

CITY OF BRIDGEPORT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

AULDRIDGE, MATHEWS & VON TUNGELEN
CERTIFIED PUBLIC ACCOUNTANTS

131 S. Westmeadow, Suite 200 • PO Box 1000 • Cleburne, Texas 76033
(817) 641-1000 • Fax (817) 641-1044



CITY OF BRIDGEPORT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Introductory Section

This page is left blank intentionally.

Financial Section

This page is left blank intentionally.

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

Member Texas Society
of Certified Public Accountants
Member American Institute
of Certified Public Accountants

Independent Auditor's Report

The Honorable Donald C. 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bridgeport, Texas, as of and for the year ended September 30, 2004, 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 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bridgeport, Texas, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated February 18, 2005, on our consideration of the City of Bridgeport Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Analysis of Funding Progress, as of September 30, 2004 on pages A-3 through A-8 and D-1 through D-2, respectively, are 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.



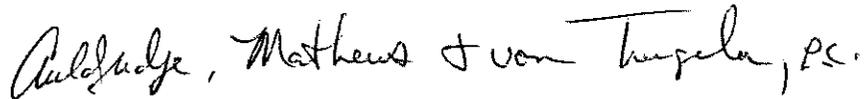
The CPA. Never Underestimate The Value.®



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 "Auldridge, Mathews & von Tungeln, PC." The signature is written in dark ink and is positioned above the typed name of the firm.

Auldridge, Mathews & von Tungeln, PC
February 18, 2005

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, 2004. 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 \$12,129,417 at September 30, 2004.
- During the year, the City's expenses were \$333,897 more than the \$3,935,173 generated in taxes and other revenues for governmental activities
- The general fund reported a fund balance this year of \$2,744,312 – a 20% increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
- The financial statements also include *notes to the financial statements* explaining some of the information in the financial statements and provide more detailed data.
- The report also contains other supplementary information in addition to the basic financial statements themselves.

Figure A-1. Required Components of the City's Annual Financial Report

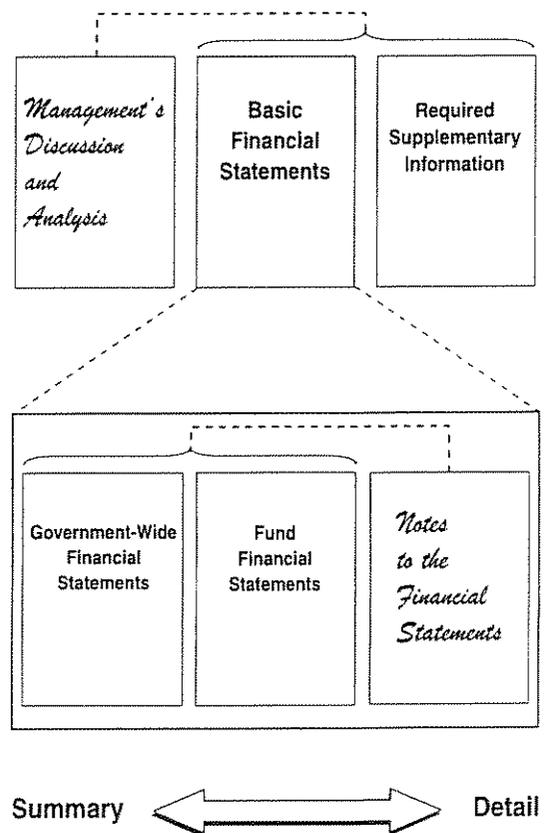


Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City’s Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency’s government (except fiduciary funds) and the Agency’s component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else’s resources
Required financial statements	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures & charges in fund balances	* Statement of revenues, expenses and changes in fund net assets * Statement of cash flows	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the Agency’s funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s *net assets* and how they have changed. Net assets, the difference between the City’s assets and liabilities, are one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City’s tax base

The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes, sales taxes, fees for service and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenue resources.

The City has two kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds (business type funds)*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's *combined* net assets were \$12,129,417 at September 30, 2004. (See Table A-1).

Table A-1
City's Net Assets

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2003-2004
	2004	2003	2004	2003	2004	2003	
Current and other assets:	\$ 3,613,703	(1)	\$ 7,136,771	(1)	\$ 10,750,474	(1)	(1)
Noncurrent assets:	7,075,732	(1)	8,428,880	(1)	15,504,612	(1)	(1)
Total Assets	<u>\$ 10,689,435</u>	(1)	<u>\$ 15,565,651</u>	(1)	<u>\$ 26,255,086</u>	(1)	(1)
Current liabilities:	\$ 650,885	(1)	\$ 1,626,995	(1)	\$ 2,277,880	(1)	(1)
Long-term liabilities:	6,153,611	(1)	5,694,178	(1)	11,847,789	(1)	(1)
Total Liabilities	<u>\$ 6,804,496</u>	(1)	<u>\$ 7,321,173</u>	(1)	<u>\$ 14,125,669</u>	(1)	(1)
Net Assets:							
Restricted for:							
Debt Service	39,524		-		39,524	(1)	(1)
Capital Projects	537,630		-		537,630	(1)	(1)
Unrestricted	3,307,785		8,244,478		11,552,263	(1)	(1)
Total Net Assets	<u>\$ 3,884,939</u>		<u>\$ 8,244,478</u>		<u>\$ 12,129,417</u>	(1)	(1)

(1) The City did not restate its 2003 financial statements in this first year of implementation

Changes in net assets: The City's total revenues were \$9,291,184 (See Table A-2).

**Table A-2
Changes in the City's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
<u>Program Revenues</u>						
Charges for Services	\$ 202,294	(1)	\$ 5,687,299	(1)	\$ 5,889,593	(1)
Rents	360	(1)			360	
Grants	28,903	(1)	18,981		47,884	
<u>General Revenues</u>						
Taxes	2,112,552	(1)		(1)	2,112,552	(1)
Fines	414,711	(1)	-	(1)	414,711	(1)
Licenses and Permits	468,166	(1)	-	(1)	468,166	(1)
Investment earnings	22,861	(1)	54,362	(1)	77,223	(1)
Other	408,249	(1)	(127,554)	(1)	280,695	(1)
Total Revenues	\$ 3,658,096	(1)	\$ 5,633,088	(1)	\$ 9,291,184	(1)
Expenses						
General government	647,541	(1)	-	(1)	647,541	(1)
Public safety	1,222,414	(1)	-	(1)	1,222,414	(1)
Highways and streets	514,190	(1)	-	(1)	514,190	(1)
Sanitation	216,797	(1)	-	(1)	216,797	(1)
Culture and recreation	389,203	(1)	-	(1)	389,203	(1)
City Maintenance	161,055				161,055	
Depreciation	944,735	(1)	-	(1)	944,735	(1)
Interest and fiscal charges	357,396	(1)		(1)	357,396	(1)
Water & Sewer			2,442,958		2,442,958	
Electric			2,908,946		2,908,946	
Municipal Airport			136,142		136,142	
Total Expenses	\$ 4,453,331	(1)	\$ 5,488,046	(1)	\$ 9,941,377	(1)
Change before transfers	(795,235)	(1)	145,042	(1)	(650,193)	(1)
Transfers	461,338		(461,337)		1	
(Decrease) in Net Assets	(333,897)		(316,295)		(650,192)	
Beginning Net Assets	4,218,836	(1)	8,565,473	(1)	12,784,309	(1)
Prior Period Adjustment			(4,700.00)		(4,700)	
Ending Net Assets	\$ 3,884,939	(1)	\$ 8,244,478	(1)	\$ 12,129,417	(1)

(1) The City did not restate its 2003 financial statements in this first year of implementation

A significant portion, 64 percent, of the City's revenue comes from charges for services, 23 percent comes from ad-valorem and sales taxes, while 13 percent is obtained from licenses and permits, fines and all other sources (See Figure A-3.).

