

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## CITY OF HARTFORD, CONNECTICUT MAYOR-COUNCIL FORM OF GOVERNMENT

*For the Fiscal Year*

*July 1, 2008 to June 30, 2009*

PREPARED BY:

DEPARTMENT OF FINANCE

CHRISTOPHER J. WOLF, CPA  
DIRECTOR OF FINANCE



# **CITY OF HARTFORD, CONNECTICUT**

## **MAYOR-COUNCIL FORM OF GOVERNMENT COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JULY 1, 2008 TO JUNE 30, 2009



PREPARED BY THE FINANCE DEPARTMENT

DIRECTOR OF FINANCE

Christopher J. Wolf, CPA



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Introductory Section





**EDDIE A. PEREZ**  
Mayor

# CITY OF HARTFORD

DEPARTMENT OF FINANCE  
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**CHRISTOPHER J. WOLF**  
Director

February 25, 2010

The Honorable Mayor Eddie A. Perez,  
and Court of Common Council  
City of Hartford, Connecticut

Dear Mayor and Members of the Council:

In accordance with Chapter VIII, Section 5 of our Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hartford for the fiscal year ended June 30, 2009. This report was prepared in its entirety by the Department of Finance and we take full responsibility for the accuracy of the data and the completeness and fairness of the presentation of the financial statements, supporting schedules, and statistical tables.

The CAFR is designed to be in conformance with generally accepted accounting principles (GAAP) for governmental units as well as the standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the laws of the State of Connecticut. We believe this report presents fairly the financial position of the City and the results of its operations. The report is consistent with full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

The City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. The City is also required to undergo a state single audit. Information and reporting related to the state single audit is also issued under separate cover.

The Hartford Parking Authority has been included as a discretely presented component unit in the CAFR in accordance with generally accepted accounting principles (GAAP).

## **PROFILE OF THE CITY**

The City of Hartford was founded by Thomas Hooker and his followers in 1635 and was incorporated in 1784. It is the Capital of the State of Connecticut and the core of a metropolitan area with a population of over one million people. Hartford has an estimated 124,512 residents in an 18.4 square mile area. The City lies on the west bank of the Connecticut River, midway between New York and Boston.

Effective January 1, 2004, the adoption of a new City Charter replaced the Council-Manager form of government with the Mayor-Council form. Under the new structure the City Manager became the Chief Operating Officer and department heads are now appointed by the Mayor; subject to confirmation by the City Council. As of January 1, 2004, the Mayor is the Chief Executive Officer. Nine Council members are elected at large for 4-year terms in odd numbered years on a partisan basis; the Mayor, who is elected directly for a 4-year term, acts upon ordinances and resolutions adopted by Council by approving, disapproving (Council can over-ride), or taking no action. As of January 2006, the Board of Education is composed of nine members; 5 appointed by the Mayor and 4 elected by the voters, all for 4-year terms. The Board of Education operates independently of the Council, although the overall operating budget for the Hartford school system must be approved as to its total by the City Council as part of the annual City budget. The City Treasurer is independently elected and serves without vote as the Secretary of the Pension Commission. The Chief Operating Officer (principal administrative aide of the Mayor), Corporation Counsel, City Clerk, department heads and members of all boards, commissions, agencies and authorities are appointed by the Mayor, subject to the City Council confirmation, with the exception of the Pension Commission.

The City provides a broad range of services including public safety, street and road maintenance, flood control, solid waste collection, health, social services, parks and recreation, education, planning, development, zoning and general administrative services.

The Hartford Parking Authority ("Authority") is included in the City's reporting as a discretely presented component unit in accordance with GAAP. The Authority was created pursuant to Chapter 100 of the General Statutes of Connecticut and is governed by five members appointed by the Mayor. The purpose of the Authority is to create, establish, finance, maintain, and operate the City of Hartford's dedicated parking facilities, and regulate the uses and parking rates to be charged at other regulated parking facilities.

The Metropolitan District Commission ("MDC") provides water supply and sewage collection services to the City. The MDC was created by the Connecticut General Assembly in 1929 and operates as a quasi-municipal corporation of the State of Connecticut. The District's primary purpose is to provide reliable systems of water supply and sewage collection, treatment and disposal, for its member municipalities. The eight member municipalities include the City and the surrounding towns of Bloomfield, East Hartford, Newington, Rocky Hill, West Hartford, Wethersfield and Windsor. The District also provides sewage disposal facilities and supplies water under special agreements to certain other towns, or areas therein, which are not members of the MDC.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **ECONOMIC CONDITION AND OUTLOOK**

The City's Department of Development Services, encompassing the City's planning, community development, housing, economic development, licensing and permitting functions, as created pursuant to the revised City Charter, is fully staffed and making a significant impact on major economic initiatives. The Department is positioned to be the single point of contact for commercial and residential development projects.

The Hartford region ranks in the top 15% of U.S. metropolitan economies in Gross Metropolitan Product. Evidence of this economic development activity and the revitalization of the City are clearly visible in the on-going changes in Hartford's skyline and numerous neighborhoods, much of which will be presented in this section.

Hartford continues to be the largest employment center in the State with more than 115,000 people working in the City on a daily basis. In addition to becoming a regional center for logistic and distribution companies, the headquarters of four Fortune 500 companies are located in Hartford to take advantage of the City's strategic location and highly productive workforce. However, the current challenges in the capital markets and the relative uncertainty about both the short and long-term economic outlook are a cause of concern, given the concentration of financial service firms located in Hartford. As 2010 approaches, discussion of mergers, consolidation and acquisitions are expected as they are elsewhere in the nation.

### **Status of "Six Pillars" of Economic Development**

The Connecticut General Assembly in 1998 created the Capital City Economic Development Authority ("CCEDA"). CCEDA is a quasi-public authority charged with overseeing the state's investment in projects that received CCEDA funding. CCEDA funding was made available for projects located within a bounded downtown area within six categories, also known as the "six pillars". The six pillars include: Adriaen's Landing, 1,000 housing units in downtown, Capital Community College downtown campus, Morgan Street parking garage, Civic Center conversion, and riverfront infrastructure improvements. Pillar projects have been successful in achieving its goals of placing feet on the street, enhancing the vitality of the downtown and serving as a catalyst for additional private investment.

- ♦ **Adriaen's Landing**

The total investment for the Adriaen's Landing project is nearly \$1 billion with public funding totaling approximately \$700 million and private investment amounting to approximately \$275 million. Three of the four components of the district have been completed with the opening of the Connecticut Convention Center and Marriott Hotel in 2005 and the Connecticut Science Center in 2009. The Front Street District, the entertainment, restaurant and retail district area, is under construction and scheduled to open in June of 2010. It will provide 68,000 square feet of leasable space directly across from the Convention Center. New residential units are being planned in a second phase at the western end of Front Street.

- ♦ **Downtown Housing Units**

Three residential developments have been completed with CCEDA's financial assistance. Trumbull on the Park, which includes 100 market rate apartments, 7,600 square feet of retail and a 600-space garage, was completed in late 2005. This was followed in 2006 by the opening of Hartford 21, a 36 story, 262-unit tower. Lastly, the Temple Street development opened in 2007, adding 78 market rate lofts and 42 student/intern townhouses.

- ♦ **Downtown College Campus**

Enrollment at this institution continues to increase from year to year. The \$55 million Capital Community College's campus now occupies the former G. Fox department store building at 950 Main Street. The 304,000 square-foot campus was completed in September 2002.

- ♦ **Parking Improvements**

The Morgan Street Garage also opened in 2002 and added 2,300 parking spaces for the Capital Community College students, downtown office workers and professional and leisure commuters. The facility is run by the Hartford Parking Authority, which also operates the Church Street and MAT garages.

- ♦ **Civic Center Conversion**

In addition to CCEDA's investment in Hartford 21, CCEDA funds were used to renovate the former Civic Center mall. The retail space that was previously inward facing now opens to Trumbull Street and a new entrance was built for the XL Center, which hosts UConn basketball games, exhibitions and concerts.

- ♦ **Riverfront Infrastructure**

The majority of this \$25 million project has been completed with the pedestrian walkway at Riverfront Plaza, boat launches at Charter Oak Landing, the community boathouse at Riverside Park, the Columbus Boulevard walkway and the Riverwalk North. Only the Riverside Park boat ramp and a Riverwalk South to the Colt Gateway remain to be completed.

## Major Projects

A sample of development activity in recent years includes the following:

- ♦ In 2008, the University of Hartford opened its Handel Center for the Performing Arts. The university invested \$20 million in a vacant car dealership, which extended its reach into the Upper Albany neighborhood. The facility consists of classrooms, offices, and rehearsal and performance space and is available for community use.
- ♦ Aetna, Inc. is in the midst of a \$200 million upgrade of its Farmington Avenue campus to accommodate the relocation of 3,400 employees from other locations. In addition to major interior and exterior building renovations, Aetna has constructed two parking garages. By 2010, Aetna will have approximately 6,400 employees at the Hartford campus.
- ♦ The Hartford Financial Services Group, Inc. completed the purchase of 140 Garden Street in 2008, adding 17 acres to its headquarters campus. This acquisition provides a unique opportunity for growth in Hartford. In addition, the corporation is currently constructing a new data center. Following a review of corporate owned properties throughout the nation, The Hartford decided to site one of two new facilities at the headquarters. The project involves the renovation of 106,200 square-foot of existing space and the construction of a 31,725 square-foot building addition. This project will result in a minimum investment of \$150 million and the retention of 600 positions.
- ♦ Northeast Utilities – In 2008, Northeast Utilities completed the relocation of its headquarters operation and 180 executive positions to downtown Hartford. The company cited its interest in being in the capital city and the seat of government as their relocation motivation.
- ♦ Sims Metal Management Aerospace, Inc. – In October of 2008, this aerospace company announced plans to relocate within the City. Currently located on Flatbush Avenue, the company has executed a 25-year lease to rent an existing 279,000 square-foot building and a 145,000 square-foot building that will be constructed to

meet their needs. The project is located in the North Meadows and is one of the region's largest industrial transactions of the year.

- ♦ Public Safety Complex – Progress continues on the City's new public safety complex on High Street. The former Board of Education building is being renovated and expanded as the new Fire and Police headquarters. Commercial activity and interest in the surrounding area is increasing as a result of this project, located northwest of the central business district.
- ♦ 3 Constitution Plaza – A1 Engineers of Middletown, CT purchased the former WFSB-Broadcast House in July of 2008, with the intention of demolishing the structure and building an 11-story tower. Located at the corner of Columbus and State, 3 Constitution Plaza is a signature downtown site. A1 Engineers is designing a LEED Platinum tower to serve as its corporate headquarters and to provide additional space for technology companies. Tower construction is expected to begin in 2010.

## Housing Initiatives

A sample of recent housing developments includes the following:

- ♦ 410 Asylum – Common Ground has converted a vacant downtown office building into 70 mixed – income apartments at a cost of \$22 million. This 1920s building will overlook Bushnell Park and include 13,000 square feet of retail space.
- ♦ Former American Airlines building – College Street Partners is currently renovating a 160,000 square-foot building purchased from the City. The project will include 18,000 square feet of retail space on the first floor and 101 apartments on the upper floors.
- ♦ Northend Gateway at 1450 Main Street - The City sold this 4.3-acre parcel of land to Sheldon Oak Central, LLC. The developer built 45 affordable rental units and 12 market-rate apartments in the Clay Arsenal neighborhood. This \$17 million project opened for occupancy in December 2008 and is equipped with central air, high speed internet, direct access elevators and a dedicated green space for families.
- ♦ Dutch Point – The Hartford Housing Authority received a \$20 million HUD Hope VI grant to rebuild the Dutch Point Housing Project. Phase I, which includes 73 rental units, was completed in 2006. Phase II was completed in the fall of 2008, and consists of 54 apartments and recreational areas. Construction of Phase III is underway and will add another 58 units to this \$73 million development.
- ♦ The Metropolitan – New Haven, Connecticut-based College Street Partners completed the renovation of 246 Pearl Street in 2006. The former office building was transformed into 50 market-rate condominiums in the central business district.
- ♦ Goodwin Estates – New York-based Ginsburg Development Company restored the historic Goodwin Estate in the west end of the City with seven condominium flats and 56 new townhouses in Hartford's first new high-end housing in 20 years. The project was completed at a cost of \$23 million and all units have been sold.
- ♦ Pope Park/Park Terrace – 68 affordable units have been restored or constructed in 13 perfect-six apartment buildings. Mutual Housing Association of Greater Hartford Inc. developed the \$14 million project with a combination of loans, grants, and other funding sources.

## Redevelopment Opportunities

In January of 2009, the Court of Common Council approved three separate redevelopment plans in accordance with state statute. Each plan was designed to target blighted buildings and/or underutilized land areas in, or around, the downtown core. The purpose of each plan is to stimulate private investment and create better physical connections to the central business district. They are as follow:

- ♦ The Constitution Plaza East Project is the smallest of the three plans and focuses on the former WFSB-Broadcast House and the long vacant Sonesta Hotel. As noted above, AI Engineers is proceeding with a plan for the Broadcast House, which is consistent with the plan's goal for this important site. Since the reuse of the hotel building presents considerable financial challenges, a demolition and reuse of the site may be required.
- ♦ The Downtown North Project area is currently separated from the central business district by Interstate 84. The 123-acre plan area is dominated by underutilized land. The plan calls for the acquisition of one blighted structure and two vacant parcels of land to create a substantial assemblage to spur a large scale, mixed-use development to connect downtown and the Clay Arsenal neighborhood.
- ♦ The Downtown West - Section II Union Station-Walnut Street Project aims to create a linkage between Union Station and Asylum Hill, home to major insurance companies and thousands of workers. One blighted building and a small parcel of land are included in the acquisition strategy. With a new state focus on utilizing Union Station as a commuter rail hub, the area presents a unique opportunity for transit oriented development.

## Long-term Financial Planning

The City's long-term financial planning is carried out along 6 primary dimensions: Capital Planning, Debt Planning, Vehicle & Heavy Equipment Replacement, General Fund, Pension Planning and Internal Service Funds.

Capital planning and debt planning are by nature closely tied together, with future capital needs and ongoing construction providing the input for the debt planning process. Large public works projects are identified and tracked using a 10-year "Recommended Capital Improvement Plan Model." Projects are selected and reviewed by a capital planning committee comprised of department heads and their designees. The capital plan and projects undergo the annual budget review process and approval of both the Mayor and the Court of Common Council.

Along with the selection of capital projects, sources of funding are identified; state and federal grants as well as bonding or City contributions. Based upon the cumulative cash flow projections of the approved capital plan, bond issuance is planned and debt service requirements quantified.

In addition to a 10-year capital and debt service plan, a 10-year vehicle and equipment replacement plan is formulated and reviewed annually. The requested items are reviewed and approved by committee and the appropriate funding sources are identified: City contributions, capital leases or bonding.

These discrete planning cycles provide inputs to the General Fund long-term planning process. General Fund revenues and expenditures are forecast over 5-years by both function and category. The long-term planning process is driven by the City's core strategy to increase long-term economic growth, to promote education, safety and health, and to nurture the City's cultural vitality through the implementation of the Mayor's goals and objectives. In addition, the City continually strives to secure a stronger bond rating through strong fiscal administration and the maintenance



of an adequate fund balance. The City is working closely with financial advisors on a plan to improve its bond rating over the near-term and long-term horizons.

In addition, the City has contracted with an outside actuarial firm to assist in pension planning. The Municipal Employees' Retirement Fund (MERF) is financially strong and the City and Pension Commission are closely monitoring contributions, investment returns, and assumptions, to maintain the continued viability of the MERF.

The City has identified and developed a strategy for funding the liability for other post-employment benefits (OPEB), which include health and other insurance to retirees. The City has developed a long-term plan to fully fund this liability and recognize, on a current basis, the cost associated with these employee benefits. Finally, our internal service funds for workers' compensation benefits and property & casualty self-insured activities have been targeted by the City for additional contributions over a multi-year period. This added funding, in conjunction with the implementation of new risk management program strategies and assistance from our insurance advisors, will continue to systematically control and reduce our long-term liabilities in these funds.

## **RELEVANT FINANCIAL POLICIES**

The Department of Finance is organized into five divisions: Administration, Accounting and Control, Revenue (tax assessment, tax collection and revenue control), Purchasing, and Risk Management. The department's major responsibilities include general accounting and financial reporting, accounts payable, central purchasing, risk management (other than employee benefits), property assessment, tax collection, debt administration, revenue management, payroll, revenue budget preparation in conjunction with the Mayor's Office, internal control and asset management. The Director of Finance is the chief financial officer of the City and is an appointee of the Mayor, subject to confirmation by the Court of Common Council.

The City's accounting system is a fully automated integrated financial management system consisting of general ledger and a full complement of ancillary systems and support modules. It is organized and operated on a fund basis - each fund being a distinct and self-balancing accounting entity.

### **Internal Controls**

All financial transactions are subject to pre-audit before processing as well as to an annual audit by an independent auditing firm selected by the City Council. The independent auditor and staff from the department's Accounting and Control Division monitor financial policies and procedures prescribed by the Director of Finance for the various departments. Within this framework, we believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial activity.

### **Budgetary Control**

Centralized budgetary control of disbursements and encumbrances against appropriations is maintained by department, by major program or activity and by principal object of expenditure. The Hartford Board of Education budget is controlled only as to its total appropriation. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

## **Pension Administration**

There are four defined benefit pension plans for employees of the City of Hartford. Two are single-employer plans, one is a cost sharing multiple-employer plan with the State of Connecticut and one is a plan with the State of Connecticut for certified teachers at the Board of Education in which the City is a noncontributing employer. The City also administers an excess benefits plan established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

## **Debt Administration**

During the fiscal year ended June 30, 2009, the City issued \$40.2 million of general obligation bonds to fund \$35.2 million of general purpose projects and \$5.0 million of school projects. Standard & Poor's assigned a rating of "A" and Moody's Investors Service assigned a rating of "A2" to the bonds. The bonds carry interest rates from 2.25% to 5.0% with a final maturity date of 2028.

Additionally, in April 2009, the City issued \$10 million of bond anticipation notes for school projects. The notes will mature in April 2010 and were issued with an interest rate yield of 1.45%. It is expected that the notes will be retired from the proceeds of State of Connecticut school construction grants that are due on completed projects.

## **Cash Management**

During the fiscal year, idle cash was invested in legally permitted investments on a short-term basis. Connecticut Statutes restrict the investment of municipal funds to direct and indirect securities of the United States Government and certificates of deposit issued by commercial banks located within the State. Bank CD's are a component of the City's short-term investment portfolio. However, money market fund investments in a portfolio of U.S. Treasury securities, and the Short Term Investment Fund (STIF) operated by the Office of the State Treasurer comprise the major share of the City's short-term investments.

## **Risk Management**

The City has established a risk management program to account for and finance risk of loss for employee benefits, workers' compensation, and general liability, including property damage. Commercial insurance is purchased for claims in excess of amounts determined to be self-insured under the program. Internal service funds are maintained for each of the three risk management programs and funding is received from the participating funds and functions of the City. Settlement claims have not exceeded either the self-insured retention or the commercial coverage in any of the past three fiscal years.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Hartford for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the year beginning July 1, 2008. In order to qualify for the award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The preparation of this report would not have been possible without the efforts of the entire staff of the Finance Department. I would like to express my appreciation to all the members of the department who assisted and contributed to the preparation of this report.

I would like to acknowledge the efforts of Christian S. Johnson, Deputy Director of Finance, for his leadership in the preparation of this report. In addition to acknowledging the efforts of the Office of the City Treasurer and Department of Education, special thanks is extended to City Controller Leigh Ann Ralls for her efforts during this challenging fiscal year of financial management system change. Management and Budget Director, Rick Galarza, and his staff, including the printing/reproduction division, made a significant contribution to the development of this report.

Finally, I wish to thank the City's independent auditors, McGladrey & Pullen, LLP, for their efforts and counsel during the audit and CAFR preparation process.

Respectfully Submitted,

A handwritten signature in black ink, reading "Christopher J. Wolf". The signature is written in a cursive, flowing style.

Christopher J. Wolf, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hartford  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



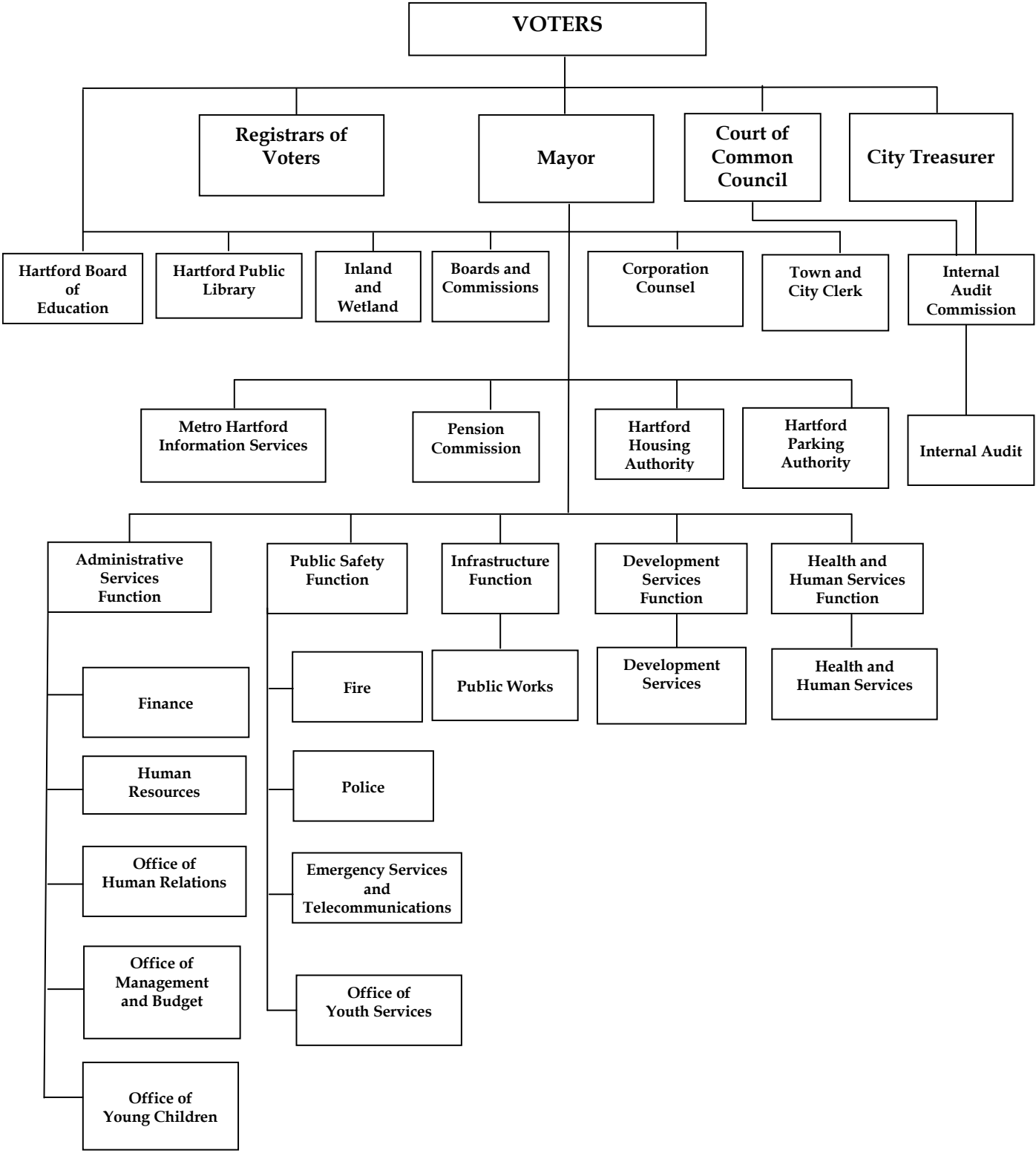
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

# City of Hartford - Organizational Chart



**CITY OF HARTFORD, CONNECTICUT**  
Mayor-Council Form of Government  
List of Elected and Principal Officials - As of June 30, 2009

**THE HONORABLE EDDIE A. PEREZ, MAYOR**

**Court of Common Council**

Calixto Torres, Council President

rJo Winch, Majority Leader  
James M. Boucher, Assistant Majority Leader  
Larry Deutsch, Minority Leader  
Veronica Airey-Wilson

Luis E. Cotto  
Kenneth H. Kennedy, Jr.  
Matthew D. Ritter  
Pedro E. Segarra

**City Treasurer - Kathleen Palm Devine**

**Appointed and Other Municipal Officials**

Chief Operating Officer  
Corporation Counsel  
Town and City Clerk  
Director of Finance  
    Deputy Director of Finance  
    Deputy Director of Finance  
    Controller  
    Assessor  
    Tax Collector  
    Purchasing Manager  
Director of Development Services  
Director of Management and Budget  
Chief of Police  
Fire Chief  
Director of Health and Human Services  
Director of Human Resources  
Director of Public Works – Interim

Lee C. Erdmann  
John Rose, Jr., Esq.  
Daniel M. Carey  
Christopher J. Wolf, CPA  
Christian S. Johnson  
Lydia Rosario  
Leigh Ann Ralls, CPA  
Lawrence LaBarbera  
Marc S. Nelson  
Mark Turcotte  
David B. Panagore  
Rick Galarza, Jr.  
Daryl K. Roberts  
Charles A. Teale  
Carlos Rivera  
Santiago Malave  
Kevin E. Burnham

**Hartford Public Schools**

Steven J. Adamowski, Ph.D., Superintendent of Schools

**Board of Education**

Ada M. Miranda, Chair

Elizabeth Brad Noel, Vice Chair  
David M. MacDonald, Second Vice Chair  
Pamela Richmond, Secretary  
Honorable Mayor Eddie A. Perez

Andrea Comer  
Israel Flores  
Sharon Patterson-Stallings  
Luis Rodreques-Davila

**Registrars of Voters**

Olga Vasquez (D)

Salvatore Bramante (R)

Urania Petit (WF)







## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the  
Court of Common Council  
City of Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hartford, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis, budgetary comparison information, the schedule of funding progress for pensions and other post-employment benefits and the schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2010 on our consideration of the City of Hartford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hartford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information for the year ended June 30, 2008 was audited by other auditors whose report, dated January 20, 2009, expressed an unqualified opinion on such information to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 25, 2010

**CITY OF HARTFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

This discussion and analysis of the City of Hartford, Connecticut's (City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2009. Please read this MD&A in conjunction with the transmittal letter beginning on page i and the City's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- ♦ The City's total net assets increased \$52.4 million as a result of this year's operations. The net assets of our governmental activities increased by \$50.7 million, or nearly 5.4 percent. The net assets of our business-type activities increased by \$1.7 million.
- ♦ The City received \$71.9 million in capital grants and contributions mostly related to school building construction grants from the State in support of the City's school renovation and construction projects.
- ♦ The total cost of the City's programs for the year was \$756.8 million with no new programs added.
- ♦ The General Fund reported a fund balance this year of \$16.3 million.
- ♦ The resources available for appropriation were \$17.3 million less than budgeted for the General Fund. Expenditures were kept within spending limits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

***Government-Wide Financial Statements***

The analysis of the City as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. The City's net assets, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however,

such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net assets and the statement of activities, we divide the City into three types of activities:

- ♦ *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, development and community affairs, human services, recreation and culture, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- ♦ *Business - type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Hartford Parking Facilities Fund is reported here.
- ♦ *Component units* - The City includes a separate legal entity in its report; the Hartford Parking Authority. Although legally separate, this "component unit" is reported because the City is financially accountable for them.

