,108	75,821	495,929	6,861
336,064	(336,064)	-	-
<u>3,465,135</u>	<u>(100,824)</u>	<u>3,364,311</u>	<u>722,969</u>
1,172	275,928	277,100	(440,839)
3,884,939	8,244,480	12,129,419	148,330
<u>\$ 3,886,111</u>	<u>\$ 8,520,408</u>	<u>\$ 12,406,519</u>	<u>\$ (292,509)</u>

City of Bridgeport, Texas  
 Balance Sheet  
 Governmental Funds  
 September 30, 2005

	<u>General Fund</u>	<u>Special Revenue Hotel Motel Fund</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,615,610	\$ 56,492
Investments	718,117	-
Receivables (net of allowance for uncollectibles)		
Interest	-	-
Property taxes	41,973	-
Sales taxes	274,325	-
Other	282,027	-
Due from other funds	425,857	-
Prepays	616	-
Total assets	<u>3,358,525</u>	<u>56,492</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and other current liabilities	116,118	-
Accrued liabilities	31,155	-
Due to other funds	4,145	-
Unearned revenue	41,973	-
Unearned revenue - court	125,538	-
Total liabilities	<u>318,929</u>	<u>-</u>
Fund balances:		
Reserved for:		
Public Safety Building/Street Improvements	-	-
Court Fund	-	-
Unreserved, reported in		
General fund	3,039,596	-
Special revenue fund	-	56,492
Debt service fund	-	-
Total fund balances	<u>3,039,596</u>	<u>56,492</u>
Total liabilities and fund balances	<u>\$ 3,358,525</u>	<u>\$ 56,492</u>

The accompanying notes are an integral part of this statement.

Court Technology/ Security Fund	General Capital Projects Fund	General Debt Service Fund	Total Governmental Funds
\$ 30,924	\$ 250,901	\$ 40,521	\$ 1,994,448
-	3,033,127	42,567	3,793,811
-	-	339	339
-	-	34,649	76,622
-	-	-	274,325
-	-	-	282,027
-	-	-	425,857
-	-	-	616
<u>30,924</u>	<u>3,284,028</u>	<u>118,076</u>	<u>6,848,045</u>
925	-	-	117,043
-	-	-	31,155
-	-	-	4,145
-	-	34,649	76,622
-	-	-	125,538
<u>925</u>	<u>-</u>	<u>34,649</u>	<u>354,503</u>
-	3,284,028	-	3,284,028
29,999	-	-	29,999
-	-	-	3,039,596
-	-	-	56,492
-	-	83,427	83,427
<u>29,999</u>	<u>3,284,028</u>	<u>83,427</u>	<u>6,493,542</u>
<u>\$ 30,924</u>	<u>\$ 3,284,028</u>	<u>\$ 118,076</u>	<u>\$ 6,848,045</u>

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City of Bridgeport, Texas  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
 Governmental Funds  
 September 30, 2005

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

Fund balances - total governmental funds	\$ 6,493,542
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,744,605
Other long-term assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	55,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(9,391,036)
Net assets of governmental activities	<u>\$ 3,886,111</u>

City of Bridgeport, Texas  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2005

	<u>General Fund</u>	<u>Special Revenue Hotel Motel Fund</u>
<b>REVENUES</b>		
Taxes:		
Hotel/Motel	\$ -	\$ 35,203
Property	517,248	-
Sales	1,418,363	-
Franchise	134,509	-
Charges for services	218,962	-
Licenses, permits and fees	158,577	-
Court fines	378,542	-
Grants	36,344	-
Miscellaneous	442,920	-
Total revenues	<u>3,305,465</u>	<u>35,203</u>
<b>EXPENDITURES</b>		
Current:		
General government	858,750	12,393
Public safety	1,415,422	-
Highways and Streets	225,365	-
Development Services	216,617	-
Culture and recreation	532,685	-
Debt service		
Principal retirement	-	-
Interest	-	-
Administrative charges	-	-
Total expenditures	<u>3,248,839</u>	<u>12,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,626</u>	<u>22,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Interest Revenue	42,679	-
Bond Proceeds	-	-
Transfers in (out)	195,979	-
Total other financing sources and uses	<u>238,658</u>	<u>-</u>
Net change in fund balances	295,284	22,810
Fund balances - beginning	2,744,312	33,682
Fund balances - ending	<u>\$ 3,039,596</u>	<u>\$ 56,492</u>

The accompanying notes are an integral part of this statement.

Court Technology/ Security Fund	Capital Projects Fund	General Debt Service Fund	Total Governmental Funds
\$ -	\$ -	\$ -	35,203
-	-	448,289	965,537
-	-	-	1,418,363
-	-	-	134,509
-	-	-	218,962
-	-	-	158,577
46,839	-	-	425,381
-	-	-	36,344
-	-	-	442,920
<u>46,839</u>	<u>-</u>	<u>448,289</u>	<u>3,835,796</u>

-	40,000	-	911,143
16,840	-	-	1,432,262
-	248,437	-	473,802
-	-	-	216,617
-	-	-	532,685
-	-	215,350	215,350
-	-	316,766	316,766
-	-	1,636	1,636
<u>16,840</u>	<u>288,437</u>	<u>533,752</u>	<u>4,100,261</u>

<u>29,999</u>	<u>(288,437)</u>	<u>(85,463)</u>	<u>(264,465)</u>
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-	55,261	18,172	116,112
-	3,040,000	-	3,040,000
-	28,891	111,194	336,064
-	3,124,152	129,366	3,492,176
29,999	2,835,715	43,903	3,227,711
-	448,312	39,524	3,265,830
<u>\$ 29,999</u>	<u>\$ 3,284,027</u>	<u>\$ 83,427</u>	<u>\$ 6,493,541</u>

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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, 2005

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

Net change in fund balances - total governmental funds	\$ 3,227,711
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.	(331,127)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	164,779
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.	(3,099,191)
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.	39,000
Change in net assets of governmental activities	<u>\$ 1,172</u>

City of Bridgeport, Texas  
Statement of Net Assets  
Proprietary Funds  
September 30, 2005

	Water and Sewer Fund	Light & Power Fund	Municipal Airport Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	1,123,129	-
Receivables (net of allowance for uncollectibles)	258,256	817,445	-
Due from other funds	-	2,185,972	-
Inventories	41,668	87,690	-
Total current assets	<u>\$ 299,924</u>	<u>\$ 4,214,236</u>	<u>-</u>
Noncurrent assets:			
Restricted assets:			
Cash & cash investments	3,691,577	247,015	-
Deferred charges	198,502	-	-
Capital assets:			
Land	9,586	56,997	4,700
Building and improvements	236,349	96,594	134,945
System improvements	12,461,107	2,090,950	-
Machinery and equipment	359,862	69,731	-
Office furniture and fixtures	168,825	61,155	-
Transportation equipment	245,607	266,838	-
Accumulated depreciation	(6,452,917)	(1,687,840)	(11,481)
Construction in progress	941,810	-	-
Total capital assets (net of accumulated depreciation)	<u>7,970,229</u>	<u>954,425</u>	<u>128,164</u>
Total non-current assets	<u>11,860,308</u>	<u>1,201,440</u>	<u>128,164</u>
Total assets	<u>12,160,232</u>	<u>5,415,676</u>	<u>128,164</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other current liabilities	15,233	490,914	72
Accrued liabilities	9,744	4,897	-
Taxes payable	-	21,533	-
Due to other funds	2,515,451	9,027	51,534
Accrued interest payable	36,823	-	-
Current capital leases	-	10,409	-
Current portion of long-term debt	781,300	-	-
Total current liabilities	<u>3,358,551</u>	<u>536,780</u>	<u>51,606</u>
Current liabilities payable from restricted assets:			
Utility customer deposits	23,961	248,366	-
Total current liabilities payable from restricted assets:	<u>23,961</u>	<u>248,366</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	15,046	11,321	-
Capital leases	-	4,232	-
Revenue Bonds payable	3,856,500	-	-
C O bonds payable	1,050,000	-	-
Total noncurrent liabilities	<u>4,921,546</u>	<u>15,553</u>	<u>-</u>
Total liabilities	<u>8,304,058</u>	<u>800,699</u>	<u>51,606</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,355,163	939,784	128,164
Restricted for Capital Projects	3,014,544	-	-
Restricted for debt retirement	644,382	237,988	-
Unrestricted	(4,157,915)	3,437,205	(51,606)
Total net assets	<u>\$ 3,856,174</u>	<u>\$ 4,614,977</u>	<u>76,558</u>

The accompanying notes are an integral part of this statement.

