

B THE CITY OF **BRIDGEPORT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2015



City of Bridgeport

900 Thompson Street ♦ Bridgeport, Texas 76426 ♦ www.cityofbridgeport.net

CITY OF BRIDGEPORT, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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INTRODUCTORY SECTION

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900 Thompson Street · Bridgeport, TX · 940.683.3400

April 19, 2016

Honorable Mayor,
Members of the City Council
and Citizens
City of Bridgeport, Texas

The City Administrator and the Finance Department of the City of Bridgeport are pleased to submit the Audited Annual Financial Report of the City of Bridgeport for the fiscal year ended September 30, 2015. The purpose of this report is to provide the council, staff, the citizens of Bridgeport and other interested parties with detailed information reflecting the City's financial condition.

This report satisfies §103.001 of the Texas Local Government Code. The audited annual financial report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The report is organized into two sections: *Introductory* and *Financial*. The *Introductory* section includes this transmittal letter, the City's organization chart, and a list of principal officials. The *Financial* section includes the auditors' report, Management's Discussion and Analysis (MD&A), basic financial statements, required supplementary information, combining and individual fund financial statements and other supplemental information.

Management's discussion and analysis (MD&A) provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Bridgeport's MD&A can be found immediately following the report of the independent auditors.

INDEPENDENT AUDIT

The City of Bridgeport's financial statements have been audited by Rutledge Crain & Company, PC, a firm of licensed certified public accountants. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City of Bridgeport, for the fiscal year ended September 30, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Bridgeport's financial statements for the fiscal year ending September 30, 2015, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors report is presented as the first component in the financial section of this annual report.

PROFILE OF THE GOVERNMENT

The City of Bridgeport, which incorporated 1913, is located in the north central portion of Texas. This area of the state has proven to be one of the top growth areas in Texas and the United States. The City currently occupies a land area of 5 square miles and serves a growing population of approximately 6,100. The City is empowered to levy a property tax on real property and certain personal property located within its boundaries. Bridgeport is also empowered, by state statute, to extend its corporate limits by annexation, which has occurred periodically when deemed appropriate by the governing council of the City.

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

The City of Bridgeport provides a full range of municipal services including general government, public safety (police, fire, and animal control), streets, parks and recreation, planning and zoning, code enforcement, and water/wastewater, electric utilities, and a municipal airport.

LOCAL ECONOMY

The City of Bridgeport, as well as the State of Texas, experienced a stable economy in 2015. The overall Texas economy is considered healthier than most of the country. Figures from the Texas Workforce Commission indicate a local unemployment rate (Wise County) of 4.6 percent. For the same period the Denton County's unemployment rate was 3.6 percent, the overall state of Texas rate was 4.5 percent and the nation as a whole was 5.3 percent.

Sales Tax Revenue, the largest revenue source for the City's General Fund, declined by 19 percent over the prior year's receipts in FY 2013-14. For fiscal year 2015-16, sales tax revenue is projected to increase slightly to \$2.4 million. Primarily an oil and gas community, Bridgeport relies heavily on sales tax from taxes paid by the oil field businesses as well as other merchants. All sales tax collections are as reported by the Texas Comptroller of Public Accounts. The City is continuing to work to increase its sales tax base with the Bridgeport Economic Development Corporation which receives the proceeds from a ½ cent sales tax. Bridgeport is currently focused on encouraging commercial development and providing the infrastructure required to support it.

Property tax revenue, the city's second largest revenue source in the General Fund, continues to help operations, with the City being approximately 85 percent residential. Certified property values increased for the 2014 tax year by \$10.3 million, a 2.6 percent increase over the 2013 certified value, which had seen an increase of 4.0 percent from the previous year. While real and personal property values remained relatively constant, industrial and utility values increased by \$9.4 million, a 10.5 percent increase over the 2013 tax year.

MAJOR INITIATIVES

Because of the hard work, tough decisions, and structural reductions made by city officials and staff in previous years to deal with budget shortfalls, the city was able to propose a balanced budget that maintained the City's fiscal integrity, addressed Council priorities, and maintained service levels while still providing the same tax rate of \$.5875 per \$100 of assessed valuation.

The City of Bridgeport did not increase utility rates during FY 2014-2015; rather, the City reduced electric utility rates by 3 percent.

LONG TERM FINANCIAL PLAN

The City of Bridgeport continues its focus on maintaining or increasing reserve balances for emergencies to provide stability and flexibility for the organization. The reserve requirement was established at a level of 15% of budgeted expenditures for the General Fund and 90 days of budgeted expenditures for the Utility Funds. The unassigned fund balance is \$2,892,331, or 65% of annual budgeted expenditures for the General Fund and an unrestricted net position of \$1,450,357 for the major Enterprise Funds for the fiscal year ended September 30, 2015.

As a result of the recent national economic recession, bond rating agencies have increased their scrutiny on the financial stability of local governments. In September 2012, Standard & Poor's Rating Services rated the City for the first time with a rating of "BBB+", with a stable outlook, on Bridgeport's general obligation debt. The rating agency attributed their opinion on the City's strong wealth and income and very strong finances, coupled with good management practices. In August 2013, Standard & Poor's Rating Services rated the City "A-", with a stable outlook. Moody's Investor Services rated the City as a "Baa2" for general obligation debt.

BUDGETARY CONTROLS

The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by the City Administrator and Finance Director and adopted by the City Council in accordance with policies and procedures established by State law and Council Ordinances. All departments of the City of Bridgeport are required to submit requests for appropriation to the City Administrator and Finance Director based on a budget calendar issued annually. The City Administrator uses these requests as the starting point for developing the proposed budget. The proposed budget is then presented to the City Council for review prior to approval and adoption. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (i.e., Community Services), department (i.e., Parks and Recreation) and division (i.e., Recreation). Department Directors may make transfers of appropriations between divisions within a department. Transfers of appropriations between departments require the approval of the City Administrator. Any changes to appropriations or transfers between funds require City Council approval. Budgetary comparison schedules are provided in this report in the required supplemental information subsection for the general fund, and in the supplemental information subsection for other funds with legally adopted annual budgets.

CASH MANAGEMENT POLICIES AND PRACTICES

Funds of the City are invested in accordance with all applicable Texas statutes, the City’s Investment Policy and any other approved, written administrative procedures. The five objectives of the City’s investment activities, in order of priority, are as follows: Safety – Preservation and Safety of Principal, Liquidity, Diversification, Market Rate-of-Return (Yield), and Public Trust.

Annually, the City reviews and updates the Investment policy. The purpose of the investment policy is to set forth specific investment policy and strategy guidelines for the City in order to safeguard assets with a minimal amount of risk, while maintaining the necessary level of liquidity and maximizing the yield on investments. Accordingly, all of the City’s deposits are either insured by the Federal Deposit Insurance Corporation or are collateralized by governmental securities. On September 30, 2015, the maturities of the investments range from overnight to 12 months, with an average maturity of approximately 23 days with a weighted average yield to maturity on investments of .11 percent.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The City of Bridgeport participates in the Texas Municipal Retirement Service (TMRS) pension plan for its employee’s retirement. These benefits are provided through a statewide plan managed by the State. The City of Bridgeport has no obligation in connection with employee benefits offered through this plan beyond its annual contractual payment. See Note III.A for further information on changes in the actuarial assumptions and other changes within the Texas Municipal Retirement System.

AWARDS AND ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration services department. We would like to express our appreciation for the assistance provided by our auditors, Rutledge Crain & Company, PC. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Bridgeport and its finances.

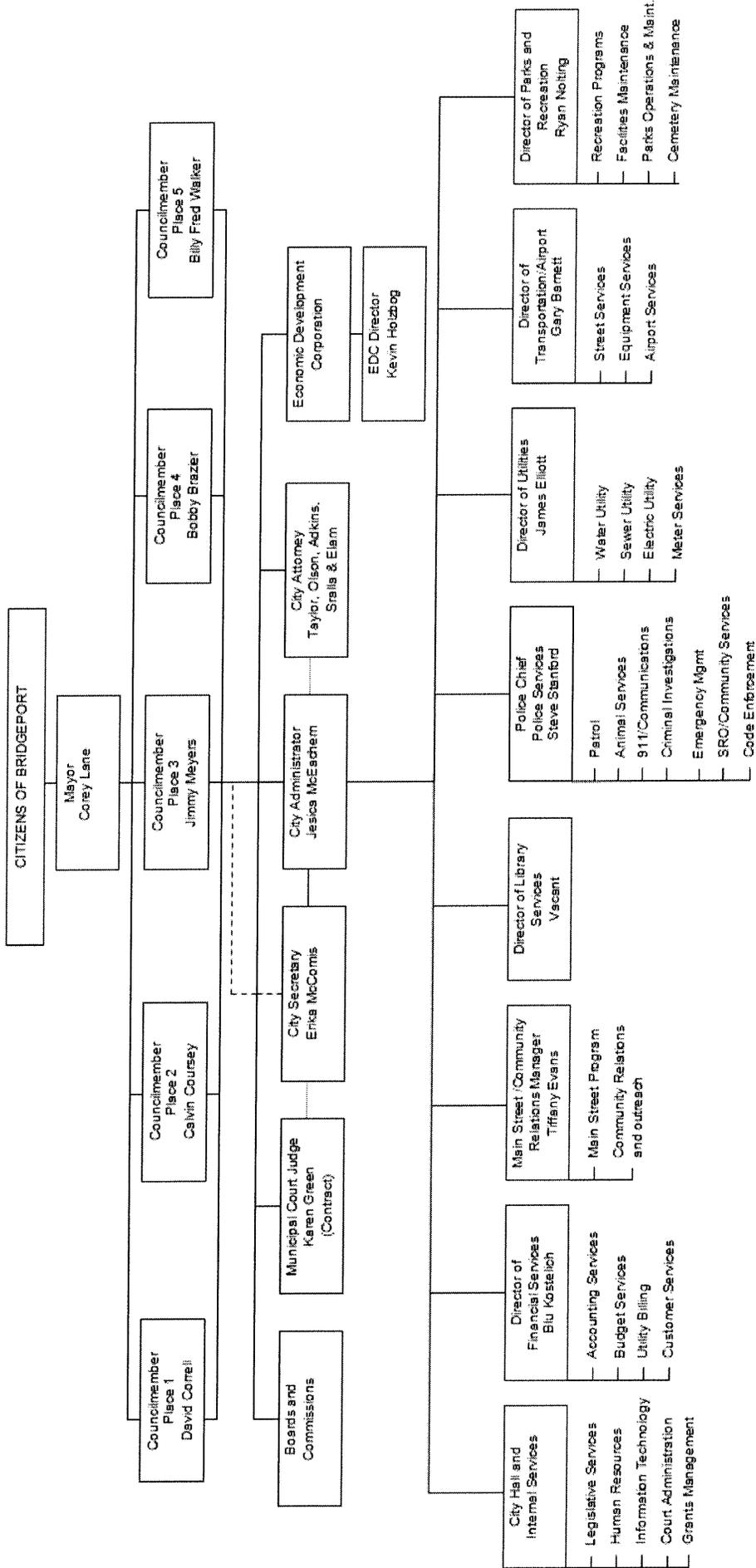
Respectfully Submitted,



Jesica McEachern
City Administrator

D. Blu Kostelich
Director of Finance

City of Bridgeport Organizational Chart



CITY OF BRIDGEPORT
LIST OF ELECTED AND APPOINTED OFFICIALS
YEAR ENDED SEPTEMBER 30, 2015

The City Council of Bridgeport, Texas

Corey Lane, Mayor	Jimmy Meyers, Council Member Place 3
David Correll, Council Member Place 1/ Mayor Pro-tem	Bobby Brazier, Council Member Place 4
Calvin Coursey, Council Member Place 2	Billy Fred Walker, Council Member Place 5

Appointed Officials

Jesica McEachern, City Administrator	Blu Kostelich, Director of Financial Services
Kevin Holzbog, EDC Director	Erika McComis, City Secretary
Steve Standford, Chief of Police	Ryan Nolting, Director of Parks & Recreation
James Elliott, Director of Utilities	Karen Green, Municipal Judge
Tiffany Evans, Community Relations/Main St Manager	Gary Barnett, Director of Transportation

FINANCIAL SECTION

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RUTLEDGE CRAIN & COMPANY, PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

INDEPENDENT AUDITORS' REPORT

To 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 (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note III. D. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

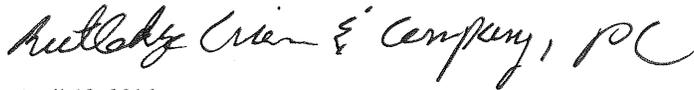
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Anthony Crain & Company, PC". The signature is written in black ink and is positioned above the date.

April 19, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Bridgeport’s (City) financial performance provides an overview and analysis of the City’s financial activities for the fiscal year ended September 30, 2015. This MD&A is designed to assist the reader in focusing on significant financial issues, to provide an overview of the City’s financial activity, to identify changes in the City’s financial position and to identify any material deviations from the financial plan. Please read this discussion and analysis in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City’s assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources as of September 30, 2015, by \$11,278,181 (net position). Of this amount, \$2,482,624 (unrestricted net assets) may be used to meet the City’s ongoing obligations to citizens and creditors in accordance with the City’s fund designation and fiscal policies.
- The City’s total net position decreased by \$464,525. The majority of this decrease is attributable to a \$1,093,038 decrease in revenues related to lower charges for services, lower sales tax revenues, and lower franchise taxes. Expenditures increased over the previous year by \$497,535 due primarily to investments in infrastructure improvements.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$9,963,444, a decrease of \$284,240 over the prior year. The decrease in combined ending fund balances is attributable to revenues received being less than budgeted. Of the combined ending balances, \$2,634,868, or 26.4% is available for spending at the government’s discretion (unassigned fund balance).
- As of September 30, 2015, unassigned fund balance for the General Fund was \$2,892,331 or 65.0% of total General Fund expenditures.
- The City’s total outstanding long term liabilities decreased by \$2,672,399, or 9.7%, during fiscal year 2015 primarily due to bonded debt principal payments. More detailed information is given in the notes section.

OVERVIEW OF THE FINANCIAL STATEMENTS

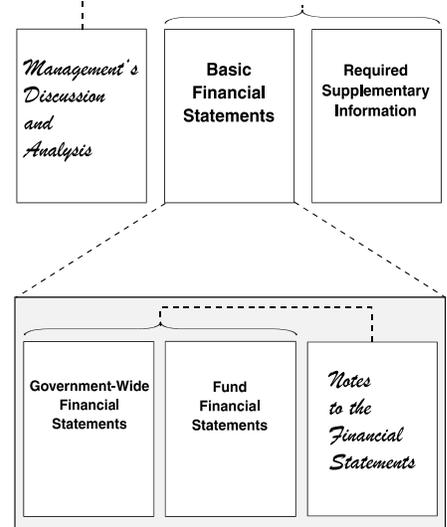
This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements presenting different views of the City:

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 fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Figure 1. Required Components of the City’s Annual Financial Report



Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements, followed by a section of required supplementary information, further explain and support the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another.