**Table A-3
Net Cost of Business-type Activities**

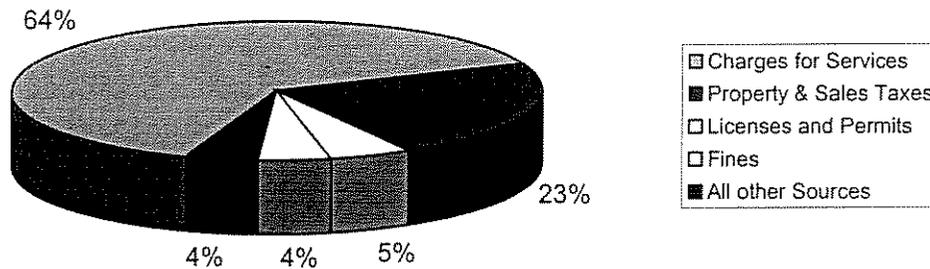
	Total Cost of Services		% Change	Net Cost of Services		% Change
	2004	2003		2004	2003	
Water & Sewer	\$ 3,921,594	(1)	(1)	\$ (486,573)	(1)	(1)
Power & Light	2,908,946	(1)	(1)	725,153	(1)	(1)
Municipal Airport	136,142	(1)	(1)	(5,462)	(1)	(1)
Total	<u>\$ 6,966,682</u>			<u>\$ 233,118</u>		

Governmental Activities

- Property tax rates remained the same from last year. This coupled with the increasing values enabled an increase of tax revenues to \$825,561 that resulted in an increase of \$138,309 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.

Table A-3 presents the cost of each of the City's Business-type Activities as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was added to or used from prior years surplus or fund balance.

Revenue Sources



(1) The City did not restate its 2003 financial statements in this first year of implementation

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights

Over the course of the year, the City revised its budget three times. The revisions included appropriations to utilize a special donation to the Police department for fighting drug related crimes, an amendment and use of the Hotel Occupancy tax collected, and continuation of improvements to fire equipment in an effort to lower the Insurance Service Organization (ISO) rating. Actual revenues were higher and actual expenditures were lower than the revised budget resulting in \$554,972 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 end fund balance of \$2,744,312 is 96% of the adopted budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the City had invested \$4,621 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
City's Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 143	(1)	\$ 34	(1)	\$ 177	(1)
Construction in Progress	-	(1)	213		213	
System Improvements	9,274	(1)	\$ 14,338	(1)	23,612	(1)
Buildings and Improvements	1,610	(1)	219	(1)	1,829	(1)
Transportation Equipment	1,275	(1)	512	(1)	1,787	(1)
Machinery and Equipment	156	(1)	399	(1)	555	(1)
Other	44	(1)	230	(1)	274	(1)
Totals at historical cost	<u>12,503</u>	(1)	<u>15,945</u>	(1)	<u>28,448</u>	(1)
Total accumulated depreciation	<u>(5,427)</u>	(1)	<u>(7,516)</u>	(1)	<u>(12,943)</u>	(1)
Net capital assets	<u>\$ 7,076</u>	(1)	<u>\$ 8,429</u>	(1)	<u>\$ 15,505</u>	(1)

(1) The City did not restate its 2003 financial statements in this first year of implementation.

Long-Term Debt

At year-end the City had \$12,715,000 thousand in bonds outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the Notes to the Financial Statements.

Table A-5
City's Long Term Debt
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Leases Payable	\$ 42	(1)	\$ 40	(1)	\$ 82	(1)
CO Bonds Payable	6,273	(1)	4,237	(1)	10,510	(1)
Revenue Bonds Payable	<u>-</u>	(1)	<u>2,205</u>	(1)	<u>2,205</u>	(1)
Total bonds & notes payable	<u>\$ 6,315</u>	(1)	<u>\$ 6,482</u>	(1)	<u>\$ 12,797</u>	(1)

(1) The City did not restate its 2003 financial statements in this first year of implementation.

- **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised value used for the 2005 budget preparation will be up \$19.8 million, or 12.98% from 2004. This increase once again allowed the tax rate to remain constant. A shift in the components will occur with the operations and maintenance rate increasing to \$0.3000, while the interest and sinking component will decrease to \$0.2625
- 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

These indicators were taken into account when adopting an operating budget for 2005. Amounts available for appropriation in the general fund budget are \$2.86 million, an increase of 12.55 percent over the adopted 2004 budget and \$6.65 million in the proprietary funds, an increase of 3.78%.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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 City Administrator.

This page is left blank intentionally.

Basic Financial Statements

This page is left blank intentionally.

CITY OF BRIDGEPORT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 1,452,864 ✓	\$ 98,759	\$ 1,551,623	\$ 673,022
Investments	1,522,851 ✓	4,996,800	6,519,651	--
Receivables (net of uncollectibles)				
Interest	339 ✓	--	339	--
Taxes	287,247 ✓	--	287,247	112,194
Accounts	214,664	748,200	962,864	--
Due from other funds	134,908	57,115	192,023	--
Inventories	--	129,358	129,358	--
Prepaid items	830 ✓	204	1,034	--
Restricted assets:				
Cash and cash investments	--	882,370	882,370	--
Deferred charges	--	223,966 ✓	223,966	--
Fixed Assets				
Land	143,352	33,872 ✓	177,224	44,194
Building and Improvements	1,610,051	218,733 ✓	1,828,784	--
System Improvements	9,274,409	14,337,906 ✓	23,612,315	--
Machinery and Equipment	155,979	399,336 ✓	555,315	--
Office Furniture and Equipment	44,317	229,980 ✓	274,297	--
Transportation Equipment	1,274,685	512,445 ✓	1,787,130	--
Less Accumulated Depreciation	(5,427,061)	(7,516,363) ✓	(12,943,424)	--
Construction in Process	--	212,971	212,971	--
Total Assets	10,689,435	15,565,652	26,255,087	829,410
Liabilities:				
Accounts payable	107,465	278,080	385,545	4,105
Compensated absences payable	55,527 ✓	21,268	76,795	4,529
Accrued Liabilities	74,447	4,876	79,323	(139)
Taxes payable	6,835	74,424	81,259	331
Deposits	--	250,177	250,177	--
Due to other funds	1,784	180,725	182,509	9,514
Note payable	--	--	--	655,716
Accrued interest payable	27,118	29,425	56,543	7,025
Deferred revenue	25,479	--	25,479	--
Deferred revenue - court	94,483 ✓	--	94,483	--
Noncurrent Liabilities				
Current portion of capital leases	42,397 ✓	33,370	75,767	--
Current portion of long-term debt	215,350 ✓	754,650	970,000	--
Capital leases payable	96,411 ✓	6,378	102,789	--
Revenue Bonds payable	--	4,047,800	4,047,800	--
C O bonds payable	6,057,200 ✓	1,640,000	7,697,200	--
Total Liabilities	6,804,496	7,321,173	14,125,669	681,081
NET ASSETS				
Restricted For:				
Debt Service	39,524	--	39,524	--
Capital Projects	537,630	--	537,630	--
Reserved	--	37,778	37,778	--
Unrestricted	3,307,785	8,206,701	11,514,486	148,329
Total Net Assets	\$ 3,884,939	\$ 8,244,479	\$ 12,129,418	\$ 148,329

The accompanying notes are an integral part of this statement.