### ***Fund Financial Statements***

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes (like the Capital Improvement Fund and Library Operating Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the Educational Grants, Health Grants and Miscellaneous Grants Funds). The City's funds are divided into three categories; governmental, proprietary and fiduciary.

- ♦ *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- ♦ *Proprietary funds (Exhibits V, VI, and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and

activities - such as the City's Self-Insurance Internal Service Funds and the City's Metro Hartford Information Services Fund.

- ♦ *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net assets increased from a year ago by \$52.4 million to \$1,024.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

TABLE 1 NET ASSETS (In Thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 327,066	\$ 313,767	\$ 505	\$ 630	\$ 327,571	\$ 314,397
Capital assets, net of accumulated depreciation	1,182,461	1,099,057	66,281	65,591	1,248,742	1,164,648
<b>Total assets</b>	<b>1,509,527</b>	<b>1,412,824</b>	<b>66,786</b>	<b>66,221</b>	<b>1,576,313</b>	<b>1,479,045</b>
Long-term liabilities outstanding	411,924	379,386	28,598	29,617	440,522	409,003
Other liabilities	111,197	97,723	505	630	111,702	98,353
<b>Total liabilities</b>	<b>523,121</b>	<b>477,109</b>	<b>29,103</b>	<b>30,247</b>	<b>552,224</b>	<b>507,356</b>
Net Assets:						
Invested in capital assets, net of related debt	910,440	877,583	37,683	35,974	948,123	913,557
Restricted	63,642	64,098	-	-	63,642	64,098
Unrestricted (deficit)	12,324	(5,966)	-	-	12,324	(5,966)
<b>Total net assets</b>	<b>\$ 986,406</b>	<b>\$ 935,715</b>	<b>\$ 37,683</b>	<b>\$ 35,974</b>	<b>\$ 1,024,089</b>	<b>\$ 971,689</b>

The City's government-wide net assets of \$1.02 billion represent an increase of \$52.4 million (5 percent) over last year's net assets of \$971.7 million. The City was able to generate an overall increase in the City's governmental activities net assets principally due to the receipt of \$71.9 million in capital grants and contributions from the State mostly in support of the City's school renovation and construction capital program. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - is \$12.3 million at the end of this year as compared with a \$6.0 million deficit at the end of last year. Unrestricted net assets increased \$18.3 million as the City issued \$40.2 million of bonds in January as well as \$10 million in bond anticipation notes in February that remained largely unspent at June 30, 2009. Net assets of the City's business-type activities increased \$1.7 million in 2009 as transfers of unrestricted net assets to the City's General Fund decreased from \$8.3 million in 2008 to \$3.1 million in 2009.

TABLE 2

	CHANGES IN NET ASSETS (In Thousands)					
	Governmental Activities		Business-Type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
<b>REVENUES</b>						
Program Revenues:						
Charge for services	\$ 24,998	\$ 25,681	\$ 5,309	\$ 6,724	\$ 30,307	\$ 32,405
Operating grants and contributions	391,919	466,397	-	-	391,919	466,397
Capital grants and contributions	71,908	58,545	3,214	-	75,122	58,545
General Revenues:						
Property taxes	256,520	229,500	-	167	256,520	229,667
Grants and contributions not restricted to specific programs	53,234	47,698	-	-	53,234	47,698
Unrestricted investment earnings	(416)	3,692	7	11	(409)	3,703
Other general revenues	2,492	4,581	-	-	2,492	4,581
Total revenues	800,655	836,094	8,530	6,902	809,185	842,996
<b>EXPENSES</b>						
General government	58,575	115,504	-	-	58,575	115,504
Public safety	95,466	83,414	-	-	95,466	83,414
Public works	30,290	29,127	-	-	30,290	29,127
Development and community affairs	56,269	51,777	-	-	56,269	51,777
Human services	34,601	30,042	-	-	34,601	30,042
Education	450,428	496,857	-	-	450,428	496,857
Recreation and culture	10,227	10,338	-	-	10,227	10,338
Interest on long-term debt	17,169	13,723	-	-	17,169	13,723
Hartford Parking Facilities	-	-	3,760	3,897	3,760	3,897
Total expenses	753,025	830,782	3,760	3,897	756,785	834,679
Excess before transfers	47,630	5,312	4,770	3,005	52,400	8,317
Transfers	3,061	5,562	(3,061)	(5,562)	-	-
Change in net assets	50,691	10,874	1,709	(2,557)	52,400	8,317
Net Assets, beginning	935,715	924,841	35,974	38,531	971,689	963,372
Net Assets, ending	\$ 986,406	\$ 935,715	\$ 37,683	\$ 35,974	\$ 1,024,089	\$ 971,689

The City's total revenue in 2009 of \$809.2 million represents a decrease of \$33.8 million over last year. Included in this last year's total revenue was the recognition of \$102.8 million in operating grants and contributions for the State's contribution to the State Teachers Retirement Board (STRB) on behalf of City teachers, compared with \$20.9 million in 2009. During 2008, the State's contribution to the STRB Plan on behalf of City teachers was significantly higher due to the State's issuance of pension obligation bonds and transferring of those proceeds into the STRB Plan. Capital grants and contributions increased \$13.4 million as capital expenses subject to reimbursement from the State for the school renovation and construction capital program decreased compared with the previous year.

The City's total program expenses of \$756.8 million represent a decrease of \$77.9 million over last year. Decrease is due to the reduction in the STRB Plan noted above, that is reflected as an expense in the Education Function.

Our analysis below separately considers the operations of governmental and business-type activities.

## ***Governmental Activities***

Table 3 presents the cost of each of the City's governmental activities five largest programs - general government, public safety, development and community affairs, human services and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
**(In Thousands)**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General government	\$ 58,575	\$ 115,504	\$ 53,863	\$ 111,703
Public safety	95,466	83,414	88,671	76,577
Development and community affairs	56,269	51,777	1,397	888
Human services	34,601	30,042	6,944	8,929
Education	450,428	496,857	78,799	53,471
All other	57,686	53,188	34,526	28,591
<b>Total</b>	<b>\$ 753,025</b>	<b>\$ 830,782</b>	<b>\$ 264,200</b>	<b>\$ 280,159</b>

## ***Business-Type Activities***

Revenues from the Hartford Parking Authority provided to the Hartford Parking Facilities Fund to finance debt service and capital improvement, as well as revenues to the City's General Fund, decreased from \$6.7 million to \$5.3 million. Expenses (including debt service and depreciation) for the City's dedicated parking facilities were consistent with the prior year. Net transfers to the City's governmental activities decreased from \$5.6 million in 2007 to \$3.1 million in 2008 as the Parking Authority's revenues declined by \$1.4 million over the same period due to the economic downturn.

## **CITY FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

The City's General Fund reported a fund balance decrease of \$11.6 million during 2009 as compared with a decrease of \$6.6 million in 2008. The General Fund's unreserved fund balance at June 30, 2009 is \$16.2 million representing 2.9 percent of the General Fund's 2009 amended budgetary appropriations. Actual revenues were \$17.3 below the amended budgetary revenue estimate as investment income and other revenues fell significantly short of budgetary estimates. Expenditures were \$5.6 million below the final budgeted appropriation of \$547.6 million due to both layoffs and an early retirement program that targeted a reduction of 120 non-public safety personnel. Refer to RSI-1 and RSI-2 for details on other favorable and unfavorable variances in comparison to budgetary estimates.

As the City completed the year, its Capital Improvement Fund reported a fund balance decrease of \$5.6 million. The decrease is the result of an increase in capital outlays as several large schools were completed and put in service and a decline in State school construction grant revenue of \$10.6 million.

The Debt Service Fund had an unreserved fund balance as of June 30, 2009 of \$146 thousand.

The City's other governmental funds reported a decrease of \$3.6 million in fund balance for the year. The Miscellaneous Grants Fund reported a decrease of \$97 thousand in fund balance principally due to the transfer of policy private duty net revenues to the City's General Fund. A portion of the net revenues were in undesignated fund balance at the end of the prior fiscal year. The City's permanent funds representing the reservation of assets for various trust purposes reported an investment loss of \$1.8 million on investments.

### ***Internal Service Funds***

The net assets deficit of the City's self-insurance programs decreased \$12.7 million, decreasing the total deficit of the City's internal service programs from \$36.8 million to \$24.1 million. Included in the deficit is \$16.4 million of accrued estimated long-term obligations for the City's Workers Compensation and Liability and Property Damage self-insured programs. Overall operating revenues increased \$6.4 million and operating expenses decreased \$11.9 million. Administrative and claims paid expenses decreased \$4.6 million in the City's Employee Benefits self-insured program, representing an 5 percent decrease over 2008.

The Metro Hartford Information Services Fund operational expenses were funded by \$6.4 million in contributions from the City's General Fund. Net assets increased by \$410 thousand during the year.

### ***General Fund Budgetary Highlights***

There were no supplemental appropriations in the City's General Fund.

The City's General Fund fund balance and budgetary fund balance are both \$16.2 million at year end. There were \$95 thousand encumbrances at year end with the General Fund.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At June 30, 2009, the City had \$1.2 billion invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and infrastructure - Table 4.



Capital asset additions during the year totaled \$118.4 million (Note 7 to the financial statements). Construction in progress additions represent the majority of capital additions recorded by the City other than capital activity related to vehicle and equipment purchases. Refer to current period expenditures reported in Exhibit C for a detail of capital project expenditures by project in the City's Capital Improvement Fund. The majority of active projects as reported in Exhibit C qualify for capitalization under the City's asset capitalization policy.

TABLE 4  
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)  
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 71.7	\$ 71.3	\$ 8.4	\$ 8.4	\$ 80.1	\$ 79.7
Land improvements	9.9	8.0	0.2	0.1	10.1	8.1
Buildings	603.0	246.2	-	-	603.0	246.2
Other structures	8.9	3.3	57.6	56.9	66.5	60.2
Furniture and equipment	4.2	3.9	0.1	0.2	4.3	4.1
Rolling equipment	11.5	11.2	-	-	11.5	11.2
Infrastructure	204.4	198.0	-	-	204.4	198.0
Construction in progress	268.8	557.2	-	-	268.8	557.2
	<u>\$ 1,182.4</u>	<u>\$ 1,099.1</u>	<u>\$ 66.3</u>	<u>\$ 65.6</u>	<u>\$ 1,248.7</u>	<u>\$ 1,164.7</u>

There are 140 active projects in the City's Capital Improvement Fund with appropriations of \$1,215.3 million, cumulative active project expenditures of \$730.5 million and outstanding encumbrances of \$70.9 million, resulting in an unencumbered balance of \$409.0 million. Total expenditures for all projects during the fiscal year amounted to \$113.0 million. New and supplemental appropriations totaled \$121.5 million during 2009.

The City issued \$40.2 million in general obligation bonds during 2009.

More detailed information about the City's capital assets is presented in Note 7 to the financial statements.

### *Long-term debt*

At June 30, 2009, the City had \$326.5 million in bonds outstanding versus \$305.5 million last year - an increase of 40 percent - as shown in Table 5.

TABLE 5  
OUTSTANDING DEBT, AT YEAR-END  
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 295.8	\$ 275.9	\$ 30.7	\$ 29.6	\$ 326.5	\$ 305.5
Serial notes payable	1.7	1.8	-	-	1.7	1.8
<b>Total</b>	<u>\$ 297.5</u>	<u>\$ 277.7</u>	<u>\$ 30.7</u>	<u>\$ 29.6</u>	<u>\$ 328.2</u>	<u>\$ 307.3</u>

The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1.8 billion state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

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

The City's number of unemployed increased from 4,367 in calendar year 2007 to 7,062 in calendar year 2008 while the unemployment rate increased from 8.9 percent to 14.0 percent. This compares to the State's rate of 8.0 percent and the nation's rate of 6.0 percent.

The consumer price index in the northeast urban areas was higher than the national consumer price index. Inflation from October 2008 to October 2009 in the northeast was 0.2 percent while the rate was (0.2) percent for all urban areas in the U.S.

In developing the fiscal year 2010-2011 budget, the City continues to feel it is critical to examine the size and cost of government and the ability of the taxpayers to meet that burden. With costs escalating, government must evaluate services in terms of affordability and quality. Cost effectiveness, innovative approach and customer service are the standards for this evaluation.

The City feels that it is essential, given the current financial climate, to control the cost of each service provided. In developing the 2009-2010 budget, we constantly questioned how we are spending the taxpayers' money. Our goal is to offer basic services to our citizens that improve their quality of life at a price affordable to them. Our budget philosophy is not directed at cutting the cost of government by cutting services. It is directed toward cutting costs and improving services.

We must be innovative in our approach to the work that we do. The City cannot afford to follow the Business As Usual rule. It is our responsibility to challenge our employees and ourselves to find better ways to provide governmental services. Education and goal setting are the keys to innovation. Encouraging our employees' growth and development will foster innovation. The City of Hartford should be in the vanguard of how cities do business.

The adopted budget for fiscal year 2009-10 of \$535.8 million is a decrease of \$11.8 million over the revised 2008-09 budget. The negative growth in State aid exacerbates the slow growth in the City of Hartford Grand List, thus putting more pressure on property taxes. The budget includes an increase in the current year tax levy to 72.79 mills from 68.34 in the previous year.

The City is exploring ways to reduce the 2009-10 expenditure budget and increase its revenue sources. In developing the City's 2010-11 budget, various options are being explored to reduce City expenditures and maximize revenues.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, City of Hartford, 550 Main Street, Hartford, Connecticut 06103.

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## STATEMENT OF NET ASSETS

June 30, 2009

(In Thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Type Activities	Activities		Hartford Parking Authority
<b>Assets</b>				
Cash and cash equivalents	\$ 166,243	\$ 35	\$ 166,278	\$ 739
Investments	13,443	-	13,443	-
Receivables, net	147,534	-	147,534	177
Internal balances	(470)	470	-	-
Due from primary government	-	-	-	194
Other assets	316	-	316	-
Capital assets:				
Assets not being depreciated	340,506	8,428	348,934	-
Assets being depreciated, net	841,955	57,853	899,808	-
<b>Total assets</b>	<b>1,509,527</b>	<b>66,786</b>	<b>1,576,313</b>	<b>1,110</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	84,990	311	85,301	1,057
Due to component unit	-	194	194	-
Bond anticipation notes payable	10,000	-	10,000	-
Unearned revenue	16,207	-	16,207	53
Noncurrent liabilities:				
Due within one year	53,279	1,305	54,584	-
Due in more than one year	358,645	27,293	385,938	-
<b>Total liabilities</b>	<b>523,121</b>	<b>29,103</b>	<b>552,224</b>	<b>1,110</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	910,440	37,683	948,123	-
Restricted for:				
Housing loans	45,597	-	45,597	-
Trust purposes:				
Expendable	1,065	-	1,065	-
Nonexpendable	16,980	-	16,980	-
Unrestricted	12,324	-	12,324	-
<b>Total net assets</b>	<b>\$ 986,406</b>	<b>\$ 37,683</b>	<b>\$ 1,024,089</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

## STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

(In Thousands)

					Net (Expense) Revenue and Changes in Net Assets				
Functions/Programs	Expenses	Program Revenues			Primary Government			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Hartford Parking Authority	
Primary Government									
Governmental activities:									
General government	\$ 58,575	\$ 2,374	\$ 2,338	\$ -	\$ (53,863)	\$ -	\$ (53,863)	\$ -	
Public safety	95,466	2,053	4,742	-	(88,671)	-	(88,671)	-	
Public works	30,290	14,715	2,177	4,683	(8,715)	-	(8,715)	-	
Development and community affairs	56,269	957	52,230	1,685	(1,397)	-	(1,397)	-	
Human services	34,601	3,611	24,046	-	(6,944)	-	(6,944)	-	
Education	450,428	830	305,442	65,357	(78,799)	-	(78,799)	-	
Recreation and culture	10,227	458	944	183	(8,642)	-	(8,642)	-	
Interest on long-term debt	17,169	-	-	-	(17,169)	-	(17,169)	-	
Total governmental activities	753,025	24,998	391,919	71,908	(264,200)	-	(264,200)	-	
Business-type activities:									
Hartford Parking Facilities	3,760	5,309	-	3,214	-	4,763	4,763	-	
Total business-type activities	3,760	5,309	-	3,214	-	4,763	4,763	-	
Total primary government	\$ 756,785	\$ 30,307	\$ 391,919	\$ 75,122	(264,200)	4,763	(259,437)	-	
Component Units:									
Hartford Parking Authority	\$ 10,762	\$ 10,762	\$ -	\$ -				-	
		General revenues:							
		Property taxes			256,520	-	256,520	-	
		Grants and contributions not restricted to specific programs			53,234	-	53,234	-	
		Unrestricted investment earnings			(416)	7	(409)	-	
		Miscellaneous			2,492	-	2,492	-	
		Transfers			3,061	(3,061)	-	-	
		Total general revenues and transfers			314,891	(3,054)	311,837	-	
		Change in net assets			50,691	1,709	52,400	-	
		Net assets - beginning			935,715	35,974	971,689	-	
		Net assets - ending			\$ 986,406	\$ 37,683	\$ 1,024,089	\$ -	

The notes to the financial statements are an integral part of this statement



## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

(In Thousands)

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 59,375	\$ 63,042	\$ 5,670	\$ 181	\$ 7,892	\$ 23,790	\$ 159,950
Investments	-	-	-	-	-	13,443	13,443
Receivables, net	45,597	38,813	45,597	-	1,703	15,364	147,074
Due from other funds	1,965	2,582	-	-	584	-	5,131
Inventories and other assets	-	-	-	-	-	316	316
<b>Total assets</b>	<b>\$ 106,937</b>	<b>\$ 104,437</b>	<b>\$ 51,267</b>	<b>\$ 181</b>	<b>\$ 10,179</b>	<b>\$ 52,913</b>	<b>\$ 325,914</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	45,032	24,136	450	35	4,413	4,591	78,657
Due to other funds	412	2,131	-	-	360	2,212	5,115
Deferred/unearned revenue	45,180	3,607	45,566	-	5,190	12,583	112,126
Bond anticipation notes	-	10,000	-	-	-	-	10,000
<b>Total liabilities</b>	<b>90,624</b>	<b>39,874</b>	<b>46,016</b>	<b>35</b>	<b>9,963</b>	<b>19,386</b>	<b>205,898</b>
<b>Fund balances</b>							
Reserved	95	70,972	-	-	-	28,241	99,308
Unreserved, reported in:							
General fund	16,218	-	-	-	-	-	16,218
Special revenue funds	-	-	5,251	-	216	3,281	8,748
Debt service funds	-	-	-	146	-	-	146
Capital project funds	-	(6,409)	-	-	-	2,005	(4,404)
<b>Total fund balances</b>	<b>16,313</b>	<b>64,563</b>	<b>5,251</b>	<b>146</b>	<b>216</b>	<b>33,527</b>	<b>120,016</b>
<b>Total liabilities and fund balances</b>	<b>\$ 106,937</b>	<b>\$ 104,437</b>	<b>\$ 51,267</b>	<b>\$ 181</b>	<b>\$ 10,179</b>	<b>\$ 52,913</b>	<b>\$ 325,914</b>

The notes to the financial statements are an integral part of this statement.

(Continued on Next Page)

## BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)

June 30, 2009

(In Thousands)

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 120,016
--	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	1,695,377	
Less accumulated depreciation	<u>512,916</u>	
Net capital assets		1,182,461

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables	20,188
Interest receivable on property taxes	6,361
Receivable from the State for school construction projects	16,197
Housing loans	45,566
Other receivables	7,607

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

(24,076)

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

Bonds and notes payable	(295,845)
Interest payable on bonds and notes	(5,340)
Compensated absences	(32,469)
HUD loans	(2,478)
Capital leases	(8,142)
Clean Water Fund serial note	(1,745)
Net OPEB obligation	(28,166)
Net pension obligation	(5,586)
Bond premium	(8,295)
Deferred charges on refunding	<u>152</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 986,406

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

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property taxes	\$ 250,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,668
Licenses, permits, and other charges	8,155	-	-	-	-	-	8,155
Intergovernmental revenues	270,021	67,223	-	-	77,198	90,620	505,062
Charges for services	1,961	-	-	-	-	7,392	9,353
Use of property	4,196	-	-	-	-	-	4,196
Investment income (loss)	201	652	329	-	-	(1,598)	(416)
Miscellaneous	5,756	-	783	-	7,681	2,513	16,733
<b>Total revenues</b>	<b>540,958</b>	<b>67,875</b>	<b>1,112</b>	<b>-</b>	<b>84,879</b>	<b>98,927</b>	<b>793,751</b>
<b>EXPENDITURES</b>							
Current:							
General government	20,929	-	-	-	-	2,810	23,739
Public safety	72,998	-	-	-	-	7,390	80,388
Public works	13,629	-	-	-	-	4,083	17,712
Development and community affairs	2,241	-	2,202	-	-	50,414	54,857
Human services	7,565	-	-	-	-	26,221	33,786
Education	305,432	-	-	-	83,736	11,367	400,535
Recreation and culture	-	-	-	-	-	9,234	9,234
Benefits and insurance	57,985	-	-	-	-	-	57,985
Other	31,335	-	-	-	-	-	31,335
Capital outlay	-	113,021	-	-	-	-	113,021
Debt service	-	1,053	-	33,833	-	3,278	38,164
<b>Total expenditures</b>	<b>512,114</b>	<b>114,074</b>	<b>2,202</b>	<b>33,833</b>	<b>83,736</b>	<b>114,797</b>	<b>860,756</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>28,844</b>	<b>(46,199)</b>	<b>(1,090)</b>	<b>(33,833)</b>	<b>1,143</b>	<b>(15,870)</b>	<b>(67,005)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	8,035	-	-	33,833	-	12,385	54,253
Transfers out	(48,466)	(933)	-	-	-	(1,793)	(51,192)
Serial notes issued	-	40,225	-	-	-	-	40,225
Bond premium	-	1,357	-	-	-	-	1,357
Capital leases	-	-	-	-	-	1,700	1,700
<b>Total other financing sources (uses)</b>	<b>(40,431)</b>	<b>40,649</b>	<b>-</b>	<b>33,833</b>	<b>-</b>	<b>12,292</b>	<b>46,343</b>
<b>Net change in fund balances (deficits)</b>	<b>(11,587)</b>	<b>(5,550)</b>	<b>(1,090)</b>	<b>-</b>	<b>1,143</b>	<b>(3,578)</b>	<b>(20,662)</b>
<b>FUND BALANCES (DEFICITS), beginning of year</b>	<b>27,900</b>	<b>70,113</b>	<b>6,341</b>	<b>146</b>	<b>(927)</b>	<b>37,105</b>	<b>140,678</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 16,313</b>	<b>\$ 64,563</b>	<b>\$ 5,251</b>	<b>\$ 146</b>	<b>\$ 216</b>	<b>\$ 33,527</b>	<b>\$ 120,016</b>

The notes to the financial statements are an integral part of this statement.