Grant Fund	Total Proprietary Funds	Gov. Activities Internal Service Fund
\$ -	\$ -	4,194
-	1,123,129	-
-	1,075,701	-
-	2,185,972	625
-	129,358	-
-	<u>\$ 4,514,160</u>	<u>4,819</u>
-	3,938,592	-
-	198,502	-
-	-	-
-	71,283	-
-	467,888	-
-	14,552,057	-
-	429,593	-
-	229,980	-
-	512,445	-
-	(8,152,238)	-
-	941,810	-
-	<u>9,052,818</u>	<u>-</u>
-	<u>13,189,912</u>	<u>-</u>
-	<u>17,704,072</u>	<u>4,819</u>
-	506,219	39
-	14,641	2,049
-	21,533	-
27,303	2,603,315	-
-	36,823	-
-	10,409	-
-	781,300	-
<u>27,303</u>	<u>3,974,240</u>	<u>2,088</u>
-	<u>272,327</u>	<u>-</u>
-	<u>272,327</u>	<u>-</u>
-	26,367	2,730
-	4,232	-
-	3,856,500	-
-	1,050,000	-
-	<u>4,937,099</u>	<u>2,730</u>
<u>27,303</u>	<u>9,183,664</u>	<u>4,818</u>
-	5,423,110	-
-	3,014,544	-
-	882,370	-
(27,303)	(799,616)	-
<u>(27,303)</u>	<u>8,520,408</u>	<u>-</u>

City of Bridgeport, Texas  
Statement of Revenues, Expenditures and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended September 30, 2005

	Water and Sewer Fund	Light & Power Fund	Municipal Airport Fund
<b>OPERATING REVENUES:</b>			
Charges for sales and services:			
Water sales	\$ 1,272,252	-	-
Sewer charges	674,166	-	-
Electric	-	4,359,758	-
Municipal Airport	-	-	186,889
Other	-	-	-
Miscellaneous	210	75,611	-
Rents	-	3,189	-
Total operating revenues	<u>1,946,629</u>	<u>4,438,558</u>	<u>186,889</u>
<b>OPERATING EXPENSES:</b>			
Costs of sales and services:			
Salaries and wages	411,309	204,807	15,579
Employee benefits	130,459	59,592	5,969
Purchased water	195,828	-	-
Other purchased services	266,407	3,253,627	39,153
Supplies and maintenance	307,646	124,664	147,131
Property	14,151	104,540	6,762
Depreciation	534,593	95,965	5,317
Miscellaneous	143,346	32,811	-
Total operating expenses	<u>2,003,738</u>	<u>3,876,006</u>	<u>219,911</u>
Operating income (loss)	(57,109)	562,552	(33,022)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Grants	223,000	-	336
Interest income	116,679	38,472	-
Miscellaneous	(1,902)	-	-
Gain (Loss) on sale of assets	1,079	-	-
Bond issuance costs	(25,463)	-	-
Interest expense	(211,480)	(726)	-
Total nonoperating revenue (expenses)	<u>101,912</u>	<u>37,746</u>	<u>336</u>
Income (loss) before contributions and transfers	44,802	600,298	(32,686)
Transfers in (out)	(1,172)	(372,684)	37,793
Change in net assets	<u>43,630</u>	<u>227,614</u>	<u>5,107</u>
Total net assets - beginning	3,812,546	4,387,363	71,451
Total net assets - ending	<u>\$ 3,856,174</u>	<u>\$ 4,614,977</u>	<u>76,558</u>

The accompanying notes are an integral part of this statement.

<u>Grant Fund</u>	<u>Total Proprietary Funds</u>	<u>Gov. Activities Internal Service Fund</u>
-	\$ 1,272,252	-
-	674,166	-
-	4,359,758	-
-	186,889	-
-	-	171,907
-	75,821	-
-	3,189	-
-	<u>6,572,075</u>	<u>171,907</u>
-	631,695	74,460
-	196,020	18,003
-	195,828	-
17,423	3,576,610	8,453
-	579,441	70,991
-	125,453	-
-	635,875	-
-	176,157	-
17,423	<u>6,117,078</u>	<u>171,907</u>
(17,423)	454,998	-
17,000	240,336	-
-	155,151	-
-	(1,902)	-
-	1,079	-
-	(25,463)	-
-	(212,206)	-
17,000	<u>156,994</u>	-
(423)	611,992	-
-	(336,063)	-
(423)	<u>275,928</u>	-
(26,879)	8,244,480	-
<u>(27,303)</u>	<u>8,520,408</u>	-

City of Bridgeport, Texas  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2005

Business-type Activities - Enterprise Funds

	Water and Sewer Fund	Light & Power Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash from Interfund	\$ -	\$ -
Cash from other	3,042	75,611
Cash received from customers	1,916,451	4,080,126
Cash payments to other	7,385	(47,073)
Cash payments to employees and professional contractors for services	(529,235)	(244,833)
Cash payments to suppliers for goods and services	(978,527)	(3,247,279)
Net cash provided from operating activities	<u>419,116</u>	<u>616,552</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants received	\$ -	\$ -
Transfer from(to) primary government	374,751	9,027
Transfer from(to) other funds	2,041,959	(2,501,541)
Net cash provided (used) by noncapital and related financing activities	<u>2,416,710</u>	<u>(2,492,514)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,146,113)	(138,807)
Capital grants received	223,000	-
Principal and interest paid on bonds and lease obligations	(840,635)	(726)
Proceeds from issuance of long-term debt	(120,000)	-
Proceeds from sale of capital assets	1,079	-
Net cash provided (used) by capital and related financing activities	<u>(1,862,669)</u>	<u>(139,533)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	116,679	38,472
Sale maturity of investments	1,636	(20,913)
Net cash provided by investing activities	<u>118,315</u>	<u>17,559</u>
Net increase (decrease) in cash and cash equivalents	1,071,472	(1,997,936)
Cash and cash equivalents, October 1, 2004	2,620,106	2,244,950
Cash and cash equivalents, September 30, 2005	<u>\$ 3,691,578</u>	<u>\$ 247,014</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (57,109)	\$ 562,552
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	534,593	95,965
Increase (decrease) in accounts payable - other	13,223	(7,136)
Increase (decrease) in accounts payable - supplier	(50,025)	241,079
Increase (decrease) in compensated absences	3,345	1,981
(Increase) decrease in customer receivables	(27,268)	(282,821)
Increase (decrease) in inventory	-	72
(Increase) decrease in other operating receivables	132	-
Increase (decrease) in salaries & benefits payable	2,225	4,862
Total adjustments	<u>476,225</u>	<u>54,002</u>
Net cash provided (used) by operating activities	<u>\$ 419,116</u>	<u>\$ 616,554</u>

Municipal Airport Fund	Grant Fund	Total Proprietary Funds	Gov. Activities Internal Services Fund
\$ -	\$ -	\$ -	171,907
2,655	-	81,308	-
184,234	-	6,180,811	-
-	-	(39,688)	-
(22,108)	-	(796,176)	(89,110)
(207,189)	(17,423)	(4,450,418)	(79,762)
<u>(42,408)</u>	<u>(17,423)</u>	<u>975,837</u>	<u>3,035</u>
\$ 336	\$ 17,000	\$ 17,336	-
44,055	418	428,251	1,159
(11,000)	-	(470,582)	-
<u>33,391</u>	<u>17,418</u>	<u>(24,995)</u>	<u>1,159</u>
-	-	(1,284,920)	-
-	-	223,000	-
-	-	(841,361)	-
-	-	(120,000)	-
-	-	1,079	-
<u>-</u>	<u>-</u>	<u>(2,022,202)</u>	<u>-</u>
-	-	155,151	-
-	-	(19,277)	-
<u>-</u>	<u>-</u>	<u>135,874</u>	<u>-</u>
(9,017)	(5)	(935,486)	4,194
9,017	5	4,874,078	-
<u>\$ -</u>	<u>\$ -</u>	<u>3,938,592</u>	<u>4,194</u>
\$ (33,022)	\$ (17,423)	\$ 454,998	-
5,317	-	635,875	-
-	-	6,087	-
(14,144)	-	176,910	(271)
(227)	-	5,099	2,730
-	-	(310,089)	-
-	-	72	-
-	-	132	-
(333)	-	6,754	575
<u>(9,387)</u>	<u>-</u>	<u>520,840</u>	<u>3,034</u>
<u>\$ (42,408)</u>	<u>\$ (17,423)</u>	<u>\$ 975,837</u>	<u>\$ 3,034</u>

## CITY OF BRIDGEPORT

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

#### A. Summary of Significant Accounting Policies

The combined financial statements of City of Bridgeport (the "City") have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

##### 1. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City
- the exclusion of the organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) The City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the City.