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

<i>Type of Statements</i>	<i>Fund Statements</i>		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City government (except fiduciary funds) and the City's component units	Activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private business.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of activities 	<ul style="list-style-type: none"> ◆ Balance Sheet ◆ Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> ◆ Statement of net position ◆ Statement of revenues, expenses & changes in fund net position ◆ Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	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, short-term and long-term
<i>Type of inflow/outflow information</i>	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

Government-wide Financial Statements

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

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

statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health or financial condition of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; for example uncollected taxes and earned but unused vacation leave. Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting. In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

Governmental activities – Most of the City's basic services are reported here, including administration, public safety, fire services, planning and community development, community services, finance, parks and recreation, municipal court and public works. Property taxes, sales taxes, franchise fees and charges for services provide funds for most of the activities.

Business-type activities – The City charges fees to customers that are intended to help cover all or most of the cost of certain services it provides. The activities reported here include water, wastewater and electric utilities and the municipal airport.

Component Units – The City of Bridgeport (the primary government) includes one discretely presented component units – the City's Type A Sales Tax Corporation known as the Bridgeport Economic Development Corporation. Although legally separate, The City of Bridgeport is financially accountable for these component units. The City Council appoints the component unit's Board of Directors, sets the budget and approves any debt issuance.

The government-wide financial statements are found on pages 17-19 of this report.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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 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. However, the City establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following types 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 users of the financial statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. 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.

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

Proprietary 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-term and short-term financial information. The City’s enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the governmental-wide statement but provide more detail and additional information such as cash flows for proprietary funds. The Internal Service fund (the other component of proprietary funds) is used to report activities that provide services for the City’s technology infrastructure, fleet services, and facilities maintenance. The Internal Service fund is reported as governmental activities in the government-wide financial statements.

The City of Bridgeport maintains three enterprise funds to account for its water and wastewater utilities, electric operations, and the municipal airport. All activities associated with providing such services are accounted for in this fund, including administration, operations, maintenance, debt service, capital improvements, billing and collection. The City’s intent is that all costs of providing the services to the general public on a continuing basis are financed through user charges in a manner similar to a private business enterprise.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* concerning the City of Bridgeport. This information is required by accounting principles generally accepted in the United States of America.

CONDENSED GOVERNMENT-WIDE FINANCIAL INFORMATION

For the purposes of analysis, prior year net position has been restated for the effects of implementing GASB 68, see Notes III.A. and D. The City’s combined net assets were \$11,278,181 as of September 30, 2015, a decrease of 15.9% compared to fiscal year ending 2014. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Analyzing the net position and net expenses of governmental and business-type activities separately, the business-type activities net assets are \$6,017,367, a decrease of \$998,860 over the restated prior year. The governmental activities net position is \$5,260,814, a decrease of \$1,129,553 over the restated prior year.

By far, the largest portion of the City's net position (55.0%) reflects its investments in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position, \$1,337,666 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,032,266, may be used to meet the government’s ongoing obligations to citizens and creditors.

As of September 30, 2015, the City is able to report positive balances in all three categories of net position, both for government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

Table 1 – City of Bridgeport Net Position

	Government Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 10,547,162	\$ 11,046,976	\$ 3,094,883	\$ 3,605,705	\$ 13,642,045	\$ 14,652,681
Capital assets	10,634,841	11,221,380	13,612,503	13,960,745	24,247,344	25,182,125
Total Assets	<u>21,182,003</u>	<u>22,268,356</u>	<u>16,707,386</u>	<u>17,566,450</u>	<u>37,889,389</u>	<u>39,834,806</u>
Deferred Outflows of	<u>464,807</u>	<u>125,276</u>	<u>122,461</u>	<u>65,299</u>	<u>587,268</u>	<u>190,575</u>
Liabilities						
Long-term Liabilities	15,577,260	15,377,012	9,331,526	776,146	24,908,786	16,153,158
Other Liabilities	580,882	626,253	1,418,533	9,839,376	1,999,415	10,465,629
Total Liabilities	<u>16,158,142</u>	<u>16,003,265</u>	<u>10,750,059</u>	<u>10,615,522</u>	<u>26,908,201</u>	<u>26,618,787</u>
Deferred Inflows of Resources	<u>227,854</u>	<u>-</u>	<u>62,421</u>	<u>-</u>	<u>290,275</u>	<u>-</u>
Net Position						
Net investment in capital assets	2,890,882	3,005,298	4,567,009	5,278,900	7,457,891	8,284,198
Restricted	1,337,666	1,221,223	-	-	1,337,666	1,221,223
Unrestricted	<u>1,032,266</u>	<u>2,163,846</u>	<u>1,450,358</u>	<u>1,737,327</u>	<u>2,482,624</u>	<u>3,901,173</u>
Total net position	<u>\$ 5,260,814</u>	<u>\$ 6,390,367</u>	<u>\$ 6,017,367</u>	<u>\$ 7,016,227</u>	<u>\$ 11,278,181</u>	<u>\$ 13,406,594</u>

Governmental Activities

Table 2 provides a summary of the City's operations for the year ended September 30, 2015, with comparative totals for the year ended September 30, 2014. Governmental activities increased the City's net position by \$254,121. The City's total revenues for governmental activities decreased from the previous year by \$422,668 or 6.8%. General revenues decreased \$312,078 or 5.9% compared to prior year.

The decline in revenue is largely attributed to a 16.1% drop in sales and use taxes compared to the prior fiscal year and are reflective of the economic downturn in the oil and gas industry. Ad valorem tax revenue increased \$73,009 or 3.2% compared to prior year. This increase was due to an increase in net assessed taxable value from \$390 million in the prior fiscal year to \$399 million in the current fiscal year.

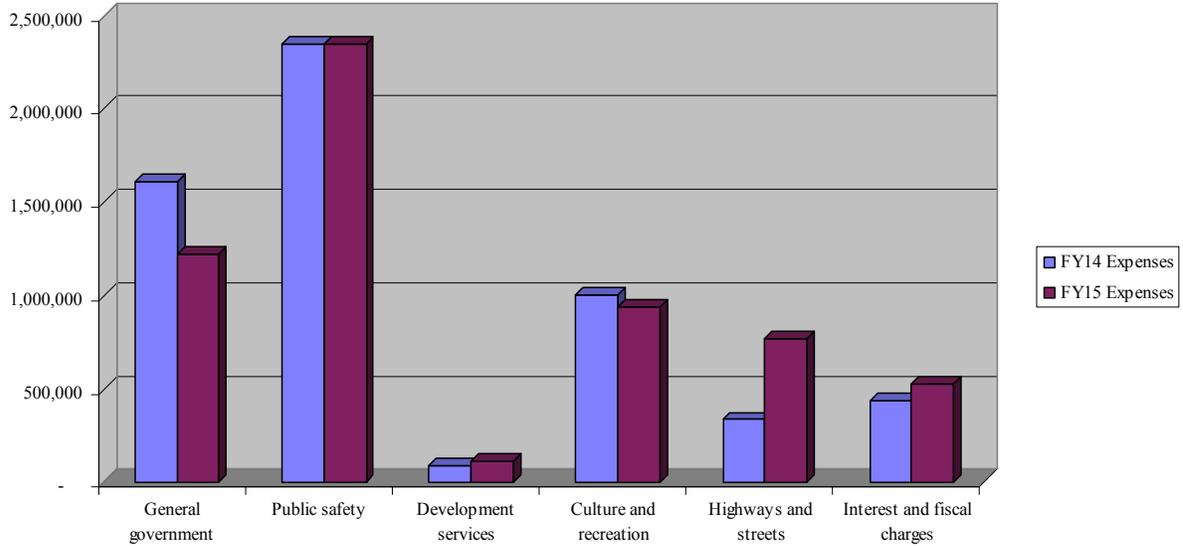
Table 2. City of Bridgeport Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program revenue						
Charges for services	\$ 762,679	\$ 824,046	\$ 10,121,332	\$ 10,699,654	\$ 10,884,011	\$ 11,523,700
Operating grants and contributions	133,997	183,220	6,430	8,520	140,427	191,740
Capital grants and contributions	-	-	206,323	68,677	206,323	68,677
General Revenue	-	-	-	-	-	-
Property taxes	2,371,526	2,298,517	-	-	2,371,526	2,298,517
Sales taxes	1,666,965	1,986,753	-	-	1,666,965	1,986,753
Hotel/motel taxes	98,916	114,859	-	-	98,916	114,859
Franchise taxes	732,398	755,394	-	133,792	732,398	889,186
Alcoholic beverage taxes	4,336	4,616	-	-	4,336	4,616
Unrestricted investment earnings	8,838	9,264	2,154	2,760	10,992	12,024
Miscellaneous	58,700	84,354	2,726	95,933	61,426	180,287
Total revenue	5,838,355	6,261,023	10,338,965	11,009,336	16,177,320	17,270,359
Expenses						
General government	1,219,371	1,610,335	-	-	1,219,371	1,610,335
Public safety	2,346,964	2,346,175	-	-	2,346,964	2,346,175
Development services	116,001	89,603	-	-	116,001	89,603
Culture and recreation	939,809	1,000,539	-	-	939,809	1,000,539
Highways and streets	766,900	336,279	-	-	766,900	336,279
Interest and fiscal charges	522,537	433,474	-	-	522,537	433,474
Water and wastewater	-	-	3,272,089	3,195,817	3,272,089	3,195,817
Electric	-	-	7,302,791	6,801,419	7,302,791	6,801,419
Municipal airport	-	-	155,383	330,669	155,383	330,669
Total expenses	5,911,582	5,816,405	10,730,263	10,327,905	16,641,845	16,144,310
Transfers	327,348	472,356	(327,348)	(472,356)	-	-
Increase (decrease) in net position	\$ 254,121	\$ 916,974	\$ (718,646)	\$ 209,075	\$ (464,525)	\$ 1,126,049

Comparative Expenses – Governmental Activities

The total cost of all programs and services were \$5,911,582. Of these costs, \$2,346,964, or 39.7% of total expenditures, was for public safety, remaining consistent with the previous fiscal year. General government expenses were \$1,219,371, or 20.6% of the overall governmental activities expenditures. General government expenses were 24.3% (\$390,694) below the previous year. Highway and Street expenditures increased by \$430,621 attributed mainly to the ongoing street renovation projects. The remaining functions, Development Services, Culture and Recreation and Interest and fiscal charges, saw an increase in expenditures of \$54,731.

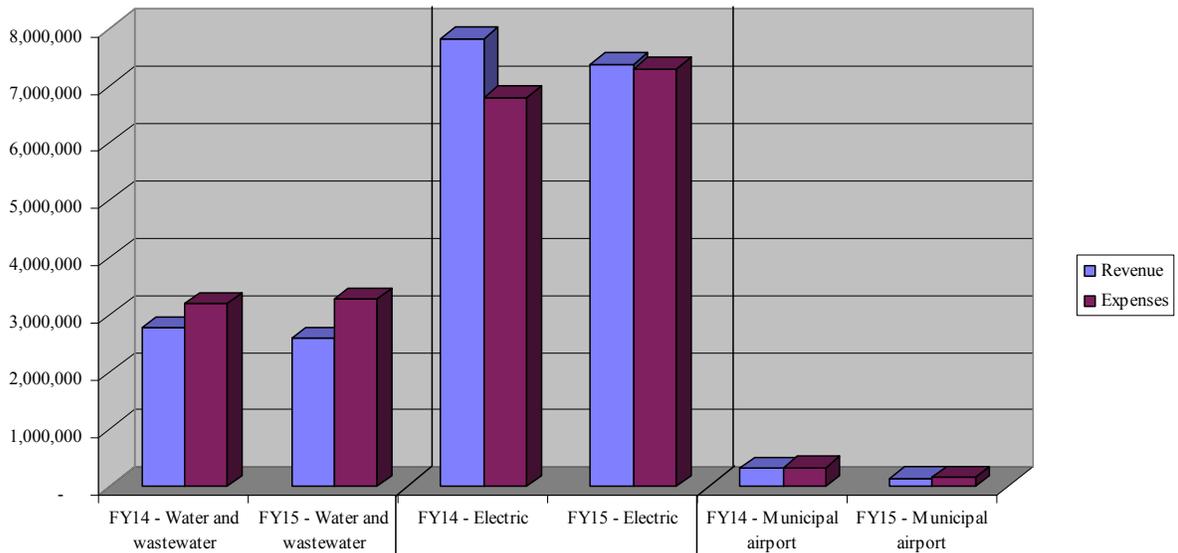
Figure 3. Expenses by Function – Governmental Activities



Business-Type Activities

The City’s business-type activities recorded a decrease of \$718,646 in net position. In total, revenues for business-type activities decreased by \$670,371, or 6.1%, compared to the previous fiscal year. Business-type activities expenses increased by \$402,358, or 3.9%, against the prior year. The City’s water sales decreased by 8.6% compared to the previous year. Residential consumption remains down due to the significant increase in rainfall throughout the spring and summer seasons. Total sewer charges remained flat for this fiscal year. The city employs winter averaging to calculate sewer billing. Electric charges fell this fiscal year by \$445,796 after the City reduced rates for the current year. In contrast, purchased electricity increased over the prior year by \$574,511. The ending working capital, excluding restricted assets and liabilities payable from restricted assets, for the City’s business type activities is \$973,776.

**Figure 4. Program Revenue versus Expenses
FY 2014 v. FY 2015**



Component Units

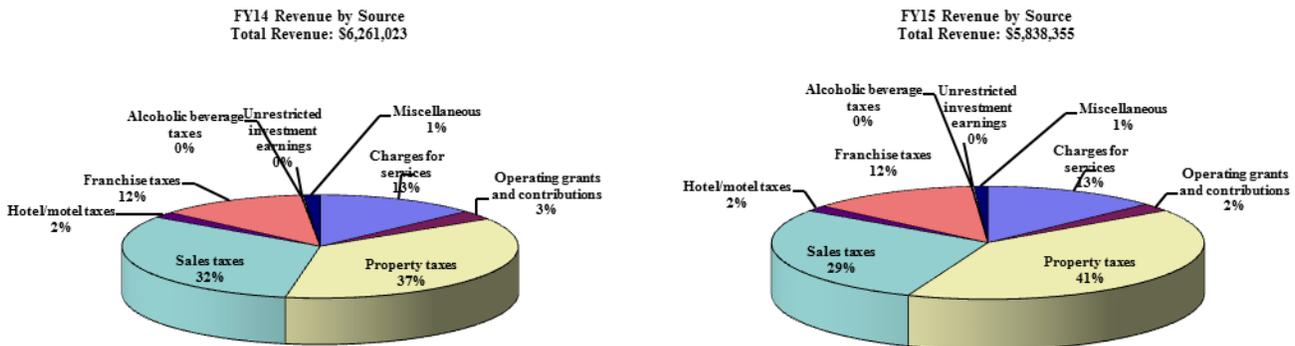
The Bridgeport Economic Development Corporation (BEDC) reported total assets including the ½ cent sales tax, authorized under the Type A Corporation statutes, of \$2,396,659 managed by the corporation include an inventory of over 907 acres of land, zoned for industrial and recreational uses, part of which is available for sale. Revenues for the BEDC ended at \$838,020 against expenses of \$797,486, which increased the corporation’s fund balance by \$40,534. The BEDC continues to attract companies to the City through its marketing efforts and ability to match businesses to available land.

ANALYSIS OF INDIVIDUAL FUNDS

The City’s *General Fund* reported an ending unassigned fund balance of \$2,900,787 – a \$25,319 increase over the prior year. Despite general fund revenues falling below anticipated revenues by \$146,412, the City managed expenses to below appropriations by \$100,776. The largest source of general fund revenue is sales and use taxes, which accounted for \$1,613,294 (38.7%) of total general fund revenue, but was a \$373,459 decrease over the previous year. Ad valorem taxes account for \$1,225,780 (29.4%) of general fund revenues and was a \$286,223 decline versus the previous year. The City maintains the unassigned fund balance at or above acceptable levels as defined within the City’s financial policies. This “reserve” balance allows the City Council to elect to fund projects unforeseen during the budgeting process and provides a measure of security against changes in the economy and the timing of cash flows.

