

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR

JULY 1, 2010 - JUNE 30, 2011



CITY OF HARTFORD  
CONNECTICUT

OFFICE OF THE DIRECTOR OF FINANCE



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

*For the Fiscal Year*

*July 1, 2010 to June 30, 2011*

PREPARED BY:

**DEPARTMENT OF FINANCE**

**JULIO C. MOLLEDA  
DIRECTOR OF FINANCE**



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## **Introductory Section**





**PEDRO E. SEGARRA**  
MAYOR

# CITY OF HARTFORD

## DEPARTMENT OF FINANCE

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**JULIO MOLLEDA**  
Director of Finance

January 3, 2012

The Honorable Mayor Pedro E. Segarra,  
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, Connecticut (the "City") for the fiscal year ended June 30, 2011. 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, Housing, Economic Development and Permitting and Licensing duties, in conjunction with the newly created Marketing Events and Cultural Affairs Division, is making a significant impact on major economic initiatives throughout the City.

The Department is positioned as the single point of contact for commercial and residential development projects, in addition to marketing, events and cultural affairs. The Hartford region ranks third in terms of GDP per capita in the world. This ranking is only behind Brussels and Luxembourg. Evidence of the economic development activity and the revitalization of the City are clearly visible in the ongoing 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 the City's becoming a regional center for logistics and distribution companies, the headquarters of three Fortune 100 companies are located in Hartford to take advantage of the City's strategic location and highly productive workforce. While the sluggish economy continues to impact the pace of development activity, the City is well positioned to support a wide range of economic development and housing initiatives.

### **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 Convention Center, 1,000

housing units in downtown, and the Capital Community College downtown campus, Morgan Street parking garage, the Civic Center conversion, and riverfront infrastructure improvements. The six pillars are substantially complete and have been successful in achieving their goals of placing feet on the street, enhancing the vitality of the downtown and serving as a catalyst for additional private investment. Projects that are part of CCEDA are noted in each description below.

## Major Projects

- Connecticut Science Center (a CCEDA Six Pillars Project) – Designed by Caesar Pelli, this 145,000-square-foot facility was completed in the June 2009 as the educational destination for Adriaen's Landing. With a regional appeal to families and tourists, the Center attracted over 350,000 visitors in 2010, exceeding visitor projections.
- Downtown college campus (a CCEDA Six Pillars Project) – 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.
- Parking improvements (a CCEDA Six Pillars Project) – The Morgan Street Garage opened in January 2002 and added 2,300 parking spaces for the Capital Community College students, downtown office workers and professional and leisure commuters. The facility is under the control of the Hartford Parking Authority, which also operates the Church Street and MAT Garages. Both garages are operating at over 100 % occupancy.
- Civic Center (a CCEDA Six Pillars Project) – CCEDA funds were used to renovate the former Civic Center mall. Retail space that previously faced inward now opens to Trumbull and Asylum Streets, and a new entrance was built to the XL Center coliseum, which hosts UConn basketball games, exhibits and concerts. In fall of 2011, the new Saint Joseph School of Pharmacy began classes for the doctoral program in pharmacy. This 35,000 square-foot facility on Trumbull Street will host 68 students initially and is expected to have 400 students at its peak. Other recent leases include the flagship Hartford office of First Niagara Bank and a Verizon retail store.
- Riverfront infrastructure (a CCEDA Six Pillars Project) – A large portion of this \$25 million project has been completed with the pedestrian walkway at Riverfront Plaza, boat launches at Charter Oak Landing, the community boathouse and boat ramps at Riverside Park, the Columbus Boulevard walkway and the Riverwalk North. Only the Riverwalk South to the Colt Gateway remains to be completed.
- The Connecticut Convention Center (a CCEDA Six Pillars Project) – The Convention Center opened for operation in June of 2005 with its 145,000-square-foot exhibition hall, a 40,000-square-foot ballroom, and 25,000 square feet of meeting rooms at a cost of \$190 million. Since the opening, the Center has hosted an average of 220 events and 250,000 visitors per year.
- Front Street (a CCEDA Six Pillars Project) – The HB Nitkin Group was selected by CCEDA as the developer for this project, which will include 60,000 square feet of retail, restaurant and entertainment space and a 286-space garage in its first phase. Construction on the first phase was completed in 2010 and forty seven percent of the space is leased to two tenants. Tenant fit-out is expected to commence shortly and occupancy is scheduled for mid to the latter part of 2012. The western portion of Front Street District is being planned for a second phase that would include a new residential development.
- Coltsville – In July 2010, Colt Gateway LLC was announced as the new developer. All 40 residential lofts that have been completed are leased. In addition, the campus is home to two CREC Regional Magnet Schools and Lexis Nexis, a software company. Environmental remediation of the courtyard is under way, and a new streetscape is funded with Federal dollars, City funds and State of Connecticut Department of Transportation assistance. The National Trust Community Investment Corporation provided a portion of its New Market Tax Credit ("NMTC") allocation to Chevron TCI, the historic tax credit investor, resulting in a combined \$23 million historic NMTC investment. Colt Gateway is currently negotiating with existing creditors, the City and the State on a financial workout that will result in a resumption of the armory renovations that will result in a major mixed-use development. Coltsville itself was designated a National Historic Landmark in July 2008. The Coltsville Ad Hoc Committee commissioned, completed and submitted a Visitor Experience Study that describes how a National Park would function and what it would include. The ultimate goal is to achieve National Park status.
- Sims Metal Management Aerospace ("Sims") – In December 2010, this aerospace company completed its relocation within the City. At the current location, the operation spans a 279,000-square-foot building and a recently completed 145,000-square-foot addition. As a result of this transaction over 160 employees were retained within the City.