Based on these criteria, the City has a component unit. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement.

Discretely presented component unit. The Corporation for Economic Development of the City of Bridgeport, Texas is a discretely presented component unit for which the City is considered to be financially accountable. The Corporation is presented in a separate column in the government-wide to emphasize that the Corporation is legally separate from the City.

The Corporation is a non-profit corporation specifically governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the Corporation shall be to promote, assist and enhance economic development. The Board of Directors consists of five (5) Directors, three residents and two non-residents, all of whom shall own property in the City. The governing body of the City shall appoint the Directors of the Corporation in accordance with the Texas Development Corporation Act of 1979, as amended.

Separate financial statements are not issued for the Corporation for Economic Development of the City of Bridgeport.

##### 2. Basis of Presentation, Basis of Accounting

###### a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government. Eliminations been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities b. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

## CITY OF BRIDGEPORT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

**General Fund:** This is the City's primary operating fund. It accounts for all financial resources of the City except those required to be accounted for in another fund.

**Special Revenue Funds** - are used to account for resources restricted to or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.

**Debt Service Fund** - is used to account for tax revenues and for the payment of principal, interest and related costs on long-term debts for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

**Capital Projects Fund** - is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government has decided that periodic determination of net income is appropriate for accountability purposes.

**Water & Sewer** - provides water and sewer services.

**Power & Light** - provides electric power services.

**Airport** - provides aviation related services.

In addition, the City reports the following fund types:

**Internal Service Funds** - These funds are used to account for revenues and expenses related to services provided to parties inside the City. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

# CITY OF BRIDGEPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2005

### b. Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the City incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the City's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

### 3. Financial Statement Amounts

#### a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

#### b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

#### c. Inventories and Prepaid Items

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.

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-5

e. Receivable and Payable Balances

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.

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Grant Fund	\$ 27,303	Funds were expensed and awaiting reimbursement
<u>Component Unit</u> EDC	\$ 292,509	This fund loans money to outside businesses

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

C. Deposits and Investments

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

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.

Cash and investments as of September 30, 2005 are classified in the accompanying financial statements as follows:

Governmental Activities	\$ 5,792,452
Business-type Activities	5,061,721
	<u>\$ 10,854,173</u>

Cash and investments with authorized financial institutions as of September 30, 2005 consist of the following:

Bank deposits and certificates of deposits	\$ 970,135
Investments	10,064,752
	<u>\$ 11,034,887</u>

Differences between the financial statement balance and the financial institutions is normal reconciling items such as outstanding checks and deposits in transit.

For the purpose of the statement of cash flows, the City considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

1. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing 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.

As of September 30, 2005, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity	Rating as of September 30, 2005
TexPool	\$ 8,203,776	31 days	AAAm
Agency Discount Note - Senior unsecured debt	1,860,976	90 - 180 days	AAA
	<u>\$10,064,752</u>		

As of September 30, 2005 the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

2. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Rating as of August 31, 2005
TexPool	\$ 8,203,776	AAA	AAAm
Agency Discount Note - Senior unsecured debt	<u>1,860,976</u>	AAA	AAA
	<u>\$10,064,752</u>		

3. 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, 2005, 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.

4. 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, 2005 the carrying amount of the City's cash on hand and deposits were \$395,199.26 and the bank balance was \$557,266.37. Of the bank balance, \$100,000 was covered by federal depository insurance while the remaining \$457,266.37 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 Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized 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.

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

D. Capital Assets

Capital asset activity for the period ended September 30, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 143,352	\$ -	\$ -	\$ 143,352
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>143,352</u>	<u>-</u>	<u>-</u>	<u>143,352</u>
Capital assets being depreciated:				
System Improvements	9,274,409	256,966	-	9,531,375
Buildings and Improvements	1,610,051	39,823	-	1,649,874
Machinery and Equipment	155,979	58,340	-	214,319
Office Furniture and Equipment	44,317	148,083	-	192,400
Vehicles	1,274,685	130,726	-	1,405,411
Total capital assets being depreciated	<u>12,359,441</u>	<u>633,938</u>	<u>-</u>	<u>12,993,379</u>
Less accumulated depreciation for:				
System Improvements	4,152,344	739,769	-	4,892,113
Buildings and Improvements	347,629	53,096	-	400,725
Machinery and Equipment	65,314	21,047	-	86,361
Office Furniture and Equipment	18,869	30,242	-	49,111
Vehicles	842,905	120,910	-	963,815
Total accumulated depreciation	<u>5,427,061</u>	<u>965,064</u>	<u>-</u>	<u>6,392,125</u>
Total capital assets being deprec, net	<u>6,932,380</u>	<u>(331,126)</u>	<u>-</u>	<u>6,601,254</u>
Governmental activities capital assets, net	<u>\$ 7,075,732</u>	<u>\$ (331,126)</u>	<u>\$ -</u>	<u>\$ 6,744,606</u>
Governmental activities depreciation by Function:				
General Government	\$ 61,402			
Public Safety	48,201			
Highways and Streets	826,937			
Development Services	8,161			
Culture and recreation	20,363			
Depreciation expense - governmental activities	<u>\$ 965,064</u>			

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 33,873	\$ 37,411	\$ -	\$ 71,283
Construction in Progress	212,971	728,839	-	941,810
Total capital assets not being depreciated	246,844	766,250	-	1,013,093
Capital assets being depreciated:				
Water System Improvements	9,237,957	80,871	-	9,318,828
Sewer System Improvements	3,040,031	102,248	-	3,142,279
Electric System Improvements	2,059,918	31,032	-	2,090,950
Buildings and Improvements	218,733	249,155	-	467,888
Machinery and Equipment	399,335	30,257	-	429,592
Office Furniture and Equipment	229,980	-	-	229,980
Vehicles	512,444	-	-	512,444
Total capital assets being depreciated	15,698,398	493,563	-	16,191,961
Less accumulated depreciation for:				
Water System Improvements	4,005,787	304,859	-	4,310,646
Sewer System Improvements	1,470,878	140,957	-	1,611,835
Electric System Improvements	1,205,821	76,741	-	1,282,562
Buildings and Improvements	27,884	17,098	-	44,981
Machinery and Equipment	246,822	48,135	-	294,958
Transportation Equipment	164,406	20,836	-	185,242
Office Furniture and Equipment	394,766	27,250	-	422,016
Total accumulated depreciation	7,516,364	635,876	-	8,152,239
Total capital assets being deprec, net	8,182,035	(142,312)	-	8,039,723
Business-type activities capital assets, net	\$ 8,428,879	\$ 623,937	\$ -	\$ 9,052,816

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Component Unit:</b>				
Capital assets not being depreciated:				
Land	\$ 44,194	\$ 2,094,467	\$ -	\$ 2,138,661
Total capital assets not being depreciated	44,194	2,094,467	-	2,138,661
Component Unit capital assets	\$ 44,194	\$ 2,094,467	\$ -	\$ 2,138,661

Depreciation was charged to functions as follows:

Business Type Activities	\$ 635,876
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E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2005, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Grant Fund	\$ 27,303	General use
General Fund	Water & Sewer Fund	374,751	Supplement other funds sources
General Fund	Municipal Airport Fund	6,262	Supplement other funds sources
General Fund	Electric Fund	9,027	Supplement other funds sources
Electric Fund	Municipal Airport Fund	45,272	Capital projects expenditures
Electric Fund	Water & Sewer Fund	2,140,700	Supplement other funds sources
Internal Service Fund	General Fund	625	General use
	Total	\$ 2,603,939	

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

2. Due To Primary Government and From Component Unit

Balances due to primary government and from component unit at September 30, 2005, consisted of the following:

<u>Due To Primary Government</u>	<u>Due From Component Unit</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Component Unit - EDC	\$ 8,514	General use
Total		\$ <u>8,514</u>	

All amounts due are scheduled to be repaid within one year.

3. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2005, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Municipal Airport Fund	\$ 37,793	Provide resources for repayment
Water and Sewer Fund	Debt Service Fund	83,656	Provide resources for repayment
Capital Projects Fund	Water Capital Projects Fund	220,972	Supplement other funds sources
Water and Sewer Fund	General Fund	116,886	Reimburse expenditures
Water and Sewer Fund	General Capital Projects	28,890	Provide resources for repayment
Electric Fund	Water and Sewer Fund	228,260	Provide resources for repayment
Electric Fund	General Fund	116,886	Reimburse expenditures
Electric Fund	Debt Service Fund	27,538	Supplement other funds sources
Total		\$ <u>860,881</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended September 30, 2005, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bond	\$ 6,272,550	\$ 3,040,000	\$ 215,350	\$ 9,097,200	258,700
Capital leases	138,808	308,683	123,435	324,057	117,401
Compensated absences *	55,527	34,241	-	89,768	-
Total Governmental	\$ <u>6,466,885</u>	\$ <u>3,382,924</u>	\$ <u>338,785</u>	\$ <u>9,511,025</u>	\$ <u>376,101</u>
<u>Business-type Activities:</u>					
General obligation bond	\$ 6,442,450	\$ -	\$ 754,650	\$ 5,687,800	781,300
Capital leases	39,748	12,706	37,813	14,641	10,409
Compensated absences *	21,268	5,099	-	26,367	-
Total Business-type	\$ <u>6,503,466</u>	\$ <u>17,805</u>	\$ <u>792,463</u>	\$ <u>5,728,808</u>	\$ <u>791,709</u>
<u>Component Unit:</u>					
Notes payable	\$ 655,715	\$ 2,406,144	\$ 165,939	\$ 2,895,921	\$ 676,273
Compensated absences*	4,529	-	4,529	-	-
Total Component Unit	\$ <u>660,244</u>	\$ <u>2,406,144</u>	\$ <u>170,468</u>	\$ <u>2,895,921</u>	\$ <u>676,273</u>

\* 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>	
Compensated absences	Governmental	89,768
Compensated absences	Business-type	26,367

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

2. Debt Service Requirements

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

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2006	\$ 258,700	\$ 503,783	\$ 762,483
2007	345,400	419,322	764,722
2008	363,750	399,961	763,711
2009	387,100	380,035	767,135
2010	400,450	360,307	760,757
2011-2015	2,332,650	1,506,852	3,839,502
2016-2020	2,741,700	924,495	3,666,195
2021-2025	1,847,450	363,727	2,211,177
2026-2028	420,000	40,625	460,625
Totals	\$ 9,097,200	\$ 4,899,107	\$ 13,996,307

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2006	\$ 781,300	\$ 180,541	\$ 961,841
2007	319,600	155,453	475,053
2008	341,250	145,927	487,177
2009	347,900	135,225	483,125
2010	359,550	124,000	483,550
2011-2015	1,647,350	384,598	2,031,948
2016-2020	1,323,300	212,473	1,535,773
2021-2023	567,550	26,005	593,555
Totals	\$ 5,687,800	\$ 1,364,222	\$ 7,052,022

Year Ending September 30	Component Unit		
	Principal	Interest	Total
2006	\$ 676,273	\$ 139,808	\$ 816,081
2007	201,983	43,126	245,109
2008	205,769	37,001	242,770
2009	211,702	30,728	242,430
2010	216,348	24,346	240,694
2011-2015	1,314,196	66,232	1,380,428
2016-2019	69,649	8,041	77,690
Totals	\$ 2,895,920	\$ 349,282	\$ 3,245,202

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2005, as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2006	\$ 117,401	\$ 18,877	\$ 136,278
2007	103,135	11,868	115,003
2008	47,659	5,514	53,173
2009	50,641	2,535	53,176
2010	5,222	44	5,266
Totals	\$ 324,058	\$ 38,838	\$ 362,896

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2006	\$ 10,409	\$ 786	\$ 11,195
2007	4,232	212	4,444
Totals	\$ 14,641	\$ 998	\$ 15,639

Lease Expenditures in 2005 \$ 123,435

The effective interest rate on capital leases is 5.50%.

**CITY OF BRIDGEPORT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**G. Risk Management**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2005, the City obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its above insurance coverage. 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.

**H. Pension Plan**

**1. Plan Description**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 801 currently administered by TMRS, an agent multiple-employer public employee retirement system. "The City of Bridgeport is one of 801 municipalities having their benefit plan administered by TMRS. Each of the 801 Municipalities has an annual, individual actuarial valuation performed. All assumptions for the 12-31-04 valuations are contained in the 2004 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, TX 78714-9153."

**2. Benefits**

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/1/05) \*:

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

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 service/age) are: 5 yrs/age 60, 20 yrs/any age

**3. 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's matching percent, which is 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 amortizes the unfunded (over funded) 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 for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2004 valuation is effective for rates beginning January 2006).

CITY OF BRIDGEPORT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

City of Bridgeport  
 Schedule of Actuarial Liabilities and Funding Progress

	12/31/2004	12/31/2003	12/31/2002
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 2,213,913	\$ 2,001,378	\$ 2,116,861
Actuarial Accrued Liability	2,174,517	1,947,386	2,041,863
Percentage Funded	101.8%	102.8%	103.7%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	(39,396)	(53,992)	(74,998)
Annual Covered Payroll	1,789,284	1,627,903	1,453,754
UAAL as a Percentage of Covered Payroll	-2.2%	-3.3%	-5.2%
<hr/>			
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Plus: Annual Required Contribution (ARC)	92,862	68,682	63,109
Less: Contributions Made	(92,862)	(68,682)	(63,109)
NPO at the end of the period	\$ -	\$ -	\$ -

The following actuarial assumptions were used:

Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years - Open Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	None
Includes Inflation At	3.5%
Cost-of-Living Adjustments	None

I. Health Care Coverage

During the year ended September 30, 2005, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$307.97 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.

The contract between the City and the third party administrator is renewable May 1, 2006, and terms of coverage and premium costs are included in the contractual provisions.

J. Commitments and Contingencies

1. Contingencies

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 of any money received may be required and the collectibles of any related receivable may be impaired. In the opinion of the City, there are no 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.

2. Litigation

No reportable litigation was pending against the City at September 30, 2005.