Revenues by Source – General Fund

Figure 5. Revenues by Source – Governmental Activities



The City’s *Debt Service Fund* reported a reduction in fund balance of \$151,285. Property tax collections for debt service requirements were \$1,160,625. This is required in order to pay debt service payments on bonds issued to construct numerous infrastructure projects, both completed and on-going. During the current fiscal year, the City refinanced 2005 Certificates of Obligation due to favorable rates, which reduced total annual payments.

The *Special Revenue Funds* have a fund balance of \$953,578, an increase of 13.4% over the prior year, all of which is restricted for the special programs defined by revenue source.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2015, the City Council of the City of Bridgeport amended the budget to provide funding for unforeseen expenses and to recognize various savings over the year, as well as increases in grant revenues when compared to original projections. With the adjustments made to the budget, the original budgeted expenditures of \$4,550,937 decreased slightly to \$4,550,530 while revenue estimates increased from \$4,310,095 to \$4,311,638.

The City of Bridgeport had originally estimated the ending general fund unassigned balance to be \$2,797,921; however due to the budget adjustments mentioned above, the fund balance was re-estimated to be \$2,799,871.

General fund revenues were \$4,165,226, a negative variance of \$146,412 under the amended budget estimate, reflecting weaker than anticipated sales tax collections and overall franchise fees through the course of the fiscal year. Actual general fund total expenditures were \$4,449,754, or \$100,776 less than amended projections. Final expenditures in Public Safety, Culture and Recreation, and Highways and Streets were less than anticipated with no negative variances reported. General Government and Development Services recognized final expenditures higher than amended budget estimates. The General fund ended the year with a fund balance of \$2,900,787, or \$100,916 over the projected balance. The higher fund balance is attributable to management’s conservative approach to expenditures, especially as expected revenues begin coming in lower than forecasted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2015 the City of Bridgeport had \$24,247,344 invested in a broad range of capital assets, including buildings, parks facilities, roads, police and fire equipment and water and sewer lines. The balances shown below are net of accumulated depreciation.

Table 3. Capital Assets at Year End

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 968,109	\$ 968,109	\$ 678,463	\$ 678,463	\$ 1,646,572	\$ 1,646,572
Land improvements	469,232	469,232	-	-	469,232	469,232
Construction in progress	-	-	890,131	867,551	890,131	867,551
Intangible assets	-	-	631,895	631,896	631,895	631,896
Buildings	7,539,921	7,539,922	335,300	335,299	7,875,221	7,875,221
System improvements	13,865,742	13,657,770	25,746,856	25,092,005	39,612,598	38,749,775
Machinery and equipment	766,484	723,071	963,109	963,109	1,729,593	1,686,180
Office furniture and equipment	510,202	510,202	227,148	227,148	737,350	737,350
Transportation equipment	2,532,885	2,589,382	828,626	828,629	3,361,511	3,418,011
Accumulated depreciation	(16,017,734)	(15,244,202)	(16,689,025)	(15,663,355)	(32,706,759)	(30,907,557)
Total	\$ 10,634,841	\$ 11,213,486	\$ 13,612,503	\$ 13,960,745	\$ 24,247,344	\$ 25,174,231

During fiscal year 2015 the City Council approved propositions to fund several street reconstruction projects as well as infrastructure and accessibility projects in the downtown area in excess of \$4,995,000. Design was completed and the initial phases of utility, street, and sidewalk construction are underway on the downtown area and several other streets.

Additional information regarding the City’s capital assets is found in Note II.E.

Debt

At the end of the current fiscal year, the City had total long-term debt of \$24,908,786. Of this amount, \$18,555,000 represents bonded debt backed by the full faith and credit of the City, \$2,880,000 represents utility revenue bonds secured by water and sewer revenues. Notes payable amounted to \$780,607 at the year end, which was a reduction of \$321,819 from the year end of fiscal year 2014. Overall, the City reduced total outstanding debt by \$1,957,025 without regard to the effects of the net pension liability introduced by GASB No. 68.

Table 4. Outstanding Debt at Fiscal Year End

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 13,135,657	\$ 14,223,282	\$ 8,299,385	\$ 8,859,378	\$ 21,435,042	\$ 23,082,660
Notes payable	190,096	320,636	590,511	1,262,727	780,607	1,583,363
Capital leases payable	-	-	79,221	154,979	79,221	154,979
Bond premium	450,804	386,642	100,201	108,570	551,005	495,212
Bond discount	(118,726)	(131,832)	(23,824)	(25,719)	(142,550)	(157,551)
State Comptroller payable	483,042	536,713	-	-	483,042	536,713
Net pension obligation	1,436,387	1,555,510	286,032	330,299	1,722,419	1,885,809
Total	<u>\$ 15,577,260</u>	<u>\$ 16,890,951</u>	<u>\$ 9,331,526</u>	<u>\$ 10,690,234</u>	<u>\$ 24,908,786</u>	<u>\$ 27,581,185</u>

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net tax-supported bonded debt to assessed value of all taxable property is 4.81% or \$2,974 per capita.

The City's bond ratings at September 30, 2015 were as follows:

	Moody's Investor Services	Standard & Poor's
General Obligation Bonds	Baa2	A-

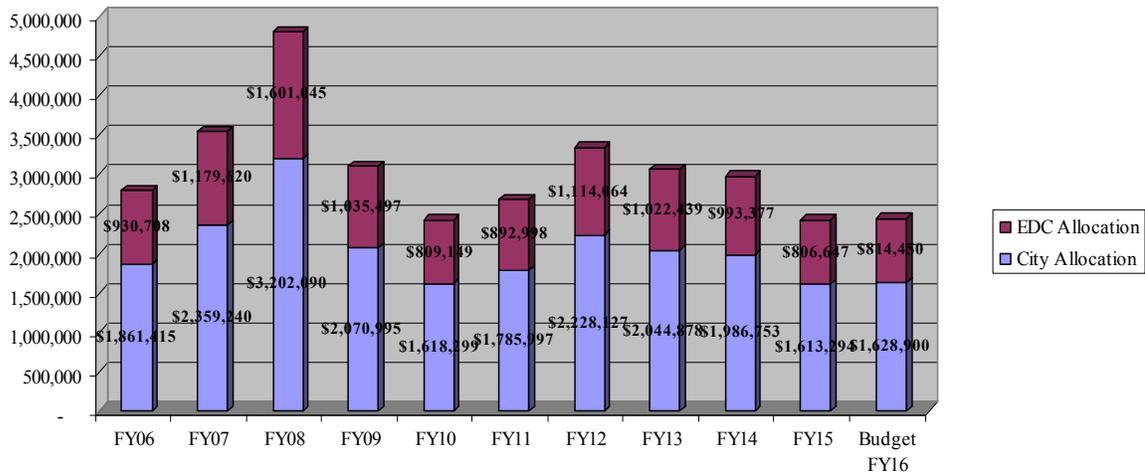
Additional information on the City of Bridgeport's long-term debt may be found in Note II.G of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rate, and fees that will be charged for the business-type activities. The major factor affecting all decisions is the changing economy within the framework of the national economic recovery. Bridgeport saw a small number of new commercial/retail business openings in 2015, which while expected to positively impact sales tax revenues in fiscal year 2016 is not expected to result in the larger sales tax growth seen in the previous budgets. With the City's conservative budget philosophy, sales tax projections were increased by only 1%.

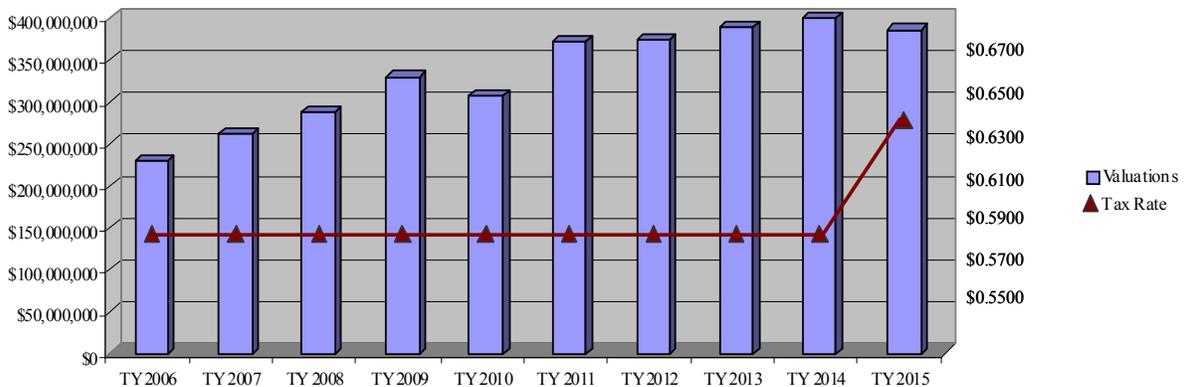
The City of Bridgeport, with its proximity to major highways and the Dallas-Ft. Worth SMSA, availability of land for development purposes, and affordable cost of living, is an attractive city in which to locate. The City prides itself on a quality school district and "hometown" atmosphere. The Bridgeport Economic Development Corporation works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities. The BEDC receives one-third of the sales tax collected and remitted to the City to support these growth and development initiatives.

Figure 6. 10-Year Historical Sales Tax Receipt



The City of Bridgeport considered these factors when adopting the General Fund budget for fiscal year 2016. The budgeted revenues for fiscal year 2016 total \$4,805,401 for the General Fund. Ad valorem tax revenue is determined by two factors – the total assessed value established by the Wise County Appraisal District and the tax rate established by the Bridgeport City Council. The property tax rate for the budgeted year increased for the first time since 2005 from \$0.5875 to \$0.6390 per hundred dollars of assessed value. Certified taxable property value for 2015 is \$386,077,052. This is a 3.4% decrease over the last year’s values, or \$13.5 million. The largest decrease in taxable values, \$32.2 million, is from assessments on the Industrial and Utility property with an offset by an increase in real and personal property values of \$18.8 million. With the increased tax rate and the decreased taxable value, the fiscal year 2016 budget will raise less revenue from property taxes than last year’s budget by \$40,042, or a decrease of 3.4%.

Figure 7. Ad Valorem Taxes
Valuation and Tax Rates



REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City’s finances. For more information contact the Office of the Director of Finance, Blu Kostelich at (940) 683-3424; City of Bridgeport; 900 Thompson Street, Bridgeport TX 76426. Email bkostelich@cityofbridgeport.net.

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BASIC FINANCIAL STATEMENTS

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CITY OF BRIDGEPORT, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 8,527,776	\$ 2,577,197	\$ 11,104,973	\$ 2,267,882
Receivables (net of allowances for uncollectibles):	525,781	1,027,959	1,553,740	128,777
Internal balances	939,859	(939,859)	--	--
Due from component unit	510,539	--	510,539	--
Prepaid items	447	--	447	--
Inventories	15,078	229,348	244,426	--
Restricted assets:				
Cash and cash equivalents	27,682	200,238	227,920	--
Capital assets (net of accumulated depreciation):				
<i>Land</i>	968,109	678,463	1,646,572	2,312,458
<i>Land improvements</i>	469,232	--	469,232	474,733
<i>Construction in progress</i>	--	890,131	890,131	--
<i>Intangible assets</i>	--	631,895	631,895	119,104
<i>Buildings</i>	7,539,921	335,300	7,875,221	415,775
<i>System improvements</i>	13,865,742	25,746,856	39,612,598	406,664
<i>Machinery and equipment</i>	766,484	963,109	1,729,593	28,102
<i>Office furniture and equipment</i>	510,202	227,148	737,350	16,000
<i>Transportation equipment</i>	2,532,885	828,626	3,361,511	--
<i>Accumulated depreciation</i>	(16,017,734)	(16,689,025)	(32,706,759)	(301,396)
Total Assets	21,182,003	16,707,386	37,889,389	5,868,099
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges	464,807	122,461	587,268	12,353
Total Deferred Outflows of Resources	464,807	122,461	587,268	12,353
LIABILITIES				
Accounts payable	296,081	912,133	1,208,214	4,988
Accrued liabilities and other payables	3,225	--	3,225	32,991
Compensated liabilities	141,448	27,351	168,799	1,448
Due to other governments	79,276	--	79,276	--
Customer deposits/Street escrow funds	682	418,619	419,301	--
Accrued interest payable	60,170	60,430	120,600	11,897
Due to primary government	--	--	--	510,539
Noncurrent liabilities:				
Due within one year	1,069,615	702,574	1,772,189	155,941
Due in more than one year	14,507,645	8,628,952	23,136,597	1,927,496
Total Liabilities	16,158,142	10,750,059	26,908,201	2,645,300
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-other	--	17,048	17,048	--
Unavailable revenue-pension	227,854	45,373	273,227	9,120
Total deferred inflows of resources	227,854	62,421	290,275	9,120
NET POSITION:				
Net Investment in Capital Assets	2,890,882	4,567,009	7,457,891	1,695,961
Restricted For:				
Debt Service	8,615	--	8,615	--
Capital Projects	396,043	--	396,043	--
Other Purposes	933,008	--	933,008	--
Unrestricted	1,032,266	1,450,358	2,482,624	1,530,071
Total Net Position	\$ 5,260,814	\$ 6,017,367	\$ 11,278,181	\$ 3,226,032

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORT, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Expenses:				
Governmental Activities:				
<i>General government</i>	\$ 1,219,371	\$ 160,638	\$ --	\$ --
<i>Public safety</i>	2,346,964	299,314	88,303	--
<i>Development services</i>	116,001	45,167	--	--
<i>Culture and recreation</i>	939,809	257,560	45,694	--
<i>Highways and streets</i>	766,900	--	--	--
<i>Interest and fiscal charges</i>	522,537	--	--	--
Total expenditures	<u>5,911,582</u>	<u>762,679</u>	<u>133,997</u>	<u>--</u>
Business-type Activities:				
Water/Wastewater	3,272,089	2,597,729	--	206,323
Electric	7,302,791	7,382,338	--	--
Municipal Airport	155,383	141,265	6,430	--
Total Business-type Activities	<u>10,730,263</u>	<u>10,121,332</u>	<u>6,430</u>	<u>206,323</u>
Total Primary Government	<u>\$ 16,641,845</u>	<u>\$ 10,884,011</u>	<u>\$ 140,427</u>	<u>\$ 206,323</u>
COMPONENT UNITS:				
Economic Development	\$ 642,837	\$ --	\$ --	\$ --
Total Component Units	<u>\$ 642,837</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