(Continued on Next Page)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS, (Continued)**  
**For the Year Ended June 30, 2009**  
**(In Thousands)**

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Reconciliation of the Statement of Revenues, Expenditures and changes in fund balances of governmental funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (20,662)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	115,177
Loss on disposal of assets	(49)
Depreciation expense	(31,724)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(2,318)
Property tax receivable - accrual basis change	4,272
Property tax interest and lien revenue - accrual basis change	1,580
Housing loans	1,455
Other receivables - accrual basis change	1,915

Change in pension and other postemployment benefit liabilities	(10,830)
--	----------

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

Bond and series note principal payments	20,600
Issuance of bonds and notes	(40,225)
Accrued interest on bonds - accrual basis change	(875)
HUD loan proceeds	(1,103)
HUD loan principal payments	1,470
Capital lease payments	2,836
Capital lease financing	(1,700)
Amortization of deferred charge on refunding	(78)
Bond premium	(1,357)
Amortization of bond premium	525

Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(946)
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Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities

12,728
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ 50,691
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The notes to the financial statements are an integral part of this statement.

## STATEMENT OF NET ASSETS (DEFICITS) - PROPRIETARY FUNDS

June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 35	\$ 6,293
Receivables, net	-	460
Due from other funds	478	-
<b>Total current assets</b>	<b>513</b>	<b>6,753</b>
<b>CAPITAL ASSETS, NET</b>		
	66,281	-
<b>Total assets</b>	<b>66,794</b>	<b>6,753</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other payables	311	993
Due to other funds	8	486
Due to component unit	194	-
Risk management claims	-	12,950
Bonds payable	1,305	-
<b>Total current liabilities</b>	<b>1,818</b>	<b>14,429</b>
<b>NONCURRENT LIABILITIES</b>		
Risk management claims	-	16,400
Bonds payable	27,293	-
<b>Total noncurrent liabilities</b>	<b>27,293</b>	<b>16,400</b>
<b>Total liabilities</b>	<b>29,111</b>	<b>30,829</b>
<b>NET ASSETS (DEFICITS)</b>		
Invested in capital assets, net of related debt	37,683	-
Unrestricted	-	(24,076)
<b>Total net assets (deficits)</b>	<b>\$ 37,683</b>	<b>\$ (24,076)</b>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS (DEFICITS) - PROPRIETARY FUNDS**

For the Year Ended June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
<b>OPERATING REVENUES</b>		
City's contribution for insurance	\$ -	\$ 82,439
Employee and pensioners contributions for insurance	-	20,752
Hartford Parking Authority - operations	5,309	-
Other	-	201
<b>Total operating revenues</b>	<b>5,309</b>	<b>103,392</b>
<b>OPERATING EXPENSES</b>		
Administrative	-	4,684
Operations	-	5,511
Insurance benefits and claims	-	80,472
Depreciation and amortization	2,635	-
<b>Total operating expenses</b>	<b>2,635</b>	<b>90,667</b>
<b>Operating income</b>	<b>2,674</b>	<b>12,725</b>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest earnings	7	3
Interest expense	(1,125)	-
<b>Total nonoperating income (expense)</b>	<b>(1,118)</b>	<b>3</b>
<b>Net income before transfers and contributions</b>	<b>1,556</b>	<b>12,728</b>
Capital Contributions	3,214	-
Transfers in	2,248	-
Transfers out	(5,309)	-
<b>Change in net assets</b>	<b>1,709</b>	<b>12,728</b>
<b>FUND NET ASSETS (DEFICITS), beginning</b>	<b>35,974</b>	<b>(36,804)</b>
<b>FUND NET ASSETS (DEFICITS), ending</b>	<b>\$ 37,683</b>	<b>\$ (24,076)</b>

The notes to the financial statements are an integral part of this statement.

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities</b>		
City's contribution	\$ -	\$ 81,957
Cash received from insurance companies and users	-	21,943
Cash received from Hartford Parking Authority	6,815	-
Cash paid for salaries and benefits	-	(3,080)
Cash paid to suppliers and other	(319)	(100,052)
Cash paid to other funds	(1,190)	-
<b>Net cash provided by operating activities</b>	<b>5,306</b>	<b>768</b>
<b>Cash Flows From Noncapital and Related Financing Activities</b>		
Transfers from other funds	2,248	-
Transfers to other funds	(5,309)	-
<b>Net cash used in noncapital and related financing activities</b>	<b>(3,061)</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on bonds	(1,255)	-
Interest paid on bonds	(1,125)	-
<b>Net cash used in capital and related financing activities</b>	<b>(2,380)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Income on investments	7	3
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(128)</b>	<b>771</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>163</b>	<b>5,522</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 35</b>	<b>\$ 6,293</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 2,674	\$ 12,725
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,635	-
Increase in other receivables	-	(362)
Increase (decrease) in due from other funds	(478)	1,645
Decrease in accounts payable and accrued liabilities	(319)	(6,732)
Decrease in due to other funds	(1,373)	(775)
Decrease in insurance claims payable	-	(5,733)
Decrease in due from component unit	2,167	-
<b>Net cash provided by operating activities</b>	<b>\$ 5,306</b>	<b>\$ 768</b>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital contribution	\$ 3,214	\$ -
Amortization of deferred amount on refunding	\$ 236	\$ -

The notes to the financial statements are an integral part of this statement.

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2009

(In Thousands)

	Pension Trust Funds	School Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 207,493	\$ 609
Investments:		
Fixed income securities	261,827	-
Common stock and other	431,909	-
<b>Total investments</b>	<b>693,736</b>	<b>-</b>
Loan receivable	1,800	-
Accrued investment earnings	3,545	-
<b>Total assets</b>	<b>906,574</b>	<b>609</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	122	-
Net settlement due on investments purchased/sold	38,792	-
Due to student groups and other	-	609
<b>Total liabilities</b>	<b>38,914</b>	<b>609</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 867,660</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.



STATEMENT OF CHANGES IN PLAN NET ASSETS -  
 FIDUCIARY FUNDS - PENSION TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (In Thousands)

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**Additions**

## Contributions:

Employer	\$ 15,539
Plan members	8,328
<b>Total contributions</b>	<u>23,867</u>

## Investment Income (Loss):

Net depreciation in fair value of investments	(170,073)
Interest and dividends	21,323
<b>Total investment loss</b>	<u>(148,750)</u>

## Less investment expense

<b>Net investment loss</b>	<u>3,238</u> <u>(151,988)</u>
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**Deductions**

Benefits	82,724
Administration	2,231
Other	636
<b>Total deductions</b>	<u>85,591</u>

<b>Net decrease</b>	(213,712)
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**Net Assets Held in Trust for Pension Benefits**

Beginning of year	<u>1,081,372</u>
End of year	<u>\$ 867,660</u>

The notes to the financial statements are an integral part of this statement.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2009

(In Thousands)

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#### Note 1. Summary of Significant Accounting Policies

The financial statements of the City of Hartford, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

##### Reporting entity

The City of Hartford, Connecticut was incorporated May 29, 1784 and the City consolidated in April, 1896. The City operates under a Mayor-Council form of government and provides a full range of services including public safety, roads, solid waste collection, health, social services, culture and recreation, education, planning, development, zoning and general administrative services.

As required by generally accepted accounting principles, these financial statements present the primary government and the following component unit.

##### Discretely presented component unit

The Hartford Parking Authority (the Authority) has been included in the City's reporting as a governmental fund type in accordance with GAAP. The Authority was created pursuant to Chapter 100 of the General Statutes of Connecticut and is governed by five members appointed by the Mayor. The purpose of the Authority is to create, establish, finance, maintain, and operate the City of Hartford's dedicated parking facilities, and regulate the uses and parking rates to be charged at other regulated parking facilities. The City will maintain ownership of the facilities and retire associated debt with net parking revenue received from the Authority. Separate financial statements of the Authority are available from the Authority's offices, 155 Morgan Street, Hartford, Connecticut.

##### Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. 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 City is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The various fund types included in the financial statements are described below:

#### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

*General Fund* - the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service, and interest income.

*Special Revenue Funds* - account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Debt Service Fund* - accounts for the payment of principal and interest on general long-term debt of the City.

*Capital Project Funds* - account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Permanent Funds* - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

#### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the City's proprietary funds:

*Enterprise Funds* - account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The reported enterprise fund of the City accounts for activities of the Hartford Parking Facilities.

*Internal Service Funds* - account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The reported internal service funds of the City include self-insured funds for Employee Benefits, Workers' Compensation,

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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and Liability and Property Damage and a fund used to account for the centralized operations of the Metro Hartford Information Services.

#### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Funds* - account for the Municipal Employees' Retirement System.

*Agency Funds* - are custodial in nature (assets equal liabilities). Agency Funds apply the accrual basis of accounting but do not involve measurement of results of operation. The School System Student Activity Fund and Adult Education Book Fund are the City's only agency funds.

#### Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded 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 for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 (generally 60 days). 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, pension obligations, other post-employment obligations, and claims and judgments, are recorded only when payment is due (matured).

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, primarily licenses and fees, are considered to be measurable and available only when cash is received.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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The City reports the following major governmental funds:

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

The *Capital Improvement Fund* accounts for the proceeds of general obligation bonds and grants for various construction and reconstruction projects.

The *Community Development Loan and Grant Fund* accounts for loan and grant activities associated with the housing and development program.

The *Debt Service Fund* accounts for the payment of principal and interest on general long-term debt of the City.

The *Educational Grants Fund* accounts for State and Federal grants received and expended for educational purposes.

The City reports the following major enterprise fund:

The *Hartford Parking Facilities Fund* accounts for the operations of the City's dedicated parking facilities in conjunction with the Hartford Parking Authority.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for the risk management program of the City and the centralized operations of the Metro Hartford Information Services.

The *Pension Trust Funds*, fiduciary funds, account for the activities of the Hartford Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

The *Agency Funds*, fiduciary fund, account for monies held as a custodian for outside student groups.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between certain City's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions,

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise fund, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service 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 nonoperating revenues and expenses.

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

#### Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### Investments

Investments are stated at fair value, based on quoted market prices, except as disclosed below.

The pension funds allow for investments in certain alternative investments. Alternative investments may include private equity partnerships, hedge and absolute return funds for which there may be no ready market to determine fair value. These investments are valued using the most recent valuation available from the external fund manager. These estimated values do not necessarily represent the amounts that will ultimately be realized upon the disposition of those assets, which may be materially higher or lower than values determined if a ready market for the securities existed.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. Investments in 2a7 like pools are stated at the position in the pool, and are the same as the value of the pool shares, amortized cost.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables, including those for component units, are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$3.9 million is equal to 16.9% of outstanding property taxes at June 30, 2009.

The City's property tax is levied each May on the assessed value listed as of the prior October 1 for all taxable real and personal property located in the City. The lien date is July 1 on the May 1 levy. Assessed values are established by the City Assessor at 70% of fair market value for all properties on the grand list as of October 1 each year. Taxes under \$100 (amount not rounded) are due in one installment July 1; real and personal property taxes of over \$100 (amount not rounded) are due in two installments July 1 and January 1. Motor vehicle taxes in excess of \$100 (amount not rounded) are due in two installments July 1 and January 1. Delinquent taxes are assessed interest of 1.5% per month. In accordance with revenue recognition rules for property taxes, all uncollected property taxes at year end have been deferred.

The City has also entered into various loan agreements with third parties related to its public housing programs. These loan agreements have been recorded as notes receivable within the Community Development Loan and Grant Fund. Under these agreements, the City has loaned money for the purpose of establishing and/or improving public housing units. The loans are secured by an interest in the property being acquired and/or improved. The programs consist of the House Hartford Program, the Home Ownership Appraisal GAP Financing Program, Home Program and the Housing Preservation Loan Program. The City develops an allowance for uncollectible amounts on a loan-by-loan basis.

#### Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

#### Capital assets

Capital assets, which include land, buildings, 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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and building improvements	20-40
Other structures	15
Office furniture, equipment and PC hardware	5
Computer equipment	3-5
Shop, playground, and grounds maintenance equipment	10-20
Autos, trucks, construction vehicles	5-15
Infrastructure	25-70

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

#### Compensated absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

#### 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 assets. 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 as reported include unamortized bond premiums and discounts. Significant 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



## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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from the actual debt proceeds received, and bond principal payments, are reported as debt service expenditures.

#### Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

#### Fund equity and net assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

***Invested in Capital Assets, Net of Related Debt*** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

***Restricted Net Assets*** – This category presents external restriction imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Assets or Deficit*** – This category represents the net assets of the City, which are not restricted. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories. The three categories, and their general meanings, are as follows:

***Reserved fund balance*** - indicates that portion of fund equity which has been legally segregated for specific purposes or is not available for appropriation.

***Unreserved-Designated fund balance*** - indicates that portion of fund equity for which the City has made tentative plans.

***Unreserved fund balance (deficit)*** - indicates that portion of fund equity which is available for appropriation and expenditure in future periods. A deficit will require future funding.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Note 2. Stewardship, Compliance and Accountability

##### Budgetary information

The City adopted the legal budget for the 2008-2009 General Fund in accordance with the procedures summarized below:

By the third Monday in April, the Mayor must submit to the City Council a recommended operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

Through direction of the Mayor and the City Council, open meetings and public hearings are held to obtain residents' and taxpayers' comments on the recommended budget.

The City Council modifies the budget by resolution (except revenues, debt service and pension requirements) and then submits the budget as amended to the Mayor for certification no later than May 21.

The Mayor may approve, reduce, and/or disapprove the budget within 48 hours, but no later than May 23.

Upon action by the Mayor, Council has until May 31 to adopt the budget, the appropriation ordinance and the tax levy ordinance. If it fails to adopt the budget by that date the budget as certified by the Mayor shall be deemed to be the budget of the City for the ensuing fiscal year and expenditures shall be made in accordance therewith (Hartford Municipal Code Sec. 9).

After the budget has been adopted and the new fiscal year begins, an appropriation may be amended. The Mayor may, at any time, transfer any unencumbered balance or portion thereof, from one classification of expenditures to another within the same department.

At the request of the Mayor, but only within the last three months of the fiscal year, the Court of Common Council may transfer by resolution, any unencumbered appropriation balance or portion thereof from one department or agency to another.

Supplemental appropriations are made on the recommendation of the Mayor upon certification by the Director of Finance that there exists an available general fund cash surplus to meet this appropriation.

Budgets for General Fund are presented on a basis consistent with generally accepted accounting principles except that encumbrances and transfers out are shown as budgetary obligations and transfers in are shown as revenues.

The General Fund budget is the City's only legally adopted annual budget. Budgets for Special Revenue and Capital Projects Funds are adopted on a project length basis in accordance with related grant or funding agreements.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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The level of control for the General Fund budget is at the department/major activity level which are authorized by ordinance. The level of control for Capital Projects Funds is appropriations at the project level. Total expenditures cannot exceed total appropriations by project, over the length of the project.

The Community Development Block Grant (Special Revenue) project budgets are approved by City Council. The level of control for all other Special Revenue Funds is at the project or program level in accordance with agreement provisions and various budgetary periods.

All unencumbered and unexpended appropriations lapse at year end for the General Fund. Appropriations do not lapse at year end for Special Revenue Funds. Appropriations for capital projects are carried forward until such time as the project is completed or terminated.

During the fiscal year ended June 30, 2009 there were no General Fund supplemental budget appropriations and there were no additional appropriations against fund balance.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

#### **Note 3. Cash, Cash Equivalents and Investments**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment funds are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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designated surplus reserve, and the value of the position in the pool is the same as the value of the pool shares.

The City pension plan asset allocation parameters are as follows:

Equities	50%
Fixed income securities	48.5%
Cash	1.5%

#### Deposits

#### City

***Custodial Credit Risk*** – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy includes policies on the safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. As of June 30, 2009, \$194,120 of the City's bank balance of \$218,379 was uninsured and uncollateralized.

#### Hartford Parking Authority

***Custodial Credit Risk*** – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority follows the City's deposit policies which include policies on the safety of principal, prudence, and financial dealings with institutions to mitigate custodial credit risk. As of June 30, 2009, \$116 of the Authority's bank balance of \$386 was uninsured and uncollateralized.

Cash and investments of the City consist of the following at June 30, 2009:

#### **Cash and Cash Equivalents**

Deposits with financial institutions	\$	205,426
State of Connecticut Short-Term Investment fund		168,954
<b>Total cash and cash equivalents</b>		<b>374,380</b>

#### **Investments**

Non-Major Funds		
U.S. Government Agencies	1,373	*
U.S. Treasury	2,232	*
Corporate Bonds	2,822	*
Foreign Bonds	53	*
Common Stock	6,963	*
<b>Total non-major funds</b>	<b>13,443</b>	

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Pension Trust Funds:	
U.S. Government Agencies	31,345 *
U.S. Treasury	80,679 *
Corporate Bonds	89,093 *
Foreign Bonds	43,662 *
Municipal Bonds	2,885 *
Asset and Mortgage Backed	5,238 *
Alternative Investments	40,233
Common stock	391,676 *
Other Bonds	8,925 *
<b>Total pension trust funds</b>	<b>693,736</b>
<b>Total investments</b>	<b>707,179</b>
<b>Total cash and investments</b>	<b>\$ 1,081,559</b>

\* These investments are uninsured and unregistered, with securities held by the counterparty, but not in the City's or the pension fund's name.

Cash and investments are classified in the accompanying financial statements as follows:

<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ 166,278
Investments	13,443
<b>Total statement of net assets</b>	<b>179,721</b>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	208,102
Investments	693,736
	901,838
<b>Total cash and investments</b>	<b>\$ 1,081,559</b>

**Interest rate risk:** This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's and Pension Plan's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's formal investment policy includes asset allocation percentage ranges to assist in limiting interest rate risk.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

*Foreign currency risk:* The City's and Pension Plan's formal investment policy limits at any point in time, the exact level of investment in international equities to between seventeen percent and twenty-one percent of the total MERF portfolio. The City's exposure to foreign currency related to equities, fixed income securities and other domestic equities as of June 30, 2009, is as follows:

	Currency	Fair Value
Fixed Income Securities:	Euro Currency Unit	\$ 18,501
	Japanese Yen	16,113
	Australian Dollar	3,319
	Mexican New Peso	1,876
	Other foreign currencies	3,852
Equities:	Japanese Yen	15,016
	Euro Currency Unit	7,362
	British Pound Sterling	1,501
	South Korean Won	1,568
	Hong Kong Dollar	1,217
	Canadian Dollar	1,214
	Singapore Dollar	1,133
	Swiss Franc	2,588
	Other foreign currencies	3,256

Information about the exposure of the City's debt type investments to interest rate risk using the segmented time distribution model is as follows:

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)				
		N/A	Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
Asset and Mortgage Backed	\$ 5,238	\$ -	\$ -	\$ 1,326	\$ 105	\$ 3,807
Foreign Bonds	43,715	-	4,639	10,381	18,175	10,520
U.S. Government Agencies	32,718	246	674	877	3,171	27,750
Other Bonds	8,925	-	14	1,706	2,814	4,391
Municipal Bonds	2,885	-	-	-	-	2,885
U.S. Treasury	82,911	-	690	17,690	29,496	35,035
Corporate Bonds	91,915	-	577	6,638	15,750	68,950
Pooled fixed income	168,954	-	168,954	-	-	-
<b>TOTAL</b>	<b>\$ 437,261</b>	<b>\$ 246</b>	<b>\$ 175,548</b>	<b>\$ 38,618</b>	<b>\$ 69,511</b>	<b>\$ 153,338</b>

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Credit risk - investments: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City's and Pension Plan's investment policy further limits its investment choices including prohibiting investments in derivatives that are not used for the specific purposes identified in the City's Funding and Investment Policy Statement. Other prohibited transactions are identified in Article X of the Funding and Investment Policy Statement. The following are the actual ratings by Standard and Pools.

Actual Rating	Asset and Mortgage Backed	Foreign Bonds	U.S. Gov't Agencies	Other Bonds	Municipal Bonds	U.S. Treasury	Corporate Bonds	Pooled Fixed Income
AAA	\$ 3,972	\$ 7,300	\$ 1,373	\$ 394	\$ 682	\$ 82,911	\$ 4,139	\$ 168,954
AA+	180	1,023	-	-	215	-	3,254	-
AA	15	10,871	-	88	482	-	2,739	-
AA-	-	-	-	1,259	307	-	6,271	-
A+	-	12,826	-	1,525	1,013	-	10,173	-
A	5	4,222	-	1,275	186	-	28,887	-
A-	-	137	-	880	-	-	14,997	-
BBB+	-	-	-	1,410	-	-	6,553	-
BBB	436	-	-	739	-	-	6,672	-
BBB-	-	-	-	157	-	-	1,866	-
BB+	-	-	-	144	-	-	229	-
BB	145	-	-	459	-	-	2,295	-
BB-	-	-	-	327	-	-	1,767	-
B+	-	-	-	29	-	-	405	-
B	-	-	-	-	-	-	359	-
B-	-	-	-	-	-	-	250	-
CCC	5	-	-	-	-	-	315	-
CC	-	-	-	2	-	-	149	-
Unrated	480	7,336	31,345	237	-	-	595	-
	\$ 5,238	\$ 43,715	\$ 32,718	\$ 8,925	\$ 2,885	\$ 82,911	\$ 91,915	\$ 168,954

Concentration of Credit Risk - The City's and Pension Plan's investment policy does not allow for an investment in securities that are not readily marketable in any one issuer that is in excess of five percent of the City's total portfolio. Additionally, investment manager guidelines require that investments be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), 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 individual

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

investments in fixed income securities, equities, private equity contracts, other domestic equities, U.S treasury securities, domestic corporate bonds, and U.S federal agency securities are uninsured and unregistered securities held by a counterparty, or by its trust department or agent that are not in the City's name. The City's other investments are held in open-end mutual funds which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

### Note 4. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Improvement Fund	Community Development Loan and Grant Fund	Educational Grants	Nonmajor and Other Funds	Internal Service Fund	Total Governmental Funds
<b>Receivables</b>							
Taxes	\$ 23,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,480
Accrued interest on taxes	8,324	-	-	-	-	-	8,324
Intergovernmental	16,197	38,813	-	1,703	6,310	-	63,023
Accounts	2,687	-	-	-	8,090	460	11,237
Housing loans	-	-	66,349	-	-	-	66,349
Section 108-business loans	-	-	-	-	2,513	-	2,513
Gross receivables	50,688	38,813	66,349	1,703	16,913	460	174,926
<b>Less:</b>							
Allowance for uncollectibles:							
Taxes	(3,968)	-	-	-	-	-	(3,968)
Accrued interest on taxes	(1,123)	-	-	-	-	-	(1,123)
Accounts	-	-	-	-	(1,549)	-	(1,549)
Housing loans	-	-	(20,752)	-	-	-	(20,752)
Total allowance	(5,091)	-	(20,752)	-	(1,549)	-	(27,392)
Net total receivables	\$ 45,597	\$ 38,813	\$ 45,597	\$ 1,703	\$ 15,364	\$ 460	\$ 147,534



# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Note 5. Unearned Revenue/Deferred Revenue

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

<u>Primary Government Unit</u>	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 20,188	\$ -	\$ 20,188
Accrued interest on delinquent property taxes	6,361	-	6,361
School building construction grant receivables	16,197	-	16,197
Other accounts receivable	2,434	-	2,434
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements	-	3,607	3,607
Community Development Loan and Grant:			
Housing loans and interest	45,566	-	45,566
Educational Grants:			
Grant drawdowns prior to meeting all eligibility requirements	-	5,190	5,190
Nonmajor and other funds:			
Grant drawdowns prior to meeting all eligibility requirements and other	2,899	7,410	10,309
Section 108 - business loans	2,274	-	2,274
Total deferred/unearned revenue for governmental funds	\$ 95,919	\$ 16,207	\$ 112,126
<u>Discretely Presented Component Unit</u>			
Parking Authority:			
Other deferred revenues	\$ -	\$ 53	\$ 53

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

**Note 6. Interfund Receivables, Payables and Transfers**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2009 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 1,965	\$ 412
Capital Improvement	2,582	2,131
Educational Grants	584	360
Internal Service Fund	-	486
Hartford Parking Facilities	478	8
Nonmajor Governmental Funds	-	2,212
	<u>\$ 5,609</u>	<u>\$ 5,609</u>

A summary of interfund transfers is presented below:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 8,035	\$ 48,466
Capital Improvement Fund	-	933
Debt Service	33,833	-
Nonmajor Governmental Funds	12,385	1,793
Hartford Parking Facilities	2,248	5,309
Total	<u>\$ 56,501</u>	<u>\$ 56,501</u>

Transfers from the General Fund to the Debt Service Fund represent the City's payment toward debt service on bonds outstanding. Transfers from the Hartford Parking Facilities enterprise fund to the General Fund represents a portion of net activity derived from the City's parking facilities. Transfers from the Nonmajor Governmental Funds to the General Fund primarily include net income derived from the City's police private duty services program. Transfers from the General Fund to the Nonmajor Governmental funds include \$8.2 million in support of the City's library program.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 71,340	\$ -	\$ -	\$ 362	\$ 71,702
Construction in progress	557,158	109,650	-	(398,004)	268,804
Total capital assets, not being depreciated	628,498	109,650	-	(397,642)	340,506
Capital assets, being depreciated:					
Land improvements	20,159	1,520	-	1,337	23,016
Buildings	437,298	-	-	376,280	813,578
Other structures	15,165	-	-	5,980	21,145
Furniture and equipment	32,607	1,514	-	-	34,121
Rolling equipment	36,532	2,493	(343)	-	38,682
Infrastructure	410,327	-	(43)	14,045	424,329
Total capital assets being depreciated	952,088	5,527	(386)	397,642	1,354,871
Less accumulated depreciation for:					
Land improvements	(12,114)	(947)	-	-	(13,061)
Buildings	(191,101)	(19,465)	-	-	(210,566)
Other structures	(11,927)	(350)	-	-	(12,277)
Furniture and equipment	(28,778)	(1,203)	26	-	(29,955)
Rolling equipment	(25,318)	(2,141)	311	-	(27,148)
Infrastructure	(212,291)	(7,618)	-	-	(219,909)
Total accumulated depreciation	(481,529)	(31,724)	337	-	(512,916)
Total capital assets, being depreciated, net	470,559	(26,197)	(49)	397,642	841,955
Governmental activities capital assets, net	\$ 1,099,057	\$ 83,453	\$ (49)	\$ -	\$ 1,182,461

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,428	\$ -	\$ -	\$ 8,428
Total capital assets, not being depreciated	8,428	-	-	8,428
Capital assets, being depreciated:				
Land improvements	29	-	-	29
Parking garages	70,218	-	(230)	69,988
Other Structures	-	3,202	-	3,202
Furniture, fixtures and equipment	260	12	-	272
Total capital assets, being depreciated	70,507	3,214	(230)	73,491
Less accumulated depreciation for:				
Land improvements	(9)	(1)	4	(6)
Parking garages	(13,272)	(2,024)	101	(15,195)
Other Structures	-	(320)	-	(320)
Furniture, fixtures and equipment	(63)	(54)	-	(117)
Total accumulated depreciation	(13,344)	(2,399)	105	(15,638)
Total capital assets, being depreciated, net	57,163	815	(125)	57,853
Business-type activities capital assets, net	\$ 65,591	\$ 815	\$ (125)	\$ 66,281

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

<b>Governmental Activities:</b>	
General government	\$ 831
Public safety	1,958
Public works	10,236
Development and community affairs	831
Human services	156
Education	16,738
Recreation and culture	974
Total depreciation expense – governmental activities	<u>\$ 31,724</u>
<b>Business-type activities:</b>	
Hartford Parking facilities	<u>\$ 2,399</u>

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Construction Commitments

The City has the following authorized construction projects in the Capital Improvement Fund as of June 30, 2009. The projects include building construction and facility improvements, land and structure improvements to parks and cultural facilities, transportation improvement projects, and other capital improvement projects.