① Agreed by Committee

CITY OF BRIDGEPORT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<i>Primary Government:</i>			
<i>Governmental Activities:</i>			
General government	\$ 647,541	\$ 161,055	\$ --
Public Safety	1,222,414	--	--
Highways and streets	514,190	--	--
Sanitation	216,797	--	--
Culture and recreation	418,520	23,206	29,317
City maintenance	161,055	--	--
Depreciation	944,735	--	--
Interest Expense	357,396	--	--
Total Governmental Activities	4,482,648	184,261	29,317
<i>Business-type Activities:</i>			
Water and Sewer	2,248,798	1,929,501	--
Electric	2,908,946	3,634,099	--
Municipal Airport	136,142	123,699	6,981
Capital Projects Fund Sewer Grant	167,276	--	--
	26,884	--	12,000
Total Business-type Activities	5,488,046	5,687,299	18,981
Total Primary Government	\$ 9,970,694	\$ 5,871,560	\$ 48,298
COMPONENT UNIT:			
Economic Development	\$ 393,140	\$ --	\$ --

General Revenues:

Taxes
 Licenses
 Rents
 Charges for services
 Fines
 Grants
 Governmental Interest
 Proprietary Interest
 Gain/(Loss) of Disposal of Assets
 Miscellaneous
 Transfers
 Total General Revenues
 Change in Net Assets
 Net Assets - Beginning
 Prior Period Adjustment
 Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (486,486)		\$ (486,486)	
(1,222,414)		(1,222,414)	
(514,190) ✓		(514,190)	
(216,797)		(216,797)	
(365,997)		(365,997)	
(161,055)		(161,055)	
(944,735)		(944,735)	
(357,396)		(357,396)	
<u>(4,269,070)</u>		<u>(4,269,070)</u>	
--	\$ (319,297)	(319,297)	
--	725,153	725,153	
--	(5,462) /	(5,462)	
--	(167,276) /	(167,276)	
--	(14,884) /	(14,884)	
--	<u>218,234</u>	<u>218,234</u>	
<u>(4,269,070)</u>	<u>218,234</u>	<u>(4,050,836)</u>	
			\$ <u>(393,140)</u>
2,112,552	--	2,112,552	611,949
468,166	--	468,166	--
360 ✗	--	360	--
18,033 ✗	--	18,033	--
414,711	--	414,711	--
28,903 ✗	--	28,903	--
22,861 ✗	--	22,861	7,199
--	54,362	54,362	--
--	(136,484)	(136,484)	--
408,249	8,930	417,179	113,250
461,338 ✓	(461,337)	1	--
<u>3,935,173</u>	<u>(534,529)</u>	<u>3,400,644</u>	<u>732,398</u>
<u>(333,897)</u>	<u>(316,295)</u>	<u>(650,192)</u>	<u>339,258</u>
4,218,836	8,565,473	12,784,309	(190,929)
--	(4,700)	(4,700)	--
<u>\$ 3,884,939</u>	<u>\$ 8,244,478</u>	<u>\$ 12,129,417</u>	<u>\$ 148,329</u>

CITY OF BRIDGEPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS				
<i>Assets:</i>				
<i>Cash and cash equivalents</i>	\$ 1,234,033	\$ 23,389	\$ 195,441	\$ 1,452,863
<i>Investments</i>	1,261,691	15,796	245,364	1,522,851
<i>Receivables (net of uncollectibles)</i>				
<i>Interest</i>	--	339	--	339
<i>Taxes</i>	261,768	25,479	--	287,247
<i>Accounts</i>	214,664	--	--	214,664
<i>Due from other funds</i>	36,398	--	96,726	133,124
<i>Inventories</i>	--	--	--	--
<i>Prepaid items</i>	830	--	--	830
Total Assets and Other Debits	\$ 3,009,384	\$ 65,003	\$ 537,531	\$ 3,611,918
LIABILITIES, EQUITY AND OTHER CREDITS				
<i>Liabilities:</i>				
<i>Accounts payable</i>	\$ 51,539	\$ --	\$ 55,537	\$ 107,076
<i>Accrued Liabilities</i>	73,223	--	--	73,223
<i>Taxes payable</i>	6,663	--	--	6,663
<i>Due to other funds</i>	1,784	--	--	1,784
<i>Deferred revenue</i>	37,380	25,479	--	62,859
<i>Deferred revenue - court</i>	94,483	--	--	94,483
Total Liabilities	265,072	25,479	55,537	346,088
<i>Equity and other credits:</i>				
<i>Fund balances:</i>				
<i>Unreserved, undesignated</i>	2,744,312	39,524	481,994	3,265,830
Total equity and other credits	2,744,312	39,524	481,994	3,265,830
Total Liabilities, Equity & Other Credits	\$ 3,009,384	\$ 65,003	\$ 537,531	\$ 3,611,918

① Refer to 9/20/04 TB

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2004

Total fund balances - governmental funds balance sheet	\$ 3,265,830
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	7,075,732
Payables for bond principal which are not due in the current period are not reported in the funds.	(6,272,550)
Payables for capital leases which are not due in the current period are not reported in the funds.	(138,808)
Payables for bond interest which are not due in the current period are not reported in the funds.	(27,118)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(55,527)
Other reconciling items	<u>37,380</u>
Net assets of governmental activities - statement of net assets	<u>\$ 3,884,939</u>

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenue:</i>				
Taxes	\$ 1,664,647 ✓	\$ 430,447 ✓	\$ 17,458	\$ 2,112,552
Licenses and permits	468,166	--	--	468,166
Rents	360 ✓	--	--	360
Charges for services	18,033 ✓	--	--	18,033
Fines	414,711	--	--	414,711
Grants	58,220 ✓	--	--	58,220
Interest	17,712 ✓	1,232 ✓	3,917	22,861
Miscellaneous	415,133	16,322 ✓	--	431,455
Total revenues	<u>3,056,982</u>	<u>448,001</u>	<u>21,375</u>	<u>3,526,358</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	584,514 ✓	--	7,500	592,014
Public Safety	1,222,414 ✓	--	--	1,222,414
Highways and streets	199,983 ✓	--	314,207	514,190
Sanitation	216,797	--	--	216,797
Culture and recreation	418,520	--	--	418,520
Principal	--	207,000	--	207,000
Interest and fiscal charges	--	330,278	--	330,278
Total expenditures	<u>2,642,228</u>	<u>537,278</u>	<u>321,707</u>	<u>3,501,213</u>
Excess (deficiency) of revenues (under) expenditures	414,754	(89,277)	(300,332)	25,145
<i>Other financing sources (uses):</i>				
Operating transfers in	173,973	181,291	220,972	576,236
Operating transfers out	(33,755)	(81,143)	--	(114,898)
Total other financing sources (uses)	<u>140,218</u>	<u>100,148</u>	<u>220,972</u>	<u>461,338</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	554,972	10,871	(79,360)	486,483
Fund balances/equity, October 1	2,189,340	28,653	561,354	2,779,347
Fund balances/equity, September 30	<u>\$ 2,744,312</u>	<u>\$ 39,524</u>	<u>\$ 481,994</u>	<u>\$ 3,265,830</u>

① Approved by the City Council on 10/15/04

CITY OF BRIDGEPORT

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, 2004

Net change in fund balances - total governmental funds	\$ 486,483
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
The depreciation of capital assets used in governmental activities is not reported in the funds.	(944,735)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(37,380)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	207,000
(Increase) decrease in accrued interest from beginning of period to end of period	(27,118)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(55,527)
Other reconciling items	<u>37,380</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (333,897)</u>