General Revenues:
Property Taxes
Sales Taxes
Hotel motel taxes
Franchise Taxes
Alcoholic Beverage Taxes
Miscellaneous
Unrestricted Investment Earnings
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 Position			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (1,058,733)		\$ (1,058,733)	
(1,959,347)		(1,959,347)	
(70,834)		(70,834)	
(636,555)		(636,555)	
(766,900)		(766,900)	
(522,537)		(522,537)	
<u>(5,014,906)</u>		<u>(5,014,906)</u>	
--	\$ (468,037)	(468,037)	
--	79,547	79,547	
--	(7,688)	(7,688)	
--	(396,178)	(396,178)	
<u>(5,014,906)</u>	<u>(396,178)</u>	<u>(5,411,084)</u>	
			\$ (642,837)
			<u>(642,837)</u>
2,371,526	--	2,371,526	--
1,666,965	--	1,666,965	824,538
98,916	--	98,916	--
732,398	--	732,398	--
4,336	--	4,336	--
58,700	2,154	60,854	11,322
8,838	2,726	11,564	2,160
327,348	(327,348)	--	--
<u>5,269,027</u>	<u>(322,468)</u>	<u>4,946,559</u>	<u>838,020</u>
254,121	(718,646)	(464,525)	195,183
6,390,367	7,016,227	13,406,594	3,088,308
(1,383,674)	(280,214)	(1,663,888)	(57,459)
<u>\$ 5,260,814</u>	<u>\$ 6,017,367</u>	<u>\$ 11,278,181</u>	<u>\$ 3,226,032</u>

CITY OF BRIDGEPORT, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	General Capital Projects
ASSETS		
<i>Cash and cash equivalents</i>	\$ 678,953	\$ 6,037,019
Receivables (net of allowances for uncollectibles):		
<i>Taxes</i>	23,391	--
<i>Sales tax receivable</i>	257,554	--
<i>Other</i>	192,785	--
<i>Intergovernmental</i>	--	--
<i>Due from other funds</i>	2,001,878	--
<i>Due from component unit</i>	10,539	500,000
<i>Prepaid items</i>	447	--
<i>Inventories</i>	8,009	--
Restricted assets:		
<i>Cash and cash equivalents</i>	498	--
Total Assets	<u>\$ 3,174,054</u>	<u>\$ 6,537,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
<i>Accounts payable</i>	\$ 117,329	\$ 147,352
<i>Accrued liabilities and other payables</i>	11,930	--
<i>Due to other governments</i>	79,276	--
<i>Due to other funds</i>	--	23,125
<i>Deposits</i>	682	--
Total Liabilities	<u>209,217</u>	<u>170,477</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	20,421	--
Unavailable revenue-fines	43,629	--
Total deferred inflows of resources	<u>64,050</u>	<u>--</u>
FUND BALANCES		
<i>Nonspendable</i>	8,456	--
<i>Restricted</i>	--	--
<i>Committed</i>	--	6,366,542
<i>Unassigned</i>	2,892,331	--
Total fund balances (deficits)	<u>2,900,787</u>	<u>6,366,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,174,054</u>	<u>\$ 6,537,019</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
\$ 112,949	\$ 669,889	\$ 902,306	\$ 8,401,116
20,612	--	--	44,003
--	--	--	257,554
--	--	14,386	207,171
--	--	17,053	17,053
23,125	--	--	2,025,003
--	--	--	510,539
--	--	--	447
--	--	--	8,009
--	--	27,184	27,682
<u>\$ 156,686</u>	<u>\$ 669,889</u>	<u>\$ 960,929</u>	<u>\$ 11,498,577</u>
\$ --	\$ 3,934	\$ 4,305	\$ 272,920
--	--	3,046	14,976
--	--	--	79,276
148,071	913,948	--	1,085,144
--	--	--	682
<u>148,071</u>	<u>917,882</u>	<u>7,351</u>	<u>1,452,998</u>
18,085	--	--	38,506
--	--	--	43,629
<u>18,085</u>	<u>--</u>	<u>--</u>	<u>82,135</u>
--	--	--	8,456
--	--	460,496	460,496
--	--	493,082	6,859,624
(9,470)	(247,993)	--	2,634,868
<u>(9,470)</u>	<u>(247,993)</u>	<u>953,578</u>	<u>9,963,444</u>
<u>\$ 156,686</u>	<u>\$ 669,889</u>	<u>\$ 960,929</u>	<u>\$ 11,498,577</u>

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CITY OF BRIDGEPORT, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet	\$ 9,963,444
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	10,578,212
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	38,506
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	82,869
Payables for bond principal which are not due in the current period are not reported in the funds.	(13,467,733)
Payables for bond interest which are not due in the current period are not reported in the funds.	(60,170)
Payables for notes which are not due in the current period are not reported in the funds.	(190,096)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(129,697)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(483,042)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	156,179
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	43,629
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(1,347,037)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(213,680)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	<u>289,430</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 5,260,814</u>

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORT, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	General Capital Projects
Revenues:		
<i>Taxes</i>		
Property	\$ 1,225,780	\$ --
Sales	1,613,294	--
Franchise	732,398	--
Hotel/motel	--	--
Liquor	4,336	--
Charges for services	134,736	--
Licenses, permits and fees	45,167	--
Court fines	273,597	--
Grants	47,120	--
Donations	--	--
Rents	77,247	--
Interest revenue	4,706	3,023
Miscellaneous	6,845	--
Total revenues	<u>4,165,226</u>	<u>3,023</u>
 Expenditures:		
<i>Current:</i>		
General government	1,239,087	82,562
Public safety	2,101,609	--
Development services	116,668	--
Culture and recreation	618,933	--
Highways and streets	373,457	162,367
Principal retirement	--	--
Interest expense and fiscal charges	--	--
Bond issue costs	--	--
Total expenditures	<u>4,449,754</u>	<u>244,929</u>
Excess (deficiency) of revenues over (under) expenditures	(284,528)	(241,906)
 Other financing sources (uses):		
Transfers in	717,119	--
Transfers out	(407,272)	--
Issuance of long-term debt	--	--
Bond premium	--	--
Payment to refunded bond escrow agent	--	--
Total other financing sources (uses)	<u>309,847</u>	<u>--</u>
 Net change in fund balances	 25,319	 (241,906)
 Fund balances, October 1	 2,913,730	 6,608,448
Prior Period Adjustment	(38,262)	--
Fund balances, September 30	\$ <u>2,900,787</u>	\$ <u>6,366,542</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,160,625	\$ --	\$ --	\$ 2,386,405
--	--	--	1,613,294
--	--	--	732,398
--	--	98,916	98,916
--	--	--	4,336
--	--	241,701	376,437
--	--	--	45,167
--	--	19,596	293,193
--	--	--	47,120
--	--	36,527	36,527
--	--	22,445	99,692
602	506	1	8,838
33,230	--	18,625	58,700
<u>1,194,457</u>	<u>506</u>	<u>437,811</u>	<u>5,801,023</u>
--	30,517	105,873	1,458,039
--	--	18,457	2,120,066
--	--	--	116,668
--	--	205,838	824,771
--	--	--	535,824
839,268	--	--	839,268
522,537	--	--	522,537
79,861	--	--	79,861
<u>1,441,666</u>	<u>30,517</u>	<u>330,168</u>	<u>6,497,034</u>
(247,209)	(30,011)	107,643	(696,011)
12,501	--	53,000	782,620
--	--	(48,000)	(455,272)
1,905,000	--	--	1,905,000
122,444	--	--	122,444
(1,944,021)	--	--	(1,944,021)
<u>95,924</u>	<u>--</u>	<u>5,000</u>	<u>410,771</u>
(151,285)	(30,011)	112,643	(285,240)
127,847	(217,982)	840,935	10,272,978
13,968	--	--	(24,294)
<u>\$ (9,470)</u>	<u>\$ (247,993)</u>	<u>\$ 953,578</u>	<u>\$ 9,963,444</u>

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CITY OF BRIDGEPORT, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds	\$ (285,240)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	244,399
The depreciation of capital assets used in governmental activities is not reported in the funds.	(817,059)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(14,879)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,783,289
Repayment of notes payable is an expenditure in the funds but is not an expense in the SOA.	130,952
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	71,422
(Increase) decrease in accrued interest from beginning of period to end of period.	19,274
The net revenue (expense) of internal service funds is reported with governmental activities.	14,656
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	7,544
Certain fine revenues are deferred in the funds. This is the change in these amounts this year.	(1,460)
Long-term contractual repayment to the state for excess sales tax receipts is not reported in the funds.	53,671
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(1,905,000)
Bond premiums are reported in the funds but not in the SOA.	(122,444)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	74,995
Change in net position of governmental activities - Statement of Activities	<u>\$ 254,121</u>

The accompanying notes are an integral part of this statement.

CITY OF BRIDGEPORT, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Enterprise Fund Water Wastewater Fund	Enterprise Fund Electric Fund
ASSETS:		
Current Assets:		
<i>Cash and Cash Equivalents</i>	\$ 657,289	\$ 1,888,217
<i>Receivables (net of allowances for uncollectibles):</i>	214,509	792,916
<i>Due from other funds</i>	2,432	1,265
<i>Inventories</i>	37,039	192,309
Restricted assets		
<i>Cash and Cash Equivalents</i>	200,238	--
Total Current Assets	<u>1,111,507</u>	<u>2,874,707</u>
Noncurrent Assets:		
<i>Land</i>	54,586	56,997
<i>Construction in Progress</i>	303,422	--
<i>Intangible assets</i>	622,779	9,116
<i>Property, plant and equipment</i>	251,412	83,888
<i>System improvements</i>	21,359,303	4,010,852
<i>Machinery and Equipment</i>	664,627	280,599
<i>Office furniture and equipment</i>	165,993	61,155
<i>Transportation equipment</i>	328,565	478,903
<i>Accumulated Depreciation</i>	<u>(13,364,439)</u>	<u>(3,222,393)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	10,386,248	1,759,117
Total Noncurrent Assets	<u>10,386,248</u>	<u>1,759,117</u>
Total Assets	<u>11,497,755</u>	<u>4,633,824</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred charges	64,597	57,864
Total Deferred outflow of resources	<u>64,597</u>	<u>57,864</u>
LIABILITIES:		
Current Liabilities:		
<i>Accounts payable and other current liabilities</i>	370,528	537,726
<i>Due To Other Funds</i>	783,154	--
<i>Accrued interest payable</i>	54,798	5,632
<i>Utility customer deposits</i>	133,720	284,899
<i>Capital leases payable - current</i>	--	79,229
<i>General obligation bonds payable - current</i>	452,668	63,386
<i>Notes Payable - Current</i>	56,247	--
<i>Compensated absences payable - current</i>	11,398	15,953
Total Current Liabilities	<u>1,862,513</u>	<u>986,825</u>
Noncurrent Liabilities:		
<i>General obligation bonds payable</i>	6,521,781	1,337,919
<i>Notes Payable</i>	--	--
<i>Net pension liability</i>	105,193	180,839
Total Noncurrent Liabilities	<u>6,626,974</u>	<u>1,518,758</u>
Total Liabilities	<u>8,489,487</u>	<u>2,505,583</u>
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue - other	--	17,048
Unearned revenue - pension	16,687	28,686
Total deferred inflow of resources	<u>16,687</u>	<u>45,734</u>
NET POSITION:		
<i>Investment in Capital Assets, Net of Related Debt</i>	3,355,552	278,584
<i>Unrestricted Net Position</i>	<u>(299,374)</u>	<u>1,861,787</u>
Total Net Position	<u>\$ 3,056,178</u>	<u>\$ 2,140,371</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Nonmajor Internal Service Fund
Municipal Airport		Internal Service Fund
\$ 31,691	\$ 2,577,197	\$ 126,660
20,534	1,027,959	--
--	3,697	--
--	229,348	7,069
--	200,238	--
<u>52,225</u>	<u>4,038,439</u>	<u>133,729</u>
566,880	678,463	--
781,705	1,085,127	--
--	631,895	--
--	335,300	--
181,705	25,551,860	--
17,883	963,109	70,085
--	227,148	--
21,158	828,626	--
(102,193)	(16,689,025)	(13,456)
<u>1,467,138</u>	<u>13,612,503</u>	<u>56,629</u>
<u>1,467,138</u>	<u>13,612,503</u>	<u>56,629</u>
<u>1,519,363</u>	<u>17,650,942</u>	<u>190,358</u>
--	122,461	19,198
<u>--</u>	<u>122,461</u>	<u>19,198</u>
3,879	912,133	23,161
160,402	943,556	--
--	60,430	--
--	418,619	--
--	79,229	--
--	516,054	--
51,044	107,291	--
--	27,351	--
<u>215,325</u>	<u>3,064,663</u>	<u>23,161</u>
--	7,859,700	--
483,220	483,220	--
--	286,032	89,352
<u>483,220</u>	<u>8,628,952</u>	<u>89,352</u>
<u>698,545</u>	<u>11,693,615</u>	<u>112,513</u>
--	17,048	--
--	45,373	14,174
<u>--</u>	<u>62,421</u>	<u>14,174</u>
932,874	4,567,010	56,629
(112,056)	1,450,357	26,240
<u>\$ 820,818</u>	<u>\$ 6,017,367</u>	<u>\$ 82,869</u>

CITY OF BRIDGEPORT, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Fund Water Wastewater Fund	Enterprise Fund Electric Fund
OPERATING REVENUES:		
Charges for Sales and Services:		
<i>Water sales</i>	\$ 1,555,923	\$ --
<i>Sewer charges</i>	973,638	--
<i>Electric</i>	--	7,309,226
<i>Municipal airport</i>	--	--
<i>Internal services</i>	--	--
Franchisee fees	53,099	73,112
Total Operating Revenues	<u>2,582,660</u>	<u>7,382,338</u>
OPERATING EXPENSES:		
<i>Salaries and wages</i>	158,360	293,508
<i>Employee Benefits</i>	86,002	123,912
<i>Purchased water</i>	410,938	--
<i>Purchased electricity</i>	--	5,759,204
<i>Other purchased services</i>	1,311,586	696,447
<i>Supplies and maintenance</i>	324,827	68,899
<i>Bad debt expense</i>	6,624	26,955
<i>Depreciation</i>	724,286	280,351
Total Operating Expenses	<u>3,022,623</u>	<u>7,249,276</u>
Operating Income	<u>(439,963)</u>	<u>133,062</u>
NON-OPERATING REVENUES (EXPENSES):		
<i>Grants</i>	206,322	--
<i>Interest revenue</i>	781	1,925
<i>Miscellaneous revenue</i>	15,070	1,011
<i>Interest Expense</i>	(249,466)	(53,515)
Total Non-operating Revenues (Expenses)	<u>(27,293)</u>	<u>(50,579)</u>
Income before Transfers	<u>(467,256)</u>	<u>82,483</u>
<i>Transfers In</i>	281,277	43,940
<i>Transfers Out</i>	(309,695)	(454,222)
Change in Net Position	<u>(495,674)</u>	<u>(327,799)</u>
Total Net Position - Beginning	3,837,447	2,462,789
Prior Period Adjustment	(285,595)	5,381
Total Net Position - Ending	<u>\$ 3,056,178</u>	<u>\$ 2,140,371</u>

The accompanying notes are an integral part of this statement.