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## Required Supplementary Information

Required supplementary information include financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

City of Bridgeport, Texas  
 General Fund  
 Budgetary Comparison Schedule - Budget and Actual  
 For the Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 512,200	\$ 512,200	\$ 517,248	\$ 5,048
Sales	1,001,500	1,001,500	1,418,363	416,863
Franchise	134,500	134,500	134,509	9
Charges for services	264,500	264,500	218,962	(45,538)
Licenses, permits and fees	87,500	87,500	158,577	71,077
Grants	64,132	64,132	36,344	(27,788)
Court fines	306,500	306,500	378,542	72,042
Rentals	500	500	-	(500)
Miscellaneous	380,400	380,400	442,920	62,520
Total revenues	<u>2,751,732</u>	<u>2,751,732</u>	<u>3,305,465</u>	<u>553,733</u>
<b>EXPENDITURES</b>				
Current:				
General government	763,619	903,394	858,750	44,644
Public safety	1,309,282	1,330,838	1,415,422	(84,584)
Highways and Streets	281,528	303,528	225,365	78,163
Development Services	221,204	221,204	216,617	4,587
Culture and recreation	476,126	510,966	532,685	(21,719)
Total expenditures	<u>3,051,759</u>	<u>3,269,930</u>	<u>3,248,839</u>	<u>21,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,027)</u>	<u>(518,198)</u>	<u>56,626</u>	<u>574,824</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Revenue	22,500	22,500	42,679	20,179
Transfers in	(195,979)	271,565	195,979	(75,586)
Total other financing sources and uses	<u>(173,479)</u>	<u>294,065</u>	<u>238,658</u>	<u>(55,407)</u>
Net change in fund balances	<u>(473,506)</u>	<u>(224,133)</u>	<u>295,284</u>	<u>519,417</u>
Fund balances - beginning	<u>2,744,312</u>	<u>2,744,312</u>	<u>2,744,312</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,270,806</u>	<u>\$ 2,520,179</u>	<u>\$ 3,039,596</u>	<u>519,417</u>

City of Bridgeport, Texas  
 Debt Service Fund  
 Budgetary Comparison Schedule - Budget and Actual  
 For the Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 439,100	\$ 439,100	\$ 448,289	\$ 9,189
Total revenues	<u>439,100</u>	<u>439,100</u>	<u>448,289</u>	<u>9,189</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	250,000	250,000	215,350	34,650
Interest	362,929	362,929	316,766	46,163
Administrative charges	1,500	1,500	1,636	(136)
Total expenditures	<u>614,429</u>	<u>614,429</u>	<u>533,752</u>	<u>80,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,329)</u>	<u>(175,329)</u>	<u>(85,463)</u>	<u>89,866</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interest Revenue	5,000	5,000	18,172	13,172
Transfers in	180,494	180,494	111,194	(69,300)
Total other financing sources and uses	<u>185,494</u>	<u>185,494</u>	<u>129,366</u>	<u>(56,128)</u>
Net change in fund balances	10,165	10,165	43,903	33,738
Fund balances - beginning	39,525	39,525	39,525	-
Fund balances - ending	<u>\$ 49,690</u>	<u>\$ 49,690</u>	<u>\$ 83,428</u>	<u>\$ 33,738</u>

Bridgeport Economic Development Corporation  
 Balance Sheet  
 Governmental Funds  
 September 30, 2005

	<u>EDC General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 338,605
Receivables sales taxes	137,163
Receivables other	<u>94,019</u>
Total assets	<u>569,787</u>
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Wages payable	969
Due to general fund	8,514
Unearned revenue	<u>94,019</u>
Total liabilities	<u>103,502</u>
 Fund balances:	
Unreserved	<u>466,285</u>
Total fund balance	<u>466,285</u>
Total liabilities and fund balance	<u>\$ 569,787</u>

Bridgeport Economic Development Corporation  
 Budgetary Comparison Schedule - Budget and Actual  
 Governmental Funds  
 For the Year Ended September 30, 2005

	Budgeted Amounts		Actual Amounts EDC General Fund	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Sales tax	\$ 558,000	\$ 558,000	\$ 708,650	\$ 150,650
Miscellaneous	86,500	86,500	6,861	(79,639)
Total revenues	<u>644,500</u>	<u>644,500</u>	<u>715,511</u>	<u>71,011</u>
<b>EXPENDITURES</b>				
Current:				
Salaries and benefits	61,764	61,764	39,109	22,655
Supplies	2,930	2,930	4,921	(1,991)
Contractual services	45,055	45,055	720,267	(675,212)
Economic incentive grants	95,400	95,400	366,003	(270,603)
Debt service:				
Principal	209,500	209,500	165,939	43,561
Interest	-	-	38,999	(38,999)
Capital outlay:				
Land	116,750	116,750	2,094,467	(1,977,717)
Total expenditures	<u>531,399</u>	<u>531,399</u>	<u>3,429,705</u>	<u>(2,898,306)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>113,101</u>	<u>113,101</u>	<u>(2,714,194)</u>	<u>(2,827,295)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Note proceeds	-	-	2,406,144	2,406,144
Interest income	6,000	6,000	7,458	1,458
Total other financing sources and uses	<u>6,000</u>	<u>6,000</u>	<u>2,413,602</u>	<u>2,407,602</u>
Net change in fund balances	119,101	119,101	(300,592)	(419,693)
Fund balances - beginning	766,877	766,877	766,877	-
Fund balances - ending	<u>\$ 885,978</u>	<u>\$ 885,978</u>	<u>\$ 466,285</u>	<u>\$ (419,693)</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, 2005

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

Net increase (decrease) in fund balances - total governmental funds	\$ (300,592)
Governmental funds report capital outlay as expenditures.	2,094,467
The issuance of long-term debt (e.g., notes payable) provides current financial resources to governmental funds	(2,323,894)
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.	89,180
Net increase (decrease) in net assets of governmental activities	<u>\$ (440,839)</u>

Bridgeport Economic Development Corporation  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets  
 Governmental Funds  
 September 30, 2005

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

Fund balance	\$ 466,285
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,138,661
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the	(2,895,921)
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.	(1,534)
Net assets of governmental activities	<u>\$ (292,509)</u>

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## Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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

The Honorable Don 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, 2005 and have issued our report thereon dated February 24, 2006. 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*

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 grants, 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 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 assurance 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 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 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.



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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.

*Auldrige, Mathews & von Tungeln*

Auldrige, Mathews & von Tungeln, P.C.  
February 24, 2006

City of Bridgeport  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2005

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
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, 2005

<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, 2005

None

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## **Single Audit Act Requirements**

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

The Honorable Don 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, 2005. 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 in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, 2005.



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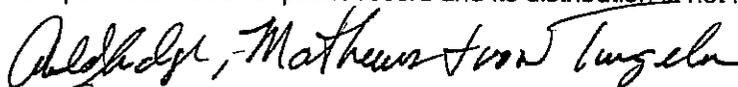
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*Internal Control over Compliance*

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.



Auldridge, Mathews & von Tungeln, P.C.  
February 24, 2006

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CITY OF BRIDGEPORT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

<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	\$ 17,000
PASSED THROUGH TEXAS DEPARTMENT OF AGRICULTURE 2005 TEXAS CAPITAL FUND	14.228	723079	220,000
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 237,000</u>
<u>ENVIROMENTAL PROTECTION AGENCY</u>			
PASSED THROUGH TEXAS WATER DEVELOPMENT BOARD	66.458	121300	\$ 505,939
PASSED THROUGH TEXAS WATER DEVELOPMENT BOARD	66.458	126600	2,865
TOTAL ENVIROMENTAL PROTECTION AGENCY			<u>\$ 508,804</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 745,804</u>

**CITY OF BRIDGEPORT**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**NOTE 1 - BASIS OF PRESENTATION**

THE ACCOMPANYING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS INCLUDES THE FEDERAL RANT 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**

\$237,000 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

**NOTE 3 - ENVIROMENTAL PROTECTION AGENCY**

\$ 508,804 OF TOTAL DIRECT PROGRAM EXPENDITURES AGREES WITH THE EXPENDITURES AS REPORTED ON COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, NON-MAJOR GOVERNMENT FUNDS.