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2004

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Electric Fund</u>
Assets:		
Cash and cash equivalents	\$ (1,674,059) ✓	\$ 1,687,752 ✓
Investments	98,862 ✓	1,421,425 ✓
Receivables (net of uncollectibles)		
Accounts	230,989 ✓	517,211 ✓
Due from other funds	4,555,000 ✓	57,115 ✓
Inventories	41,668 ✓	87,690 ✓
Prepaid items	132 ✓	72
Restricted assets:		
Cash and cash investments	644,382 ✓	237,988 ✓
Deferred charges	50,927 ✓	--
Fixed Assets		
Land	9,586 ✓	19,586 ✓
Building and Improvements	59,795 ✓	23,993 ✓
System Improvements	12,277,988 ✓	2,059,918 ✓
Machinery and Equipment	329,605 ✓	69,731 ✓
Office Furniture and Equipment	168,825 ✓	61,155 ✓
Transportation Equipment	245,607 ✓	266,838 ✓
Less Accumulated Depreciation	(5,918,324) ✓	(1,591,875) ✓
Construction in Process	--	--
Total Assets	\$ 11,120,983 ✓	\$ 4,918,599 ✓
Liabilities:		
Accounts payable	\$ 65,243 ✓	\$ 198,621 ✓
Compensated absences payable	11,701 ✓	9,340 ✓
Accrued Liabilities	4,962 ✓	(390) ✓
Taxes payable	1,221 ✓	73,174 ✓
Deposits	12,089 ✓	238,088 ✓
Due to other funds	843 ✓	--
Accrued interest payable	29,425 ✓	--
Current portion of capital leases	27,344 ✓	6,026 ✓
Current portion of long-term debt	754,650 ✓	--
Capital leases payable	--	6,378 ✓
Revenue Bonds payable	4,047,800	--
C O bonds payable	1,640,000 ✓	--
Total Liabilities	\$ 6,595,278 ✓	\$ 531,237 ✓
Net Assets:		
Contributed Capital	823,079	--
Retained Earnings:		
Reserved	37,778	--
Unrestricted Net Assets	3,664,848	4,387,362
Prior Period Adjustment	--	--
Total Net Assets	\$ 4,525,705 ✓	\$ 4,387,362 ✓

The accompanying notes are an integral part of this statement.

AIPD
 V.I.P.
 WNCB
 ↓

Nonmajor Enterprise Funds	Total Enterprise Funds	Nonmajor Internal Service Fund
<u> </u>	<u> </u>	<u> </u>
\$ 85,066	\$ 98,759	\$ --
3,476,513	4,996,800	--
--	748,200	--
(4,555,000)	57,115	1,784
--	129,358	--
--	204	--
--	882,370	--
173,039	223,966	--
4,700	33,872	--
134,945	218,733	--
--	14,337,906	--
--	399,336	--
--	229,980	--
--	512,445	--
(6,164)	(7,516,363)	--
212,971	212,971	--
<u>\$ (473,930)</u>	<u>\$ 15,565,652</u>	<u>\$ 1,784</u>
\$ 14,216	\$ 278,080	\$ 388
227	21,268	--
304	4,876	1,224
29	74,424	172
--	250,177	--
179,882	180,725	--
--	29,425	--
--	33,370	--
--	754,650	--
--	6,378	--
--	4,047,800	--
--	1,640,000	--
<u>194,658</u>	<u>7,321,173</u>	<u>1,784</u>
--	823,079	--
--	37,778	--
(673,288)	7,378,922	--
4,700	4,700	--
<u>\$ (668,588)</u>	<u>\$ 8,244,479</u>	<u>\$ --</u>

CITY OF BRIDGEPORT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Enterprise Fund <u>Water and Sewer Fund</u>	Enterprise Fund <u>Electric Fund</u>
OPERATING REVENUES:		
Taxes	\$ --	\$ 17,457
Charges for services	1,910,138	3,561,635
Miscellaneous	28,293	55,007
Rents	--	--
Total Operating Revenues	<u>1,938,431</u>	<u>3,634,099</u>
OPERATING EXPENSES:		
Personal services - salaries and wages	380,809	148,790
Personal services - employee benefits	110,333	36,780
Purchased Water	232,561	--
Purchased Power	5,223	2,020,160
Other purchased services	122,952	97,285
Supplies and maintenance	159,221	23,640
Property	324,237	256,134
Depreciation	529,702	102,063
Miscellaneous	146,119	224,094
Total Operating Expenses	<u>2,011,157</u>	<u>2,908,946</u>
Operating Income (Loss)	<u>(72,726)</u>	<u>725,153</u>
NON-OPERATING REVENUES (EXPENSES):		
Grants	--	--
Interest revenue	12,623	2,619
Gain (Loss) on Sale of Assets	(58,637)	(77,847)
Amortization of bond issuance costs	(25,464)	--
Interest expense	(212,177)	--
Total Non-operating Revenues (Expenses)	<u>(283,655)</u>	<u>(75,228)</u>
Net Income (Loss) before Operating Transfers	<u>(356,381)</u>	<u>649,925</u>
TRANSFERS:		
Interfund operating transfers in	307,219	6,435
Interfund operating transfers out	(360,832)	(337,496)
Net Operating Transfers	<u>(53,613)</u>	<u>(331,061)</u>
Net income	<u>(409,994)</u>	<u>318,864</u>
Retained earnings/fund balances, October 1	4,925,699 4,112,620	4,068,498
Prior Period Adjustment	--	--
Retained earnings/fund balances, September 30	<u>\$ 4,512,705 3,702,626</u>	<u>\$ 4,387,362</u>

The accompanying notes are an integral part of this statement.

11/10
 11/10/12
 11/10/12

Nonmajor Enterprise Funds	Total Enterprise Funds	Nonmajor Internal Service Fund
\$	\$	\$
--	17,457	--
102,601	5,574,374	161,055
--	83,300	--
21,098	21,098	--
<u>123,699</u>	<u>5,696,229</u>	<u>161,055</u>
13,527	543,126	64,034
4,117	151,230	17,484
--	232,561	--
--	2,025,383	--
203,203	423,440	768
7,049	189,910	6,528
95,963	676,334	72,241
4,408	636,173	--
144	370,357	--
<u>328,411</u>	<u>5,248,514</u>	<u>161,055</u>
<u>(204,712)</u>	<u>447,715</u>	<u>--</u>
18,981	18,981	--
39,120	54,362	--
--	(136,484)	--
(1,891)	(27,355)	--
--	(212,177)	--
<u>56,210</u>	<u>(302,673)</u>	<u>--</u>
<u>(148,502)</u>	<u>145,042</u>	<u>--</u>
156,309	469,963	--
(232,972)	(931,300)	--
<u>(76,663)</u>	<u>(461,337)</u>	<u>--</u>
<u>(225,165)</u>	<u>(316,295)</u>	<u>--</u>
<u>(448,123)</u>	7,732,995	--
4,700	4,700	--
<u>\$ (668,588)</u>	<u>\$ 7,421,400</u>	<u>\$ --</u>