Nonmajor Enterprise Fund	Total Enterprise Funds	Nonmajor Internal Service Fund
Municipal Airport		Internal Service Fund
\$ --	\$ 1,555,923	\$ --
--	973,638	--
--	7,309,226	--
141,265	141,265	--
--	--	590,676
--	126,211	--
<u>141,265</u>	<u>10,106,263</u>	<u>590,676</u>
--	451,868	151,469
--	209,914	57,451
--	410,938	--
--	5,759,204	--
72,927	2,080,960	251,828
53,774	447,500	105,691
--	33,579	--
6,452	1,011,089	12,969
<u>133,153</u>	<u>10,405,052</u>	<u>579,408</u>
8,112	(298,789)	11,268
6,430	212,752	--
20	2,726	--
1,143	17,224	3,388
(22,230)	(325,211)	--
<u>(14,637)</u>	<u>(92,509)</u>	<u>3,388</u>
(6,525)	(391,298)	14,656
118,372	443,589	--
(7,020)	(770,937)	--
<u>104,827</u>	<u>(718,646)</u>	<u>14,656</u>
715,991	7,016,227	157,515
--	(280,214)	(89,302)
<u>\$ 820,818</u>	<u>\$ 6,017,367</u>	<u>\$ 82,869</u>

CITY OF BRIDGEPORT, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Enterprise Funds			
	Water Wastewater	Electric	Municipal Airport	Totals
Cash Flows from Operating Activities:				
<i>Cash Received from Customers</i>	\$ 2,864,278	\$ 7,345,198	\$ 147,337	\$ 10,356,813
<i>Cash Payments to Employees for Services</i>	(1,862,513)	(6,088,510)	(160,627)	(8,111,650)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(230,865)	(396,718)	--	(627,583)
Net Cash Provided (Used) by Operating Activities	770,900	859,970	(13,290)	1,617,580
Cash Flows from Non-capital Financing Activities:				
<i>Transfers From (To) Other Funds</i>	574,334	(210,580)	72,051	435,805
Net Cash Provided (Used) by Non-capital Financing Activities	574,334	(210,580)	72,051	435,805
Cash Flows from Capital and Related Financing Activities:				
<i>Principal and Interest Paid</i>	(679,641)	(218,411)	(58,760)	(956,812)
<i>Acquisition or Construction of Capital Assets</i>	(677,431)	--	--	(677,431)
<i>Proceeds from Sale of Capital Assets</i>	14,585	--	--	14,585
Net Cash Provided (Used) for Capital & Related Financing Activities	(1,342,487)	(218,411)	(58,760)	(1,619,658)
Cash Flows from Investing Activities:				
<i>Interest and Dividends on Investments</i>	781	1,925	20	2,726
Net Cash Provided (Used) for Investing Activities	781	1,925	20	2,726
Net Increase (Decrease) in Cash and Cash Equivalents	3,528	432,904	21	436,453
Cash and Cash Equivalents at Beginning of Year	853,999	1,455,313	31,670	2,340,982
Cash and Cash Equivalents at End of Year	\$ 857,527	\$ 1,888,217	\$ 31,691	\$ 2,777,435
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (439,963)	\$ 133,062	\$ 8,112	\$ (298,789)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
<i>Depreciation</i>	724,286	280,351	6,452	1,011,089
<i>Grants</i>	206,321	--	6,430	212,751
<i>Miscellaneous</i>	15,070	1,011	1,143	17,224
Change in Assets and Liabilities:				
<i>Decrease (Increase) in Receivables</i>	42,215	(36,993)	(1,502)	3,720
<i>Decrease (Increase) in Inventories</i>	--	(2)	--	(2)
<i>Decrease (Increase) in Deferred Resource Outflows</i>	--	(10,767)	--	(10,767)
<i>Increase (Decrease) in Accounts Payable and Accrued Liabilities</i>	191,462	463,244	(33,925)	620,781
<i>Increase (Decrease) in Payroll Deductions</i>	--	(246)	--	(246)
<i>Increase (Decrease) in Accrued Wages Payable</i>	--	--	--	--
<i>Increase (Decrease) in Accrued Expenses</i>	18,012	--	--	18,012
<i>Increase (Decrease) in Compensated Absences</i>	(3,190)	2,783	--	(407)
<i>Increase (Decrease) in Unearned Revenue</i>	--	--	--	--
<i>Increase (Decrease) in Deferred Resource Inflows</i>	16,687	27,527	--	44,214
Total Adjustments	1,210,863	726,908	(21,402)	1,916,369
Net Cash Provided (Used) by Operating Activities	\$ 770,900	\$ 859,970	\$ (13,290)	\$ 1,617,580

The accompanying notes are an integral part of this statement.

EXHIBIT A-9

Internal Service Fund	
\$	594,064
	(218,372)
	(367,993)
	<u>7,699</u>
	<u>---</u>
	<u>---</u>

	(6,985)

	<u>(6,985)</u>
	<u>---</u>
	<u>---</u>
	714
	125,946
\$	<u>126,660</u>
\$	<u>11,268</u>
	12,969

	3,388

	(5,320)
	(10,474)

	(5,795)

	1,317
	(13,828)
	14,174
	<u>(3,569)</u>
\$	<u>7,699</u>

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City is a municipal corporation governed by an elected mayor and five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely presented component unit. The Bridgeport Economic Development Corporation (BEDC), was organized under state law for the purpose of promoting economic development. State statutes define projects that the corporation may fund. The BEDC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. The BEDC is reported as a governmental entity and its accounts are maintained on the modified accrual basis of accounting. BEDC does not issue separate financial statements.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes or other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental and proprietary—are presented. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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The City reports the following major governmental funds:

General Fund - The General Fund is used to account for the resources used to finance the fundamental operations of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

General Capital Projects Fund - The General Capital Projects Fund is used to account for the proceeds from the issuance of general obligation bonds to be used for the acquisition or construction of parks, buildings, and other facilities.

Debt Service Fund - The Debt Service Fund is used to account for the payment of principal and interest on general long-term bonded debt of the City. Payments of principal and interest on equipment, financing used in general activities of the City and other financing are serviced by the General Fund.

Grant Fund - The Grant Fund is used to account for the proceeds from grants received from other federal and state agencies to be used for the acquisition, development, or improvement of the City's buildings, parks, facilities, and equipment.

The City reports the following major enterprise funds:

Water and Wastewater Fund - The Water and Wastewater Fund provides water and wastewater services to the residents and businesses of Bridgeport. The activities supporting the delivery of services are accounted for in this fund, including operations and maintenance, administration, billing, financing and debt service. The Water and Wastewater Fund is financed and operated in a manner similar to private business enterprises, where the determination of net income is necessary or useful to sound financial administration.

Electric Fund - The Electric Utility Fund is used to account for the operations of the City's electric utility, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

Airport Fund - The Airport Fund is used to account for the operations of the City's airport, including contracted maintenance, and internal maintenance.

Additionally, the City reports the following fund types:

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

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

F. Measurement Focus and Basis of Accounting

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

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

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

Property taxes, franchise taxes, sales taxes, municipal court fines, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

G. Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General fund; Hotel/Motel Tax, Municipal Court Security and Technology, and certain other special revenue funds; and the Debt Service fund. The capital projects fund is appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (i.e. grant awards and city council resolutions) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, functional department and division. Transfers of appropriations between divisions within a department may be initiated by staff and approved by the director. Transfers between functional departments require the approval of the finance director. Transfers between funds may require council approval. All transfers of appropriations require the approval of the city administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Council is required to approve all budget amendments that alter department or operating appropriations.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

H. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and cash equivalents

For purposes of the statement of cash flows, cash includes amounts in demand deposits, restricted cash and short-term investments with maturity dates within three months of the date acquired by the City. All City funds participate in a pooling

CITY OF BRIDGEPORT, TEXAS
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of cash to maximize interest earnings.

2. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in TexPool and TexSTAR. In accordance with state law, TexPool and TexSTAR operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, TexPool and TexSTAR qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. TexPool is subject to regulatory oversight by the State Comptroller, although it is not registered with the SEC while TexSTAR is subject to regulatory oversight by JP Morgan Chase, Inc. and First Southwest Asset Management, Inc.

3. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Balances between the City and its discrete component unit are referred to as "due from discrete component unit" and "due to primary government." All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts for utility billing is estimated on a percentage of aged accounts receivable.

4. Inventories and prepaid items

Inventories are valued at cost using the first-in first-out (FIFO) method. Inventories consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets

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constructed.

Land and construction are not depreciated. The other property, plant, equipment, and infrastructure of the City, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

Building and building improvements	20-50 years
Water and Wastewater system infrastructure	30 years
Storm drainage system infrastructure	30 years
Public domain infrastructure	50 years
Vehicles and equipment	5-10 years
Office equipment	5-10 years

6. *Deferred outflows/ inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The city reports deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred pension expenses which arise from payments made to the pension trustee applicable to subsequent periods. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting under this category. According to the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, municipal court fines, and pension income received in advance of the periods of distribution requirements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. *Net position and fund balance flow assumptions*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied before unrestricted – net position is applied.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

8. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance category includes amounts that are not in spendable form (supplies inventories or prepaid items).

The restricted fund balance category includes resources that are restricted by parties outside the city (creditors, grantors, contributors and laws or regulations of other governments).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a

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formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance division to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

I. Revenues and Expenditures/Expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Ad valorem (property) taxes are levied based on the January 1 property values as assessed by the Wise County Appraisal District. Property taxes are recognized as revenue when they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Current taxes are levied on October 1, and become delinquent if unpaid on February 1.

3. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Eligible employees are reimbursed upon separation from service for accumulated vacation. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

4. Proprietary funds operating and non-operating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer and electric funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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II. Detailed Notes on All Funds

A. Cash deposits with financial institutions

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned. The City of Bridgeport and the Bridgeport Economic Development Corporation have depository policies that specify collateralization agreements with the depository bank to protect the government from this risk. The contract with the City’s depository bank states the following:

“The Depository shall pledge to the City and deposit in safekeeping and trust with another bank acceptable to the City approved security as defined or referred to in Tex. Loc. Gov’t Code §105.031, et seq. and the Collateral for Public Funds Act, Chapter Act, Chapter 2257 of the Texas Government Code, in an amount of fair value sufficiently adequate to protect all funds of the City on deposit with Depository during the term of this Contract, but not less than that required by Tex. Loc. Gov’t Code Ch. 105, Tex Gov’t Code §2257.022, the City’s Investment Policy, and all other applicable laws. All deposits, including accrued interest, are to be fully collateralized in accordance with the above terms. Pledged securities will be held by a custodian approved by the City and meeting the requirements of Section 2257.041 of the Collateral for Public Funds Act.”

At September 30, 2015, the City and EDC had carrying amounts of demand deposits of \$6,052,173 and \$2,267,882, respectively, while the bank balance was \$8,479,656. As of September 30, 2015, the City’s depository had pledged securities with a carrying amount of \$8,925,062 and fair value of \$9,452,700.

B. Investments

The investment policy of the City is governed by State statutes and the adopted City Investment Policy. City policy governing bank deposits require depositors to be FDIC-insured institutions; depositories must fully collateralize all deposits in excess of FDIC insurance limits. The City’s investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the states with a rating of not less than AA, fully insured certificates of deposit. The City’s investments in the bonds of the US agencies was rated AAm by Standard & Poor’s, AAA and Fitch Ratings and Aaa by Moody’s Investors Service.

State statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, in obligations of the State of Texas and other political subdivisions of any state rated "A" or above by Standard & Poor's or Moody's Investors Service, and repurchase agreements. Investments maturing within one year of date of purchase are stated at cost or amortized cost; all other investments are stated at fair value which is based on quoted market prices. The City did not engage in repurchase or reverse repurchase agreement transactions during the year. The City’s investments were as follows on September 30, 2015:

	Carrying Amount	Fair Value	Rating Standard & & Poors	Weighted Average Maturity
Primary Government				
Cash	\$ 8,092,133			
Restricted cash	227,922			
Investments not subject to categorization:				
Government sponsored investment pool (TexSTAR)	306,660	\$ 306,660	AAAm	60 days
Restricted government sponsored investment pool (TexPool)	4,974,061	\$ 4,974,061	AAAm	60 days
Total Cash and Cash Equivalents	<u>\$ 13,600,776</u>			
Discrete Component Unit				
Cash	<u>\$ 2,267,882</u>			

Interest rate risk. In accordance with its investment policy, the City manages its exposure to decline in fair value of securities by limiting the City to securities with maturities not to exceed 36 months from date of purchase. The City also manages the weighted average days to maturity for the operating funds portfolio to less than 270 days, and the reserve, special project and capital project funds to less than 365 days.

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The BEDC component unit limits weighted average days to maturity for the operating funds portfolio to less than 270 days.

The City and its component unit invest in the public funds investment pools listed above, which have specified maximum weighted average maturities for their investment portfolios. The maximum weighted average maturity (WAM) of TexPool investment portfolios cannot exceed 60 days. TexSTAR also maintains a portfolio maximum WAM of 60 days calculated according to SEC rule 2a-7.

The Texas Local Government Investment Pool (TexPool) is a public funds investment pool created pursuant to the Inter-local Cooperation Act of the State of Texas. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's, as well as the Office of the State Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The Texas Short Term Asset Reserve Program (TexSTAR) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two acts provide for the creation of public funds investment pools (including TexSTAR) and authorize eligible governmental entities to invest their public funds through the investment pools. TexSTAR is administered by JP Morgan Chase and First Southwest Asset Management, Inc., and is rated AAAM by Standard and Poor's.

Concentration of credit risk. The City has no formal policy addressing credit risk. However, safety of principal is the primary objective of the City's investment policy. In accordance with this objective, the City limits its investments to those that have been issued one of the top ratings by nationally recognized credit rating agency. As of September 30, 2012, the City's investment in TexPool and TexSTAR were rated AAAM by Standard & Poor's.

Custodial credit risk – investments. For an investment, this is the risk that in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states that investments of City funds shall be secured by pledged collateral with a fair value equal to or exceeding 101% of the principal plus accrued interest of deposits at financial institutions.