- Hilton Homewood Suites – The hotel and banquet center, which opened for business in 2007, is located in the historic Bond Hotel building on Asylum Street, has 166 rooms features a skyline ballroom facility.
- Marriott Convention Hotel – The 22-story Hartford Marriott Downtown Hotel opened its doors for business in the summer of 2005. The Waterford Group is the private developer for the 409-room hotel, as well as the manager of the Convention Center. This first phase of the project was completed at a cost of approximately \$77 million. The hotel was designed for the construction of a second phase addition that will include another 300 rooms.
- Metro Center at Main and Pavilion – This \$5.3 million shopping plaza opened in the spring of 2005. The plaza is fully leased and anchored by Family Dollar and Save-A-Lot grocery store. The project represents the first new commercial ground-up development in the Clay-Arsenal neighborhood in over 30 years and employs 34 full-time employees.
- Former Charter Oak Terrace Housing Project – This 60-acre site is the new home of a Federal Job Corps Center and a 350,000-square-foot retail shopping center, anchored by Wal-Mart. The in-line retail shops celebrated a grand opening in November 2004 and have created more than 800 new jobs and quality shopping opportunities in the City. Since then, the development of the out-parcels for national chain restaurants are fully leased. In addition, 10 acres developable land is also available for future development.
- Legal Services- Hartford is a major force in the region in the area of legal services. Law firms and related services occupy over one million square feet of space in the Central Business District alone. In 2010, one of the largest lease renewals was Robinson & Cole's at 280 Trumbull Street for 145,000 square feet of space.
- Insurance and Financial Services Sector – Several important projects have been initiated and/or completed in this sector in the past several years.
  - Aetna has completed a \$150 million capital improvement program at its Farmington Avenue headquarters and relocated 3,400 employees from other locations. The project included significant interior and exterior renovations to campus buildings and the construction of two parking garages. Aetna is one of the largest employers in the Hartford area.
  - The Hartford Financial Services Group completed the purchase of 140 Garden Street in June of 2008, adding 17 acres to its headquarter campus. This acquisition provides a unique opportunity for growth in Hartford. In addition, the corporation is proceeding with 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 includes the renovation of 106,200 square feet 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.
  - United Healthcare recently relocated its Hartford office to the newly renovated facility at CityPlace I and in the process retained 2,000 high paying positions downtown.
  - Prudential Retirement Services renewed its lease at 280 Trumbull Street and retained 750 high paying positions downtown.
  - Lincoln Financial Group renewed its lease at Metro Center, thereby retaining its 800 high paying positions downtown. This decision followed Lincoln's merger with Jefferson Pilot.
  - Globe Op Financial Services was recruited to establish a Hartford operation. The company, based in New York, provides administrative and technology support to hedge funds and asset management firms and employs more than 100.
  - Virtus Investment Partners leased space and employs 165 persons at 100 Pearl Street. Virtus is a spin-off of The Phoenix Companies.
- Northeast Utilities – In December of 2009, Northeast Utilities completed the relocation of its corporate headquarters and 180 positions to 10 Prospect Street in the central business district. The company cited its interest in being in the capital city and the seat of government as its relocation motivation.
- Handel Performing Arts Center – In September of 2008, the University of Hartford opened its new center for performing arts education. 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.