CITY OF BRIDGEPORT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Proprietary Fund Types	
	Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 5,629,243	\$ 159,271
Cash Payments to Employees for Services	(694,356)	(74,678)
Cash Payments to Other Suppliers for Goods and Services	(3,416,288)	(7,296)
Cash Payments for Grants to Other Organizations		
Other Operating Cash Receipts (Payments)	(332,200)	(77,297)
Net Cash Provided (Used) by Operating Activities	<u>1,186,399</u>	<u>--</u>
Cash Flows from Non-capital Financing Activities:		
Operating Grants Received	18,981	--
Operating Transfers From (To) Primary Government	(321,109)	--
Operating Transfers From (To) Other Funds	(140,228)	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(442,356)</u>	<u>--</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from Issuance of Long-term Debt	19,155	--
Principal and Interest Paid	(1,027,248)	--
Acquisition or Construction of Capital Assets	(136,061)	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>(1,144,154)</u>	<u>--</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	16,136	--
Interest and Dividends on Investments	54,362	--
Net Cash Provided (Used) for Investing Activities	<u>70,498</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(329,613)	--
Cash and Cash Equivalents at Beginning of Year	428,371	--
Cash and Cash Equivalents at End of Year	<u>\$ 98,758</u>	<u>\$ --</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 447,715	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	636,173	--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	(66,986)	--
Decrease (Increase) in Inventories	1,774	6,840
Decrease (Increase) in Prepaid Expenses	(204)	--
Increase (Decrease) in Accounts Payable	113,517	(5,056)
Increase (Decrease) in Payroll Deductions	(3,943)	--
Increase (Decrease) in Accrued Wages Payable	23,027	--
Increase (Decrease) in Interfund Payables	38,157	(1,784)
Increase (Decrease) in Accrued Expenses	(23,844)	--
Increase (Decrease) in Deposits	21,013	--
Total Adjustments	<u>102,511</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,186,399</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Totals Primary Government (MEMORANDUM Only)		Totals Reporting Entity (MEMORANDUM Only)	
September 30, 2004	Component Unit	September 30, 2004	September 30, 2004
\$ 5,788,514	\$ 650,847	\$ 6,439,361	
(769,034)	(67,553)	(836,587)	
(3,423,584)	(83,535)	(3,507,119)	
	(212,751)	(212,751)	
(409,497)	--	(409,497)	
<u>1,186,399</u>	<u>287,008</u>	<u>1,473,407</u>	
18,981	--	18,981	
(321,109)	--	(321,109)	
(140,228)	--	(140,228)	
<u>(442,356)</u>	<u>--</u>	<u>(442,356)</u>	
19,155	--	19,155	
(1,027,248)	(108,427)	(1,135,675)	
(136,061)	--	(136,061)	
<u>(1,144,154)</u>	<u>(108,427)</u>	<u>(1,252,581)</u>	
16,136	--	16,136	
54,362	7,199	61,561	
<u>70,498</u>	<u>7,199</u>	<u>77,697</u>	
(329,613)	185,780	(143,833)	
428,371	487,242	915,613	
<u>\$ 98,758</u>	<u>\$ 673,022</u>	<u>\$ 771,780</u>	
\$ 447,715	\$ 367,517	\$ 815,232	
636,173	--	--	
(66,986)	(74,353)	636,173	
8,614	--	--	
(204)	--	(141,339)	
108,461	30	8,614	
(3,943)	27	(204)	
23,027	4,837	108,491	
36,373	(11,050)	(3,916)	
(23,844)	--	27,864	
21,013	--	25,323	
102,511	(80,509)	(23,844)	
<u>\$ 1,186,399</u>	<u>\$ 287,008</u>	<u>21,013</u>	
		<u>22,002</u>	
		<u>\$ 1,473,407</u>	

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 units. Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement.

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. 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, 2004

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 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, 2004

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 is 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.

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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.

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.

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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>
Capital Projects Water & Sewer	713,159	This is a project fund funded by bond money
EDC	190,928	This fund loans money to outside businesses

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At September 30, 2004, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$2,224,641 and the bank balance was \$2,122,019. The City's cash deposits at September 30, 2004 and during the year ended September 30, 2004, were not entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: FNB of Bridgeport
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$2,325,130.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$2,542,534 and occurred during the month of August, 2004.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$100,000.

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 - Deposits which are insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the City's cash deposits are classified as category 2.

Investments:

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

CITY OF BRIDGEPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

D. Capital Assets

Capital asset activity for the period ended September 30, 2004, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 143,352	\$ --	\$ --	\$ 143,352
Construction in progress	367,208	--	367,208	--
Total capital assets not being depreciated	<u>510,560</u>	<u>--</u>	<u>367,208</u>	<u>143,352</u>
<i>Capital assets being depreciated:</i>				
System Improvements	2,861,132	5,511,322	--	8,372,454
Buildings and Improvements	2,405,010	--	794,959	1,610,051
Furniture and Equipment	1,367,778	--	1,167,482	200,296
Transportation Equipment	560,884	713,801	--	1,274,685
Airport	901,955	--	--	901,955
Total capital assets being depreciated	<u>8,096,759</u>	<u>6,225,123</u>	<u>1,962,441</u>	<u>12,359,441</u>
Less accumulated depreciation for:				
System Improvements	2,514,127	736,263	--	3,250,390
Buildings and Improvements	295,806	51,935	112	347,629
Furniture and Equipment	62,475	23,797	2,090	84,182
Transportation Equipment	710,316	132,740	151	842,905
Airport	901,955	--	--	901,955
Total accumulated depreciation	<u>4,484,679</u>	<u>944,735</u>	<u>2,353</u>	<u>5,427,061</u>
Total capital assets being depreciated, net	<u>3,612,080</u>	<u>5,280,388</u>	<u>1,960,088</u>	<u>6,932,380</u>
Governmental activities capital assets, net	<u>\$ 4,122,640</u>	<u>\$ 5,280,388</u>	<u>\$ 2,327,296</u>	<u>\$ 7,075,732</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 19,173	\$ 14,700	\$ --	\$ 33,873
Construction in progress	282,541	--	69,570	212,971
Total capital assets not being depreciated	<u>301,714</u>	<u>14,700</u>	<u>69,570</u>	<u>246,844</u>
<i>Capital assets being depreciated:</i>				
System Improvements	14,478,459	83,352	223,905	14,337,906
Buildings and Improvements	99,647	126,524	7,438	218,733
Machinery and Equipment	200,630	259,237	60,531	399,336
Transportation Equipment	768,077	19,155	274,788	512,444
Office Furniture and Equipment	314,885	--	84,905	229,980
Total capital assets being depreciated	<u>15,861,698</u>	<u>488,268</u>	<u>651,567</u>	<u>15,698,399</u>
Less accumulated depreciation for:				
System Improvements	6,265,889	519,599	103,002	6,682,486
Buildings and Improvements	20,078	8,866	1,061	27,883
Machinery and Equipment	247,548	54,557	55,283	246,822
Transportation Equipment	397,952	25,948	29,133	394,767
Office Furniture and Equipment	189,899	27,204	52,697	164,406
Total accumulated depreciation	<u>7,121,366</u>	<u>636,174</u>	<u>241,176</u>	<u>7,516,364</u>
Total capital assets being depreciated, net	<u>8,740,332</u>	<u>(147,906)</u>	<u>410,391</u>	<u>8,182,035</u>
Business-type activities capital assets, net	<u>\$ 9,042,046</u>	<u>\$ (133,206)</u>	<u>\$ 479,961</u>	<u>\$ 8,428,879</u>

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Beginning Balances	Increases	Decreases	Ending Balances
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 44,194	\$ --	\$ --	\$ 44,194
Total capital assets not being depreciated	44,194	--	--	44,194
Component Unit capital assets	<u>\$ 44,194</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 44,194</u>

Depreciation was charged to functions as follows:

General Government	<u>\$ 944,735</u>
Business Type Activities	<u>\$ 636,173</u>

E. Interfund Balances and Activity

1. Due To and From Other Funds

Balances due to and due from other funds at September 30, 2004, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Proprietary Funds	\$ 28,668	General use
General Fund	Component Unit - EDC	9,514	General use
Water and Sewer Fund	Other Proprietary Funds	4,555,000	Capital projects expenditures
Electric and Water Fund	Other Proprietary Funds	57,115	Capital projects expenditures
Capital Improvements Fund	Other Proprietary Funds	96,726	Capital projects
	Total	<u>\$ 4,747,023</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at September 30, 2004, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Proprietary Funds	\$ 33,755	Provide resources for repayment
Debt Service Fund	Other Proprietary Funds	81,143	Provide resources for repayment
Capital Projects Fund Water	Capital Projects Fund	220,972	Supplement other funds sources
Water and Sewer Fund	General Fund	90,204	Reimburse expenditures
Water and Sewer Fund	Other Proprietary Funds	160,074	Provide resources for repayment
Water and Sewer Fund	Other Governmental Funds	110,554	Provide resources for repayment
Electric Fund	Other Governmental Funds	83,769	Provide resources for repayment
Other Proprietary Funds	Other Proprietary Funds	265,727	Supplement other funds sources
	Total	<u>\$ 1,046,198</u>	

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

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, 2004, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,479,550	\$ --	\$ 207,000	\$ 6,272,550	215,350
Capital leases	178,216	60,421	99,828	138,809	42,397
Compensated absences *	--	55,527	--	55,527	--
Total governmental activities	\$ 6,657,766	\$ 115,948	\$ 306,828	\$ 6,466,886	\$ 257,747
Business-type activities:					
General obligation bonds	\$ 7,165,450	\$ --	\$ 723,000	\$ 6,442,450	754,650
Capital leases	112,664	19,155	92,071	39,748	33,370
Compensated absences *	--	21,268	--	21,268	--
Total business-type activities	\$ 7,278,114	\$ 40,423	\$ 815,071	\$ 6,503,466	\$ 788,020
Component Unit:					
General obligation bonds	728,685	--	72,970	655,715	76,192
Compensated absences *	--	4,529	--	4,529	--
Total component unit activities	\$ 728,685	\$ 4,529	\$ 72,970	\$ 660,244	\$ 76,192

* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	60,056
Compensated absences	Business-type	25,797

2. Debt Service Requirements

Debt service requirements on long-term debt at September 30, 2004, are as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 215,350	\$ 316,766	\$ 532,116
2006	223,700	303,845	527,545
2007	240,400	290,448	530,848
2008	253,750	276,074	529,824
2009	272,100	261,374	533,474
2010-2014	1,560,850	1,101,669	2,662,519
2015-2019	2,008,200	697,001	2,705,201
2020-2024	933,200	274,464	1,207,664
2025-2029	565,000	70,188	635,188
Totals	\$ 6,272,550	\$ 3,591,829	\$ 9,864,379

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

1A Agrees to
 J
 GLT Re: 2004

Σ(A) = 13,715,000

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2005	\$ 754,650	\$ 204,083	\$ 958,733
2006	781,300	180,541	961,841
2007	319,600	155,573	475,173
2008	341,250	145,927	487,177
2009	347,900	135,225	483,125
2010-2014	1,764,150	493,326	2,257,476
2015-2019	1,281,800	251,639	1,533,439
2020-2024	(14) 851,800	51,842	903,642
Totals	\$ 6,442,450	\$ 1,618,156	\$ 8,060,606

Year Ending September 30,	Component Unit		
	Principal	Interest	Total
2005	\$ 76,192	\$ 34,633	\$ 110,825
2006	76,884	30,048	106,932
2007	77,616	25,423	103,039
2008	78,372	20,800	99,172
2009	79,182	16,070	95,252
2010-2014	80,007	11,352	91,359
2015-2019	113,823	28,368	142,191
2020-2024	73,639	4,516	78,155
Totals	\$ 655,715	\$ 171,210	\$ 826,925

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of September 30, 2004, as follows:

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 42,397	\$ 7,246	\$ 49,643
2006	37,859	4,993	42,852
2007	18,538	3,039	21,577
2008	19,500	2,077	21,577
2009	20,515	1,065	21,580
Totals	\$ 138,809	\$ 18,420	\$ 157,229

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2005	\$ 33,370	\$ 1,482	\$ 34,852
2006	6,378	373	6,751
Totals	\$ 39,748	\$ 1,855	\$ 41,603

Lease Expenditures in 2004 \$ 198,832

The effective interest rate on capital leases is 5.50%.

CITY OF BRIDGEPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2004

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 2004, 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's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. TMRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the City adopts the plan provisions within the options and constraints established by the legislature. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, TX 78714-9153 or calling (800) 924-8677. Additional nonauthoritative information is available at the TMRS web site, <http://www.tmr.org>.

2. Funding Policy

Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 3.86% of annual covered payroll. The City's contributions to the TMRS for the years ending September 30, 2004, 2003 and 2002 were \$68,682, \$63,109 and \$54,353, respectively, and were equal to the required contributions for each year.

3. Annual Pension Cost

The City's annual pension cost of \$68,682 for the Plan was equal to the City's required and actual contributions. Under the state law governing TMRS, the actuary annually determines the City's contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period.

When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January 1997. The unit credit actuarial cost method is used for determining the City's contribution rate. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 1997 valuation is effective for rates beginning January 1999).

CITY OF BRIDGEPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

Since the TMRS does not value the assets of individual cities, the actuarial assumptions used to set the required contribution rate of the City are based on TMRS as a whole. For the December 31, 1997 valuation date, an 8% investment rate of return was assumed. No assumptions were made for projected salary increases, inflation or cost of living adjustments.

4. Trend Information for the Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
September 30, 2002	\$ 54,353	100%	\$ --
September 30, 2003	63,109	100%	--
September 30, 2004	68,682	100%	--

I. Health Care Coverage

During the year ended September 30, 2004, employees of the City were covered by a health insurance plan (the Plan). The City paid premiums of \$430 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, 2005, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Health Care Services Corporation (Blue Cross Blue Shield of Texas) are available for the year ended December 31, 2003, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

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 collectibility 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, 2004.

This page is left blank intentionally.

Required Supplementary Information

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

This page is left blank intentionally.

CITY OF BRIDGEPORT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Revenue:</i>				
<i>Taxes</i>	\$ 1,134,800	\$ 1,134,800	\$ 1,664,647	\$ 529,847
<i>Licenses and permits</i>	359,000	359,000	468,166	109,166
<i>Rents</i>	350	350	360	10
<i>Charges for services</i>	20,000	20,000	18,033	(1,967)
<i>Fines</i>	424,500	428,520	414,711	(13,809)
<i>Grants</i>	54,615	54,588	58,220	3,632
<i>Interest</i>	30,000	30,000	17,712	(12,288)
<i>Miscellaneous</i>	408,150	408,350	415,133	6,783
<i>Total revenues</i>	<u>2,431,415</u>	<u>2,435,608</u>	<u>3,056,982</u>	<u>621,374</u>
<i>Expenditures:</i>				
<i>General government</i>	541,737	541,737	584,514	(42,777)
<i>Public Safety</i>	1,207,180	1,257,935	1,222,414	35,521
<i>Highways and streets</i>	261,951	266,266	199,983	66,283
<i>Sanitation</i>	218,826	222,576	216,797	5,779
<i>Culture and recreation</i>	365,842	398,550	418,520	(19,970)
<i>Total expenditures</i>	<u>2,595,536</u>	<u>2,687,064</u>	<u>2,642,228</u>	<u>44,836</u>
<i>Excess (deficiency) of revenues (under) expenditures</i>	(164,121)	(251,456)	414,754	666,210
<i>Other financing sources (uses):</i>				
<i>Operating transfers in</i>	167,538	167,538	173,973	6,435
<i>Operating transfers out</i>	(33,755)	(33,755)	(33,755)	--
<i>Total other financing sources (uses)</i>	<u>133,783</u>	<u>133,783</u>	<u>140,218</u>	<u>6,435</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	(30,338)	(117,673)	554,972	672,645
<i>Fund balances/equity, October 1</i>	3,075,982	3,075,982	2,189,340	(886,642)
<i>Fund balances/equity, September 30</i>	<u>\$ 3,045,644</u>	<u>\$ 2,958,309</u>	<u>\$ 2,744,312</u>	<u>\$ (213,997)</u>