C. Receivables and Interfund Receivables and Payables

Amounts are aggregated into a single accounts receivable (net of uncollectible) line on the statement of net position. Following is the detail of receivables of the government's individual major and non-major funds, including the applicable allowances for uncollectible accounts:

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	Governmental Activities				Business-Type Activities	Total PG	DCU
	General	Debt Service	Nonmajor	Total			
Property taxes receivable	\$ 36,991	\$ 33,988	\$ -	\$ 70,979	\$ -	\$ 70,979	\$ -
Allowance for uncollectible taxes	(13,600)	(13,376)	-	(26,976)	-	(26,976)	-
	<u>\$ 23,391</u>	<u>\$ 20,612</u>	<u>\$ -</u>	<u>\$ 44,003</u>	<u>\$ -</u>	<u>\$ 44,003</u>	<u>\$ -</u>
Sales tax receivable	<u>\$ 257,554</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,554</u>	<u>\$ -</u>	<u>\$ 257,554</u>	<u>\$ 128,777</u>
Other receivables	\$ 247,947	\$ -	\$ 14,386	\$ 262,333	\$1,523,557	\$1,785,890	\$ -
Allowance for uncollectible	(55,162)	-	-	(55,162)	(495,598)	(550,760)	-
	<u>\$ 192,785</u>	<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ 207,171</u>	<u>\$1,027,959</u>	<u>\$1,235,130</u>	<u>\$ -</u>
Other receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,053</u>	<u>\$ 17,053</u>	<u>\$ -</u>	<u>\$ 17,053</u>	<u>\$ -</u>

The composition of interfund balances as of September 30, 2015 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental Funds:		
Major Funds		
General	\$ 2,001,878	\$ -
General Capital Projects	-	23,125
Debt Service	23,125	148,071
Grant	-	913,948
Proprietary Funds:		
Major Funds		
Water and Wastewater	2,432	783,154
Electric	1,265	160,402
	<u>\$ 2,028,700</u>	<u>\$ 2,028,700</u>
	Advance to Discrete Component Unit	Advance from Primary Government
Advance to Discrete Component Unit (DCU)	\$ 510,539	\$ -
	-	510,539
	<u>\$ 510,539</u>	<u>\$ 510,539</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenses occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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 NOTES TO FINANCIAL STATEMENTS
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D. Capital Assets

Capital assets activity for the year ended September 30, 2015 was as follows:

GOVERNMENTAL ACTIVITIES:

Capital assets, not being depreciated:

Land	\$ 968,109	\$ -	\$ -	\$ -	\$ 968,109
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>968,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>968,109</u>

Capital assets, being depreciated

Land improvements	469,232	-	-	-	469,232
Buildings	7,539,921	-	-	-	7,539,921
System improvements	13,657,771	207,971	-	-	13,865,742
Machinery and equipment	723,071	43,413	-	-	766,484
Office furniture and equipment	510,202	-	-	-	510,202
Transportation equipment	2,589,383	-	(56,498)	-	2,532,885
Total capital assets being depreciated	<u>25,489,580</u>	<u>251,384</u>	<u>(56,498)</u>	<u>-</u>	<u>25,684,466</u>

Less accumulated depreciation for:

Land improvements	(76,352)	(23,759)	-	-	(100,111)
Buildings	(2,228,047)	(274,325)	-	-	(2,502,372)
System improvements	(9,980,953)	(262,778)	-	-	(10,243,731)
Machinery and equipment	(485,211)	(79,057)	-	-	(564,268)
Office furniture and equipment	(419,081)	(12,789)	-	-	(431,870)
Transportation equipment	(2,067,528)	(164,352)	56,498	-	(2,175,382)
Total accumulated depreciation	<u>(15,257,172)</u>	<u>(817,060)</u>	<u>56,498</u>	<u>-</u>	<u>(16,017,734)</u>

Total capital assets being depreciated, net 10,232,408 (565,676) - - 9,666,732

Governmental activities capital assets, net \$ 11,200,517 \$ (565,676) \$ - \$ - \$ 10,634,841

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

Governmental Activities:	
General government	\$ 146,126
Public safety	278,740
Culture and recreation	118,335
Highways and streets	273,859
	<u>\$ 817,060</u>

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Balance 9/30/2014	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2015
BUSINESS-TYPE ACTIVITIES:					
Capital assets, not being depreciated:					
Land	\$ 678,463	\$ -	\$ -	\$ -	\$ 678,463
Construction in progress	867,551	22,580	-	-	890,131
Total capital assets not being depreciated	1,546,014	22,580	-	-	1,568,594
Capital assets, being depreciated					
Intangible assets	631,895	-	-	-	631,895
Buildings	335,300	-	-	-	335,300
System improvements	25,092,004	654,852	-	-	25,746,856
Machinery and equipment	963,109	-	-	-	963,109
Office furniture and equipment	227,148	-	-	-	227,148
Transportation equipment	828,626	-	-	-	828,626
Total capital assets being depreciated	28,078,082	654,852	-	-	28,732,934
Less accumulated depreciation for:					
Intangible assets	(87,141)	-	-	-	(87,141)
Buildings	(178,818)	(18,487)	-	-	(197,305)
System improvements	(13,817,947)	(877,422)	-	-	(14,695,369)
Machinery and equipment	(744,686)	(62,780)	-	-	(807,466)
Office furniture and equipment	(227,148)	-	-	-	(227,148)
Transportation equipment	(607,612)	(66,984)	-	-	(674,596)
Total accumulated depreciation	(15,663,352)	(1,025,673)	-	-	(16,689,025)
Total capital assets being depreciated, net	12,414,730	(370,821)	-	-	12,043,909
Business-type activities capital assets, net	\$ 13,960,744	\$ (348,241)	\$ -	\$ -	\$ 13,612,503

Depreciation expense was charged to functions/ programs of the business-type activities as follows:

Business-type Activities	
Water and wastewater	\$ 738,870
Electric	280,351
Municipal airport	6,452
	<u>\$1,025,673</u>

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Balance 9/30/2014	Additions	Retirements	Transfers and Completed Construction	Balance 9/30/2015
DISCRETE COMPONENT UNIT					
Capital assets, not being depreciated:					
Land	\$ 2,271,854	\$ 40,604	\$ -	\$ -	\$ 2,312,458
Total capital assets not being depreciated	<u>2,271,854</u>	<u>40,604</u>	<u>-</u>	<u>-</u>	<u>2,312,458</u>
Capital assets, being depreciated					
Land improvements	474,733	-	-	-	474,733
Intangible assets	119,104	-	-	-	119,104
Buildings	415,775	-	-	-	415,775
System improvements	385,453	21,211	-	-	406,664
Machinery and equipment	28,102	-	-	-	28,102
Office furniture and equipment	16,000	-	-	-	16,000
Total capital assets being depreciated	<u>1,439,167</u>	<u>21,211</u>	<u>-</u>	<u>-</u>	<u>1,460,378</u>
Less accumulated depreciation for:					
Land improvements	(84,136)	(16,982)	-	-	(101,118)
Intangible assets	(34,620)	-	-	-	(34,620)
Buildings	(63,417)	(12,665)	-	-	(76,082)
System improvements	(43,818)	(19,921)	-	-	(63,739)
Machinery and equipment	(4,215)	(5,620)	-	-	(9,835)
Office furniture and equipment	(16,002)	-	-	-	(16,002)
Total accumulated depreciation	<u>(246,208)</u>	<u>(55,188)</u>	<u>-</u>	<u>-</u>	<u>(301,396)</u>
Total capital assets being depreciated, net	<u>1,192,959</u>	<u>(33,977)</u>	<u>-</u>	<u>-</u>	<u>1,158,982</u>
Business-type activities capital assets, net	<u>\$ 3,464,813</u>	<u>\$ 6,627</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,471,440</u>

Depreciation expense was charged to functions/ programs of the component unit as follows:

Discrete Component Unit	
Economic Development	<u>\$ 55,188</u>

E. Risk Management

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks that are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts. The Pool agrees to handle all liability, property and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on other risks of loss. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool coverage for any of the past three years.

F. Long-term liabilities

Long-term debt of the City governmental activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. Sources of retirement of general obligation bond and certificates of obligation are provided from ad valorem tax. Governmental activities long-term debt is paid by the debt service fund.

Long-term debt of the City business-type activities consists of general obligation bonds, certificates of obligation, and accrued compensated absences. Business-type activities long-term debt is serviced by revenue from the water wastewater, and electric utility systems.

CITY OF BRIDGEPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

The following is a summary of changes in long-term debt for the year ended September 30, 2015:

Description	September 30, 2014	Additions	Retirements	September 30, 2015	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 13,954,544	\$ 1,905,000	\$ (2,723,887)	\$ 13,135,657	\$ 865,420
Bond premiums	386,642	122,444	(58,282)	450,804	40,482
Bond discounts	(131,831)	(18,319)	31,424	(118,726)	(7,621)
Total bonds payable	14,209,355	2,009,125	(2,750,745)	13,467,735	898,281
Notes payable	324,792	-	(134,696)	190,096	117,663
State comptroller payable	536,713	-	(53,671)	483,042	53,671
Net pension liability	1,658,690	-	(222,303)	1,436,387	-
	<u>\$ 16,729,550</u>	<u>\$ 2,009,125</u>	<u>\$ (3,161,415)</u>	<u>\$ 15,577,260</u>	<u>\$ 1,069,615</u>

Description	September 30, 2014	Additions	Retirements	September 30, 2015	Due Within One Year
Business-type activities					
General obligation bonds	\$ 4,790,498	\$ -	\$ (271,113)	\$ 4,519,385	\$ 284,580
Revenue bonds	2,980,000	-	(100,000)	2,880,000	105,000
State revolving funds	1,020,000	-	(120,000)	900,000	120,000
Bond premiums	108,570	-	(8,369)	100,201	8,368
Bond discounts	(25,719)	-	1,895	(23,824)	(1,885)
Total bonds payable	8,873,349	-	(497,587)	8,375,762	516,063
Notes payable	777,634	-	(187,123)	590,511	107,290
Capital lease obligations	154,979	-	(75,758)	79,221	79,221
Net pension liability	330,299	-	(44,267)	286,032	-
	<u>\$ 10,136,261</u>	<u>\$ -</u>	<u>\$ (804,735)</u>	<u>\$ 9,331,526</u>	<u>\$ 702,574</u>

Description	Restated September 30, 2014	Additions	Retirements	September 30, 2015	Due Within One Year
Discrete component unit:					
General obligation bonds	\$ 1,243,340	\$ -	\$ (83,641)	\$ 1,159,699	\$ 87,821
Notes payable	691,933	-	(76,155)	615,778	50,230
State comptroller payable	268,357	-	(17,890)	250,467	17,890
Net pension liability	66,389	-	(8,896)	57,493	-
	<u>\$ 2,270,019</u>	<u>\$ -</u>	<u>\$ (186,582)</u>	<u>\$ 2,083,437</u>	<u>\$ 155,941</u>

Compensated absences are paid from the fund out of which an employee is regularly paid – primarily the General Fund, Water and Wastewater Fund, and Electric Fund.

CITY OF BRIDGEPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS
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Long-term debt of the City is comprised of the following individual issues at September 30, 2015:

Purpose	Original Amount	Year of Issue	Final Maturity	Average Annual Payment	Interest Rate	Governmental Activities	Business-Type Activities
GENERAL OBLIGATION BONDS							
Infrastructure	2,365,000	2003	2023	139,000	0.30 - 2.35%	-	900,000
Parks & Infrastructure	4,800,000	2008	2032	234,000	4.00 - 4.10%	2,288,042	1,541,958
Refunding	4,085,000	2008	2028	315,800	2.635 - 4.00%	2,047,192	732,808
Refunding	3,075,000	2011	2032	26,000	5.50%	-	2,880,000
GO Refunding	2,955,000	2012	2021	362,326	2.00 - 2.5%	1,482,923	407,119
Infrastructure	2,670,000	2012	2031	188,241	1.00 - 3.5%	612,500	1,837,500
Infrastructure	4,995,000	2013	2033	405,289	2.00 - 4.75%	4,835,000	-
Infrastructure	1,905,000	2015	2025	207,706	2.00 - 4.00%	1,870,000	-
						<u>13,135,657</u>	<u>8,299,385</u>
NOTES PAYABLE							
Equipment	673,229	2008	2016	85,200	5.50%	65,749	-
Equipment	72,636	2015	2018	19,449	3.98%	53,950	-
Equipment	138,639	2014	2017	36,794	3.50%	70,397	-
Infrastructure	250,000	2012	2013	205,000	3.50%	-	56,247
Land	796,100	2009	2027	\$ 7,260	4.00%	-	534,264
						<u>190,096</u>	<u>590,511</u>
LEASES PAYABLE							
Equipment	179,200	2011	2016	\$ 34,519	4.39%	-	33,191
Equipment	138,200	2013	2016	\$ 48,327	4.00%	-	46,030
						<u>-</u>	<u>79,221</u>
Total Governmental Activities Debt						<u>\$ 13,325,753</u>	<u>\$ 8,969,117</u>

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

The annual debt service requirements to maturity for the general obligation bonds, notes payable and capital leases are as follows:

GENERAL OBLIGATION BONDS

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 865,420	\$ 481,360	\$ 509,580	\$ 328,560
2017	889,104	457,943	540,896	312,262
2018	906,051	433,785	563,949	294,745
2019	936,680	407,590	593,320	275,965
2020	887,959	380,088	572,041	263,042
2021-2025	3,447,153	1,496,626	2,332,847	993,954
2026-2030	3,147,838	883,350	2,307,162	525,901
2031-2035	2,055,452	189,094	879,590	60,806
	<u>\$ 13,135,657</u>	<u>\$ 4,729,836</u>	<u>\$ 8,299,385</u>	<u>\$ 3,055,235</u>

NOTES PAYABLE:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 117,671	\$ 7,361	\$ 107,291	\$ 21,834
2017	53,869	3,905	53,155	18,808
2018	18,556	1,986	55,354	1,986
2019	-	-	57,644	14,319
2020	-	-	60,029	11,935
2021 - 2025	-	-	257,038	21,857
Total	<u>\$ 190,096</u>	<u>\$ 13,252</u>	<u>\$ 590,511</u>	<u>\$ 90,739</u>

CAPITAL LEASE OBLIGATIONS:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2016	\$ 79,221	\$ 3,625
Total	<u>\$ 79,221</u>	<u>\$ 3,625</u>

G. Fund Balance

Minimum fund balance policy. The City Council has adopted a financial policy to maintain a minimum level of unassigned fund balance in the general fund. The target level is set at 20% of expenditures. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

The table below shows the purposes for which fund balance has been categorized as nonspendable, restricted, committed, with the remainder unassigned:

	Major Funds				Non-Major Funds	Total
	General Fund	General Capital Projects	Debt Service	Grant	Unassigned	
Fund Balances (Deficit):						
Nonspendable:						
Prepaid Items	\$ 447	\$ -	\$ -	\$ -	\$ -	\$ 447
Inventory	8,009	-	-	-	-	8,009
Restricted:						
Debt Service	-	-	-	-	-	-
Hotel Tax	-	-	-	-	191,625	191,625
Donations	-	-	-	-	27,184	27,184
Court Technology & Security	-	-	-	-	92,984	92,984
Bridgeport Stage	-	-	-	-	45,705	45,705
Cemetery	-	-	-	-	40,701	40,701
Recreation	-	-	-	-	30,974	30,974
Main Street	-	-	-	-	6,323	6,323
Fire Truck Contingency	-	-	-	-	25,000	25,000
Committed:						
Capital Projects	-	6,366,542	-	-	-	6,366,542
TIRZ #1	-	-	-	-	487,667	487,667
TIRZ #2	-	-	-	-	5,415	5,415
Unassigned:	2,892,331	-	(9,470)	(247,993)	-	2,634,868
	<u>\$ 2,900,787</u>	<u>\$ 6,366,542</u>	<u>\$ (9,470)</u>	<u>\$ (247,993)</u>	<u>\$ 953,578</u>	<u>\$ 9,963,444</u>

H. Interfund Transfers

Following is a summary of transfers to/from other funds:

	Transfers From Other Funds	Transfers To Other Funds
Governmental Funds:		
Major Funds		
General	\$ 717,119	\$ (407,272)
Debt Service	12,501	-
Nonmajor	53,000	(48,000)
Proprietary Funds:		
Major Funds		
Water and Wastewater	281,277	(309,695)
Electric	43,940	(454,222)
Municipal Airport	118,372	(7,020)
	<u>\$ 1,226,209</u>	<u>\$ (1,226,209)</u>

Interfund transfers are used to pay an allocation of general and administrative services, provide funds for debt service, and contribute toward the cost of capital projects and for other operational purposes.