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## **Texas Water Development Board Requirements**

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## 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, 2005, and have issued our report there on dated February 24, 2006. 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,

  
Auldridge, Mathews & von Tungeln, PC

February 24, 2006



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CITY OF BRIDGEPORT  
 ADDITIONAL INFORMATION FOR BONDS  
 YEAR ENDED SEPTEMBER 30, 2005

SCHEDULE OF RATES AND CUSTOMERS:

Sewer:

Customers 1,765

Rates:

		<u>Gallons</u>
Residential within city limits	5.60	per month, minimum bill
	2.50	per 1,000 gallons
Residential outside city limits	7.60	per month, minimum bill
	5.00	per 1,000 gallons
Commercial within city limits	5.60	per month, minimum bill
	2.50	per 1,000 gallons
Commercial outside city limits	7.60	per month, minimum bill
	5.00	per 1,000 gallons
Commercial, Large Customers	4.50	per month, minimum bill
	3.00	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, beyond minimum
Residential outside city limits	23.52	0 - 3,000, minimum bill
	3.27	per 1,000, beyond minimum
Commercial within city limits	14.38	0 - 3,000, minimum bill
	3.92	per 1,000, beyond minimum
Commercial outside city limits	26.14	0 - 3,000, minimum bill
	3.92	per 1,000, beyond minimum

CITY OF BRIDGEPORT  
 ADDITIONAL INFORMATION FOR BONDS  
 YEAR ENDED SEPTEMBER 30, 2005

SCHEDULE OF RATES AND CUSTOMERS:

Electric:

Customers 2,242

Rates:

Residential customer charge	6.42	Per month
Residential energy charge	5.86	Cents per Kwhr for all Kwhrs used per month in the summer months of May-October
	5.86	Cents per Kwhr for first 600 Kwhrs used per month in the winter billing months of November - April
	2.63	Cents per Kwhr for all additional Kwhrs used in the winter billing months of November - April
Commercial customer charge	15.32	Per month
Customer without metered demand - energy charge	6.17	Per Kwh 0 - 2,500
	3.25	Per Kwh over 2,500
Customer with metered demand - demand charge	6.8	Per Kw in excess of 10kw
Energy charge	6.1	Per Kwh 0 - 2,500
	3.21	Per Kwh 2,500 - 6,000
	0.71	Per Kwh over 6,000

There were no unmetered customers at September 30, 2005.

CITY OF BRIDGEPORT  
 SCHEDULE OF INSURANCE  
 YEAR ENDED SEPTEMBER 30, 2005

<u>Insurance Company</u>	<u>Coverage</u>	<u>Policy Dates</u>	
Allstate Insurance Company	Fire & Casualty - \$5,972,000	11/1/2005	11/1/2006
St. Paul Fire & Casualty Ins. Co.	Law Enforcement Officers Liab - \$1,000,000	7/10/2005	7/19/2006
Old Republic Insurance Co.	Airport Liability - \$2,000,000	5/26/2005	5/26/2006
St. Paul Fire & Casualty Ins. Co.	Auto Liab & Physical Damage - \$1,000,000	7/19/2005	7/19/2006
St. Paul Fire & Casualty Ins. Co.	Commercial General Liability - \$2,000,000	7/17/2005	7/19/2006
St. Paul Fire & Casualty Ins. Co.	Public Officials Liab Policy - \$500,000	7/19/2005	7/19/2006
St. Paul Fire & Casualty Ins. Co.	Equipment Floater - \$170,837	7/19/2005	7/19/2006
American Merc Lloyds Ins. Co.	Performance Brush Bandit - \$17,500	3/20/2005	3/20/2006
Texas Political Subdivision	Worker's Compensation - statutory amts	10/1/2005	10/1/2006
Colony Management Service	Fuel Tank Police Dept - \$1,000,000	12/1/2004	12/1/2005
Allstate Insurance Company	Electronic Equipment Scada System Airport Weather System CPU System FBM System - \$222,384	11/2/2005	11/2/2006
Illinois Union Ins. Co.	Fuel Tank Airport - \$1,000,000	4/29/2005	4/29/2006

City of Bridgeport  
 Reserve Requirement  
 September 30, 2005

	Interest and Sinking Funds	Reserve Funds
First lien bonds		
Required ultimate balance	\$ -	\$ 616,250
Required present balance	\$ -	\$ 616,250
Actual present balance	\$ -	\$ 590,000
Junior lien bonds		
Required ultimate balance	\$ -	\$ -
Required present balance	\$ -	\$ -
Actual preent balance	\$ -	\$ -

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## Other Schedules

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City of Bridgeport  
 Schedule of Delinquent Taxes  
 September 30, 2005

Year	Tax Rates		Assessed/Appraised Value for Tax Purposes	Beginning Balance 10/1/2004
	General	Debt Service		
2004-05	0.300000	0.262500	172,368,571	-
2003-04	0.279000	0.281000	152,561,480	34,849
2002-03	0.370400	0.192100	129,941,206	19,360
2001-02	0.379500	0.153000	125,503,164	7,971
2000-01	0.389500	0.143000	122,169,224	4,678
1999-00	0.393900	0.138600	103,230,974	3,335
1998-99	0.393900	0.138600	95,649,370	2,075
1997-98	0.393900	0.138600	89,476,612	2,264
1996-97	0.383600	0.012100	85,257,782	791
1995-96	0.347500	0.048200	82,655,902	856
1995 Prior	0.338600	0.043200	82,614,559	14,178
				<u>\$ 90,357</u>

Current Year's Levy	Payments	General Collections	Debt Service Collections	Adjustments	Ending Balance 9/30/2005
970,386	917,234	486,134	431,100	9,508	43,644
	13,756	6,878	6,878	1,181	19,912
	5,294	3,494	1,800	306	13,760
	2,563	1,820	743	287	5,121
	1,199	875	324	77	3,402
	523	387	136	97	2,715
	375	278	98	59	1,641
	321	238	83	59	1,884
	93	90	3	4	694
	7	6	1	4	845
	70	62	8	1,072	13,036
<u>\$ 970,386</u>	<u>\$ 941,435</u>	<u>\$ 500,262</u>	<u>\$ 441,173</u>	<u>\$ 12,654</u>	<u>\$ 106,654</u>

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## **Statistical Information**

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City of Bridgeport

General Governmental Expenditures by Function (1)  
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Culture & Recreation	Highways and Streets	Debt Service	(2) Capital Projects	Development Services	Total
1996	299,816	495,751	201,273	138,933	35,223	229,952	-	1,400,947
1997	291,844	507,372	266,527	184,999	11,064	60,519	-	1,322,326
1998	424,735	432,000	270,677	210,468	232,083	1,143,831	-	2,713,794
1999	476,236	508,965	452,335	266,503	180,720	1,793,662	20,998	3,699,420
2000	356,260	739,593	378,325	361,897	375,000	1,508,585	36,393	3,756,052
2001	403,083	884,761	438,852	273,802	396,758	815,942	51,377	3,264,575
2002	414,290	907,208	384,199	417,452	528,501	877,969	122,012	3,651,631
2003	510,538	1,003,279	340,191	458,776	528,206	762,428	154,746	3,758,164
2004	463,939	1,201,922	420,343	344,629	618,421	314,207	216,797	3,580,258
2005	911,143	1,432,263	532,685	473,802	533,752	288,437	216,617	4,388,699

- NOTE:
1. Includes General, Debt Service and Capital Projects Fund
  2. Includes Airport expenditures prior to 2002 when the airport was separated into a separate fund

City of Bridgeport  
Government-Wide Expense by Function

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Culture and Recreation</u>	<u>Highways and Streets</u>	<u>Development Services</u>	<u>City Maintenance</u>
2004	647,541	1,222,414	418,520	514,190	216,797	161,055
2005	684,513	1,381,114	553,049	1,025,090	226,838	171,907

Note: 1. City of Bridgeport first applied GASB Statement 34 in fiscal year ended 9-30-04; therefore, government-wide financial information for years prior to fiscal year ended 9-30-04 is not available.

City of Bridgeport  
Government-Wide Revenues

<u>Fiscal Year</u>	<u>Program Revenues</u>		
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
2004	5,871,560	48,298	-
2005	7,598,580	71,344	223,000

Source: Current Year Government-wide Financials.

Note: 1. City of Bridgeport first applied GASB Statement 34 in fiscal year ended 9-30-04; therefore, government-wide financial information for years prior to fiscal year ended 9-30-04 is not available.