CITY OF BRIDGEPORT

HOTEL/MOTEL OCCUPANCY TAX FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-1

	Budget	Actual	Variance Positive (Negative)
<i>Revenue:</i>			
<i>Taxes</i>	\$ --	\$ 17,458	\$ 17,458
<i>Total revenues</i>	<u> --</u>	<u>17,458</u>	<u>17,458</u>
<i>Expenditures:</i>			
<i>General government</i>	--	7,500	(7,500)
<i>Total expenditures</i>	<u> --</u>	<u>7,500</u>	<u>(7,500)</u>
 <i>Excess (deficiency) of revenues (under) expenditures</i>	 --	 9,958	 9,958
<i>Other financing sources (uses):</i>			
<i>Total other financing sources (uses)</i>	<u> --</u>	<u> --</u>	<u> --</u>
 <i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	 --	 9,958	 9,958
 Fund balances/equity, October 1	 23,724	 23,724	 --
Fund balances/equity, September 30	<u>\$ 23,724</u>	<u>\$ 33,682</u>	<u>\$ 9,958</u>

CITY OF BRIDGEPORT

*DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

EXHIBIT C-2

	Budget	Actual	Variance Positive (Negative)
<i>Revenue:</i>			
<i>Taxes</i>	\$ 419,100	\$ 430,447	\$ 11,347
<i>Interest</i>	5,000	1,232	(3,768)
<i>Miscellaneous</i>	12,181	16,322	4,141
<i>Total revenues</i>	<u>436,281</u>	<u>448,001</u>	<u>11,720</u>
<i>Expenditures:</i>			
<i>Current:</i>			
<i>Principal</i>	240,000	207,000	33,000
<i>Interest and fiscal charges</i>	377,429	330,278	47,151
<i>Total expenditures</i>	<u>617,429</u>	<u>537,278</u>	<u>80,151</u>
<i>Excess (deficiency) of revenues (under) expenditures</i>	(181,148)	(89,277)	91,871
<i>Other financing sources (uses):</i>			
<i>Operating transfers in</i>	181,291	181,291	--
<i>Operating transfers out</i>	--	(81,143)	81,143
<i>Total other financing sources (uses)</i>	<u>181,291</u>	<u>100,148</u>	<u>(81,143)</u>
<i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	143	10,871	10,728
<i>Fund balances/equity, October 1</i>	28,653	28,653	--
<i>Fund balances/equity, September 30</i>	<u>\$ 28,796</u>	<u>\$ 39,524</u>	<u>\$ 10,728</u>

CITY OF BRIDGEPORT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-3

	Budget	Actual	Variance Positive (Negative)
<i>Revenue:</i>			
<i>Interest</i>	\$ --	\$ 3,917	\$ 3,917
<i>Total revenues</i>	<u> --</u>	<u> 3,917</u>	<u> 3,917</u>
<i>Expenditures:</i>			
<i>Highways and streets</i>	313,801	314,207	(406)
<i>Total expenditures</i>	<u>313,801</u>	<u>314,207</u>	<u>(406)</u>
 <i>Excess (deficiency) of revenues (under) expenditures</i>	 (313,801)	 (310,290)	 3,511
<i>Other financing sources (uses):</i>			
<i>Operating transfers in</i>	--	220,972	220,972
<i>Total other financing sources (uses)</i>	<u> --</u>	<u> 220,972</u>	<u> 220,972</u>
 <i>Excess of revenues and other financing sources over (under) expenditures and other financing uses</i>	 (313,801)	 (89,318)	 224,483
 Fund balances/equity, October 1	 537,630	 537,630	 --
Fund balances/equity, September 30	<u>\$ 223,829</u>	<u>\$ 448,312</u>	<u>\$ 224,483</u>

CITY OF BRIDGEPORT

EXHIBIT C-4

CAPITAL PROJECTS FUND WATER & SEWER
 ENTERPRISE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
Miscellaneous	\$ 12,000	\$ --	\$ (12,000)
Total Operating Revenues	<u>12,000</u>	<u>--</u>	<u>(12,000)</u>
OPERATING EXPENSES:			
Other purchased services	--	165,385	(165,385)
Total Operating Expenses	<u>--</u>	<u>165,385</u>	<u>(165,385)</u>
Operating Income (Loss)	<u>12,000</u>	<u>(165,385)</u>	<u>177,385</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	79,341	39,120	(40,221)
Amortization of bond issuance costs	--	(1,891)	(1,891)
Total Non-operating Revenues (Expenses)	<u>168,991</u>	<u>37,229</u>	<u>(131,762)</u>
Net Income (Loss) before Operating Transfers	<u>180,991</u>	<u>(128,156)</u>	<u>309,147</u>
TRANSFERS:			
Interfund operating transfers in	202,153	122,554	(79,599)
Interfund operating transfers out	(313,802)	(220,972)	(92,830)
Net Operating Transfers	<u>(111,649)</u>	<u>(98,418)</u>	<u>13,231</u>
Net income	<u>69,342</u>	<u>(226,574)</u>	<u>(295,916)</u>
Retained earnings/fund balances, October 1	(486,585)	(486,585)	--
Retained earnings/fund balances, September 30	<u>\$ (417,243)</u>	<u>\$ (713,159)</u>	<u>\$ (295,916)</u>

CITY OF BRIDGEPORT

EXHIBIT C-5

MAINTENANCE

INTERNAL SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES:			
Charges for services	\$ 144,546	\$ 161,055	\$ 16,509
Total Operating Revenues	<u>144,546</u>	<u>161,055</u>	<u>16,509</u>
OPERATING EXPENSES:			
Personal services - salaries and wages	61,002	64,034	(3,032)
Personal services - employee benefits	19,347	17,484	1,863
Other purchased services	2,900	768	2,132
Supplies and maintenance	10,435	6,528	3,907
Property	50,862	72,241	(21,379)
Total Operating Expenses	<u>144,546</u>	<u>161,055</u>	<u>(16,509)</u>
Operating Income (Loss)	<u>--</u>	<u>--</u>	<u>--</u>
NON-OPERATING REVENUES (EXPENSES):			
Total Non-operating Revenues (Expenses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Income (Loss) before Operating Transfers	<u>--</u>	<u>--</u>	<u>--</u>
TRANSFERS:			
Interfund operating transfers in	--	--	--
Interfund operating transfers out	--	--	--
Net Operating Transfers	<u>--</u>	<u>--</u>	<u>--</u>
Net income	<u>--</u>	<u>--</u>	<u>--</u>
Retained earnings/fund balances, October 1	--	--	--
Retained earnings/fund balances, September 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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.

This page is left blank intentionally.