At year-end, the City's encumbrances and commitments with contractors are as follows:

	Cumulative Appropriations	Cumulative* Disbursements	Encumbrances* and Commitments	Unencumbered Balance
Public works - facilities	\$ 49,487	\$ 16,487	\$ 2,771	\$ 30,229
Public safety - facilities	90,900	20,424	1,312	69,164
Recreation and culture projects	98,110	73,861	7,482	16,767
Education projects	860,741	538,406	55,248	267,087
Public works - infrastructure	102,878	72,671	8,277	21,930
Local capital improvement projects	13,177	8,637	687	3,853
	<u>\$ 1,215,293</u>	<u>\$ 730,486</u>	<u>\$ 75,777</u>	<u>\$ 409,030</u>

\* Excludes retainage payable recorded in the financial statements in the amount of \$2.1 million at June 30, 2009.

#### **Note 8. Leases**

##### Operating leases

##### ***Lease Agreements as Lessor***

The City leases certain building, land, and air space rights under operating leases. The agreements provide for minimum annual rentals plus contingent rentals based on a percentage of cash flow from the properties.

The total rental income from operating leases during 2009 amounted to \$2.7 million. The cost of the buildings and land associated with these rental income amounts is estimated at \$32.8 million with a carrying value of \$20.1 million. Depreciation expense related to these properties was \$616 thousand during the year.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### *Lease Agreements as Lessee*

The City entered into a 10 year lease commencing in 2001 for the rental of office and storage space from the Hartford Downtown Revival, LLC for the Board of Education. Future minimum lease payments are \$834 per year through Fiscal Year 2010.

The City entered into a 15 year lease commencing on July 1, 2002 for the rental of office space from the Connecticut Constitution Associates, LLC for the various City departments and agencies. At the beginning of year six and year eleven, the base rent will be increased by an amount equal to the product of the base rent times 100% of the percentage increase, if any, of the CPI over the CPI at the commencement date or the first day of the sixth lease year, as the case may be. Future minimum lease payments are projected as follows.

2010-2017	\$1,000*
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\* Annual lease payment without consideration of potential increases resulting from the change in the CPI in the eleventh year of the fifteen year lease.

In addition to the base rent, the City pays a proportionate share of the landlord's operating expenses and real estate taxes. During the fiscal year ended June 30, 2009, base rent and additional rent amounted to \$1,623.

The City entered into a seven-year lease commencing in 2005 for the rental of a building at 875 Asylum Avenue for use as a Board of Education administration building and as additional classroom space for West Middle School. Future minimum lease payments are projected as follows:

2010	\$ 293
2011	293
2012	293

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

Note 9. Long-Term Debt

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 276,140	\$ 40,225	\$ (20,520)	\$ 295,845	\$ 19,150
Less: deferred issue costs, premiums and loss on refundings	(230)	-	78	(152)	-
<b>Total bonds payable</b>	<b>275,910</b>	<b>40,225</b>	<b>(20,442)</b>	<b>295,693</b>	<b>19,150</b>
Compensated absences	31,523	17,447	(16,501)	32,469	16,490
HUD Section 108 loans	2,845	1,103	(1,470)	2,478	1,373
Capital leases	9,278	1,700	(2,836)	8,142	3,235
CWF Serial Note	1,825	-	(80)	1,745	81
Net OPEB obligation	16,175	11,991	-	28,166	-
Net pension obligation	6,747	-	(1,161)	5,586	-
Risk management claims	35,083	74,737	(80,470)	29,350	12,950
<b>Total capital assets being depreciated</b>	<b>103,476</b>	<b>106,978</b>	<b>(102,518)</b>	<b>107,936</b>	<b>34,129</b>
<b>Total governmental activities long-term liabilities</b>	<b>\$ 379,386</b>	<b>\$ 147,203</b>	<b>\$ (122,960)</b>	<b>\$ 403,629</b>	<b>\$ 53,279</b>

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### General Obligation Bonds

General obligation bonds represent long-term indebtedness backed by the full faith and credit of the City and are comprised of the following groups of issues:

Date of Issue	Interest Rate (%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2009
November 1998	4.00-5.00	\$ 25,649	2018	\$ 1,425	\$ 14,249
June 2000	5.00-6.00	19,001	2010	1,001	1,001
May 2001	4.25-5.50	23,000	2015	1,150	6,900
March 2003	4.25-5.25	30,225	2016	1,250-2,340	17,350
July 2004	3.50-5.50	34,000	2023	1,600-1,800	26,800
June 2005	4.50-5.00	29,510	2020	1,050-3,600	29,510
June 2005	3.00-5.00	32,300	2024	1,700	27,200
June 2006	4.00-5.00	70,000	2025	3,685	62,645
June 2007	4.00-5.25	70,000	2026	3,680-3,685	66,315
February 2009	2.50-5.00	40,225	2022	2,115-2,120	40,225
March 1972	5.10	2,750	2012	750	750
December 1972	5.00	1,500	2012	500	500
February 1993	4.90-5.62	7,200	2013	600-1,200	2,400
					<u>\$ 295,845</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2009 are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 19,150	\$ 13,682	\$ 32,832
2011	21,265	12,879	34,144
2012	21,260	11,862	33,122
2013	21,010	10,822	31,832
2014	20,280	9,836	30,116
2015-2019	94,335	35,076	129,411
2020-2024	67,860	15,487	83,347
2025-2028	30,685	2,541	33,226
	<u>\$ 295,845</u>	<u>\$ 112,185</u>	<u>\$ 408,030</u>



# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Clean Water Fund - Serial Notes Payable

The City has entered into a Clean Water Fund serial note payable to the State of Connecticut as part of a tower brook conduit extension project administered by the Metropolitan District. Principal in the amount of \$80 and interest in the amount of \$36 was paid in the 2008-09 fiscal year. Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 81	\$ 34	\$ 115
2011	83	33	116
2012	85	31	116
2013	86	29	115
2014	88	27	115
2015-2019	468	110	578
2020-2024	518	60	578
2025-2028	336	10	346
	<u>\$ 1,745</u>	<u>\$ 334</u>	<u>\$ 2,079</u>

In previous years the City has defeased general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2009, the following bonds outstanding are considered defeased:

Year of Original Issue	Date Refunded	Refunded Amount	Defeased Balance
1998	06/01/2005	\$ 13,185	\$ 13,185
2000	06/01/2005	10,000	10,000
2001	06/01/2005	6,900	6,900
2000	04/01/2005	31,285 *	29,570

\* Morgan Street Garage Revenue Bonds

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The City's indebtedness (\$503 million) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 567,054	\$ 335,654	\$ 231,400
Schools	1,134,108	126,103	1,008,005
Sewer	945,090	41,496	903,594
Urban renewal	819,078	-	819,078
Pension deficit	756,072	-	756,072

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$1.8 billion).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. School building grants totaling \$16.0 million are applicable to outstanding bond issues. It is estimated that an additional \$205.5 million of authorized education project costs will be funded through State of Connecticut progress payments.

Total bonds authorized and unissued as of June 30, 2009 were:

Description	Authorized/ Unissued
General Purpose	\$ 135,021
Schools	85,942
Sewers	578
<b>Total</b>	<b>\$ 221,541</b>

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Housing and Urban Development (HUD) Section 108 Loans

Year Ended June 30,	Principal	Interest	Total
2010	\$ 160	\$ 49	\$ 209
2011	173	45	218
2012	190	40	230
2013	203	33	236
2014	215	26	241
2015-2019	1,537	28	1,565
	<u>\$ 2,478</u>	<u>\$ 221</u>	<u>\$ 2,699</u>

### Capital Leases

The City has entered into multi-year capital leases for the purchase of various vehicles and equipment. Principal payments for 2009 were \$2,836. The following is a summary of capital lease commitments as of June 30, 2009:

Year Ended June 30,	Amount
2010	\$ 3,562
2011	2,333
2012	1,985
2013	947
Total lease payments	<u>8,827</u>
Less: amount representing interest	<u>685</u>
Present value of minimum lease payments	<u>\$ 8,142</u>

The City originally issued \$13,514 in capital lease financing agreements to purchase vehicle and equipment capital assets. The net undepreciated value approximates the principal balance payable of \$8,142 at June 30, 2009.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Compensated Absences

Employees can accumulate additional amounts of unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination pay-out provisions as determined by individual union contract provides for payments to vested employees net of provisions to exchange selected amounts of accumulated sick time for pension service years. Payments to employees are appropriated from the General Fund.

The following is a summary of management's estimate of vested and non-vested potential liability for lump sum payments to employees.

	June 30, 2009
Vested:	
Sick	\$ 12,298
Vacation	12,478
Nonvested:	
Sick	7,693 *
Total	<u>\$ 32,469</u>

\* Based on estimated percentage of total non-vested obligation that potentially will vest in future years.

### Business-Type Activities

#### *Changes in Long-Term Liabilities*

Long-term liabilities for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 31,965	\$ -	\$ 1,255	\$ 30,710	\$ 1,305
Less deferred amounts on refunding	(2,348)	-	(236)	(2,112)	-
<b>Total bonds payable</b>	<u>\$ 29,617</u>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>\$ 28,598</u>	<u>\$ 1,305</u>

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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The annual requirements to amortize all general obligation bond debt outstanding as of June 30, 2009 are as follows:

Year Ended June 30,	Principal	Interest	Total
2010	\$ 1,305	\$ 1,453	\$ 2,758
2011	1,365	1,398	2,763
2012	1,425	1,341	2,766
2013	1,485	1,273	2,758
2014	1,565	1,197	2,762
2015-2019	9,125	4,674	13,799
2020-2024	11,745	2,057	13,802
2025-2027	2,695	61	2,756
	<u>\$ 30,710</u>	<u>\$ 13,454</u>	<u>\$ 44,164</u>

General obligation bonds represent long-term indebtedness backed by the full faith and credit of the City. Parking facility bonds recorded in the Hartford Parking facilities enterprise fund are comprised of the following:

Morgan Street Garage - Refunding bonds issued 2005; final maturity August 1, 2024;  
interest at 3.0% to 5.5%

\$ 30,710

### Bond Anticipation Notes

\$10,000 of bond anticipation notes were issued in April 2009 to finance various school projects. The notes mature April 2010.

### Subsequent Event

In September 2009, the City issued \$12,150 in general obligation refunding bonds; \$5,000 in bond anticipation notes due in April 2010; and \$35,000 in grant anticipation notes due in April 2010.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Note 10. Fund Balances

The following is a description of various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

#### Fund balance

*Reserved for Encumbrances and Commitments* - represents outstanding purchase orders at year end on contracts.

*Reserved for Housing Assistance* - represents the amount of funds accumulated in the Section 8 fund used to provide housing assistance to qualified individuals.

*Reserved for Inventory* - the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

*Reserved for Trusts* - represents the amount of funds accumulated in Other Governmental Funds to pay for specific government programs.

Fund balance reserves are as follows:

	General Fund	Capital Improvement Fund	Other Governmental Funds
Encumbrances and commitments	\$ 95	\$ 70,972	\$ 5,496
Housing assistance	-	-	4,384
Inventory	-	-	316
Trusts	-	-	18,045
Total	<u>\$ 95</u>	<u>\$ 70,972</u>	<u>\$ 28,241</u>

#### Deficit fund equity

##### Nonmajor Funds:

Hartford Public Library \$ 21

##### Internal Service Funds:

Employee Benefits 2,091

Workers' Compensation 15,741

Liability and Property Damage 6,628

\$ 24,481

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Note 11. Risk Management

The City has established a risk management program (Internal Service Funds) to account for and finance its uninsured risks of loss for employee benefits, workers' compensation, and liability and property damage. Under this program, the fund provides coverage for up to a maximum of \$250 thousand in health insurance claims for each individual per claim year, \$1 million for each worker's compensation claim, \$500 thousand for each auto and general liability claim, \$100 thousand for each property damage claim and \$150 thousand per occurrence for public officials' claims. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims have not exceeded either the self insured retention or the commercial coverage in any of the past three fiscal years. Workers' compensation salary continuation is paid from the employee's respective department budget.

The General Fund makes payments to the Self Insurance Fund based on actuarial or underwriting estimates of the amounts needed to pay current-year claims and administrative expenses and to maintain a reserve for unanticipated and future losses. The claims liability of \$29.4 million, reported in the fund at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal years 2009 and 2008 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Self-Insurance Fund:				
2007-2008	\$ 34,390	\$ 90,994	\$ 90,301	\$ 35,083
2008-2009	35,083	74,737	80,470	29,350

#### Note 12. Commitments and Contingencies

##### Contractual commitments

On June 30, 1982, the City entered into a service agreement with the Connecticut Resources Recovery Authority (CRRA) to which it is obligated to deliver a minimum tonnage of fifty-five thousand tons per year of solid waste for processing. The service fee is subject to annual revision based on the net cost of operating the facility. Pursuant to its terms, the service agreement pledges the full faith and credit of the City for payment of the service fees. The service agreement expires in 2012.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Statutory commitments

The City is a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), and is contingently liable for \$38.2 million or 27.6% of the debt of the District.

#### Contingencies

The City, its officers and employees, are defendants in numerous lawsuits. The City is insured for damages, subject to a \$500,000 deductible (see Note 11). Judgments or settlements for less than the deductible are paid from the General Fund. Corporation Counsel expects that none of the cases currently in litigation, if adversely decided, would have a negative impact on the finances of the City. In the opinion of the Corporation Counsel, there are no claims or litigation pending or to his knowledge threatened which, individually or in the aggregate, will or may result in final judgments against the City which would have a material adverse effect on the finances of the City.

#### **Note 13. Other Postemployment Benefits**

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. Benefits are established and amended through negotiations between the City and the various unions representing City employees. The City pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts towards the cost of receiving benefits under the City's self-insured medical benefits program. The City provides post-retirement benefits through a single-employer defined benefit plan. The post-retirement plan does not issue stand-alone financial reports.

#### Funding policy

The City currently funds claims and administrative costs for postemployment benefits through its self-insured internal service fund. The City's OPEB committee is evaluating various funding options to enable the City to implement a funding strategy that will balance the budgetary impact of irrevocably segregating assets in a trust fund with the City's commitment to meet the funding requirements of the actuarial accrued liability. The City anticipates a commitment to fund the normal cost and a long-term approach to the amortization of the actuarial accrued liability.

The City has not implemented a trust fund, as of June 30, 2009, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.



# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The following is the current census of City benefit participants as of July 1, 2008:

	<i>(not rounded)</i>
Active members	5,321
Retirees and spouses	<u>3,639</u>
Total	<u><u>8,960</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2009, net of retiree and other contributions, amounted to \$12,862.

### Annual OPEB Cost and Net OPEB Obligations

The City of Hartford's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

	Other Post- Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 24,500
Interest on net OPEB obligation	1,277
Adjustment for Net OPEB obligation	<u>(924)</u>
Annual OPEB cost	24,853
Contributions made	<u>12,862</u>
Increase in net OPEB obligation	11,991
Net OPEB obligation, beginning of year	16,175
Net OPEB obligation, end of year	<u><u>\$ 28,166</u></u>

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2008 and 2009 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
06/30/08	\$31,600	\$15,425	48.8%	\$16,175
06/30/09	24,853	12,862	51.8%	28,166

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the entry age normal cost method was used, applied as an effective annual rate over the plan lifetime in valuation computations.

An annual healthcare cost blended trend rate of 8.3% is used as of July 1, 2008, decreasing approximately 1% per year to an ultimate rate of 5% for 2012 and later. The remaining amortization period at July 1, 2008 was 30 years open. As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The trend for dental is 5% per annum. In addition, a 3% inflation rate was used.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

SCHEDULE OF FUNDING PROGRESS								
Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
07/01/08	\$ -	\$ 302,988	\$ 302,988	0.0%	N/A	N/A		

### Note 14. Employee Retirement Systems and Pension Plans

There are four defined benefit pension plans for employees of the City of Hartford. Two are single-employer plans, one is a cost sharing multiple-employer plan with the State of Connecticut, and one is a plan with the State of Connecticut for certified teachers at the Board of Education in which the City is a noncontributing employer.

The two single employer plans are administered by the City. The plans provide retirement, disability and survivorship benefits for all retired employees, in accordance with provisions which are subject to bargaining with unions representing most of the employees. The City provides retirement benefits for employees hired since 1947, through the City MERF, a contributory, defined benefit plan. Employees hired before the current City MERF went into effect on May 1, 1947 are paid from an unfunded program known as the RAF/PBF/FRF Plan. There are no remaining active members and the unfunded liability is decreasing rapidly.

An actuarial valuation survey is made annually on the City Municipal Employees' Retirement Fund (City MERF) and the Section 415 Plan, and at least every five years for the RAF/PBF/FRF Plan.

The City also administers an excess benefit plan established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### City of Hartford Municipal Employees' Retirement Fund (City MERF)

##### Plan Description

The City MERF is considered to be part of the City of Hartford's financial reporting entity and is included in the City's financial statements, as a pension trust fund. Individual stand-alone statements are not issued.

The City MERF was established as part of the City Charter.

As of the actuarial valuation date, July 1, 2008, City MERF membership consisted of:

	<i>(not rounded)</i>
Retirees and beneficiaries currently receiving benefits	2,664
Terminated employees entitled to benefits but not yet receiving them	136
Active plan members	<u>2,671</u>
Total	<u><u>5,471</u></u>

The City provides retirement benefits, for employees hired since May 1, 1947, through the City MERF, a single employer, contributory defined benefit plan. Under the Plan, all full-time employees, except teachers and members of certain union groups who have elected to join the State Municipal Employees' Retirement Fund (State MERF-B), are eligible. Employees are 100 percent vested after 5 or 10 years of service depending on the covered group. If an employee leaves covered employment or dies before becoming vested, accumulated employee contributions are returned with interest.

##### Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

**Basis of Accounting:** City MERF financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which employee services are performed and are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. The

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

#### Plan Changes

The valuation reflects ad hoc cost of living increases granted to eligible retirees effective July 1, 2007 and other plan provision changes for the Municipal Lawyer's Association and Local 818. Plan provision changes had a minimal impact on plan costs.

The July 1, 2008 actuarial valuation reflects changes in vesting and employee contribution rates.

There were no investments in, loans to or leases with any City MERF official, City of Hartford official, party related to a City MERF official or City of Hartford official, or organization included in the City of Hartford reporting entity.

#### Funding Policy

Sworn police officers hired before July 1, 1999 and firefighters are required to contribute 8% of pay. Sworn police officers hired after June 30, 1999 are required to contribute 6.5% of pay. Non-sworn police employees are required to contribute 4% of social security-taxed wages and 7% above the social security-taxed level. Board of Education and General Government employees contribute between 3% and 10.14% of social security-taxed wages and between 6% and 13.14% of wages above the social security-taxed level, depending on their union or non-union grouping. The City is required to contribute the remaining amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the City and may be amended only by the City Council through union negotiation.

#### Annual Pension Cost and Net Pension Obligations

The City's annual pension cost and net pension obligation to the City MERF for the current year was as follows:

Annual required contribution, July 1, 2008 valuation	\$	11,797
Interest on net pension obligation		540
Adjustment to annual required contribution		(669)
Annual pension cost		<u>11,668</u>
Contributions made		<u>12,829</u>
Decrease in net pension obligation		<u>(1,161)</u>
Net pension obligation, beginning of year		<u>6,747</u>
Net pension obligation, end of year	\$	<u><u>5,586</u></u>

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal and contractual funding limitations.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The annual required contribution for the current year was determined as part of the MERF actuarial valuation dated July 1, 2008. The actuarial method and assumptions used in the July 1, 2008 valuation are presented below:

Valuation date	7/1/08
Actuarial Method	Aggregate Actuarial Cost Method
Amortization Method	Level Dollar Amount
Remaining Amortization Method	17.84 years – open period
Asset Valuation Method	Four-year smoothed market value
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	Projected salary which vary by age and group
Inflation Rate	3.00%
Cost of Living Adjustments	None

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$15,105	\$16,481	109%	\$10,172
06/30/08	\$13,159	\$16,584	126%	\$6,747
06/30/09	\$11,668	\$12,829	110%	\$5,586

The aggregate actuarial cost method that is used for calculating the annual required contribution does not separately identify unfunded actuarial accrued liabilities. Rather, it effectively amortizes them over the average remaining life of active plan members, as part of normal cost. The aggregate actuarial cost method (first adopted for the 1969 valuation) is used for determining the funding requirements for the City MERF.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The Schedule of Funding Progress represented below has been developed using the entry age normal cost method as of July 1, 2007 for the City's MERF.

SCHEDULE OF FUNDING PROGRESS							
Actuarial Valuation	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
07/01/08*	\$ 1,123,379	\$ 1,099,441	\$ (23,938)	102.2%	\$ 139,243	17.2%	

\* Subsequent to the most recent actuarial valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future contributions.

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

### RAF/PBF/FRF Plan

#### Plan Description

As discussed above, the City pays retirement and survivor benefits to pensioners under an unfunded program basis which covered City employees hired before the current City MERF went into effect on May 1, 1947. These programs are combined into one pension trust fund for reporting in the City's financial statements. Individual stand-alone financial statements are not issued. The unfunded liability for this Plan is decreasing rapidly and has no remaining active members.

There are 261 (not rounded) retirees covered by this plan as of the actuarial valuation dated July 1, 2004.

#### Summary of Significant Accounting Policies and Plan Asset Matters

The annual required contribution (ARC) and the annual pension cost represent the actual benefits paid during the year. The annual required contribution is based upon actuarial calculations. The Plan was closed to new members on May 1, 1947 and there are no remaining active members. The unfunded liability for this Plan is rapidly decreasing. The City has determined that the Plan did not have a net pension obligation (NPO) as calculated in accordance with the transition requirements of GASB Statement No. 27. All contributions since the transition have been made in accordance with the actuarial required contribution and are based upon actuarially sound funding methodology.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Funding Policy

Funds are budgeted in the General Fund to cover pension benefits paid each year. Annual contributions are equal to the annual benefit payments. Retired policemen contribute 1% of pension payments. Benefits and contributions were established by City Charter and are not subject to amendment.

#### Annual Pension Cost and Net Pension Obligation

The City's annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$1.8 million. The Plan did not have a net pension obligation as of June 30, 2009.

The actuarial method and assumptions are presented below:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	N/A
Remaining Amortization Method	Closed – no amortization period
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	None
Inflation Rate	3.00%
Cost of Living Adjustments	None

#### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$1,757	\$1,757	100%	\$-0-
06/30/08	\$1,967	\$1,967	100%	\$-0-
06/30/09	\$1,770	\$1,770	100%	\$-0-



## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

The actuarial accrued liability is the calculated present value of expected payments to be made from this Plan.