III. OTHER INFORMATION

A. Employee Retirement Systems And Pension Plans

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees (or their beneficiaries) currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	68
Active employees	59
	163

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.04% and 15.75% in calendar years 2014 and 2015, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were \$1,043,177 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
Domestic Equity	17.50%	4.80%
International Equities	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c)
Balance at 12/31/2013	\$ 10,012,283	\$ 7,956,905	\$ 2,055,378
Changes for the year:			
Service cost	443,248	-	443,248
Interest	700,900	-	700,900
Change of benefit terms	-	-	-
Difference between expected and actual experience	(394,586)	-	(394,586)
Changes of assumptions	-	-	-
Contributions - employer	-	365,640	(365,640)
Contributions - employee	-	209,279	(209,279)
Net investment income	-	455,252	(455,252)
Benefit payments, including refunds of employee contributions	(442,087)	(442,087)	-
Amortization of prior year assets	-	-	-
Administrative expense	-	(4,752)	4,752
Other changes	-	(391)	391
Net changes	307,475	582,941	(275,466)
Balance at 12/31/2014	<u>\$ 10,319,758</u>	<u>\$ 8,539,846</u>	<u>\$ 1,779,912</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Total Pension Liability	\$ 12,146,898	\$ 10,319,758	\$ 8,882,946
Plan Fiduciary Net Position	8,539,846	8,539,846	8,539,846
Net Pension Liability / (Asset)	<u>\$ 3,607,052</u>	<u>\$ 1,779,912</u>	<u>\$ 343,100</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized pension expense of \$892,890. At September 30, 2015, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Original Amount	Date Established	Original Recognition Period	Amount Recognized in 9/30/2014 Expense	Balance of Deferred (Inflows)/Outflows 12/31/2014
Due to Liabilities:					
Difference in expected and actual experience actuarial (gains) or losses	\$ (394,586)	12/31/2014	3.5156	\$ (112,239)	\$ (282,347)
Due to Assets:					
Difference in projected and actual earnings on pension plan reserves (actuarial (gains) or losses)	101,731	12/31/2014	5.0000	20,346	81,385
Employer contributions made subsequent to measurement date	276,461	12/31/2014	1.0000	(24,593)	301,054
				(4,247)	382,439
				<u>\$</u>	<u>\$</u> 100,092

\$301,054 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows/outflows to Be Recognized in Future Years

Year Ended September 30,	
2015	\$ 209,161
2016	(91,893)
2017	(37,523)
2018	20,347
	<u>\$ 100,092</u>

B. Other Postemployment Benefits

Supplemental Death Benefits Fund (SDBF)

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12- month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

CITY OF BRIDGEPORT, TEXAS
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 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2015 and 2014 \$4,020 and \$4,358 respectively, which equaled the required contributions each year.

Schedule of Contribution Rates			
(Employer-only portion of the rate)			
Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2014	0.13%	0.13%	100%
2015	0.15%	0.15%	100%

C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

As a debt issuer, the City is subject to Federal arbitrage regulations and periodically determines its compliance and returns excess interest earned on bond proceeds, if necessary.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

D. Restatement and Change in Generally Accepted Accounting Policy

Prior year financial statements have been restated to reflect corrections to the accounts for recognition of additional accounts payable, reallocation of debt principal outstanding or paid during the year, and other.

The City has implemented new accounting guidance from Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27. Certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses are now recognized by governmental type activities and proprietary funds.

The effect on the financial statements for the year ended September 2014 follows:

Description	Governmental Funds		Total Governmental Funds	Governmental Activities
	General	Debt Service		
Net Position/Fund Balance As Previously Reported - 9/30/14	\$ 2,913,730	\$ 127,847	\$ 10,272,979	\$ 6,390,367
Elements of Restatement				
Unrecorded liability	(38,262)	-	(38,262)	(38,262)
Change debt payment allocation	-	13,968	13,968	13,968
Other	-	-	-	(13,096)
	<u>(38,262)</u>	<u>13,968</u>	<u>(24,294)</u>	
Funds Level - 9/30/14	<u>\$ 2,875,468</u>	<u>\$ 141,815</u>	<u>\$ 10,248,685</u>	
Adjustments Due to Implementation of GASB-68				
Report Beginning Net Pension Liability				(1,555,510)
Report Beginning Deferred Outflows of Resources				<u>209,226</u>
				<u>(1,383,674)</u>
Net Position Restated - 9/30/14				<u>\$ 5,006,693</u>

Total governmental funds includes funds displayed and Capital Projects and Other Non-major Funds.

CITY OF BRIDGEPORT, TEXAS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Description	Proprietary Funds		Total Enterprise	Business-type Activities	Internal Service Fund	Discrete Comp. Unit BEDC
	Water/Wastewater	Electric				
Net Position - FYE 9/30/2014	\$ 3,837,447	\$ 2,462,789	\$ 7,016,227	\$ 7,016,227	\$ 82,869	\$ 1,807,607
Elements of Restatement						
Change debt allocation	(180,461)	166,493	(13,968)	(13,968)	-	-
Change debt payment allocation	-	19,626	19,626	19,626	-	-
Adjustments Due to Implementation of GASB-68						
Report Beginning Net Pension Liability	(121,473)	(208,826)	(330,299)	(330,299)	(103,180)	(66,389)
Report Beginning Deferred Outflows of Resources	16,339	28,088	44,427	44,427	13,878	8,930
	<u>(285,595)</u>	<u>5,381</u>	<u>(280,214)</u>	<u>(280,214)</u>	<u>(89,302)</u>	<u>(57,459)</u>
Net Position Restated - 9/30/14	<u>\$ 3,551,852</u>	<u>\$ 2,468,170</u>	<u>\$ 6,736,013</u>	<u>\$ 6,736,013</u>	<u>\$ (6,433)</u>	<u>\$ 1,750,148</u>

Total enterprise funds include funds displayed and Municipal Airport Fund. Internal Service Fund primarily benefits governmental activities.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF BRIDGEPORT, TEXAS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT B-1

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Property	\$ 1,224,042	\$ 1,224,042	\$ 1,225,780	\$ 1,738
Sales	1,790,000	1,790,000	1,613,294	(176,706)
Franchise	738,180	738,180	732,398	(5,782)
Liquor	2,500	2,500	4,336	1,836
Charges for services	127,900	127,900	134,736	6,836
Licenses, permits and fees	19,250	19,250	45,167	25,917
Court fines	263,150	263,150	273,597	10,447
Grants	45,577	47,120	47,120	--
Rents	75,996	75,996	77,247	1,251
Interest revenue	7,500	7,500	4,706	(2,794)
Miscellaneous	16,000	16,000	6,845	(9,155)
Total revenues	<u>4,310,095</u>	<u>4,311,638</u>	<u>4,165,226</u>	<u>(146,412)</u>
Expenditures:				
Current:				
General government	1,140,221	1,160,221	1,239,087	(78,866)
Public safety	2,274,589	2,254,182	2,101,609	152,573
Development services	88,349	88,349	116,668	(28,319)
Culture and recreation	631,854	631,854	618,933	12,921
Highways and streets	415,924	415,924	373,457	42,467
Total expenditures	<u>4,550,937</u>	<u>4,550,530</u>	<u>4,449,754</u>	<u>100,776</u>
Excess (deficiency) of revenues over (under) expenditures	(240,842)	(238,892)	(284,528)	(45,636)
Other financing sources (uses):				
Transfers in	523,805	523,805	717,119	193,314
Transfers out	(407,272)	(407,272)	(407,272)	--
Sale of capital assets	8,500	8,500	--	(8,500)
Total other financing sources (uses)	<u>125,033</u>	<u>125,033</u>	<u>309,847</u>	<u>(184,814)</u>
Net change in fund balances	(115,809)	(113,859)	25,319	139,178
Fund balances, October 1	2,913,730	2,913,730	2,913,730	--
Prior Period Adjustment	--	--	(38,262)	(38,262)
Fund balances, September 30	\$ 2,797,921	\$ 2,799,871	\$ 2,900,787	\$ 100,916

CITY OF BRIDGEPORT, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
CITY OF BRIDGEPORT, TEXAS PENSION PLAN
LAST TEN FISCAL YEARS *
(UNAUDITED)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total pension liability:										
Service cost	\$ 443,248	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Interest	700,900	--	--	--	--	--	--	--	--	--
Changes of benefit terms	--	--	--	--	--	--	--	--	--	--
Differences between expected and actual experience	(394,586)	--	--	--	--	--	--	--	--	--
Changes of assumptions	--	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(442,087)	--	--	--	--	--	--	--	--	--
Net change in total pension liability	307,475	--								
Total pension liability - beginning	10,012,283	--								
Total pension liability - ending (a)	\$ 10,319,758	\$ --								
Plan fiduciary net position:										
Contributions - employer	\$ 365,640	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Contributions - employee	209,279	--	--	--	--	--	--	--	--	--
Net investment income	455,252	--	--	--	--	--	--	--	--	--
Benefit payments, including refunds of employee contributions	(442,087)	--	--	--	--	--	--	--	--	--
Administrative expense	(4,752)	--	--	--	--	--	--	--	--	--
Other	(391)	--	--	--	--	--	--	--	--	--
Net change in plan fiduciary net position	582,941	--								
Plan fiduciary net position - beginning	7,956,905	--								
Plan fiduciary net position - ending (b)	\$ 8,539,846	\$ --								
City's net pension liability - ending (a) - (b)	\$ 1,779,912	\$ --								
Plan fiduciary net position as a percentage of the total pension liability	82.75%	--								
Covered-employee payroll	\$ 2,989,694	\$ --								
City's net pension liability as a percentage of covered-employee payroll	59.53%	--								

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

CITY OF BRIDGEPORT, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
CITY OF BRIDGEPORT TEXAS PENSION PLAN
LAST TEN FISCAL YEARS *
(UNAUDITED)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 390,241	\$ 404,366	\$ 359,276	\$ 323,455	\$ 340,493	\$ 370,024	\$ 300,627	\$ 197,088	\$ 197,088	\$ 116,737
Contributions in relation to the actuarially determined contribution	390,241	372,431	336,624	287,597	263,480	303,667	255,567	197,088	197,008	116,737
Contribution deficiency (excess)	\$ 780,482	\$ 776,797	\$ 695,900	\$ 611,052	\$ 603,973	\$ 673,691	\$ 556,194	\$ 394,176	\$ 394,096	\$ 233,474
Covered-employee payroll	\$ 3,002,307	\$ 3,032,562	\$ 2,905,390	\$ 2,842,932	\$ 2,936,661	\$ 3,306,292	\$ 4,012,306	\$ 3,702,073	\$ 3,156,730	\$ 2,426,239
Contributions as a percentage of covered-employee payroll	13.00%	12.28%	11.59%	10.12%	8.97%	9.18%	6.37%	5.32%	6.24%	4.81%
Valuation date:	12/31/2014									

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age, normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10-year smoothed market
Inflation	3.0%
Salary increases	3.50% to 12.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Notes to Schedule:

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

CITY OF BRIDGEPORT, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

Budgetary Information

The city follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Therefore the legal level of control is at the fund level.
4. Budgeted amounts are as originally adopted or as amended by the City Council or management. During the year the additional appropriations are submitted as budget amendments and approved by the City Council.
5. Capital project funds are not budgeted. Since project length financial plans usually extend into 2 or more fiscal years, this makes comparisons confusing and misleading.
6. Formal budgetary integration is employed as a management control device during the year. The legally adopted budgets for the General Fund, certain Special Revenue Funds, and the Debt Service Fund are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the following funds:

General Fund

Special Revenue Funds

- Hotel/Motel occupancy tax fund
- Court technology/security fun
- Bridgeport's stage
- Cemetery
- Recreation fund
- Main Street fund

Debt Service Fund

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COMBINING STATEMENTS AND
BUDGETARY COMPARISON SCHEDULES
AS SUPPLEMENTARY INFORMATION

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The City reports the following non-major governmental funds:

Hotel/Motel Occupancy Tax Fund – The Hotel/Motel Occupancy Tax Fund is used to account for the proceeds generated from taxes collected for the special purpose of renting a room or space in a hotel/motel in the City of Bridgeport and the activities related to local grants and advertising dollars given to local businesses.

Donations Fund – The Donations Fund accounts for all proceeds and expenditures related to donations given to the City or a specific department of the City for a specified purpose.

Court Technology Security Fund – The Court Technology Security Fund accounts for a specified portion of revenues collected through security fees and court costs collected from defendants convicted at trial for misdemeanor offenses and expenses related to financing security services and technological enhancements for the municipal court.

Bridgeport Stage Fund – The Bridgeport Stage Fund is used to account for all revenues and expenditures associated with operating and maintaining the Bridgeport Stage, a multi-use theater owned by the City.

Cemetery Fund – The Cemetery Fund accounts for all activities related to operating and maintaining the city-owned cemetery.

Recreation Fund – The Recreation Fund accounts for the proceeds generated through user fees for certain programs and parks such as the After School Program, recreational sports leagues, the Off-Highway Vehicle Park, and the swimming pool and the expenses required for operations and maintenance of those parks and programs.

Main Street Fund – The Main Street Fund accounts for special donations and revenues from local main street businesses that are used to promote and advertise Bridgeport’s main street.

TIRZ #1 Fund – The TIRZ #1 Fund accounts for all proceeds transferred to the Fund from both the City of Bridgeport and Wise County based upon a portion of the ad valorem taxes collected on the incremental appraised value of all properties within the tax increment zone boundaries above the established tax base for the specific purpose of reinvesting the money into properties within the TIRZ #1 boundaries.

TIRZ #2 Fund – The TIRZ #2 Fund accounts for all proceeds transferred to the Fund from both the City of Bridgeport and Wise County based upon a portion of the ad valorem taxes collected on the incremental appraised value of all properties within the tax increment zone boundaries above the established tax base for the specific purpose of reinvesting the money into properties within the TIRZ #2 boundaries.

Fire Truck Contingency Fund – The Fire Truck Contingency Fund accounts for activities related to the transfer of funds from the General Fund to be used for the specific purpose of purchasing or maintenance on the City of Bridgeport Volunteer Fire Department’s pump and ladder trucks.