AULDRIDGE, MATHEWS & VON TUNGELN, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

(817) 641-1000 • Fax (817) 641-1044

Jack L. Auldrige, Jr., CPA
W. L. "Woody" Mathews, Jr., CPA
Kenneth L. von Tungeln, CPA
Karen Thompson, CPA

Member Texas Society
of Certified Public Accountants
Member American Institute
of Certified Public Accountants

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

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

The Honorable Donald C. 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, 2004 and have issued our report thereon dated February 18, 2005. 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



The CPA. Never Underestimate The Value.®



Texas Society of
CPA Certified Public Accountants

assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in cursive script that reads "Auldrige, Mathews & von Tungeln".

Auldrige, Mathews & von Tungeln, P.C.
February 18, 2005

CITY OF BRIDGEPORT

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2004*

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 X No

Reportable condition(s) identified that are not considered to be material weaknesses?

____ Yes X None Reported

Noncompliance material to financial statements noted?

____ Yes X No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CITY OF BRIDGEPORT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

<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, 2004

NONE

This page is left blank intentionally.

OTHER SCHEDULES

City of Bridgeport
SCHEDULE OF DELINQUENT TAXES
 September 30, 2004

Year	Tax Rates		Assessed/Appraised Value for Tax Purposes	Beginning Balance 10/1/2003
	General	Debt Service		
2003-04	0.280000	0.282500	152,561,480	-
2002-03	0.370400	0.192100	129,941,206	36,376
2001-02	0.379500	0.153000	125,503,164	12,064
2000-01	0.389500	0.143000	122,169,224	7,498
1999-00	0.393900	0.138600	103,230,974	4,513
1998-99	0.393900	0.138600	95,649,370	2,712
1997-98	0.393900	0.138600	89,476,612	2,745
1996-97	0.383600	0.012100	85,257,782	846
1995-96	0.347500	0.048200	82,655,902	880
1994-95	0.338600	0.043200	82,614,559	683
1994 Prior	0.310500	0.045900	82,922,106	14,468
				<u>\$ 82,785</u>

Current Year's Levy	Payments	General Collections	Debt Service Collections	Adjustments	Ending Balance 9/30/2004
858,182	826,846	411,586	415,260	3,513	34,849
	16,235	10,691	5,544	(781)	19,360
	3,474	2,476	998	(619)	7,971
	2,417	1,768	649	(403)	4,678
	1,008	746	262	(170)	3,335
	599	443	156	(38)	2,075
	481	356	125	-	2,264
	23	22	1	(32)	791
	23	20	3	(1)	856
	22	20	2	-	661
	48	40	8	(903)	13,517
<u>\$ 858,182</u>	<u>\$ 851,176</u>	<u>\$ 428,166</u>	<u>\$ 423,009</u>	<u>\$ 567</u>	<u>\$ 90,358</u>

This page is left blank intentionally.

TEXAS WATER DEVELOPMENT BOARD REQUIREMENTS

This page is left blank intentionally.

AULDRIDGE, MATHEWS & VON TUNGELN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

131 S. Westmeadow Dr, 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 O. Thompson, CPA

Member Texas Society
of Certified Public Accountants

Member American Institute
of Certified Public Accountants

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, 2004, and have issued our report there on dated February 18, 2005. 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 18, 2005



The CPA. Never Underestimate The Value.®



Texas Society of
Certified Public Accountants

CITY OF BRIDGEPORT

ADDITIONAL INFORMATION FOR BONDS

YEAR ENDED SEPTEMBER 30, 2004

SCHEDULE OF RATES AND CUSTOMERS:

Sewer:

Customers 1,657

Rates:		<u>Gallons</u>
Residential within city limits	5.60 2.50	per month, minimum bill per 1,000 gallons
Residential outside city limits	7.60 5.00	per month, minimum bill per 1,000 gallons
Commercial within city limits	5.60 2.50	per month, minimum bill per 1,000 gallons
Commercial outside city limits	7.60 5.00	per month, minimum bill per 1,000 gallons
Commercial, Large Customers	4.50 3.00	per month, minimum bill per 1,000 gallons

Water:

Customers 1,843

Rates:		<u>Gallons</u>
Residential within city limits	13.72 3.27	0 – 3,000, minimum bill per 1,000, beyond minimum
Residential outside city limits	23.52 3.27	0 – 3,000, minimum bill per 1,000, beyond minimum
Commercial within city limits	14.38 3.92	0 – 3,000, minimum bill per 1,000, beyond minimum
Commercial outside city limits	26.14 3.92	0 – 3,000, minimum bill per 1,000, beyond minimum

CITY OF BRIDGEPORT

ADDITIONAL INFORMATION FOR BONDS

YEAR ENDED SEPTEMBER 30, 2004

SCHEDULE OF RATES AND CUSTOMERS:

Electric:

Customers 2093

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	6.80	Per Kw in excess of 10kw
Energy charge	6.10	Per Kwh 0 - 2,500
	3.21	Per Kwh 2,500 - 6,000
	.71	Per Kwh over 6,000

There were no unmetered customers at September 30, 2004.

CITY OF BRIDGEPORT

SCHEDULE OF INSURANCE

YEAR ENDED SEPTEMBER 30, 2004

<u>Insurance Company</u>	<u>Coverage</u>	<u>Policy Dates</u>	
Allstate Insurance Company	Fire & Casualty - \$5972,000	11/01/04	11/01/05
St. Paul Fire & Casualty Ins. Co.	Law Enforcement Officers Liab - \$1,000,00	07/19/04	07/19/05
Old Republic Insurance Co.	Airport Liability – \$2,000,000	05/26/04	05/26/05
St. Paul Fire & Casualty Ins. Co.	Auto Liab & Physical Damage - \$500,000	07/19/04	07/19/05
St. Paul Fire & Casualty Ins. Co.	Commercial General Liability - \$2,000,000	07/19/04	07/19/05
St. Paul Fire & Casualty Ins. Co.	Public Officials Liab Policy - \$500,000	07/19/04	07/19/05
St. Paul Fire & Casualty Ins. Co.	Equipment Floater - \$124,675	07/19/04	07/19/05
American Merc Lloyds Ins. Co.	Performance Brush Bandit - \$17,500	03/20/04	03/20/05
Texas Political Subdivision	Workers Compensation – statutory amts	10/01/04	10/01/05
Colony Management Service	Fuel Tank Police Dept - \$1,000,000	12/01/03	12/01/04
Allstate Insurance Company	Electronic Equipment Scada System Airport Weather System CPU System FBM System - \$222,384	11/02/04	11/02/05

CITY OF BRIDGEPORT

LIST OF ELECTED AND APPOINTED OFFICIALS

YEAR ENDED SEPTEMBER 30, 2004

The City Council of Bridgeport, Texas

Donald Majka, Mayor
1001 Krista Drive
Bridgeport, Texas 76426

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

Keith McComis, Council Member
148 Nottingham Circle
Bridgeport, Texas 76426

John Juarez, Council Member
102 Cates Street
Bridgeport, Texas 76426

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

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

Appointed Officials

Jeffrey Howell, City Administrator
900 Thompson Street
Bridgeport, Texas 76426

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

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

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

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

CITY OF BRIDGEPORT
RESERVE REQUIREMENT
SEPTEMBER 30, 2004

	Interest and Sinking Funds	Reserve Funds
First lien bonds		
Required ultimate balance	<u>\$ -</u>	<u>\$ 602,778</u>
Required present balance	<u>\$ -</u>	<u>\$ 602,778</u>
Actual present balance	<u>\$ -</u>	<u>\$ 565,000</u>
 Junior lien bonds		
Required ultimate balance	<u>\$ -</u>	<u>\$ -</u>
Required present balance	<u>\$ -</u>	<u>\$ -</u>
Actual present balance	<u>\$ -</u>	<u>\$ -</u>