## Housing Initiatives

In the 1990s Hartford adopted two objectives – reconstructing or renovating all of its public housing projects with the desire to increase home ownership and reduce rentals. The first objective is substantially complete. The City is now focused on its second objective and has the following projects in various stages of design and development. Approximately 2,100 homeownership units have been added since 2002.

- Downtown housing units – Three residential developments have been completed with CCEDA's financial assistance as part of the Six Pillars. 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. The project also includes 56,000 square feet of retail for shops and restaurants and is also the new home for the YMCA health club. Lastly, the Temple Street development opened in 2007, adding 78 market-rate lofts and 42 student/intern townhouses. Currently, the apartments at these residential developments boast a 90%+ occupancy rate.
- 915 Main Street – PMC Property Group recently completed the transformation of this 160,000-square-foot office building that once housed the American Airlines reservation center into a mixed-use apartment complex. The project includes 18,000 square feet of street-level retail space and 101 apartments.
- The Hollander –The Hollander is a mixed-income apartment building located downtown at 410 Asylum Street. The project, completed by Common Ground in 2009, and is 100 percent occupied. The renovated building has the distinction of being among the first LEED certified residential buildings in the State and the first building in Hartford to have a green roof. In addition to the residential component, the building includes ground floor retail opportunities.
- 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 was completed in May 2009 and is equipped with high-speed internet, direct access elevators and a dedicated green space for families.
- Brick Hollow – This \$11 million project was completed at the end of 2006. The development rehabilitated and reconfigured 60 housing units to 50. The property is located in the Putnam Heights area of the Frog Hollow Neighborhood.
- Dutch Point – The Hartford Housing Authority received a \$20 million HUD Hope VI grant to rebuild the Dutch Point Housing Project. Phase I, which included 73 rental units, was completed in 2006. Phase II was completed in the fall of 2008, and consists of 54 rental units and recreational areas. Construction of Phase III – the development mixed-income condominium units is under-way and will add another 58 units to this \$73 million development.
- Rice Heights – Rice Heights is another example of the City's ambitious program to turn public housing projects from blight to middle-class homeownership. Approximately 50 single-family dwelling units have been built and sold to qualified candidates.
- The Metropolitan – 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 and is 97 percent occupied.
- Alden Street – In 2006, Providian Builders completed construction and sold 20 townhouse-style condominiums. Currently three units are rented due to market conditions and no ability to sell.
- 18 Temple Street – The \$45 million renovation of the former Sage-Allen department store began in late 2004 and was completed in May 2007. The project includes 78 market-rate apartments, 42 student townhouses, 12,000 square feet of retail space, and a parking garage for 318 cars. Currently, the apartments enjoy a 90%-95% occupancy rate.
- Goodwin Estates – Ginsburg Development Company restored the historic Goodwin Estates in the West End of the City with seven condominium flats and 56 new townhouses in Hartford's first new high-end residential development in 20 years. The project was completed at a cost of \$23 million and all units have been sold. The Goodwin townhouses vary in size from 1,500 square feet to 3,000 square feet.
- Mortson Street/Putnam Heights – This \$10.8 million project includes the conversion of seven abandoned buildings and construction of five new buildings to complete 42 new owner-occupied townhouses.