CITY OF BRIDGEPORT, TEXAS

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

SEPTEMBER 30, 2015

	Hotel/Motel Occupancy Tax Fund	Donations	Court Technology Security Fund
ASSETS			
<i>Cash and cash equivalents</i>	\$ 177,494	\$ --	\$ 93,037
Receivables (net of allowances for uncollectibles):			
<i>Other</i>	14,386	--	--
<i>Intergovernmental</i>	--	--	--
Restricted assets:			
<i>Cash and cash equivalents</i>	--	27,184	--
Total Assets	<u>\$ 191,880</u>	<u>\$ 27,184</u>	<u>\$ 93,037</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ 255	\$ --	\$ 4
<i>Accrued liabilities and other payables</i>	--	--	49
Total Liabilities	<u>255</u>	<u>--</u>	<u>53</u>
Fund balances:			
<i>Restricted</i>	191,625	27,184	92,984
<i>Committed</i>	--	--	--
Total fund balances	<u>191,625</u>	<u>27,184</u>	<u>92,984</u>
Total Liabilities and Fund Balances	<u>\$ 191,880</u>	<u>\$ 27,184</u>	<u>\$ 93,037</u>

<u>Bridgeport Stage</u>	<u>Cemetery</u>	<u>Recreation Fund</u>	<u>Main Street Fund</u>	<u>TIRZ #1</u>
\$ 46,417	\$ 42,036	\$ 35,970	\$ 6,323	\$ 470,614
--	--	--	--	--
--	--	--	--	17,053
--	--	--	--	--
<u>\$ 46,417</u>	<u>\$ 42,036</u>	<u>\$ 35,970</u>	<u>\$ 6,323</u>	<u>\$ 487,667</u>
\$ 712	\$ 1,335	\$ 1,999	\$ --	\$ --
--	--	2,997	--	--
<u>712</u>	<u>1,335</u>	<u>4,996</u>	<u>--</u>	<u>--</u>
45,705	40,701	30,974	6,323	--
--	--	--	--	487,667
<u>45,705</u>	<u>40,701</u>	<u>30,974</u>	<u>6,323</u>	<u>487,667</u>
<u>\$ 46,417</u>	<u>\$ 42,036</u>	<u>\$ 35,970</u>	<u>\$ 6,323</u>	<u>\$ 487,667</u>

CITY OF BRIDGEPORT, TEXAS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 SEPTEMBER 30, 2015

	TIRZ #2	Fire Truck Contingency	Total Nonmajor Special Revenue Funds (See Exhibit A-3)
ASSETS			
<i>Cash and cash equivalents</i>	\$ 5,415	\$ 25,000	\$ 902,306
Receivables (net of allowances for uncollectibles):			
<i>Other</i>	--	--	14,386
<i>Intergovernmental</i>	--	--	17,053
Restricted assets:			
<i>Cash and cash equivalents</i>	--	--	27,184
Total Assets	<u>\$ 5,415</u>	<u>\$ 25,000</u>	<u>\$ 960,929</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
<i>Accounts payable</i>	\$ --	\$ --	\$ 4,305
<i>Accrued liabilities and other payables</i>	--	--	3,046
Total Liabilities	<u>--</u>	<u>--</u>	<u>7,351</u>
Fund balances:			
<i>Restricted</i>	--	25,000	460,496
<i>Committed</i>	5,415	--	493,082
Total fund balances	<u>5,415</u>	<u>25,000</u>	<u>953,578</u>
Total Liabilities and Fund Balances	<u>\$ 5,415</u>	<u>\$ 25,000</u>	<u>\$ 960,929</u>

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CITY OF BRIDGEPORT, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Hotel/Motel Occupancy Tax Fund	Donations	Court Technology Security Fund
Revenues:			
<i>Hotel/motel taxes</i>	\$ 98,916	\$ --	\$ --
<i>Charges for services</i>	--	--	--
<i>Court fines</i>	--	--	19,596
<i>Donations</i>	--	36,360	50
<i>Rents</i>	--	--	--
<i>Interest revenue</i>	--	1	--
<i>Miscellaneous</i>	1,572	--	--
<i>Total revenues</i>	<u>100,488</u>	<u>36,361</u>	<u>19,646</u>
Expenditures:			
<i>Current:</i>			
<i>General government</i>	56,360	--	--
<i>Public safety</i>	--	9,845	8,612
<i>Culture and recreation</i>	--	4,881	--
<i>Total expenditures</i>	<u>56,360</u>	<u>14,726</u>	<u>8,612</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	44,128	21,635	11,034
Other financing sources (uses):			
<i>Transfers in</i>	--	--	--
<i>Transfers out</i>	(28,000)	--	--
<i>Total other financing sources (uses)</i>	<u>(28,000)</u>	<u>--</u>	<u>--</u>
<i>Net change in fund balances</i>	16,128	21,635	11,034
<i>Fund balances, October 1</i>	175,497	5,549	81,950
<i>Fund balances, September 30</i>	<u>\$ 191,625</u>	<u>\$ 27,184</u>	<u>\$ 92,984</u>

<u>Bridgeport Stage</u>	<u>Cemetery</u>	<u>Recreation Fund</u>	<u>Main Street Fund</u>	<u>TIRZ #1</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	9,200	232,501	--	--
--	--	--	--	--
--	--	--	117	--
6,375	--	16,070	--	--
--	--	--	--	--
--	--	--	--	17,053
<u>6,375</u>	<u>9,200</u>	<u>248,571</u>	<u>117</u>	<u>17,053</u>
--	16,020	33,493	--	--
--	--	--	--	--
11,653	--	189,304	--	--
<u>11,653</u>	<u>16,020</u>	<u>222,797</u>	<u>--</u>	<u>--</u>
(5,278)	(6,820)	25,774	117	17,053
12,000	--	16,000	--	--
--	--	(20,000)	--	--
<u>12,000</u>	<u>--</u>	<u>(4,000)</u>	<u>--</u>	<u>--</u>
6,722	(6,820)	21,774	117	17,053
38,983	47,521	9,200	6,206	470,614
<u>\$ 45,705</u>	<u>\$ 40,701</u>	<u>\$ 30,974</u>	<u>\$ 6,323</u>	<u>\$ 487,667</u>

CITY OF BRIDGEPORT, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	TIRZ #2	Fire Truck Contingency	Total Nonmajor Special Revenue Funds (See Exhibit A-5)
Revenues:			
<i>Hotel/motel taxes</i>	\$ --	\$ --	\$ 98,916
<i>Charges for services</i>	--	--	241,701
<i>Court fines</i>	--	--	19,596
<i>Donations</i>	--	--	36,527
<i>Rents</i>	--	--	22,445
<i>Interest revenue</i>	--	--	1
<i>Miscellaneous</i>	--	--	18,625
<i>Total revenues</i>	<u>--</u>	<u>--</u>	<u>437,811</u>
Expenditures:			
Current:			
<i>General government</i>	--	--	105,873
<i>Public safety</i>	--	--	18,457
<i>Culture and recreation</i>	--	--	205,838
<i>Total expenditures</i>	<u>--</u>	<u>--</u>	<u>330,168</u>
 <i>Excess (deficiency) of revenues over (under) expenditures</i>	 --	 --	 107,643
 Other financing sources (uses):			
<i>Transfers in</i>	--	25,000	53,000
<i>Transfers out</i>	--	--	(48,000)
<i>Total other financing sources (uses)</i>	<u>--</u>	<u>25,000</u>	<u>5,000</u>
 <i>Net change in fund balances</i>	 --	 25,000	 112,643
 <i>Fund balances, October 1</i>	 5,415	 --	 840,935
<i>Fund balances, September 30</i>	<u>\$ 5,415</u>	<u>\$ 25,000</u>	<u>\$ 953,578</u>

CITY OF BRIDGEPORT, TEXAS
HOTEL/MOTEL OCCUPANCY TAX FUND
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-3

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Hotel/motel taxes	\$ 105,000	\$ 98,916	\$ (6,084)
Miscellaneous	--	1,572	1,572
Total revenues	<u>105,000</u>	<u>100,488</u>	<u>(4,512)</u>
Expenditures:			
Current:			
General government	76,779	56,360	20,419
Total expenditures	<u>76,779</u>	<u>56,360</u>	<u>20,419</u>
Excess (deficiency) of revenues over (under) expenditures	28,221	44,128	15,907
Other financing sources (uses):			
Transfers out	(28,000)	(28,000)	--
Total other financing sources (uses)	<u>(28,000)</u>	<u>(28,000)</u>	<u>--</u>
Net change in fund balances	221	16,128	15,907
Fund balances, October 1	175,497	175,497	--
Fund balances, September 30	<u>\$ 175,718</u>	<u>\$ 191,625</u>	<u>\$ 15,907</u>

CITY OF BRIDGEPORT, TEXAS
 COURT TECHNOLOGY/SECURITY FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-4

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Court fines</i>	\$ 19,000	\$ 19,596	\$ 596
<i>Donations</i>	--	50	50
<i>Total revenues</i>	<u>19,000</u>	<u>19,646</u>	<u>646</u>
Expenditures:			
<i>Current:</i>			
<i>Public safety</i>	7,565	8,612	(1,047)
<i>Total expenditures</i>	<u>7,565</u>	<u>8,612</u>	<u>(1,047)</u>
<i>Net change in fund balances</i>	11,435	11,034	(401)
<i>Fund balances, October 1</i>	81,950	81,950	--
<i>Fund balances, September 30</i>	<u>\$ 93,385</u>	<u>\$ 92,984</u>	<u>\$ (401)</u>

CITY OF BRIDGEPORT, TEXAS
 BRIDGEPORT STAGE
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Rents</i>	\$ 3,000	\$ 6,375	\$ 3,375
<i>Total revenues</i>	<u>3,000</u>	<u>6,375</u>	<u>3,375</u>
Expenditures:			
<i>Current:</i>			
<i>Culture and recreation</i>	12,666	11,653	1,013
<i>Total expenditures</i>	<u>12,666</u>	<u>11,653</u>	<u>1,013</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(9,666)	(5,278)	4,388
Other financing sources (uses):			
<i>Transfers in</i>	12,000	12,000	--
<i>Total other financing sources (uses)</i>	<u>12,000</u>	<u>12,000</u>	<u>--</u>
 <i>Net change in fund balances</i>	 2,334	 6,722	 4,388
 <i>Fund balances, October 1</i>	 38,983	 38,983	 --
<i>Fund balances, September 30</i>	<u>\$ 41,317</u>	<u>\$ 45,705</u>	<u>\$ 4,388</u>

CITY OF BRIDGEPORT, TEXAS
CEMETERY
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-6

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
<i>Charges for services</i>	\$ 16,500	\$ 9,200	\$ (7,300)
<i>Total revenues</i>	<u>16,500</u>	<u>9,200</u>	<u>(7,300)</u>
Expenditures:			
<i>Current:</i>			
<i>General government</i>	13,500	16,020	(2,520)
<i>Total expenditures</i>	<u>13,500</u>	<u>16,020</u>	<u>(2,520)</u>
<i>Net change in fund balances</i>	3,000	(6,820)	(9,820)
<i>Fund balances, October 1</i>	47,521	47,521	--
<i>Fund balances, September 30</i>	<u>\$ 50,521</u>	<u>\$ 40,701</u>	<u>\$ (9,820)</u>

CITY OF BRIDGEPORT, TEXAS

EXHIBIT C-7

RECREATION FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 201,800	\$ 232,501	\$ 30,701
Rents	18,050	16,070	(1,980)
Total revenues	<u>219,850</u>	<u>248,571</u>	<u>28,721</u>
Expenditures:			
Current:			
General government	28,665	33,493	(4,828)
Culture and recreation	187,624	189,304	(1,680)
Total expenditures	<u>216,289</u>	<u>222,797</u>	<u>(6,508)</u>
Excess (deficiency) of revenues over (under) expenditures	3,561	25,774	22,213
Other financing sources (uses):			
Transfers in	16,000	16,000	--
Transfers out	(20,000)	(20,000)	--
Total other financing sources (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>--</u>
Net change in fund balances	(439)	21,774	22,213
Fund balances, October 1	9,200	9,200	--
Fund balances, September 30	<u>\$ 8,761</u>	<u>\$ 30,974</u>	<u>\$ 22,213</u>

CITY OF BRIDGEPORT, TEXAS

EXHIBIT C-8

MAIN STREET FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
<i>Donations</i>	\$ 500	\$ 117	\$ (383)
<i>Total revenues</i>	<u>500</u>	<u>117</u>	<u>(383)</u>
 Expenditures:			
<i>Current:</i>			
<i>General government</i>	500	--	500
<i>Total expenditures</i>	<u>500</u>	<u>--</u>	<u>500</u>
 <i>Net change in fund balances</i>	--	117	117
 <i>Fund balances, October 1</i>	6,206	6,206	--
<i>Fund balances, September 30</i>	<u>\$ 6,206</u>	<u>\$ 6,323</u>	<u>\$ 117</u>

CITY OF BRIDGEPORT, TEXAS
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT C-9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	\$ 1,159,800	\$ 1,160,625	\$ 825
Interest revenue	1,000	602	(398)
Miscellaneous	33,230	33,230	--
Total revenues	<u>1,194,030</u>	<u>1,194,457</u>	<u>427</u>
Expenditures:			
Current:			
Principal retirement	823,887	839,268	(15,381)
Interest expense and fiscal charges	532,638	522,537	10,101
Bond issue costs	--	79,861	(79,861)
Total expenditures	<u>1,356,525</u>	<u>1,441,666</u>	<u>(85,141)</u>
Excess (deficiency) of revenues over (under) expenditures	(162,495)	(247,209)	(84,714)
Other financing sources (uses):			
Transfers in	12,495	12,501	6
Issuance of long-term debt	--	1,905,000	1,905,000
Bond premium	--	122,444	122,444
Payment to refunded bond escrow agent	--	(1,944,021)	1,944,021
Total other financing sources (uses)	<u>12,495</u>	<u>95,924</u>	<u>(83,429)</u>
Net change in fund balances	(150,000)	(151,285)	(1,285)
Fund balances, October 1	127,847	127,847	--
Prior Period Adjustment	--	13,968	13,968
Fund balances, September 30	<u>\$ (22,153)</u>	<u>\$ (9,470)</u>	<u>\$ 12,683</u>

CITY OF BRIDGEPORT, TEXAS

BRIDGEPORT ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	<u>General Fund</u>
ASSETS	
<i>Cash and cash equivalents</i>	\$ 2,267,882
<i>Sales tax receivable</i>	128,777
Total Assets	<u>\$ 2,396,659</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
<i>Accounts payable</i>	\$ 4,988
<i>Accrued liabilities and other payables</i>	32,991
<i>Advance from primary government</i>	510,539
Total Liabilities	<u>548,518</u>
FUND BALANCE	
<i>Restricted</i>	1,848,141
Total fund balance	<u>1,848,141</u>
Total Liabilities and Fund Balance	<u>\$ 2,396,659</u>

CITY OF BRIDGEPORT, TEXAS

BRIDGEPORT ECONOMIC DEVELOPMENT CORPORATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total fund balances - governmental funds balance sheet	\$ 1,848,141
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,471,441
Payables for compensated absences which are not due in the current period are not reported in the funds.	(1,448)
Payables for bond interest which are not due in the current period are not reported in the funds.	(11,897)
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,159,699)
Payables for notes which are not due in the current period are not reported in the funds.	(382,423)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	12,353
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(9,120)
Recognition of the City's proportionate share of the net pension liability is not reported in the funds.	(57,491)
Payables for contracts which are not due in the current period are not reported in the funds.	<u>(483,825)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 3,226,032</u>

CITY OF BRIDGEPORT, TEXAS

EXHIBIT C-12

BRIDGEPORT ECONOMIC DEVELOPMENT CORPORATION

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
<i>Taxes</i>			
<i>Sales</i>	\$ 895,000	\$ 824,538	\$ (70,462)
<i>Interest revenue</i>	1,300	2,160	860
<i>Miscellaneous</i>	20,000	11,322	(8,678)
<i>Total revenues</i>	<u>916,300</u>	<u>838,020</u>	<u>(78,280)</u>
 <i>Expenditures:</i>			
<i>Current:</i>			
<i>General government</i>	42,754	38,665	4,089
<i>Development services</i>	2,340,011	758,821	1,581,190
<i>Total expenditures</i>	<u>2,382,765</u>	<u>797,486</u>	<u>1,585,279</u>
 <i>Net change in fund balance</i>	(1,466,465)	40,534	1,506,999
 <i>Fund balance, October 1</i>	1,807,607	1,807,607	--
<i>Fund balance, September 30</i>	<u>\$ 341,142</u>	<u>\$ 1,848,141</u>	<u>\$ 1,506,999</u>

CITY OF BRIDGEPORT, TEXAS

*BRIDGEPORT ECONOMIC DEVELOPMENT CORPORATION
 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, 2015*

Net change in fund balances - total governmental funds	\$ 40,534
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are not reported as expenses in the SOA.	61,815
The depreciation of capital assets used in governmental activities is not reported in the funds.	(55,188)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	153,336
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	3,201
The change in accrued debt interest is recorded in the SOA but not in the funds.	<u>(8,515)</u>
Change in net position of governmental activities - Statement of Activities	\$ <u>195,183</u>