City of Bridgeport  
Government-Wide Expenses by Function  
(Continued)

Interest on Long-Term Debt	Water and Sewer	Power and Light	Municipal Airport	Grant Fund	Total
357,396	2,416,074	2,908,946	136,142	26,884	9,025,959
580,974	2,242,585	3,876,732	219,911	17,423	10,980,135

City of Bridgeport  
Government-Wide Revenues  
(Continued)

General Revenues

Property Taxes	Sales Taxes	Other Taxes	Interest on Investments	Gain on sale of assets	Misc.	Total
869,503	795,144	447,905	77,223	(136,484)	1,338,422	15,231,429
1,004,778	1,418,363	172,901	271,263	1,079	495,929	11,257,237

City of Bridgeport  
 General Governmental Revenues by Source  
 Last Ten Fiscal Years

Fiscal Year	Taxes	Permits and Fees	Charges for Services	Fines	Inter-Governmental	Investment Earnings	Misc	Total
1996	798,513	7,161	153,507	99,187	307,989	73,807	10,287	1,450,449
1997	843,217	7,232	160,401	116,445	300,000	110,507	15,642	1,553,443
1998	1,042,719	25,352	155,979	110,500	300,000	71,980	100,307	1,806,837
1999	1,107,339	24,191	152,042	126,566	300,000	61,116	3,300	1,774,554
2000	1,140,518	26,641	136,188	161,550	318,000	103,001	310,732	2,196,630
2001	1,259,462	50,171	125,109	252,509	320,280	123,003	349,719	2,480,253
2002	1,398,290	72,631	132,353	294,536	354,999	109,242	310,512	2,672,563
2003	1,513,428	41,767	195,811	386,378	414,518	41,928	365,905	2,959,735
2004	3,314,346	172,578	241,940	604,023	562,908	35,910	51,132	4,982,837
2005	2,553,612	158,577	218,962	425,381	372,408	116,112	442,920	4,287,972

NOTE: Includes General, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund

City of Bridgeport  
 General Governmental Tax Revenue by Source  
 Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Occupancy Tax	Misc	Total
1996	333,822	394,837	69,203	-	651	798,513
1997	346,865	425,964	68,691	-	1,698	843,217
1998	481,849	495,430	65,228	-	212	1,042,719
1999	523,084	500,659	83,596	-	-	1,107,339
2000	555,036	591,881	164,498	-	-	1,311,414
2001	603,984	642,230	83,672	-	-	1,329,886
2002	664,935	714,928	89,165	-	-	1,469,028
2003	748,739	773,930	126,307	15,122	-	1,664,098
2004	1,183,884	1,347,256	138,620	17,458	-	2,687,218
2005	965,537	1,418,363	218,962	35,203	-	2,638,065

NOTE: INCLUDES GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS

City of Bridgeport  
Property Tax Levies and Collections

Fiscal Year	(1) Total Tax Levy	(1) Current Tax Collected	Percent of Current Taxes Collected	(1) Delinquent Tax Collected	Total Tax Collected
1996	327,069	308,446	94%	14,928	323,374
1997	337,365	315,005	93%	20,503	335,508
1998	476,808	449,020	94%	16,929	465,949
1999	509,387	490,242	96%	18,567	508,809
2000	549,429	520,501	95%	20,635	541,136
2001	601,727	563,807	94%	24,294	588,101
2002	694,726	638,827	92%	10,254	649,082
2003	725,802	608,311	84%	20,163	628,474
2004	861,947	825,562	96%	26,056	851,618
2005	970,386	928,275	96%	34,856	963,131

NOTE: INCLUDES GENERAL AND DEBT SERVICE FUNDS

City of Bridgeport  
Property Tax Levies and Collections

(continued)

Ratio of Total Tax Collected to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
99%	3,695	1.1%
99%	1,857	0.6%
98%	10,859	2.3%
100%	578	0.1%
98%	8,293	1.5%
98%	13,626	2.3%
93%	45,644	6.6%
87%	97,328	13.4%
99%	10,329	1.2%
99%	7,255	0.7%

City of Bridgeport  
Assessed and Estimated Actual Value of Property  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Minerals</u>	<u>Industrial/Utility</u>	<u>Exemptions Real Property</u>	<u>Total Assessed Value</u>
1996	43,025,914	15,069,846	1,586,850	27,164,414	1,589,242	85,257,782
1997	48,969,936	14,520,930	1,725,670	28,872,934	1,681,373	92,408,097
1998	51,515,395	15,066,532	1,261,240	29,475,029	1,668,466	95,649,730
1999	55,320,296	16,824,683	787,179	32,006,231	1,707,415	103,230,974
2000	62,621,681	16,365,661	727,610	35,172,791	1,887,260	113,000,483
2001	68,325,888	18,082,160	771,930	35,973,236	1,892,175	121,261,039
2002	77,532,510	23,666,746	1,114,370	30,720,190	3,092,610	129,941,206
2003	87,006,220	30,440,570	1,301,000	37,211,370	3,383,670	152,575,490
2004	95,492,695	37,490,476	1,594,070	43,488,920	5,855,061	172,211,100
2005	151,595,609	16,966,720	1,834,400	30,766,290	5,609,833	195,553,186

City of Bridgeport  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total City</u>	<u>(1) B.I.S.D.</u>	<u>Wise County</u>	<u>Lateral Road</u>	<u>Water District 1</u>	<u>Total</u>
1996	0.34750	0.48200	0.82950	1.50560	0.57300	-	0.01000	2.91810
1997	0.38360	0.12100	0.50460	1.50560	0.57300	-	0.01000	2.59320
1998	0.39390	0.13860	0.53250	1.56560	0.57300	-	0.01000	2.68110
1999	0.39390	0.13860	0.53250	1.55330	0.57300	-	0.01000	2.66880
2000	0.39390	0.13860	0.53250	1.72540	0.46300	0.12000	0.01000	2.85090
2001	0.38950	0.14300	0.53250	1.68690	0.46300	0.12000	0.01000	2.81240
2002	0.37950	0.15300	0.53250	1.67090	0.48015	0.10285	0.01500	2.80140
2003	0.37040	0.19210	0.56250	1.59270	0.39044	0.11000	0.01500	2.67064
2004	0.27900	0.28100	0.56000	1.59270	0.33153	0.11000	0.01500	2.60923
2005	0.30000	0.26250	0.56250	1.67440	0.32471	0.11000	0.01500	2.68661

NOTE: (1) BRIDGEPORT INDEPENDENT SCHOOL DISTRICT

TAX RATE LIMITATIONS ON MUNICIPALITIES BY THE TEXAS CONSTITUTION (ARTICLE XI, SECTION 5) PROVIDE THAT A MAXIMUM TAX RATE OF \$2.50 PER \$100 VALUATION MAY BE IMPOSED IN ANY ONE YEAR. NO PROVISIONS ARE MADE LIMITING THE AMOUNT OF THIS \$2.50 TAX RATE THAT CAN BE USED FOR DEBT SERVICE.

City of Bridgeport  
Principal Taxpayers  
September 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Devon Energy corp	Electric Utility	4,430,710	2.2000%
MBCB Inc	Industrial/Commercial	4,155,810	2.0600%
Rcast Inc	Industrial/Commercial	2,529,880	1.2500%
United Telephone of Texas	Utility	2,517,840	1.2500%
Peak USA Energy Service	Energy Service	2,497,700	1.2400%
Acme Brick Company	Building Materials	2,191,540	1.0900%
Bridgewood Community Homes	Land Improvements	1,568,800	7.8000%
BCSI Venture Inc	Industrial/Commercial	1,643,520	0.7800%
Ray Properties Ltd	Realty	1,423,530	0.7000%
Wise Ready Mix	Concrete	1,302,730	0.6400%
Comerica Leasing Corp	Industrial/Vehicle Leasing	1,291,660	0.6400%

SOURCE: WISE COUNTY APPRAISAL DISTRICT

City of Bridgeport  
Computation of Legal Debt Margin  
September 30, 2005

UNDER PROVISIONS OF STATE LAW, THE MAXIMUM RATE IS LIMITED TO \$2.50 FOR EVERY \$100 OF ASSESSED VALUATION.

TAX RATE LIMIT	2.50000
CURRENT TAX RATE	<u>0.56250</u>
AVAILABLE TAX RATE	<u><u>1.93750</u></u>

NO DIRECT BOND DEBT LIMITATION IS IMPOSED ON THE CITY UNDER CURRENT STATE LAW OR THE CITY'S CHARTER.

Note: Additional revenues up to approximately 333,659 per year could be raised before reaching the maximum allowable tax based on the current year's appraised net taxable value of approximately \$172,211,100.