SCHEDULE OF FUNDING PROGRESS							
		Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)*	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Actuarial Valuation							
* 07/01/08	\$	-	\$ 7,700	\$ 7,700	0.0%	N/A	N/A
* Based on July 1, 1999 and July 1, 2004 full valuations, adjusted for deaths.							

### City of Hartford 415 (m) Fund

#### Plan Description

This plan currently covers five (5) retirees and no active employees as of June 30, 2009 and is administered by the City. This unfunded plan is an excess benefit plan and was adopted by the Common Council on March 24, 1997. The plan was established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

#### Funding Policy

Funds are budgeted in the General Fund to cover pension benefits paid each year. Annual contributions are equal to the annual benefit payments. The Plan was adopted on March 24, 1997 and there are no active members. The unfunded liability for this Plan is rapidly decreasing. Since the effective date for the plan was March 24, 1997, the Plan did not have a net pension obligation (NPO) as calculated in accordance with the transition requirements of GASB Statement No. 27. Benefits and contributions were established by City Charter and are not subject to amendment.

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

### Annual Pension Cost and Net Pension Obligation.

The City's annual pension cost, which is equal to the annual benefit payments, for the current year amounted to \$50. The Plan does not have a net pension obligation. The City's annual pension cost is equal to the actual contribution made (annual benefit payments).

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Method	Closed – no amortization period
Actuarial assumptions:	
Investment rate of return	8.00%
Projected salary increases	None
Inflation Rate	3.00%
Cost of Living Adjustments	None

### Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/07	\$53	\$53	100%	\$-0-
06/30/08	\$61	\$61	100%	\$-0-
06/30/09	\$50	\$50	100%	\$-0-

The actuarial accrued liability is the calculated present value of the expected payments to be made for this unfunded plan.

SCHEDULE OF FUNDING PROGRESS							UAAL as a Percentage of Covered Payroll
Actuarial Valuation	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll		
07/01/08	\$ -	\$ 213	\$ 213	0.0%	N/A		N/A

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### State MERF-B

Members of City AFSCME Local 1716 and members of Local 566, which consisted of 639 members on June 30, 2009, participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the City are established and may be amended by the State Retirement Commission. Total contributions to MERF for the years ended June 30, 2009, 2008 and 2007 were \$2.9 million, \$3.1 million and \$3.4 million, respectively, equal to the City's required contributions for each year.

#### Teachers' Retirement System

All City of Hartford certified teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: (1) attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut, or (2) attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries, \$9.8 million in fiscal year 2009, and transmits the funds to the State Teachers' Retirement Board.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The City does not have any liability for teacher pensions. For the year ended June 30, 2009 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$20.9 million as payments made by the State of Connecticut on-behalf of the City.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

### Pension Trust Funds

The City maintains two pension trust funds (Municipal Employees' Retirement Fund and the RAF/PBF/FRF) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2009 and the changes in net assets for the year then ended.

	Municipal Employee's Retirement Fund	RAF/PBF FRF Plan	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 207,453	\$ 40	\$ 207,493
Investments:			
U.S. Treasury	80,679	-	80,679
Alternative Investments	40,233	-	40,233
Common Stock	391,676	-	391,676
Corporate Bonds	89,093	-	89,093
Foreign Bonds	43,662	-	43,662
Asset and Mortgage Backed	5,238	-	5,238
U.S. Government Agencies	31,345	-	31,345
Other Bonds	8,925	-	8,925
Municipal Bonds	2,885	-	2,885
Accrued investment earnings	3,545	-	3,545
Loan receivable	1,800	-	1,800
<b>Total assets</b>	<b>906,534</b>	<b>40</b>	<b>906,574</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	122	-	122
Net settlement due on investments purchased/sold	38,792	-	38,792
<b>Total liabilities</b>	<b>38,914</b>	<b>-</b>	<b>38,914</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 867,620</b>	<b>\$ 40</b>	<b>\$ 867,660</b>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

	Municipal Employee's Retirement Fund	RAF/PBF/FRF Plan	Total Trust Funds
<b>Addition</b>			
Contributions:			
Employer - ARC	\$ 12,829	\$ 1,770	\$ 14,599
Employer - other	940	-	940
Plan members	8,328	-	8,328
<b>Total contributions</b>	<b>22,097</b>	<b>1,770</b>	<b>23,867</b>
Investment Income (Loss):			
Net depreciation in fair value of investments	(170,073)	-	(170,073)
Interest and dividends	21,323	-	21,323
<b>Total investment loss</b>	<b>(148,750)</b>	<b>-</b>	<b>(148,750)</b>
Less investment expense	3,238	-	3,238
<b>Net investment loss</b>	<b>(151,988)</b>	<b>-</b>	<b>(151,988)</b>
<b>Deductions</b>			
Benefits	80,954	1,770	82,724
Administration	2,231	-	2,231
Other	636	-	636
<b>Total deductions</b>	<b>83,821</b>	<b>1,770</b>	<b>85,591</b>
<b>Net decrease</b>	<b>(213,712)</b>	<b>-</b>	<b>(213,712)</b>
<b>Net Assets Held in Trust for</b>			
<b>Pension Benefits</b>			
Beginning of year	1,081,332	40	1,081,372
End of year	\$ 867,620	\$ 40	\$ 867,660

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

(In Thousands)

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#### Note 15. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009 that have effective dates that may impact future financial presentations. Management is currently assessing the impact, if any, that the adoption of these standards will have on future financial statements of the City.

- ♦ GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ♦ GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ♦ GASB Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2011. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement will result in changes to the classification of fund balances in the City's governmental funds.
- ♦ GASB Statement Number 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards will be implemented by the City as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments. The implementation of this statement will not result in any change to the financial statements.

Required Supplementary  
Information





## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

## (NON-GAAP BASIS) - GENERAL FUND

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL PROPERTY TAX</b>				
Current year's levy	\$ 239,289	\$ 239,289	\$ 231,983	\$ (7,306)
Levy of prior years	8,650	8,650	4,577	(4,073)
Interest and liens	3,000	3,000	3,062	62
Proceeds from lien sales	1,000	1,000	10,120	9,120
<b>Total general property tax</b>	<b>251,939</b>	<b>251,939</b>	<b>249,742</b>	<b>(2,197)</b>
<b>OTHER LOCAL TAXES</b>				
Business taxes	2,300	2,300	926	(1,374)
<b>LICENSES, PERMITS, FEES AND OTHER</b>				
Street use	2	2	25	23
Business Licenses:				
Health licenses	400	400	319	(81)
Police and protection licenses	45	45	47	2
Professional and occupational licenses	7	7	7	-
<b>Total business licenses</b>	<b>452</b>	<b>452</b>	<b>373</b>	<b>(79)</b>
Non-Business Licenses and Permits:				
Building structure and equipment permits	8,414	8,414	7,439	(975)
Other non-business licenses and permits	45	45	53	8
<b>Total non-business licenses and permits</b>	<b>8,459</b>	<b>8,459</b>	<b>7,492</b>	<b>(967)</b>
<b>Total licenses and permits</b>	<b>8,913</b>	<b>8,913</b>	<b>7,890</b>	<b>(1,023)</b>
<b>FINES, FORFEITS AND PENALTIES</b>	<b>231</b>	<b>231</b>	<b>265</b>	<b>34</b>
<b>REVENUE FROM USE OF MONEY AND PROPERTY</b>				
Income from investments	3,075	3,075	201	(2,874)
Income from use of property	887	887	808	(79)
Income from development properties	3,328	3,328	3,388	60
<b>Total revenue from use of money and property</b>	<b>7,290</b>	<b>7,290</b>	<b>4,397</b>	<b>(2,893)</b>

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE</b>				
Federal Government - FEMA	200	200	30	(170)
State of Connecticut:				
Education	194,794	194,794	194,323	(471)
Housing	-	-	512	512
Public Works	611	611	613	2
Elderly Services	368	368	343	(25)
Mashantucket Pequot Fund	9,984	9,984	9,843	(141)
Payment in Lieu of Taxes	41,164	41,164	42,969	1,805
Shared Taxes	213	213	337	124
Other	-	-	85	85
<b>Total State of Connecticut</b>	<b>247,134</b>	<b>247,134</b>	<b>249,025</b>	<b>1,891</b>
<b>Total intergovernmental revenue</b>	<b>247,334</b>	<b>247,334</b>	<b>249,055</b>	<b>1,721</b>
<b>CHARGES FOR SERVICES</b>				
General Government:				
Court costs, fees and changes	12	12	-	(12)
Recording legal instruments	522	522	311	(211)
All other	1,373	1,373	902	(471)
<b>Total general government</b>	<b>1,907</b>	<b>1,907</b>	<b>1,213</b>	<b>(694)</b>
Public Safety:				
Police charges	275	275	264	(11)
Fire protection services	329	329	224	(105)
<b>Total public safety</b>	<b>604</b>	<b>604</b>	<b>488</b>	<b>(116)</b>
Public Works:				
Highways and streets	-	-	16	16
Sanitation	407	407	156	(251)
<b>Total public works</b>	<b>407</b>	<b>407</b>	<b>172</b>	<b>(235)</b>

(Continued)

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES, Cont'd.</b>				
Other:				
Health	22	22	6	(16)
Social services	5	5	-	(5)
Education	4	4	-	(4)
Recreation	8	8	10	2
Miscellaneous	126	126	72	(54)
<b>Total other</b>	<b>165</b>	<b>165</b>	<b>88</b>	<b>(77)</b>
<b>Total charges for services</b>	<b>3,083</b>	<b>3,083</b>	<b>1,961</b>	<b>(1,122)</b>
<b>REIMBURSEMENTS</b>				
General government	15	15	7	(8)
Other	2,789	2,789	3,257	468
Reimbursements from other funds	2,555	2,555	2,245	(310)
<b>Total reimbursements</b>	<b>5,359</b>	<b>5,359</b>	<b>5,509</b>	<b>150</b>
<b>OTHER REVENUES</b>				
Settlements	615	615	49	(566)
Miscellaneous	7,126	7,126	2,443	(4,683)
Prior year encumbrance liquidations	1,000	1,000	-	(1,000)
<b>Total other revenues</b>	<b>8,741</b>	<b>8,741</b>	<b>2,492</b>	<b>(6,249)</b>

(Continued)

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

(NON-GAAP BASIS) - GENERAL FUND, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other funds:				
Hartford Parking Facilities Fund	6,300	6,300	5,309	(991)
Special Police Services	2,600	2,600	1,793	(807)
Capital Improvement Fund	2,000	2,000	625	(1,375)
Premium from Bond Sale	1,500	1,500	308	(1,192)
<b>Total other financing sources</b>	<b>12,400</b>	<b>12,400</b>	<b>8,035</b>	<b>(4,365)</b>
<b>TOTAL</b>	<b>\$ 547,590</b>	<b>\$ 547,590</b>	<b>530,272</b>	<b>\$ (17,318)</b>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the State Teachers'

Retirement System for City teachers are not budgeted

20,966

Budgetary revenues derived from reimbursements for expenditures allocated  
to other funds are excluded for GAAP financial statement reporting purposes

(2,245)

Total Revenues and Other Financing Sources as reported on the Statement  
of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds

\$ 548,993

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES

## (NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 1,639	\$ 1,639	\$ 1,577	\$ 62
Court of Common Council	663	663	602	61
City Treasurer	496	496	446	50
Registrars of Voters	655	777	769	8
Corporation Counsel	1,856	1,856	1,846	10
Town and City Clerk	889	889	852	37
Internal Audit	440	440	437	3
Office of Information Services	3,823	3,823	3,816	7
Finance	3,557	3,557	3,523	34
Human Resources	1,483	1,483	1,482	1
Human Relations	947	947	787	160
Office of Management and Budget	1,306	1,306	1,271	35
Office of Youth Services	3,564	3,687	3,521	166
<b>Total general government</b>	<b>21,318</b>	<b>21,563</b>	<b>20,929</b>	<b>634</b>
<b>PUBLIC SAFETY</b>				
Fire	30,193	30,193	30,099	94
Police	37,994	37,994	37,262	732
Emergency Services and Telecommunications	3,541	3,541	3,527	14
<b>Total public safety</b>	<b>71,728</b>	<b>71,728</b>	<b>70,888</b>	<b>840</b>
<b>INFRASTRUCTURE AND LEISURE SERVICES</b>				
Public Works	13,416	13,629	13,629	-
<b>DEVELOPMENT AND COMMUNITY AFFAIRS</b>				
Development Services	4,846	4,846	4,350	496
<b>HUMAN SERVICES</b>				
Health and Human Services	7,881	7,881	7,564	317
<b>EDUCATION</b>				
Board of Education	284,554	284,554	284,554	-
<b>BENEFITS AND INSURANCE</b>				
Pension contributions	11,704	11,704	11,117	587
Employee benefits	42,347	42,347	41,119	1,228
Property and casualty insurance	7,081	6,501	5,749	752
<b>Total benefits and insurance</b>	<b>61,132</b>	<b>60,552</b>	<b>57,985</b>	<b>2,567</b>

(Continued)

## REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE OF GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES

(NON-GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>SUNDRY</b>				
Transfers to other funds	10,692	10,802	10,602	200
Civic and cultural affairs	1,756	1,646	1,491	155
Debt service	36,500	36,500	36,213	287
Payments to other governmental agencies	11,278	11,278	11,203	75
Settlements	1,900	1,900	1,848	52
Other sundry items	20,589	20,711	20,698	13
<b>Total sundry</b>	<b>82,715</b>	<b>82,837</b>	<b>82,055</b>	<b>782</b>
<b>Total</b>	<b>\$ 547,590</b>	<b>\$ 547,590</b>	<b>541,954</b>	<b>\$ 5,636</b>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teacher's Retirement System for City teachers are not budgeted.			20,966	
Reimbursements from other funds are credited against budgetary expenditures for GAAP financial statement reporting purposes			(2,245)	
Encumbrances				
June 30, 2009			(95)	
Total Expenditures and Other Financing Sources as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ 560,580	

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 June 30, 2009  
 (In Thousands)

Schedules of Funding Progress

*City of Hartford Municipal Employees' Retirement Fund (City MERF)*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ 965,389	\$ 922,258	\$ (43,131)	104.7%	\$ 110,339	(39.1%)
07/01/04	963,044	967,393	4,349	99.6%	107,808	4.0%
07/01/05	986,405	970,286	(16,119)	101.7%	117,261	(13.7%)
07/01/06	1,021,491	1,002,848	(18,643)	101.9%	124,837	(14.9%)
07/01/07	1,092,128	1,090,715	(1,413)	100.1%	133,280	(1.1%)
*07/01/08	1,123,379	1,099,441	(23,938)	102.2%	139,243	17.2%

*RAF/PBF/FRF Plan*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ -	\$ 12,259	\$ 12,259	0.0%	N/A	N/A
07/01/04	-	11,706	11,706	0.0%	N/A	N/A
07/01/05	-	11,123	11,123	0.0%	N/A	N/A
07/01/06	-	9,389	9,389	0.0%	N/A	N/A
07/01/07	-	8,276	8,276	0.0%	N/A	N/A
07/01/08	-	7,700	7,700	0.0%	N/A	N/A

*City of Hartford 415(m) Fund*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/03	\$ -	\$ 46	\$ 46	0.0%	N/A	N/A
07/01/04	-	141	141	0.0%	N/A	N/A
07/01/05	-	168	168	0.0%	N/A	N/A
07/01/06	-	167	167	0.0%	N/A	N/A
07/01/07	-	260	260	0.0%	N/A	N/A
07/01/08	-	213	213	0.0%	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS, Continued  
 June 30, 2009  
 (In Thousands)

<i>OPEB</i>								
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll		
07/01/07	\$ -	\$ 373,386	\$ 373,386	0.0%	N/A	N/A		
07/01/08	-	302,988	302,988	0.0%	N/A	N/A		

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

- \* Subsequent to the most recent actuarial valuation date, certain economic events have had a significant adverse impact on investment portfolios. As such, these market downturns may have a significant effect on the funded ratio and on future contributions.

For the City's MERF Plan, the projected unit cost method was used for July 1, 2002 through July 1, 2006, and the entry age normal cost method was used beginning with the July 1, 2007 valuation.



REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS  
 June 30, 2009  
 (In Thousands)

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<i>OPEB</i>			<i>RAF/PBF/FRF Plan</i>		
Year Ended	Annual	Percentage	Year Ended	Annual	Percentage
	Required Contribution			Contributed	
06/30/2008	\$ 31,600	51.2%	06/30/04	\$ 2,816	100.0%
06/30/2009	24,500	52.8%	06/30/05	2,519	100.0%
			06/30/06	1,926	100.0%
			06/30/07	1,757	100.0%
			06/30/08	1,967	100.0%
			06/30/09	1,700	100.0%

<i>City of Hartford Municipal Employees' Retirement Fund (City MERF)</i>			<i>City of Hartford 415(M) Fund</i>		
Year Ended	Annual	Percentage	Year Ended	Annual	Percentage
	Required Contribution			Contributed	
06/30/04	\$ 6,536	100.0%	06/30/04	\$ 34	100.0%
06/30/05	9,207	100.0%	06/30/05	48	100.0%
06/30/06	16,196	74.0%	06/30/06	39	100.0%
06/30/07	15,463	107.0%	06/30/07	53	100.0%
06/30/08	13,253	125.0%	06/30/08	61	100.0%
06/30/09	11,797	109.0%	06/30/09	50	100.0%

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**



**General Fund**

## **GENERAL FUND**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

## COMPARATIVE BALANCE SHEET - GENERAL FUND

June 30, 2009

(In Thousands)

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 59,375	\$ 42,571
Receivables:		
Property taxes receivable, net	19,512	15,916
Property taxes accrued interest receivable, net	7,201	4,781
School building grants receivable	16,197	18,515
Accounts and other receivables	2,687	6,507
Due from other funds	1,965	19,210
<b>Total assets</b>	<b>\$ 106,937</b>	<b>\$ 107,500</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 45,032	\$ 36,614
Due to other funds	412	1,827
Deferred revenue/unearned revenue	45,180	41,159
<b>Total liabilities</b>	<b>90,624</b>	<b>79,600</b>
Fund balance:		
Reserved	95	-
Unreserved:		
Undesignated	16,218	27,900
<b>Total fund balance</b>	<b>16,313</b>	<b>27,900</b>
<b>Total liabilities and fund balance</b>	<b>\$ 106,937</b>	<b>\$ 107,500</b>

## CITY OF HARTFORD, CONNECTICUT

## REPORT OF TAX COLLECTOR

## GENERAL FUND

For the Year Ended June 30, 2009

(In Thousands)

Grand List Year	Taxes Collectible July 1, 2008	Lawful Corrections		Suspense Transfers
		Additions	Deletions	
1992	\$ -	\$ -	\$ -	\$ -
1993	-	-	-	-
1994	9	-	9	-
1995	10	-	9	-
1996	8	-	8	-
1997	12	-	12	-
1998	6	-	6	-
1999	8	-	8	-
2000	7	-	6	-
2001	15	2	-	-
2002	41	6	3	-
2003	2,463	99	36	564
2004	2,984	181	74	-
2005	4,910	672	245	-
2006	9,535	1,196	2,405	-
Prior Years	20,008	2,156	2,821	564
2007	256,899	2,459	16,581	-
Total Grand List	\$ 276,907	\$ 4,615	\$ 19,402	\$ 564

Suspense

Total Tax Collections

Tax Lien Sale

Total Collections

\* Tax collections are reduced for refunds processed during the year related to both current and prior years collections.

\*\* Includes receivable deductions for tax lien sales.



## EXHIBIT A-2

Adjusted Tax Levy	Collections				Taxes Receivable June 30, 2009
	Taxes	Interest	Liens	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
1	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1	-	-	-	-	1
17	1	-	-	1	16
44	5	3	-	8	39
1,962	137	105	-	242	1,825
3,091	264	159	-	423	2,827
5,337	1,218	363	-	1,581	4,119
8,326	2,823	654	-	3,477	5,503
18,779	4,448	1,284	-	5,732	14,331
242,777	233,628	1,324	-	234,952	9,149
<u>\$ 261,556</u>	238,076	2,608	-	240,684	<u>\$ 23,480</u>
	735	480	-	1,215	
	<u>\$ 238,811</u>	<u>\$ 3,088</u>	<u>\$ -</u>	241,899	
				10,120	
				<u>\$ 252,019</u>	

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Nonmajor  
Governmental Funds

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are established in the City pursuant to State Statutes and local ordinance or resolution. Special revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Fund	Funding Source	Function
Section 8	Federal grants	Housing assistance
Miscellaneous Grants	State, federal, other grants	Various programs
Food Services Program	State and federal grants, and sale of food	School lunch and breakfast programs
Health Grants	State and federal grants	Health and human services
Hartford Public Library	City, grants & contributions	Public library system
Community Development	Federal block grants	Housing and development
Housing Grants	Federal grants	Housing and energy
Special Activities	Contributions and fees	Student and public safety
Home Program	Federal grants	Affordable housing
Capital Leases	Capital lease obligations	Vehicle and equipment
Parks & Recreation Trusts	Donations & trust income	Park and recreation
Education Trusts	Donations & trust income	Education and scholarships

### Capital Projects Funds

Capital Projects Funds are used to account for financial resource to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The City's two nonmajor capital projects funds include the Redevelopment Fund and HUD Special Projects Fund. The Redevelopment Fund accounts for the acquisition and improvement of properties for future development. The HUD Special Projects Fund accounts for special project funding used for urban development.

### Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes as defined by the grantor. The City's permanent trust funds include funds for public safety, parks and recreation, human services, and education.

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CITY OF HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

(In Thousands)

	Special Revenue Funds			
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,480	\$ 4,697	\$ 2,707	\$ 923
Investments	-	-	-	-
Receivables:				
Intergovernmental receivable	1,750	3,455	1,382	959
Other receivables	2,480	1,242	-	315
Inventories and other assets	-	-	316	-
Due from other funds	-	22	-	-
<b>Total assets</b>	<b>\$ 6,710</b>	<b>\$ 9,416</b>	<b>\$ 4,405</b>	<b>\$ 2,197</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 1,495	\$ 1,271	\$ 799
Due to other funds	81	-	-	-
Deferred revenue/unearned revenue	2,186	5,695	-	1,016
<b>Total liabilities</b>	<b>2,267</b>	<b>7,190</b>	<b>1,271</b>	<b>1,815</b>
Fund Balance:				
Reserved:				
Encumbrances	59	475	-	3,402
Housing assistance	4,384	-	-	-
Inventory	-	-	316	-
Trusts	-	-	-	-
Unreserved:				
Undesignated	-	1,751	2,818	(3,020)
<b>Total fund balances</b>	<b>4,443</b>	<b>2,226</b>	<b>3,134</b>	<b>382</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,710</b>	<b>\$ 9,416</b>	<b>\$ 4,405</b>	<b>\$ 2,197</b>

## EXHIBIT B-1

Special Revenue Funds						
Hartford Public Library	Community Development Act	Special Activities	HOME Program	Capital Lease	Parks and Recreation Trusts	
\$ 172	\$ 636	\$ 643	\$ -	\$ 1,582	\$ -	
-	-	-	-	-	979	
-	718	-	96	-	-	
-	84	49	-	279	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>\$ 172</u>	<u>\$ 1,438</u>	<u>\$ 692</u>	<u>\$ 96</u>	<u>\$ 1,861</u>	<u>\$ 979</u>	
\$ 128	\$ 602	\$ 6	\$ 96	\$ 2	\$ -	
-	-	-	-	-	-	
65	68	-	-	-	-	
<u>193</u>	<u>670</u>	<u>6</u>	<u>96</u>	<u>2</u>	<u>-</u>	
44	333	3	-	1,180	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	979	
(65)	435	683	-	679	-	
<u>(21)</u>	<u>768</u>	<u>686</u>	<u>-</u>	<u>1,859</u>	<u>979</u>	
<u>\$ 172</u>	<u>\$ 1,438</u>	<u>\$ 692</u>	<u>\$ 96</u>	<u>\$ 1,861</u>	<u>\$ 979</u>	

CITY OF HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET, Continued

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

(In Thousands)

	Special Revenue Funds			Capital Projects Funds		
	Human Services Trusts	Education Trusts	Total	Redevelopment	HUD Special Projects	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 34	\$ 37	\$ 13,911	\$ 2,875	\$ 320	\$ 3,195
Investments	-	15	994	-	-	-
Receivables:						
Intergovernmental receivable	-	-	8,360	-	-	-
Other receivables	-	-	4,449	42	2,513	2,555
Inventories and other assets	-	-	316	-	-	-
Due from other funds	-	-	22	-	-	-
<b>Total assets</b>	<b>\$ 34</b>	<b>\$ 52</b>	<b>\$ 28,052</b>	<b>\$ 2,917</b>	<b>\$ 2,833</b>	<b>\$ 5,750</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,399	\$ 13	\$ 179	\$ 192
Due to other funds	-	-	81	-	-	-
Deferred revenue/unearned revenue	-	-	9,030	1,279	2,274	3,553
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>13,510</b>	<b>1,292</b>	<b>2,453</b>	<b>3,745</b>
Fund Balance:						
Reserved:						
Encumbrances	-	-	5,496	-	-	-
Housing assistance	-	-	4,384	-	-	-
Inventory	-	-	316	-	-	-
Trusts	34	52	1,065	-	-	-
Unreserved:						
Undesignated	-	-	3,281	1,625	380	2,005
<b>Total fund balances</b>	<b>34</b>	<b>52</b>	<b>14,542</b>	<b>1,625</b>	<b>380</b>	<b>2,005</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34</b>	<b>\$ 52</b>	<b>\$ 28,052</b>	<b>\$ 2,917</b>	<b>\$ 2,833</b>	<b>\$ 5,750</b>



## EXHIBIT B-1

Permanent Funds								
Public Safety	Parks and Recreation Trusts	Human Services Trusts	Education Trusts	Total	Interfund Eliminations	Total		
\$ -	\$ 6,455	\$ 224	\$ 5	\$ 6,684	\$ -	\$ 23,790		
4	9,519	2,902	24	12,449	-	13,443		
-	-	-	-	-	-	8,360		
-	-	-	-	-	-	7,004		
-	-	-	-	-	-	316		
-	-	-	-	-	(22)	-		
<u>\$ 4</u>	<u>\$ 15,974</u>	<u>\$ 3,126</u>	<u>\$ 29</u>	<u>\$ 19,133</u>	<u>\$ (22)</u>	<u>\$ 52,913</u>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,591		
-	2,153	-	-	2,153	(22)	2,212		
-	-	-	-	-	-	12,583		
<u>-</u>	<u>2,153</u>	<u>-</u>	<u>-</u>	<u>2,153</u>	<u>(22)</u>	<u>19,386</u>		
-	-	-	-	-	-	5,496		
-	-	-	-	-	-	4,384		
-	-	-	-	-	-	316		
4	13,821	3,126	29	16,980	-	18,045		
-	-	-	-	-	-	5,286		
<u>4</u>	<u>13,821</u>	<u>3,126</u>	<u>29</u>	<u>16,980</u>	<u>-</u>	<u>33,527</u>		
<u>\$ 4</u>	<u>\$ 15,974</u>	<u>\$ 3,126</u>	<u>\$ 29</u>	<u>\$ 19,133</u>	<u>\$ (22)</u>	<u>\$ 52,913</u>		

## CITY OF HARTFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Special Revenue Funds			
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants
<b>REVENUES</b>				
Intergovernmental revenues	\$ 41,043	\$ 18,368	\$ 10,348	\$ 12,189
Charges for services	-	6,096	830	-
Investment income (loss)	9	-	17	-
Other revenues	-	759	244	653
<b>Total revenues</b>	<b>41,052</b>	<b>25,223</b>	<b>11,439</b>	<b>12,842</b>
<b>EXPENDITURES</b>				
General government	-	1,077	-	-
Public safety	-	5,936	-	-
Public works	-	456	-	-
Development and community affairs	42,569	3,572	-	-
Human services	-	12,908	-	12,632
Education	-	-	11,342	-
Recreation and culture	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>42,569</b>	<b>23,949</b>	<b>11,342</b>	<b>12,632</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,517)</b>	<b>1,274</b>	<b>97</b>	<b>210</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	422	-	-
Transfers out	-	(1,793)	-	-
Capital lease	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,371)</b>	<b>-</b>	<b>-</b>
<b>Changes in fund balance</b>	<b>(1,517)</b>	<b>(97)</b>	<b>97</b>	<b>210</b>
<b>FUND BALANCE, beginning</b>	<b>5,960</b>	<b>2,323</b>	<b>3,037</b>	<b>172</b>
<b>FUND BALANCE, ending</b>	<b>\$ 4,443</b>	<b>\$ 2,226</b>	<b>\$ 3,134</b>	<b>\$ 382</b>

Special Revenue Funds						
Hartford Public Library	Community Development Act	Special Activities	HOME Program	Capital Lease	Parks and Recreation Trusts	
\$ 68	\$ 4,970	\$ -	\$ 1,980	\$ -	\$ -	
96	18	322	-	-	-	
-	12	4	-	51	61	
598	228	-	-	-	-	
762	5,228	326	1,980	51	61	
-	1,014	-	-	719	-	
-	1	-	-	1,453	-	
-	1,227	-	-	779	-	
-	2,225	-	1,980	-	-	
-	565	-	-	-	-	
-	-	24	-	-	-	
8,896	284	-	-	-	46	
-	-	-	-	3,169	-	
8,896	5,316	24	1,980	6,120	46	
(8,134)	(88)	302	-	(6,069)	15	
8,242	-	-	-	3,721	-	
-	-	-	-	-	-	
-	-	-	-	1,700	-	
8,242	-	-	-	5,421	-	
108	(88)	302	-	(648)	15	
(129)	856	384	-	2,507	964	
\$ (21)	\$ 768	\$ 686	\$ -	\$ 1,859	\$ 979	

## CITY OF HARTFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS, Continued

For the Year Ended June 30, 2009

(In Thousands)

	Special Revenue Funds			Capital Projects Funds		
	Human Services Trusts	Education Trusts	Total	Redevelopment	HUD Special Projects	Total
<b>REVENUES</b>						
Intergovernmental revenues	\$ -	\$ -	\$ 88,966	\$ 34	\$ 1,620	\$ 1,654
Charges for services	-	-	7,362	30	-	30
Investment income (loss)	2	(4)	152	19	61	80
Other revenues	-	-	2,482	1	30	31
<b>Total revenues</b>	<b>2</b>	<b>(4)</b>	<b>98,962</b>	<b>84</b>	<b>1,711</b>	<b>1,795</b>
<b>EXPENDITURES</b>						
General government	-	-	2,810	-	-	-
Public safety	-	-	7,390	-	-	-
Public works	-	-	2,462	-	1,621	1,621
Development and community affairs	-	-	50,346	68	-	68
Human services	-	-	26,105	-	-	-
Education	-	1	11,367	-	-	-
Recreation and culture	-	-	9,226	-	-	-
Debt service	-	-	3,169	-	109	109
<b>Total expenditures</b>	<b>-</b>	<b>1</b>	<b>112,875</b>	<b>68</b>	<b>1,730</b>	<b>1,798</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2</b>	<b>(5)</b>	<b>(13,913)</b>	<b>16</b>	<b>(19)</b>	<b>(3)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	32	-	12,417	-	-	-
Transfers out	-	(4)	(1,797)	-	-	-
Capital lease	-	-	1,700	-	-	-
<b>Total other financing sources (uses)</b>	<b>32</b>	<b>(4)</b>	<b>12,320</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in fund balance</b>	<b>34</b>	<b>(9)</b>	<b>(1,593)</b>	<b>16</b>	<b>(19)</b>	<b>(3)</b>
<b>FUND BALANCE, beginning</b>	<b>-</b>	<b>61</b>	<b>16,135</b>	<b>1,609</b>	<b>399</b>	<b>2,008</b>
<b>FUND BALANCE, ending</b>	<b>\$ 34</b>	<b>\$ 52</b>	<b>\$ 14,542</b>	<b>\$ 1,625</b>	<b>\$ 380</b>	<b>\$ 2,005</b>

Permanent Funds											
Public Safety		Parks and Recreation Trusts		Human Services Trusts		Education Trusts		Total	Interfund Eliminations	Total	
\$	-	\$	-	\$	-	\$	-	\$	-	\$	90,620
	-		-		-		-		-		7,392
	(1)		(1,485)		(339)		(5)		(1,830)		(1,598)
	-		-		-		-		-		2,513
	(1)		(1,485)		(339)		(5)		(1,830)		98,927
	-		-		-		-		-		2,810
	-		-		-		-		-		7,390
	-		-		-		-		-		4,083
	-		-		-		-		-		50,414
	-		-		116		-		116		26,221
	-		-		-		-		-		11,367
	-		8		-		-		8		9,234
	-		-		-		-		-		3,278
	-		8		116		-		124		114,797
	(1)		(1,493)		(455)		(5)		(1,954)		(15,870)
	-		-		239		-		239	(271)	12,385
	-		(267)		-		-		(267)	271	(1,793)
	-		-		-		-		-		1,700
	-		(267)		239		-		(28)		12,292
	(1)		(1,760)		(216)		(5)		(1,982)		(3,578)
	5		15,581		3,342		34		18,962		37,105
\$	4	\$	13,821	\$	3,126	\$	29	\$	16,980	\$	33,527

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Capital Improvement Fund

## **CAPITAL IMPROVEMENT FUND**

The Capital Improvement Fund accounts for the purchase, construction or renovation of major capital assets. These activities are funded primarily from general obligation bonds and intergovernmental revenues.



STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND  
For the Year Ended June 30, 2009  
(In Thousands)

		Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
Project Number	Description		Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
<u>Facility Services</u>										
Public Works Projects:										
Z5001	Telecommunications Equipment and Software. Includes the 311 System, Tax Collectors System, and Communications and Radios for the Police and Fire Departments	03/29/2005	\$ 1,000	\$ -	\$ 1,000	\$ 944	\$ -	\$ 944	\$ -	56
W5265	Roof Replacement at the Public Works Facilities Building	01/12/2005	325	-	325	171	-	171	-	154
W6262	City Buildings ADA Modifications	11/12/2005	750	-	750	436	305	741	9	-
W6263	City Buildings Environmental Compliance	11/12/2005	600	-	600	581	1	582	17	1
W6264	City Buildings Energy Conservation, Security Technology and Communication	11/12/2005	600	-	600	299	99	398	197	5
W6265	Roof Replacement at Various City Buildings	11/12/2005	700	-	700	440	195	635	49	16
W6269	Municipal Facility Renovations and Consolidation Study	11/12/2005	1,800	-	1,800	1,525	161	1,686	32	82
W6565	Rising Star Block, Pride Block, Infrastructure Improvements	11/12/2005	1,300	-	1,300	162	231	393	35	872
A6500	Church Street Garage Structural Repairs	01/12/2005	3,000	-	3,000	943	2,005	2,948	444	(392)
A6501	Church Street Façade Restoration	01/12/2005	1,810	-	1,810	128	219	347	-	1,463
A6502	MAT Street Garage Façade Restoration	01/12/2005	2,300	-	2,300	-	63	63	82	2,155
A6503	Remainder of Construction Contract at Morgan St Garage	01/12/2005	1,590	-	1,590	1,161	213	1,374	130	86

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
A6504	Remainder of Repair Contracts at MAT Garage	01/12/2005	500	-	500	-	104	104	1	395
A6505	Remainder of Repairs Contracts at Church St Garage	01/12/2005	1,000	-	1,000	-	343	343	657	-
A6506	Streetscape Improvements at MAT Garage	01/12/2005	125	-	125	-	-	-	-	125
A6507	Streetscape Improvements at Church St Garage	01/12/2005	280	-	280	-	-	-	-	280
A6508	Landscaping/Lighting Improve- ments opposite Morgan St Garage	01/12/2005	432	-	432	213	2	215	4	213
W6996	Renovations and Improvements to the South End Senior Center and Police Substation on Maple Avenue	04/25/2006	1,300	-	1,300	1,260	38	1,298	2	-
W7268	Long Term Document Archive and Storage	07/1/2006	200	-	200	-	-	-	-	200
D6576	Acquisition of Land Woodland St./Albany Avenue	11/29/2005	1,325	-	1,325	1,230	45	1,275	-	50
D7576	Economic Development Site Acquisition	07/1/2006	1,450	-	1,450	555	20	575	-	875
W8262	City Buildings ADA Modifications FYE 2008 Appropriation	08/14/2007	950	-	950	21	559	580	93	277
W8263	City Buildings Environmental Compliance FYE 2008 Appropriation	08/14/2007	400	-	400	9	319	328	52	20
W8264	City Buildings Energy Conservation Security Technology and Communication FYE 2008 Appropriation	08/14/2007	600	-	600	267	122	389	1	210
W8270	Salt, Sand & Truck Wash at 40 Jennings Road	08/14/2007	500	-	500	-	-	-	-	500
W8279	525 Main St. Building Renovations	08/14/2007	350	200	550	-	200	200	-	350

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W8281	City Hall Entrance Plaza Improvements	08/14/2007	100	850	950	-	25	25	1	924
W8282	Burgdorf Environmental Clean-up & Campus Planning	08/14/2007	250	-	250	14	12	26	1	223
W8202	Energy Projects	11/27/2007	1,000	-	1,000	-	53	53	194	753
D8576	Economic Development Site Acquisition, FYE 2008 Appropriation	08/14/2007	750	-	750	-	-	-	-	750
D9514	Acquisition of Property for Development	5/29/2008	-	1,000	1,000	-	-	-	-	1,000
D9515	Downtown North/West Redevelopment	5/29/2008	-	4,250	4,250	-	-	-	-	4,250
D9584	Neighborhood Development Fund	5/29/2008	-	2,000	2,000	-	-	-	-	2,000
M9011	Early Learning Centers		-	1,000	1,000	-	-	-	-	1,000
W9201	Public Works Equipment	5/29/2008	-	500	500	-	-	-	-	500
W9262	City Buildings ADA Modifications FYE 2009 Appropriation	5/29/2008	-	950	950	-	34	34	-	916
W9263	City Buildings Environmental Compliance FYE 2009 Appropriation	5/29/2008	-	500	500	-	-	-	-	500
W9264	City Buildings Energy Conservation, Security Technology and Communication FYE 2009 Appropriation	5/29/2008	-	300	300	-	277	277	-	23
W9269	Municipal Facility Renovations	5/29/2008	-	750	750	-	266	266	5	479
W9276	Albany Avenue Library	5/29/2008	-	3,000	3,000	-	-	-	-	3,000
W9282	Burgdorf Environmental Clean-up & Campus Planning FYE 2009 Appropriation	5/29/2008	-	3,000	3,000	-	-	-	-	3,000
W9285	New Alternate Feed Generators	5/29/2008	-	500	500	-	-	-	-	500
W9288	North End Senior Center Renovations	5/29/2008	-	300	300	-	-	-	-	300

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W9587 A9510	Bulky Waste Recycling Center Parking Authority Capital Improvements	6/23/2008	-	1,100	1,100	-	217	217	765	118
			-	2,000	2,000	-	-	-	-	2,000
Total Public Works Projects			27,287	22,200	49,487	10,359	6,128	16,487	2,771	30,229
Public Safety Projects:										
W0306	Major Renovations and Construction Improvements to Certain Fire Stations, Training Facility and Equipment Maintenance Facility Building	11/07/2000	6,200	-	6,200	5,951	171	6,122	-	78
W1115	Construction of a Public Safety Complex	11/07/2000	77,000	-	77,000	6,112	3,271	9,383	1,161	66,456
W6122	Renovations and Improvements to the Jennings Road Police Facility and Police Substations	04/25/2006	2,000	-	2,000	1,647	316	1,963	1	36
W7121	Adriaen's Landing Fire Station Study	07/1/2006	50	-	50	50	-	50	-	-
W7997	Police Station Improvements-HVAC	01/9/2007	500	-	500	500	-	500	-	-
W7101	Firearms, Equipment Leasing and Transmitter Equipment	06/26/2007	650	-	650	136	9	145	1	504
W8109	Rehabilitation of 11 Fire Stations & Buy Truck	08/14/2007	1,500	-	1,500	916	67	983	97	420
W8117	Police Headquarters HVAC Improvements & Roof Replacement	08/14/2007	1,800	-	1,800	1,204	74	1,278	-	522
W9109	Fire Houses Citywide - Improvements & Renovations	6/23/2008	-	1,000	1,000	-	-	-	52	948
W9120	50 Jennings Rd Interior Mechanical Renovations	5/29/2008	-	200	200	-	-	-	-	200
Total Public Safety Projects			89,700	1,200	90,900	16,516	3,908	20,424	1,312	69,164

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

			Appropriations			Expenditures				
Project		Date	Prior to		Cumulative	Prior to		Cumulative	Outstanding	Unencumbered
Number	Description	Approved	July 1, 2008	Current Period	Total	July 1, 2008	Period	Total	Encumbrances	Balance
Recreation and Culture Projects:										
W5303	Elizabeth Park Pathway, Traffic and Parking Improvements	05/22/1995	1,125	-	1,125	957	-	957	-	168
W7243	Central (Main) Library Renovations/Improvements	08/12/1996	38,599	-	38,599	38,263	63	38,326	99	174
W7239	Library Branch Renovations	08/12/1996	5,500	-	5,500	2,408	288	2,696	19	2,785
W8301	Dillion Stadium – Facilities Renovations	05/28/1998	1,885	-	1,885	1,445	-	1,445	323	117
W9391	City Wide Restoration of Park Ponds	02/09/1999	1,325	-	1,325	1,305	-	1,305	20	-
W3010	Pope Park Pool Replacement	05/26/2000	1,581	-	1,581	1,475	-	1,475	49	57
W1384	Renovations and Construction of Certain Swimming Pools	11/07/2000	6,000	-	6,000	5,841	139	5,980	6	14
W1383	Pool Enclosures for Certain Swimming Pools	11/07/2000	3,900	-	3,900	921	84	1,005	102	2,793
W1340	Metzner Recreation Center Renovations and Expansion	11/07/2000	4,000	-	4,000	3,895	98	3,993	8	(1)
W2302	Batterson Park Infrastructure - Hartford Parks Trust Fund	05/24/2002	450	-	450	295	1	296	81	73
W2341	Park Ponds Restoration - Hartford Parks Trust Fund	05/24/2002	800	-	800	321	2	323	17	460
W3394	Goodwin Park Playground and Entrance Hartford Parks Trust Fund	05/16/2003	770	-	770	563	-	563	2	205
W3395	Park Security and Access Management System Hartford Parks Trust Fund	05/16/2003	200	-	200	23	-	23	17	160

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W5313	Colt, Goodwin & Keney Parks Restoration of Playing Fields Hartford Parks Trust Fund	05/24/2005	700	-	700	66	7	73	25	602
W6306	Pope Park Indoor Pool Repairs	11/12/2005	250	-	250	32	(18)	14	38	198
W6342	Lozada Park Preconstruction Planning, State DEP	02/28/2006	20	-	20	9	6	15	5	-
W7307	Colts Park and Coltsville Park Planning	07/1/2006	1,000	500	1,500	662	81	743	146	611
W7396	Pope Park - Phase II	07/1/2006	2,220	-	2,220	1,868	52	1,920	-	300
W7398	Citywide Playground Enhancements	07/1/2006	245	-	245	167	78	245	-	-
W7306	Pope Park Pool/Master Plan Work	10/11/2006	400	-	400	104	47	151	23	226
W7399	Kelvin Anderson Recreation Center Renovation and Expansion	10/11/2006	16,200	-	16,200	2,656	7,510	10,166	5,793	241
W7305	Blue Hills Recreation Center	01/9/2007	150	-	150	75	-	75	2	73
W7313	Colt, Goodwin & Keney Parks Restoration of Playing Fields	01/9/2007	300	-	300	258	39	297	1	2
W8357	Foster Heights Park	08/14/2007	400	-	400	393	2	395	6	(1)
W8383	City Wide Pool Enhancements	08/14/2007	600	200	800	-	256	256	38	506
W8272	Central and Branch Library, Dwight	08/14/2007	1,000	-	1,000	-	51	51	52	897
W8351	Park Monuments, Pond House & Spray Pools Renovations & Improvements	08/14/2007	500	-	500	41	372	413	86	1
W8201	Citywide Day Care and Park Enhancements	11/15/2007	600	-	600	41	29	70	20	510
W8321	Park Enhancements	11/27/2007	300	-	300	11	268	279	-	21
W9398	Playground & Building Improvements	6/23/2008	-	1,000	1,000	-	237	237	155	608
W9588	Lozada Park Improvements		-	390	390	-	-	-	300	90
W9589	Levee System Improvements		-	5,000	5,000	-	74	74	49	4,877
Total Recreation and Culture Projects			91,020	7,090	98,110	64,095	9,766	73,861	7,482	16,767

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project		Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
Number	Description									
Education Projects										
Q7413	Thirteen School Renovations	08/12/1996	20,000	-	20,000	19,978	-	19,978	-	22
QB534	Renovation of Hartford High School Project	09/23/1997	114,500	-	114,500	113,723	503	114,226	72	202
QB537	Renovations of Various Hartford Schools	08/11/1998	27,000	-	27,000	24,140	252	24,392	-	2,608
Q9420	Replacement of Various Hartford School Roofs	08/11/1998	9,000	-	9,000	8,890	38	8,928	-	72
Q9421	Replacement of Underground Storage Tanks	08/11/1998	3,000	-	3,000	2,852	10	2,862	-	138
QB546	Renovations and Construction Improvements to Hartford Public Schools	11/07/2000	129,590	-	129,590	124,947	1,839	126,786	512	2,292
QB548	Breakthrough Academy Interdistrict Magnet School	10/28/2002	30,500	-	30,500	30,144	42	30,186	246	68
QB549	Sports Science Academy Magnet High School	05/12/2003	67,649	-	67,649	56,605	6,533	63,138	2,017	2,494
QB550	Greater Hartford Classical Magnet School	11/13/2003	37,950	-	37,950	37,773	18	37,791	143	16
QB551	Pathways to Technology Magnet School	11/13/2003	36,950	-	36,950	6,731	72	6,803	1,158	28,989
Q9552	General School Improvements Phase V	03/09/2004	2,112	-	2,112	1,976	7	1,983	15	114
QB553	University High School for Science	08/11/2004	43,000	-	43,000	20,682	15,386	36,068	1,983	4,949
QB554	Capital College Preparatory Magnet	08/11/2004	45,650	-	45,650	1,716	11,138	12,854	12,374	20,422
QB556	Annie Fisher Magnet School	07/12/2005	38,438	7,062	45,500	3,353	8,340	11,693	14,641	19,166
QB557	Richard B. Kinsella, Magnet School of Arts	07/12/2005	38,015	-	38,015	7,857	23,822	31,679	2,621	3,715
Q6412	875 Asylum Avenue-Leasehold Improvements	04/25/2006	1,350	-	1,350	1,266	11	1,277	55	18
QB559	Mary Hooker Environment Studies Magnet School	07/11/2006	43,500	-	43,500	1,698	3,681	5,379	19,140	18,981
Q8416	Weaver High School Renovations	08/14/2007	940	-	940	-	-	-	-	940
Q8417	Bulkeley High School Improvements to Air Handling System	08/14/2007	240	-	240	-	-	-	-	240
Q8418	Betances Elementary School Replacement of Five Rear Staircases	08/14/2007	45	-	45	-	-	-	-	45
Q1564	Journalism & New Media High School	06/09/2008	37,500	(50)	37,450	-	-	-	-	37,450
Q1565	Dwight Bellizzi Middle School	06/09/2008	10,000	3,000	13,000	-	6	6	-	12,994
Q1566	International Baccalaureate School	06/09/2008	45,000	10,050	55,050	-	-	-	-	55,050
Q9430	Window Replacement Fox School	-	-	2,000	2,000	-	727	727	264	1,009
Q9553	Transitional Classroom University of Science	-	-	1,650	1,650	-	1,295	1,295	-	355
Q9901	MD Fox Elementary School	-	-	54,400	54,400	-	-	-	-	54,400
Q9902	Student Bathrooms - Bulkeley	-	-	700	700	-	355	355	7	338
Total Education Projects			781,929	78,812	860,741	464,331	74,075	538,406	55,248	267,087
Total Facility Services			989,936	109,302	1,099,238	555,301	93,877	649,178	66,813	383,247

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

		Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
Project Number	Description		Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
Engineering Services										
W9519	Road Improvement Program	08/11/1998	12,955	-	12,955	10,527	234	10,761	16	2,178
W1556	Road Repair/Reconstruction	11/07/2000	9,500	-	9,500	9,397	82	9,479	-	21
W1519	Streetscape Improvements	11/07/2000	16,700	-	16,700	8,549	1,697	10,246	2,118	4,336
W1534	Reconstruction of Woodland Street	06/11/2001	1,525	-	1,525	1,392	-	1,392	133	-
W3560	Demolition of Mixmaster Temple Street	05/12/2003	917	-	917	786	8	794	-	123
W3570	Trinity College Area Improvements	11/13/2003	4,565	-	4,565	4,047	16	4,063	413	89
W4548	Riverwalk North Project	11/09/2004	4,361	325	4,686	4,387	299	4,686	-	-
W1520	Flood Control System Improvements	11/07/2000	13,000	-	13,000	8,715	2,882	11,597	893	510
W5547	Streetscape Improvements on Huyshope Avenue	03/14/2006	948	-	948	909	5	914	-	34
W6522	Trumbull Street Streetscapes	07/01/2006	5,000	-	5,000	2,622	1,181	3,803	1,094	103
W7574	School Area Pedestrian Routes Safety Enhancements	07/01/2006	300	-	300	41	159	200	35	65
W7562	Matching Funds for State and Federal Grants (CDBG) and Improvements	01/09/2007	1,000	-	1,000	908	80	988	8	4
W8562	Match Funds for State/Federal Infrastructure Grants FYE 2008 Appropriation	08/14/2007	1,190	-	1,190	284	393	677	505	8
W8510	Reconstruction of Asylum St. from Main St. to Trumbull St. CFDA 20.205-State 63-570	07/10/2007	1,266	-	1,266	-	456	456	578	232
W8556	Street Rehabilitation FYE 2008 Appropriation	08/14/2007	4,000	-	4,000	115	3,520	3,635	87	278
W8519	Streetscapes FYE 2008 Appropriation	08/14/2007	2,000	-	2,000	14	168	182	6	1,812



STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W8577	Main Street, Streetscapes	08/14/2007	475	-	475	-	-	-	-	475
W8564	Citywide Sidewalk Replacements FYE 2008 Appropriation	08/14/2007	100	-	100	-	48	48	-	52
W8518	Streetscape Improvements along Park St. from Sisson Ave. to Prospect Ave.	10/11/2007	4,040	-	4,040	-	2,436	2,436	494	1,110
W8523	Extension of Mark Twain Dr.	04/28/2008	2,729	-	2,729	3	1,015	1,018	1,711	-
W9510	Street Rehabilitation & Road Improvements	5/29/2008	-	4,000	4,000	-	-	-	-	4,000
W9511	Streetscape Projects - North & South	6/23/2008	-	2,000	2,000	-	-	-	-	2,000
W9512	Flood Control Infrastructure Improvements	5/29/2008	-	1,000	1,000	-	-	-	185	815
W9549	Central Business District Streetlight Replacement	5/29/2008	-	250	250	-	-	-	-	250
W9562	Match Funds for State/Federal Infrastructure Grants FYE 2009	5/29/2008	-	1,500	1,500	-	58	58	-	1,442
W9586	Clean Water Related Infrastructure Supplemental Funding	5/29/2008	-	1,500	1,500	-	7	7	-	1,493
Total Engineering Services			86,571	10,575	97,146	52,696	14,744	67,440	8,276	21,430
<u>Transportation Services</u>										
Public Works Projects:										
W0511	Upgrade of Hartford Traffic Signals	11/23/1999	1,861	-	1,861	1,820	-	1,820	-	41
W6550	Safety Improvements to Franklin and Benton	08/16/2005	92	-	92	45	47	92	-	-
W6551	Safety Improvements to Washington and Ward	08/16/2005	92	-	92	33	57	90	1	1

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W7564 W8550	City Sidewalk Replacements Safety Improvements at the Intersection of New Britain Ave. and Henry Street.	10/11/2006	300	-	300	-	-	-	-	300
A8509	On-Street Parking Meters	10/10/2007 02/13/2008	87 3,300	- -	87 3,300	6 2	19 3,202	25 3,204	- -	62 96
Total Transportation Services			5,732	-	5,732	1,906	3,325	5,231	1	500
<u>Local Capital Improvement Program</u>										
Public Works Projects:										
W5534	LOCIP - Woodland Street Bridge Rehabilitation Match	10/10/1995	250	-	250	237	-	237	10	3
W7244 W0521	Library Renovations STP Federal Road Reconstruction Match - 064-99-030	09/11/1996	1,000	-	1,000	963	25	988	-	12
W1263	Municipal Building Improvements – 064-00-030; 064-01-060	10/27/1999	400	-	400	204	179	383	17	-
W2552	Signalization of Franklin Avenue/Ward Street and Washington/Ward Street - LOCIP project #242 – 064-01-010	10/11/2000	716	-	716	584	99	683	33	-
W2553	Reconstruction of Broad and/or Vine Street - LOCIP Project #553 - 064-01 040	09/12/2001	20	-	20	3	18	21	-	(1)
W4270	Truck Wash Facility - LOCIP Project #247 - 064-03-010	09/12/2001 09/15/2003	300 75	- -	300 75	177 37	104 -	281 37	- -	19 38

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W4271	Sand/Salt Storage Building - LOCIP Project #248 - 064-03-020	09/15/2003	750	-	750	118	-	118	44	588
W4563	City Bridges Condition Study - LOCIP Project #536 - 064-03-040	09/15/2003	125	-	125	20	-	20	-	105
W4556	Street Resurfacing and Repairs - LOCIP Project #556 - 064-03-050,064-05-040&064-06-030	09/15/2003	2,900	950	3,850	2,000	733	2,733	369	748
W4117	Police Headquarters - Heating, Ventilation, and Air Conditioning (HVAC Improvements) -LOCIP Project #117-064-03-080&064-05-020	09/15/2003	2,066	-	2,066	2,002	-	2,002	10	54
W4268	Department of Public Works Maps and Storage Facility - LOCIP Project #255 - 064-03-070	09/15/2003	100	-	100	4	-	4	-	96
W4203	Installation of Automated Fuel Control and Accounting System for Vehicle Fueling System - LOCIP Project #561 - 064-03-090	09/15/2003	150	-	150	93	-	93	57	-
W5268	City Hall Fourth Floor Improvements - LOCIP Project #260 - 064-04-040	10/13/2004	400	-	400	18	-	18	1	381

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
W5269	Central Business District Streetlight Replacement - LOCIP Project #549 064-04-050	10/13/2004	500	-	500	388	88	476	24	-
W5383	Colt and Keney Park Swimming Pool Renovations - LOCIP Project #383 - 064-04-070	10/13/2004	250	-	250	109	-	109	14	127
W6572	Plan of Conservation and Development LOCIP Project #572 064-05-050	11/29/2005	250	-	250	115	110	225	-	25
W7568	Citywide Neighborhood Traffic Calming Master Plan LOCIP Project #568, 064-05-070	02/16/2006	250	-	250	-	2	2	-	248
W7265	Roof Replacements at Various City Buildings Project #265, 064-06-010	01/30/2007	450	300	750	-	-	-	-	750
W7266	Boiler Replacement at Various City Buildings Project #266, 064-06-020	01/30/2007	250	-	250	43	3	46	5	199
W6568	Citywide Neighborhood Traffic Calming Project #568, 064-06-040	01/30/2007	250	-	250	138	-	138	103	9
W7575	Citywide Decorative Light Replacements Project #575, 064-06-050	01/30/2007	125	100	225	23	-	23	-	202
W9590	LOCIP Project #581 - Handicap Ramps		-	250	250	-	-	-	-	250
Total Local Capital Improvement Program			11,577	1,600	13,177	7,276	1,361	8,637	687	3,853

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2009  
(In Thousands)

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2008	Current Period	Cumulative Total	Prior to July 1, 2008	Current Period	Cumulative Total		
TOTAL CAPITAL IMPROVEMENT FUND			\$ 1,093,816	\$ 121,477	\$ 1,215,293	\$ 617,179	113,307	\$ 730,486	\$ 75,777	\$ 409,030
Conversion to GAAP based financial statement reporting:										
	Previous year retainage and off system accrued payables						(5,091)		-	
	Current year retainage and off system accrued payables						4,805		(4,805)	
	TOTAL					\$ 113,021			\$ 70,972	

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**Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the City, or to other governments, on a cost-reimbursement basis.

The City maintains three (3) internal service funds to account for the risk management program for employee benefits, workers' compensation, and general liability, including property damage.

An internal service fund is also maintained for the Metro Hartford Information Services Fund (MHIS). The accounting and reporting for the centralized computer services, including communication systems, is maintained through this internal service fund.



## COMBINING STATEMENT OF NET ASSETS (DEFICITS) - INTERNAL SERVICE FUNDS

June 30, 2009

(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,780	\$ 959	\$ 17	\$ 537	\$ 6,293
Other receivables	460	-	-	-	460
<b>Total assets</b>	<b>5,240</b>	<b>959</b>	<b>17</b>	<b>537</b>	<b>6,753</b>
<b>LIABILITIES</b>					
Current:					
Accounts payable and accrued liabilities	781	-	59	153	993
Due to other funds	-	-	486	-	486
Insurance claims payable	-	4,500	1,900	-	6,400
Claims incurred and not reported	6,550	-	-	-	6,550
<b>Total current liabilities</b>	<b>7,331</b>	<b>4,500</b>	<b>2,445</b>	<b>153</b>	<b>14,429</b>
Noncurrent:					
Insurance claims payable	-	-	2,000	-	2,000
Claims incurred and not reported	-	12,200	2,200	-	14,400
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>12,200</b>	<b>4,200</b>	<b>-</b>	<b>16,400</b>
<b>NET ASSETS (DEFICITS)</b>					
Unrestricted	(2,091)	(15,741)	(6,628)	384	(24,076)
<b>Total net assets (deficits)</b>	<b>\$ (2,091)</b>	<b>\$ (15,741)</b>	<b>\$ (6,628)</b>	<b>\$ 384</b>	<b>\$ (24,076)</b>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS) -  
INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services	Totals
<b>OPERATING REVENUES</b>					
City's contribution	\$ 67,713	\$ 6,817	\$ 1,500	\$ 6,409	\$ 82,439
Pensioners contribution	10,496	-	-	-	10,496
Employees contribution	10,256	-	-	-	10,256
Other	-	-	124	77	201
<b>Total operating revenues</b>	<b>88,465</b>	<b>6,817</b>	<b>1,624</b>	<b>6,486</b>	<b>103,392</b>
<b>OPERATING EXPENSES</b>					
Administrative	4,119	-	-	565	4,684
Operations	-	-	-	5,511	5,511
Insurance benefits and claims:					
Paid	77,798	6,624	1,622	-	86,044
Incurred and reported but not paid	-	(5,700)	161	-	(5,539)
Incurred and not reported	(33)	-	-	-	(33)
<b>Total operating expenses</b>	<b>81,884</b>	<b>924</b>	<b>1,783</b>	<b>6,076</b>	<b>90,667</b>
<b>Operating income (loss)</b>	<b>6,581</b>	<b>5,893</b>	<b>(159)</b>	<b>410</b>	<b>12,725</b>
<b>NONOPERATING INCOME</b>					
Interest earnings	3	-	-	-	3
<b>Change in net assets (deficits)</b>	<b>6,584</b>	<b>5,893</b>	<b>(159)</b>	<b>410</b>	<b>12,728</b>
<b>NET ASSETS (DEFICITS), beginning of year</b>	<b>(8,675)</b>	<b>(21,634)</b>	<b>(6,469)</b>	<b>(26)</b>	<b>(36,804)</b>
<b>NET ASSETS (DEFICITS), end of year</b>	<b>\$ (2,091)</b>	<b>\$ (15,741)</b>	<b>\$ (6,628)</b>	<b>\$ 384</b>	<b>\$ (24,076)</b>

## COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services	Totals
<b>Cash Flows From Operating Activities</b>					
City's contribution	\$ 68,410	\$ 5,861	\$ 1,133	\$ 6,553	\$ 81,957
Cash received from other	-	-	124	141	265
Cash received from users	21,279	399	-	-	21,678
Cash paid for salaries and benefits	-	-	-	(3,080)	(3,080)
Cash paid to suppliers and other	(88,836)	(6,624)	(1,484)	(3,108)	(100,052)
<b>Net cash provided by (used in) operating activities</b>	<b>853</b>	<b>(364)</b>	<b>(227)</b>	<b>506</b>	<b>768</b>
<b>Cash Flows From Investing Activities</b>					
Interest received	3	-	-	-	3
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>856</b>	<b>(364)</b>	<b>(227)</b>	<b>506</b>	<b>771</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>3,924</b>	<b>1,323</b>	<b>244</b>	<b>31</b>	<b>5,522</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 4,780</b>	<b>\$ 959</b>	<b>\$ 17</b>	<b>\$ 537</b>	<b>\$ 6,293</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>					
Operating income (loss)	\$ 6,581	\$ 5,893	\$ (159)	\$ 410	\$ 12,725
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
(Increase) decrease in other receivables	(426)	-	-	64	(362)
Decrease in due from other funds	1,501	-	-	144	1,645
Decrease in accrued payroll	-	-	-	(112)	(112)
(Decrease) increase in accounts payable	(6,919)	-	299	-	(6,620)
Increase (decrease) in due to other funds	149	(557)	(367)	-	(775)
(Decrease) increase in insurance claims payable	-	(7,900)	100	-	(7,800)
(Decrease) increase in claims incurred but not reported	(33)	2,200	(100)	-	2,067
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 853</b>	<b>\$ (364)</b>	<b>\$ (227)</b>	<b>\$ 506</b>	<b>\$ 768</b>

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Agency Funds

## **AGENCY FUNDS**

Agency funds are used to report resources held by the City in a purely custodial capacity (assets equal liabilities).

The City reports student activities, including class events and various other functions of the Hartford Public School System, within the School Agency Funds.

## COMBINING BALANCE SHEET - AGENCY FUNDS

June 30, 2009

(In Thousands)

	Student Activity Funds	Adult Education Book Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 600	\$ 9	\$ 609
<b>LIABILITIES</b>			
Due to student groups and other	\$ 600	\$ 9	\$ 609

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS

For the Year Ended June 30, 2009

(In Thousands)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>STUDENT ACTIVITY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 694	\$ 1,611	\$ 1,705	\$ 600
<b>Liabilities</b>				
Due to student groups	\$ 694	\$ 1,611	\$ 1,705	\$ 600
<b>ADULT EDUCATION BOOK FUND</b>				
<b>Assets</b>				
Cash	\$ 9	\$ 1	\$ 1	\$ 9
<b>Liabilities</b>				
Due to other	\$ 9	\$ 1	\$ 1	\$ 9
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 703	\$ 1,612	\$ 1,706	\$ 609
<b>Liabilities</b>				
Due to student groups	\$ 694	\$ 1,611	\$ 1,705	\$ 600
Due to other	9	1	1	9
Total	\$ 703	\$ 1,612	\$ 1,706	\$ 609



Capital Assets Used in the Operation  
of Governmental Funds

## **CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Capital asset reporting by function and source is presented in these schedules. Assets are reported primarily at historical cost or estimated historical cost. Current and accumulated provisions for depreciation are not included in the schedules.

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS,  
COMPARATIVE SCHEDULE BY SOURCE**

June 30, 2009 and 2008

(In Thousands)

	2009	2008
Governmental funds capital assets:		
Land and land improvements	\$ 94,718	\$ 91,499
Buildings	813,578	437,298
Other structures	21,145	15,165
Furniture and equipment	34,121	32,607
Rolling equipment	38,682	36,532
Infrastructure	424,329	410,327
Construction in progress	268,804	557,158
<b>Total</b>	<b>\$ 1,695,377</b>	<b>\$ 1,580,586</b>
Investments in governmental funds capital assets:		
<b>Total governmental funds capital assets</b>	<b>\$ 1,695,377</b>	<b>\$ 1,580,586</b>

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## STATISTICAL SECTION INFORMATION

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended (1) to assist users in understanding the socioeconomic environment and (2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

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

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CITY OF HARTFORD, CONNECTICUT

NET ASSETS BY COMPONENT

Last Eight Fiscal Years

(In Thousands)

	Fiscal Year			
	2009	2008	2007	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 910,440	\$ 877,583	\$ 815,601	\$ 737,253
Restricted	63,642	64,098	65,320	55,509
Unrestricted	12,324	(5,966)	43,920	53,952
<b>Total governmental activities net assets</b>	<b>986,406</b>	<b>935,715</b>	<b>924,841</b>	<b>846,714</b>
Business-type activities				
Invested in capital assets, net of related debt	37,683	35,974	36,969	36,641
Restricted	-	-	-	-
Unrestricted	-	-	1,562	1,033
<b>Total business-type activities net assets</b>	<b>37,683</b>	<b>35,974</b>	<b>38,531</b>	<b>37,674</b>
Primary Government				
Invested in capital assets, net of related debt	948,123	913,557	852,570	773,894
Restricted	63,642	64,098	65,320	55,509
Unrestricted	12,324	(5,966)	45,482	54,985
<b>Total primary government net assets</b>	<b>\$ 1,024,089</b>	<b>\$ 971,689</b>	<b>\$ 963,372</b>	<b>\$ 884,388</b>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

(2) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.



TABLE 1

Fiscal Year			
2005	2004	2003	2002
\$ 425,801	\$ 355,753	\$ 338,416	\$ 364,532
53,375	50,445	48,188	44,915
58,531	44,137	73,832	64,403
537,707	450,335	460,436	473,850
33,145	31,056	35,377	36,688
-	17,843	17,625	16,344
4,604	-	947	1,519
37,749	48,899	53,949	54,551
458,946	386,809	373,793	401,220
53,375	68,288	65,813	61,259
63,135	44,137	74,779	65,922
\$ 575,456	\$ 499,234	\$ 514,385	\$ 528,401

## CITY OF HARTFORD, CONNECTICUT

## CHANGES IN NET ASSETS

Last Eight Fiscal Years

(In Thousands)

	Fiscal Year			
	2009	2008	2007	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 58,575	\$ 115,504	\$ 97,524	\$ 94,466
Public safety	95,466	83,414	77,513	74,179
Public works	30,290	29,127	23,821	24,730
Development and community affairs	56,269	51,777	47,702	45,570
Human services	34,601	30,042	30,755	24,022
Education	450,428	496,857	397,355	375,615
Recreation and culture	10,227	10,338	10,231	9,991
Benefits and insurance	-	-	-	-
Sundry	-	-	-	-
Interest on long-term debt	17,169	13,723	11,045	6,941
<b>Total governmental activities expenses</b>	<b>753,025</b>	<b>830,782</b>	<b>695,946</b>	<b>655,514</b>
Business-type activities:				
Hartford Parking Facilities	3,760	3,897	3,768	3,701
American Airlines Building	-	-	-	-
G. Fox Building	-	-	-	-
<b>Total business-type activities net assets</b>	<b>3,760</b>	<b>3,897</b>	<b>3,768</b>	<b>3,701</b>
<b>Total primary government expenses</b>	<b>756,785</b>	<b>834,679</b>	<b>699,714</b>	<b>659,215</b>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
General government	2,374	2,907	4,324	4,227
Public safety	2,053	4,696	5,439	7,843
Public works	14,715	14,224	12,155	12,278
Recreation and culture	458	2,514	2,383	2,063
Other	5,398	1,340	1,434	1,674
Operating grants and contributions	391,919	466,397	382,080	364,191
Capital grants and contributions	71,908	58,545	73,070	122,823
<b>Total governmental activities program revenues</b>	<b>488,825</b>	<b>550,623</b>	<b>480,885</b>	<b>515,099</b>

TABLE 2

Fiscal Year				
2005	2004	2003	2002	
\$ 22,080	\$ 18,002	\$ 20,645	\$ 19,969	
71,142	67,442	72,533	69,267	
16,881	26,702	26,497	31,595	
54,484	48,305	42,025	41,680	
18,853	19,126	21,043	22,021	
295,963	291,152	280,120	273,160	
7,446	9,737	11,137	11,489	
102,396	105,141	79,783	81,520	
22,589	12,058	11,722	13,870	
9,409	6,860	7,806	8,728	
621,243	604,525	573,311	573,299	
5,876	4,067	3,991	508	
-	863	763	1,372	
-	-	-	801	
5,876	4,930	4,754	2,681	
627,119	609,455	578,065	575,980	
4,109	2,894	1,740	4,242	
6,226	5,412	5,196	4,673	
11,142	13,240	11,311	9,196	
2,077	2,891	2,729	254	
1,970	1,785	2,662	2,138	
330,611	313,870	318,736	311,770	
98,134	24,745	8,044	20,607	
454,269	364,837	350,418	352,880	

## CITY OF HARTFORD, CONNECTICUT

## CHANGES IN NET ASSETS

Last Eight Fiscal Years

(In Thousands)

	Fiscal Year			
	2009	2008	2007	2006
<b>Business-type activities:</b>				
Charges for services:				
Parking facilities*	5,309	6,724	6,337	4,840
Other enterprise funds	-	-	-	-
Capital grants and contributions	3,214	167	-	37
<b>Total business-type activities program revenues</b>	<b>8,523</b>	<b>6,891</b>	<b>6,337</b>	<b>4,877</b>
<b>Total primary government program revenues</b>	<b>497,348</b>	<b>557,514</b>	<b>487,222</b>	<b>519,976</b>
<b>Net (expense)/revenue</b>				
Governmental activities	(264,200)	(280,159)	(215,061)	(140,415)
Business-type activities	4,763	2,994	2,569	1,176
<b>Total primary government net expense</b>	<b>(259,437)</b>	<b>(277,165)</b>	<b>(212,492)</b>	<b>(139,239)</b>
<b>General revenues and other changes in net expenses</b>				
Governmental activities:				
Property taxes	256,520	229,500	229,734	215,285
Unrestricted grants and contributions	53,234	47,698	49,262	41,861
Investment earnings	(416)	3,692	8,519	5,490
Other general revenues	2,492	4,581	3,920	4,779
Transfers and other	3,061	5,562	1,753	1,381
Special item - net loss on sale of property	-	-	-	-
<b>Total governmental activities</b>	<b>314,891</b>	<b>291,033</b>	<b>293,188</b>	<b>268,796</b>
Business-type activities: (2)				
Investment earnings	7	11	41	130
Other general revenues	-	-	-	-
Special item - net loss on sale of property	-	-	-	-
Transfers and other	(3,061)	(5,562)	(1,753)	(1,381)
<b>Total business-type activities</b>	<b>(3,054)</b>	<b>(5,551)</b>	<b>(1,712)</b>	<b>(1,251)</b>
<b>Total primary government</b>	<b>311,837</b>	<b>285,482</b>	<b>291,476</b>	<b>267,545</b>
<b>Changes in net assets</b>				
Governmental activities	50,691	10,874	78,127	128,381
Business-type activities	1,709	(2,557)	857	(75)
<b>Total primary government</b>	<b>\$ 52,400</b>	<b>\$ 8,317</b>	<b>\$ 78,984</b>	<b>\$ 128,306</b>

\* Prior to 2005, the parking facilities charges for services are classified with the City's other enterprise fund charges for services. After 2004, the City's parking facilities enterprise fund is the only business-type activities function generating charges for services.

## Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.
- (3) The City began the cost allocation of benefits, insurance and other indirect expenses within its governmental functions in 2006.

TABLE 2

Fiscal Year			
2005	2004	2003	2002
3,698	-	-	-
-	3,825	3,778	2,738
43	-	-	-
3,741	3,825	3,778	2,738
458,010	368,662	354,196	355,618
(166,974)	(239,688)	(222,893)	(220,419)
(2,135)	(1,105)	(976)	57
(169,109)	(240,793)	(223,869)	(220,362)
196,846	191,514	172,094	169,770
39,907	37,755	44,026	51,847
3,949	3,515	2,344	3,033
3,829	1,726	4,376	1,773
9,815	1,813	103	-
-	(6,736)	-	-
254,346	229,587	222,943	226,423
500	272	477	1,042
300	-	-	-
-	(2,404)	-	-
(9,815)	(1,813)	(103)	-
(9,015)	(3,945)	374	1,042
245,331	225,642	223,317	227,465
87,372	(10,101)	50	6,004
(11,150)	(5,050)	(602)	1,099
\$ 76,222	\$ (15,151)	\$ (552)	\$ 7,103

CITY OF HARTFORD, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years

(In Thousands)

	2009	2008	2007	2006
General fund				
Reserved	\$ 95	\$ -	\$ -	\$ 246
Unreserved	16,218	27,900	34,467	32,969
<b>Total general fund</b>	<b>\$ 16,313</b>	<b>\$ 27,900</b>	<b>\$ 34,467</b>	<b>\$ 33,215</b>
All other governmental funds				
Reserved	99,213	95,227	81,122	62,397
Unreserved, reported in:				
Debt service funds	146	146	3,238	2,747
Special revenue funds	8,748	9,176	17,151	17,771
Capital project funds	(4,404)	8,229	60,226	38,593
<b>Total all other governmental funds</b>	<b>\$ 103,703</b>	<b>\$ 112,778</b>	<b>\$ 161,737</b>	<b>\$ 121,508</b>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

(2) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2002.

TABLE 3

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2005	2004	2003	2002
\$ 143	\$ 379	\$ 1,453	\$ 3,629
30,776	21,093	24,340	28,154
\$ 30,919	\$ 21,472	\$ 25,793	\$ 31,783
115,549	49,752	28,966	23,314
1,834	39	39	39
3,187	5,011	7,305	11,870
(36,609)	19,586	34,436	37,586
\$ 83,961	\$ 74,388	\$ 70,746	\$ 72,809

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## CITY OF HARTFORD, CONNECTICUT

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years

(In Thousands)

	2009	2008	2007	2006
<b>Revenues:</b>				
Property taxes	\$ 250,668	\$ 232,955	\$ 231,638	\$ 208,241
Licenses, permits, and other charges	8,155	9,850	8,594	10,058
Intergovernmental revenues	505,062	567,464	503,669	523,276
Charges for services	9,353	7,531	8,184	9,734
Use of property	4,196	4,294	4,314	4,085
Investment income	(416)	3,653	8,452	5,413
Miscellaneous	16,733	18,347	15,120	18,805
<b>Total revenues</b>	<b>793,751</b>	<b>844,094</b>	<b>779,971</b>	<b>779,612</b>
<b>Expenditures:</b>				
General government	23,739	25,776	20,487	16,266
Public safety	80,388	79,424	77,898	74,519
Public works	17,712	14,998	15,820	15,362
Development and community affairs	54,857	52,876	53,441	52,020
Human services	33,786	29,879	30,581	23,867
Education	400,535	479,031	391,131	368,936
Recreation and culture	9,234	9,636	9,401	8,014
Benefits and insurance	57,985	57,012	54,754	47,348
Other	28,955	28,122	28,755	26,709
Capital outlay	113,021	101,332	106,647	163,076
Debt Service:				
Principal	24,590	19,838	16,810	15,901
Interest	15,954	13,063	9,965	9,020
<b>Total expenditures</b>	<b>860,756</b>	<b>910,987</b>	<b>815,690</b>	<b>821,038</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(67,005)</b>	<b>(66,893)</b>	<b>(35,719)</b>	<b>(41,426)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	56,633	55,761	53,222	40,069
Transfers out	(53,572)	(50,199)	(51,469)	(36,239)
Bonds issued	40,225	-	70,000	70,000
Capital leases	1,700	3,883	3,164	4,526
Bond premium	1,357	-	2,283	2,913
Refunding bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Section 108 loans and CWF serial notes	-	1,922	-	-
Proceeds from sale of property	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>46,343</b>	<b>11,367</b>	<b>77,200</b>	<b>81,269</b>
<b>Net change in fund balances</b>	<b>(20,662)</b>	<b>(55,526)</b>	<b>41,481</b>	<b>39,843</b>
<b>Fund Balances, beginning of year</b>	<b>140,678</b>	<b>196,204</b>	<b>154,723</b>	<b>114,880</b>
<b>Fund Balances, end of year</b>	<b>\$ 120,016</b>	<b>\$ 140,678</b>	<b>\$ 196,204</b>	<b>\$ 154,723</b>
Debt Service as a Percentage of Noncapital Expenditures	5.40%	4.06%	3.79%	3.79%

## Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

(2) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2002.