City of Bridgeport  
Ratio of Net General Obligation Bonded Debt  
To Assessed Value and Net General  
Obligation Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	(1) Estimated Population	(2) Assessed Value	Gross Bonded Debt	Less Debt Service Fund	Less Debt Payable from Enterprise Revenues	Net Bonded Debt
1996	4785	85,257,782	5,932,000	105,503	5,855,000	(28,503)
1997	4785	92,408,097	6,281,000	118,958	5,215,000	947,042
1998	4795	95,649,730	7,347,000	25,264	4,860,000	2,461,736
1999	4810	103,230,974	9,468,000	14,880	4,485,000	4,968,120
2000	4827	113,000,483	9,014,000	39,311	4,085,000	4,889,689
2001	4917	121,261,039	12,665,000	18,031	8,190,000	4,456,969
2002	5095	129,941,206	12,045,000	39,556	9,940,000	2,065,444
2003	5120	152,575,490	13,645,000	28,653	8,505,000	5,111,347
2004	5285	172,211,100	12,715,000	39,524	6,442,450	6,233,026
2005	5400	201,163,019	14,785,000	83,427	5,687,800	9,013,773

SOURCES: (1) ESTIMATES EXCEPT FOR US BUREAU CENSUS IN 2002  
(2) WISE COUNTY APPRAISAL DISTRICT

**City of Bridgeport**  
**Ratio of Net General Obligation Bonded Debt**  
**To Assessed Value and Net General**  
**Obligation Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

(continued)

Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
-0.0334%	(6)
1.0248%	198
2.5737%	513
4.8126%	1,033
4.3271%	1,013
3.6755%	906
1.5895%	405
3.3500%	998
3.6194%	1,179
4.4808%	1,669

City of Bridgeport  
Ratio of Annual Debt Service Expenditures  
for General Obligation Bonded Debt  
to Total General Governmental Expenditures  
Last Ten Fiscal Years

Fiscal Year	(1) Principal	(1) Interest	(1) Total Debt Service	(2) Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1996	33,000	2,222	35,222	1,206,444	2.92%
1997	8,000	3,064	11,064	1,746,582	0.63%
1998	79,000	153,083	232,083	3,289,156	7.06%
1999	39,000	141,720	180,720	3,999,097	4.52%
2000	54,000	321,000	375,000	3,756,052	9.98%
2001	124,000	251,392	375,392	3,272,079	11.47%
2002	146,800	381,701	528,501	3,622,353	14.59%
2003	188,650	339,529	528,179	3,763,164	14.04%
2004	207,000	330,278	537,278	3,501,213	15.35%
2005	215,350	318,402	533,752	3,566,510	14.97%

SOURCES: (1) PRINCIPAL AND INTEREST AND FISCAL CHARGES FOR NET  
GENERAL BONDED DEBT ONLY.  
(2) INCLUDES GENERAL, SPECIAL REVENUE AND DEBT SERVICE  
FUNDS.

City of Bridgeport  
 Computation of Direct and Overlapping Bonded Debt  
 General Obligation Bonds  
 September 30, 2005

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
Direct:			
City of Bridgeport	9,013,773	100%	9,013,773
Overlapping:			
B.I.S.D.	22,743,748	22.53%	5,124,166
Wise County	13,613,479	4.53%	616,691
Total	<u>45,371,000</u>		<u>14,754,630</u>

SOURCE: MUNICIPAL ADVISORY COUNCIL OF TEXAS

City of Bridgeport  
Property Value and Construction  
Last Ten Fiscal Years

Fiscal Year	(1) Property	(2) Commercial Construction		(2) Residential Construction		No. of Permits	Value
	Value	No. of Permits	Value	No. of Permits	Value		
1996	90,078,563	1	30,000	11	899,021	12	929,021
1997	97,399,250	3	463,000	6	760,000	9	1,223,000
1998	100,864,194	2	90,000	4	650,000	6	740,000
1999	108,702,082	5	695,000	7	922,000	12	1,617,000
2000	119,294,788	1	28,620	7	605,150	8	633,770
2001	128,521,772	8	3,566,610	31	340,000	39	3,906,610
2002	147,621,226	10	1,488,048	23	2,923,621	33	4,411,669
2003	172,312,398	4	537,000	12	1,767,510	16	2,304,510
2004	194,762,181	4	11,478,776	42	5,029,632	46	16,508,408
2005	201,163,019	8	25,441,500	49	5,050,081	57	30,491,581

SOURCE: (1) WISE COUNTY APPRAISAL DISTRICT  
(2) CITY OF BRIDGEPORT BUILDING/CODE DEPARTMENT

City of Bridgeport  
Revenue Bond Coverage  
Water Sewer Revenue Bonds  
Last Ten Fiscal Years

Fiscal Year	(1) Gross Revenue	(2) Direct Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest and Fiscal Charges	Total	
1996	4,350,597	4,162,792	187,805	305,000	337,424	642,424	0.29%
1997*	4,013,013	3,441,048	571,965	312,381	335,000	647,381	0.88%
1998*	4,811,700	4,050,857	760,843	335,000	311,580	646,580	1.18%
1999*	4,769,197	4,140,398	628,799	375,000	289,940	664,940	0.95%
2000*	5,332,953	4,339,953	993,000	400,000	261,081	661,081	1.50%
2001*	6,137,754	5,511,523	626,231	425,000	236,699	661,699	0.95%
2002*	5,671,718	5,295,363	376,355	1,957,032	266,168	2,223,200	0.17%
2003*	5,989,561	4,537,374	1,452,187	576,350	234,141	810,491	1.79%
2004	5,629,243	5,248,514	380,729	723,000	212,177	935,177	0.41%
2005	6,729,069	6,117,078	611,991	754,650	204,083	958,733	0.64%

NOTE: (1) OPERATING AND NON-OPERATING REVENUES OF ENTERPRISE FUNDS  
(2) TOTAL OPERATING EXPENSES OF ENTERPRISE FUNDS EXCLUSIVE OF DEPRECIATION

\* Includes settlement with the Tarrant County Water Control and Improvement District No. 1. The City recorded the net present value of the total settlement in 1997.

City of Bridgeport  
Miscellaneous Statistics  
September 30, 2005

Date of Incorporation	1913
Form of Government	Mayor-Council
Area in Square Miles	Approx 5 miles
Population	5,400
Number of Full-time Employees (excluding Police and Fire)	53
Miles of Streets	74 Land Miles
Number of Street Lights	

Name of Government Facilities and Services:

Culture and Recreation:

Parks	3
Park Acreage	917
Senior Recreation Center	1
Swimming Pool	1

Fire Protection:

Number of Stations	1
Number of Volunteer Firefighters	28
Slots Available	2
Number of Investigations	2
Number of Inspections Conducted	25
Number of Training Hours	100
Number of Fire Hydrants	
Number of Structure Fires	19
Number of Other Fires	37
Number of Emergency Medical Incidents	131
Haz-Mat Responses	30
All Other Responses	128
Total Incidents	335

Police Protection:

Number of Stations	1
Number of Police Employees	19
Number of Patrol Units	6
Number of Calls for Service	23,413
Number of Arrests	547
Number of Traffic Citations Issued	3,430
Number of Traffic Accidents Worked	114
Number of Police Escorts	42
Number of Training Hours	750
Number of Animal Calls	811
Stolen Property Recovered	\$105,954

City of Bridgeport  
Miscellaneous Statistics  
September 30, 2005  
(Continued)

Water System:

Number of Water Accounts	2,183
Average Daily Consumption-Pumped (in Gallons)	901,166
Average Daily Consumption-Sold (in Gallons)	762,829
Maximum Daily Capacity-Water Production (in Gallons)	1,523,000
Number of Gallons Produced	329,116,000
Number of Gallons Sold	277,670,000
Water Mains - Miles	44

Sewer System:

Number of Sewer Accounts	1,765
Storm Sewer - Miles	2
Sanitary Sewer - Miles	30

Number of Refuse Accounts	1,458
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Hospitals:

Number of Hospitals - (in Construction)	1
Number of Patient Beds - (estimated)	35

Education:

Elementary- B.I.S.D.	622
Middle School - B.I.S.D.	550
High School - B.I.S.D.	638
Intermediate School - B.I.S.D.	448
ACE High School - B.I.S.D.	32
Number of Admin. Personnel - B.I.S.D.	194
Number of Teachers - B.I.S.D.	190
Number of Students - B.I.S.D.	2,274

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