TABLE 4

	2005	2004	2003	2002
\$	197,028	\$ 183,048	\$ 172,279	\$ 171,219
	9,681	10,307	6,991	5,442
	454,432	385,155	373,706	388,454
	8,322	7,546	6,847	6,883
	3,925	5,079	10,025	6,124
	3,889	3,482	2,244	2,715
	19,224	11,896	12,375	5,215
	696,501	606,513	584,467	586,052
	14,737	17,497	20,720	19,735
	69,671	67,441	70,113	69,799
	16,729	23,386	25,259	30,251
	63,369	50,567	46,345	41,899
	18,824	19,044	20,951	22,047
	286,985	275,176	277,559	270,147
	6,832	8,414	8,847	9,880
	100,797	89,470	74,820	77,014
	22,589	12,275	11,414	14,087
	136,903	32,293	13,394	30,857
	14,150	14,515	14,830	16,055
	6,037	6,700	7,898	8,732
	757,623	616,778	592,150	610,503
	(61,122)	(10,265)	(7,683)	(24,451)
	54,881	40,770	40,779	43,340
	(45,066)	(38,944)	(40,618)	(44,094)
	66,300	-	-	-
	2,822	-	-	-
	3,093	-	1,640	-
	29,510	-	30,225	-
	(32,866)	-	(32,396)	-
	1,468	-	-	-
	-	7,760	-	-
	80,142	9,586	(370)	(754)
	19,020	(679)	(8,053)	(25,205)
	95,860	96,539	104,592	129,797
\$	114,880	\$ 95,860	\$ 96,539	\$ 104,592
	3.25%	3.63%	3.93%	4.28%

## ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Grand List Year	Land and Buildings	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Grand List	Total Direct Tax Rate (in mills)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2009	2007	\$ 5,187,321	\$ 678,893	\$ 258,996	\$ 6,125,210	\$ 2,678,393	\$ 3,446,817	68.34%	(3)	(3)
2008	2006	4,751,126	672,107	268,835	5,692,068	2,355,636	3,336,432	63.39%	(2)	(2)
2007	2005	4,602,272	695,752	265,073	5,563,097	1,952,351	3,610,746	64.82%	5,158,209	70.00%
2006	2004	4,517,806	674,941	300,819	5,493,566	1,983,982	3,509,584	60.80%	5,013,691	70.00%
2005	2003	4,482,273	731,144	282,932	5,496,349	1,950,749	3,545,600	56.30%	5,065,143	70.00%
2004	2002	4,498,815	736,813	310,330	5,545,958	1,941,233	3,604,725	52.90%	5,149,607	70.00%
2003	2001	4,412,462	767,052	316,646	5,496,160	1,890,005	3,606,155	48.00%	5,151,650	70.00%
2002	2000	4,402,483	781,371	313,605	5,497,459	1,865,419	3,632,040	48.00%	5,188,629	70.00%
2001	1999	4,362,566	765,329	301,795	5,429,690	1,827,574	3,602,116	47.00%	5,145,880	70.00%
2000	1998	7,885,603	758,935	282,243	8,926,781	3,135,866	5,790,915	29.50%	8,272,736	70.00%

Source: City of Hartford, Assessor's Office

Notes:

- (1) 2006 and 1999 real property grand list is adjusted to reflect statutory revaluation.
- (2) Assessed value is 70% of Estimated Actual Value from 1999 to 2005.
- (3) Beginning in 2006 Assessed Value-not all property at 70%.

## PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

(In Thousands)

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Hartford Fire Insurance & Twin City Ins.	\$ 142,713	1	3.96%	\$ 198,875	3	3.45%
Travelers Indemnity Co. Affiliate	134,635	2	3.64%	217,464	2	3.78%
Connecticut Light & Power	118,594	3	3.04%	99,932	5	1.74%
Northland Properties	91,692	4	2.45%	-		0.0%
Aetna Life Insurance Co.	84,402	5	1.98%	260,485	1	4.52%
State House Financial	60,721	6	1.67%	-		0.0%
City Place 1 LTD Partnership	58,120	7	1.60%	123,550	4	2.15%
Talcott II Gold, LLC	53,654	8	1.48%	-		0.0%
Bank of Boston, CT	49,159	9	1.39%	-		0.0%
FGA Trumbull, LLC	47,664	10	1.26%	-		0.0%
Northeast Plaza	-		0.0%	98,982	6	1.72%
Bank of Boston, CT	-		0.0%	90,510	7	1.57%
Principal Mutual Life Insurance Co.	-		0.0%	74,233	8	1.29%
Hartford Steam Boiler	-		0.0%	71,073	9	1.23%
Connecticut Constitution LTD	-		0.0%	65,737	10	1.14%
	-		0.0%	-		0.0%
Total Taxable Grand List	<u>\$ 841,354</u>		<u>22.47%</u>	<u>\$ 1,300,841</u>		<u>22.59%</u>

Source: City of Hartford Assessor's Office

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Grand List	Mill Rate	Original Tax Levy	Adjusted Tax Levy	Amount	Percentage of Levy	Tax Collections in Subsequent Years	Amount	Percentage of Levy
2009	2007	\$ 3,465,777	\$ 68.34	\$ 256,899	\$ 242,777	\$ 233,628	90.94%	\$ -	\$ 233,628	96.23%
2008	2006	3,704,353	63.39	233,705	221,445	213,260	91.25%	2,822	216,082	97.58%
2007	2005	3,596,490	64.82	233,373	229,963	219,241	93.94%	3,395	222,636	96.81%
2006	2004	3,510,147	60.82	210,146	209,283	198,964	94.68%	5,679	204,643	97.78%
2005	2003	3,545,600	56.32	196,887	185,277	185,278	94.10%	5,846	191,124	103.16%
2004	2002	3,604,725	52.92	190,277	169,117	175,153	92.05%	6,532	181,685	107.43%
2003	2001	3,606,156	48.00	173,465	168,065	158,888	91.60%	8,037	166,925	99.32%
2002	2000	3,634,644	48.00	174,464	163,204	161,646	92.65%	5,141	166,787	102.20%
2001	1999	3,602,116	47.00	169,314	162,594	157,206	92.85%	5,380	162,586	100.00%
2000	1998	5,790,915	29.50	170,955	163,423	157,828	92.32%	5,589	163,417	100.00%

Source: City of Hartford Tax Collector's Office.

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	General Purpose	Schools	Civic Center	Section 108 Loans	Capital Leases	Hartford Parking Facilities	Total	School Building Aid	Net General Bonded Debt	Ratio of Net General Bonded Debt Taxable Assessed Value	Ratio of Net General Bonded Debt Per Capita
2009	\$166,273	\$125,922	\$ 3,650	\$ 2,478	\$ 8,142	\$ 30,710	\$337,175	\$ 16,197	\$ 279,648	9.31%	\$ 2,246
2008	134,118	137,222	4,800	2,845	9,278	31,965	320,228	18,515	257,625	7.14%	2,068
2007	139,796	148,079	6,000	3,115	7,228	33,175	337,393	21,367	272,508	7.55%	2,188
2006	94,802	137,208	7,200	11,220	6,315	34,340	291,085	24,967	214,243	5.94%	1,720
2005	56,719	118,746	8,615	11,288	2,720	34,340	232,428	28,419	155,661	4.31%	1,250
2004	33,763	88,712	10,030	9,910	-	32,115	* 174,530	32,196	100,309	2.78%	805
2003	37,703	97,872	11,445	1,995	-	32,115	* 181,130	36,104	110,916	3.07%	890
2002	41,794	105,771	12,860	2,075	-	32,115	* 194,615	40,432	119,993	3.32%	963
2001	47,047	115,158	14,275	2,150	-	-	178,630	44,760	131,720	3.65%	1,057
2000	36,853	115,942	15,690	2,220	-	-	170,705	49,088	119,397	3.31%	959

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

\* Revenue bonds refunded in 2005 with the issuance of general obligation refunding bonds.

## STATEMENT OF DEBT LIMITATION

June 30, 2009

(In Thousands)

Total Fiscal Year 2009 tax collections (taxes, interest and fees)	\$ 252,019
Tax Relief for the elderly	5
Base for establishing debt limit	<u>\$ 252,024</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Funding	Total
Debt Limitation						
2 1/4 times base	\$ 567,054	\$ -	\$ -	\$ -	\$ -	\$ 567,054
4 1/2 times base	-	1,134,108	-	-	-	1,134,108
3 3/4 times base	-	-	945,090	-	-	945,090
3 1/4 times base	-	-	-	819,078	-	819,078
3 times base	-	-	-	-	756,072	756,072
<b>Total debt limitation</b>	<b>567,054</b>	<b>1,134,108</b>	<b>945,090</b>	<b>819,078</b>	<b>756,072</b>	<b>4,221,402</b>
Debt, as defined by Statute:						
Bonds payable	200,633	125,922	-	-	-	326,555
Bonds authorized - unissued	135,021	85,942	578	-	-	221,541
Bond anticipation notes	-	10	-	-	-	10
Overlapping debt	-	-	39,173	-	-	39,173
Serial notes payable	-	-	1,745	-	-	1,745
School building grants receivable	-	(85,771)	-	-	-	(85,771)
<b>Total indebtedness</b>	<b>335,654</b>	<b>126,103</b>	<b>41,496</b>	<b>-</b>	<b>-</b>	<b>503,253</b>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<b>\$ 231,400</b>	<b>\$ 1,008,005</b>	<b>\$ 903,594</b>	<b>\$ 819,078</b>	<b>\$ 756,072</b>	<b>\$ 3,718,149</b>

Note: Total indebtedness above amounts to \$503 million but in no event shall total indebtedness exceed \$1.8 billion (seven times the base for debt limitation computation).

School building grants totaling \$16.2 million are applicable to outstanding bond issues. It is estimated that an additional \$205.5 million of authorized education project costs will be funded through State of Connecticut progress payments.

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt Limit	\$ 1,764,168	\$ 1,558,669	\$ 1,623,692	\$ 1,454,201	\$ 1,376,389	\$ 1,283,989	\$ 1,184,505	\$ 1,198,757	\$ 1,196,438	\$ 1,187,123
Total net debt applicable to limit	503,253	416,180	396,682	352,585	354,831	382,338	366,710	407,649	412,282	317,795
Legal Debt Margin	\$ 1,260,915	\$ 1,142,489	\$ 1,227,010	\$ 1,101,616	\$ 1,021,558	\$ 901,651	\$ 817,795	\$ 791,108	\$ 784,156	\$ 869,328
Total net debt applicable to the limit as percentage of debt limit	28.53%	26.70%	24.43%	24.25%	25.78%	29.78%	30.96%	34.01%	34.46%	26.77%

## STATEMENT OF DIRECT AND OVERLAPPING DEBT

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Business-Type			MDC			Ratio of			Debt Per Capita
	Governmental General Obligation Bonds	Activities General Obligation Bonds	MDC Bonded Debt	MDC Self Funded Debt	Overlapping Debt All Participating Governments	City's Percentage Share of MDC Debt	City's Share of MDC Debt	Total Direct and Overlapping Debt	Debt to Taxable Assessed Value	
2009	\$ 287,334	\$ 39,221	\$ 218,195	\$ 79,888	\$ 138,307	27.61%	\$ 38,187	\$ 364,742	10.58%	2.928
2008	276,140	31,965	181,340	74,267	107,073	27.49%	29,434	337,539	9.35%	2.710
2007	293,875	33,175	102,162	26,977	75,185	27.07%	20,353	347,403	9.62%	2.793
2006	239,210	34,340	112,301	30,053	82,248	26.78%	22,026	295,576	8.42%	2.376
2005	184,080	34,340	122,819	33,267	89,552	27.37%	24,510	242,930	6.85%	1.946
2004	132,505	-	117,897	28,835	89,062	27.81%	24,768	157,273	4.36%	1.264
2003	147,020	-	111,899	23,121	88,778	28.96%	25,710	172,730	4.79%	1.386
2002	160,425	-	120,495	26,404	94,091	29.79%	28,030	188,455	5.19%	1.518
2001	176,480	-	90,375	22,777	67,598	30.97%	20,935	197,415	5.48%	1.624
2000	168,485	-	93,148	31,445	61,703	32.09%	19,800	188,285	3.25%	1.415

Notes:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) MDC - Metropolitan District Commission



DEMOGRAPHIC AND EMPLOYMENT STATISTICS  
Last Ten Calendar Years

Calendar Year	Population (1)	School Enrollment (2)	Median Age (1)	Median Family Income (1)	Calendar Year	Employed (3)	Unemployed (3)	City of Hartford	Hartford Labor Market Area	State of Connecticut	United States
2009	\$ 124,512	\$ 22,360	29.7	\$ 24,820	2008	43,481	7,062	14.0%	8.0%	8.0%	8.9%
2008	124,563	22,319	30.4	30,805	2007	44,534	4,367	8.9%	5.1%	5.9%	6.0%
2007	124,512	22,172	32.0	29,293	2006	44,044	4,178	8.7%	4.4%	4.3%	4.7%
2006	124,397	22,296	30.4	28,984	2005	43,404	4,670	9.7%	5.1%	4.9%	5.1%
2005	124,848	24,407	29.7	28,362	2004	42,899	4,835	10.1%	5.2%	4.9%	5.5%
2004	124,387	24,614	29.7	28,132	2003	42,825	5,443	11.3%	5.8%	5.5%	6.0%
2003	124,588	24,598	29.7	29,788	2002	43,284	4,198	8.8%	4.5%	4.3%	5.8%
2002	124,180	24,479	29.7	25,947	2001	46,819	3,539	7.0%	3.3%	3.3%	4.7%
2001	121,578	24,420	28.4	23,701	2000	51,317	2,610	4.8%	2.4%	2.2%	4.0%
2000	133,086	24,278	30.5	23,701	1999	48,547	3,307	6.4%	3.3%	3.2%	4.2%

(1) U.S. Department of Commerce, Bureau of Census.

(2) Hartford Board of Education (2005 and prior), (State Department of Education for fiscal years 2006 and forward).

(3) State of Connecticut, Department of Labor (Calendar Year).

## PRINCIPAL EMPLOYERS

## Metro Hartford's Major Employers

Business Name	Nature of Business	Location	Employees
State of Connecticut	Government	Hartford	\$ 53,129
United Technologies Corp.	Diversified manufacturer	Hartford	26,400
The Hartford Financial Services Group	Insurance, financial services	Hartford	12,600
Aetna Inc.	Health insurance	Hartford	7,366
The Travelers Cos. Inc.	Property/casualty insurance	Hartford	6,200
Bank of America	Banking/financial services	Metro Hartford	5,100
Hartford Hospital	General hospital	Hartford	5,100
John Dempsey Hospital	General hospital	Farmington	5,000
Northeast Utilities	Electric utility	Hartford	4,148
University of Connecticut	State university	Storrs	4,000
CIGNA Corp.	Insurance	Bloomfield	3,833
Saint Francis Hospital & Medical Center	General hospital	Hartford	3,466
ESPN	Media	Bristol	3,000
The Hospital of Central Conn.	General hospital	New Britain	3,000
UnitedHealth Group (Uniprise)	Health insurance	Hartford	2,300
Cianbro Corp.	General contractor	Bloomfield	2,200
Mass Mutual Financial Group	Insurance	Enfield	1,900
ING Group	Financial services	Hartford	1,800
MetLife	Insurance	Hartford	1,750
Eastern CT Health Network	General hospital	Manchester	1,570
AT & T	Telecommunications	Metro Hartford	1,497
ABB, Inc.	Fossil and nuclear power generation	Windsor	1,400
Kaman Corporation	Diversified manufacturer	Bloomfield	1,320
J.C. Penney Company, Inc.	Catalog and retail distribution	Manchester	1,300
Stanley Works	Hardware manufacture	New Britain	1,300
Total			<u>\$ 160,679</u>

Source: Metro Hartford Chamber of Commerce, 2009.

Note: Data not available for 1999 information.

**BUDGETED FULL-TIME EQUIVALENT EMPLOYEES**  
**Last Eight Fiscal Years**

	2009	2008	2007	2006	2005	2004	2003	2002
<b>City Department</b>								
Mayor's Office	25	26	28	22	22	12	5	6
Court of Common Council	10	10	10	10	10	9	11	11
Treasurer	7	7	7	13	11	9	11	12
Registrars of Voters	8	10	9	9	9	9	9	10
Corporation Counsel	17	16	15	13	14	13	16	19
Town & City Clerk	18	19	16	11	11	11	12	14
Internal Audit	5	5	5	4	4	2	-	-
City Manager	-	-	-	-	-	19	31	32
Metro Hartford Information System	22	25	23	20	11	13	21	36
Finance	57	66	58	61	50	43	60	76
Personnel	15	14	13	12	12	12	16	18
Office of Human Relations	11	9	9	9	10	7	10	11
Office of Management & Budget	13	15	12	11	14	-	-	-
Fire	399	361	369	366	404	401	393	416
Police	559	511	517	533	519	497	547	559
Emergency Services & Telecommunications	67	60	68	70	60	55	-	-
Public Works	233	232	245	261	263	280	301	345
Development Services	59	69	67	81	56	46	66	89
Health & Human Services	61	65	63	68	76	66	94	169
Office for Young Children	3	-	-	-	-	-	-	-
Office for Youth Services	3	6	3	-	-	-	-	-
<b>Total</b>	<b>1,592</b>	<b>1,526</b>	<b>1,537</b>	<b>1,574</b>	<b>1,556</b>	<b>1,504</b>	<b>1,603</b>	<b>1,823</b>
<b>Board of Education</b>								
Teachers	1,790	2,058	1,987	1,953	1,869	1,897	1,933	1,649
Administrators	173	146	160	127	120	118	127	134
Paraprofessionals	213	484	453	488	540	479	520	539
Clerical	142	175	202	200	176	178	203	203
Nurses	40	41	52	53	51	52	45	47
Security	75	85	99	93	81	81	84	84
Custodial	207	225	218	212	199	206	215	223
Guidance Counselors	39	44	47	43	41	42	48	44
Social Workers	54	62	69	69	66	70	74	72
Psychologists	25	25	23	23	24	22	26	27
Support Staff	91	188	271	251	190	185	199	205
Others	156	163	99	119	87	95	117	111
<b>Total</b>	<b>3,005</b>	<b>3,696</b>	<b>3,680</b>	<b>3,631</b>	<b>3,444</b>	<b>3,425</b>	<b>3,591</b>	<b>3,338</b>
<b>Grand Total</b>	<b>4,597</b>	<b>5,222</b>	<b>5,217</b>	<b>5,205</b>	<b>5,000</b>	<b>4,929</b>	<b>5,194</b>	<b>5,161</b>

## CITY OF HARTFORD, CONNECTICUT

## OPERATING INDICATORS BY FUNCTION

## Last Four Fiscal Years

	FISCAL YEAR			
	2009	2008	2007	2006
<b>General Government</b>				
Finance				
Number of bills mailed	\$ 75,710	\$ 75,710	\$ 72,395	\$ 73,025
Number of invoices approved for payment	74,865	74,865	123,587	102,138
Number of internal control reviews performed	14	15	16	15
Assessor				
Number of deeds processed	1,829	2,710	3,365	3,338
Number of veterans exemptions	1,374	1,670	1,913	1,548
Board of assessment appeals adjustments	(1,479,909)	(5,859,236)	(5,962,926)	(4,276,153)
Personnel				
Number of applications processed	1,701	1,974	2,350	2,674
Vacancies filled through promotion	58	67	218	159
Vacancies filled through new hires	54	153	166	109
City Clerk				
Land records recorded	13,287	16,500	21,000	22,000
Marriage licenses issued	1,680	1,284	910	1,233
Death certificates issued	10,992	12,600	2,690	2,539
Birth certificates issued	24,568	21,200	7,150	8,928
Management Information Systems				
Help desk calls:				
City	3,664	3,664	3,356	3,057
Schools	10,976	10,976	11,645	9,616
Unassigned	-	-	-	85
Website hits (www.hartford.gov)	30,639,065	30,639,065	22,187,131	18,827,679
Elections				
Voters added	6,801	5,075	3,533	2,483
Voters removed	6,984	4,455	4,397	3,957
Voter changes	11,715	11,950	10,836	10,550
Total voters	46,612	41,026	40,209	41,142
<b>Public Safety</b>				
Police				
911 calls	15,861	19,030	20,784	23,289
Non-emergency calls	106,316	106,699	108,625	107,896
DWI arrests	249	168	156	133
Fire				
Fire	1,053	1,228	1,240	856
No Fire	24	26	28	16
Rescue & Emergency Medical Services	14,818	14,350	11,465	9,247
Hazardous Conditions	766	819	794	615
Service Calls	2,013	2,413	2,523	1,491
Good Intent Calls	1,046	1,254	3,007	1,658
False Alarm & False Calls	1,947	1,904	2,143	1,581
Severe Weather & Natural Disaster	2	-	1	2
Special Incident Type	138	92	112	58
Other	-	-	21	21

OPERATING INDICATORS BY FUNCTION, Continued  
Last Four Fiscal Years

	FISCAL YEAR			
	2009	2008	2007	2006
<b>Public Works</b>				
Engineering & Administration				
Lane miles paved	37	37	37	411
<b>Development and Community Affairs</b>				
Development Services				
Housing vouchers, residential assistance (families)	4,784	4,614	4,619	4,336
Zoning Board appeals	53	60	57	48
Code violations	1,493	6,002	10,415	9,594
Citations issued	41	1,799	2,786	2,449
<b>Human Services</b>				
General Human Services				
Job placements (out of 240 referrals)	50	52	72	48
Senior Center				
Preventative health clinic services	297			
Outreach services (duplicated units)	16,480	63,981	76,820	32,196
Youth & Family Services				
Counseling cases	1,387	1,387	85	297
Young parent cases (FYE 2008 No longer done)	N/A	N/A	45	55
<b>Education</b>				
Average Class Size - Kindergarten	18.9	19.1	18.6	18.2
Average Class Size - Grade 2	18.2	18.2	18.3	19.0
Average Class Size - Grade 5	20.3	20.9	18.9	20.1
Average Class Size - Grade 7	22.0	22.0	20.6	20.8
<b>Recreation and culture</b>				
Number of youth registrations	2,100	2,549	2,300	2,040
Number of youth program hours	26,654	30,995	23,924	23,873
Number of hours provided by volunteers	1,600	1,450	1,302	1,040

**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**Last Five Fiscal Years**

<u>Function/Program</u>	<u>FISCAL YEAR</u>				
	2009	2008	2007	2006	2005
<b>Public Safety</b>					
Police					
Stations	3	3	3	3	3
Vehicles	235	235	231	225	225
Fire					
Firefighting/rescue vehicles	28	29	26	30	30
Other vehicles	56	50	48	40	40
Fire stations	12	12	12	12	12
<b>Public Works</b>					
Infrastructure					
Concrete road miles	63	63	63	63	63
Asphalt road miles	148	148	148	148	148
Bridges	8	8	8	8	8
Traffic lights	241	241	241	238	238
Conduit system (miles)	8	8	8	8	8
Street Maintenance					
Dump trucks	31	31	31	42	36
Sweepers	7	7	7	16	16
Parks and Cemeteries					
Parks					
Large multi-use	9	9	9	9	9
Medium size	10	10	10	10	10
Smaller/playgrounds	10	10	10	10	10
Cemeteries	5	5	5	5	5
Building Maintenance					
Parking lots	1	1	1	1	-
Parking garages	3	3	3	3	3
<b>Education</b>					
School buildings	45	45	44	40	38
Administrative buildings	3	3	3	3	3
<b>Recreation and Culture</b>					
Recreation					
Number of basketball courts	33	32	32	32	32
Number of football fields	6	6	6	6	6
Number of multi-use fields	4	4	4	1	1
Number of playscapes/grounds	28	27	27	27	27
Number of soccer fields	6	6	6	6	6
Number of softball fields	16	16	16	16	16
Number of tennis courts	27	27	27	27	27
Mowers	35	35	35	35	35
Other vehicles	47	47	47	47	47
Libraries					
Central	1	1	1	1	1
Number of Branches	9	9	9	9	9
Library on Wheels	1	1	1	1	1