- Pope Park/Park Terrace – 68 affordable units have been restored or constructed in 13 perfect-six apartment buildings. In 2004, Mutual Housing Association of Greater Hartford Inc. completed this \$14 million project – utilizing a combination of loans, grants, and other funding sources.
- SANA Apartments – The \$25 million HUD funded project to reconfigure and rehabilitate the South Arsenal Neighborhood Association's 260 housing units contained in 13 separate buildings was completed in 2005.
- Stowe Village – More than 100 duplex units have been built and beautifully landscaped at Stowe Village in the Northeast neighborhood. Thirty-three single-family units flank the units and a third phase of construction of additional single-family dwellings is planned.
- Nelton Court - Demolition began on the 157-unit, army barracks-style housing development known as Nelton Court, which is located between Acton and Main Streets. This is last federally subsidized public housing still standing in the city. The demolition was projected to begin in 2010, but was delayed several times due to financing complications. Demolition will proceed in three phases. The new development will feature 80 two- and three-story, townhouse-style units with individual entrances.

## **Planned Projects**

- Public Safety Complex: Progress continues on the City's new \$77 million public safety complex on High Street. The complex is targeted for completion in early 2012 and will serve as the new headquarters for the City's Police, Fire and Emergency Services. Commercial activity and interest in the surrounding area is increasing as a result of this project, located northwest of the central business district near the intersection of Main Street and Albany Avenue.
- 3 Constitution Plaza: AI Engineers of Middletown, CT purchased the former WFSB-Broadcast House in July of 2008. Located at the corner of Columbus and State Streets, 3 Constitution Plaza is a signature downtown site. AI Engineers is designing a 12-story, LEED Platinum tower to serve as its corporate headquarters and to provide additional space for technology companies. The demolition and clearing of the site is complete.
- 5 Constitution Plaza: Wonderworks of New York City purchased the long vacant Sonesta Hotel in February of 2011 with plans to convert the building into 199 market-rate apartments and commercial space.
- Capewell Factory – This former horse nail factory is strategically situated on six acres between Adriaen's Landing and Coltsville in the Sheldon/Charter Oak Neighborhood. Development planning is currently underway for the factory parcel by the new owner – 75 Charter Oak Land LLC. Development of the vacant parcels containing 2.7 acres began in November 2011 with new construction of 24 affordable residential homeownership units at an estimated project cost of \$38 million.
- Swift Factory – Common Ground of New York City has proposed converting this former gold leafing factory into a "green" business incubator and housing complex. The State recently awarded the project a \$600,000 Brownfields Municipal Pilot Grant to fund environmental cleanup.
- I-Quilt – The City's Arts Institution led revitalization effort awarded a NEA grant for \$250,000.

## **Redevelopment Opportunities**

- Downtown Redevelopment Initiative: On January 26, 2009, the Court of Common Council adopted three separate Redevelopment Plans in accordance with state statutes. Each Plan was designed to target blighted buildings and/or underutilized land areas in and surrounding the downtown core. The purpose of each Plan is to stimulate private investment and create better physical connections with the central business district. Acquisition strategies are critical components of each Plan. They are as follows:
  - The Constitution Plaza East Project is the smallest of the three Plans and focuses on the former WFSB Broadcast House and the long-closed Sonesta Hotel. As noted above, both AI Engineers and Wonderworks are proceeding with redevelopment plans for the respective properties.
  - The Downtown North Project area is currently separated from the central business district by Interstate 84. The 123-acre plan area is predominately 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. To date, the City has acquired and demolished the blighted H.B. Davis building and is negotiating the



purchase of the other targeted properties. The Project was also awarded a Regional Sustainable Communities Planning Grant from HUD that will be used to create development guidelines in the area.

- 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. A blighted former office building and a small parcel of land are included in the acquisition strategy. In November 2011, the City acquired the property at 1-7 Myrtle Street and will demolish this structure in 2012. With a new State focus on utilizing Union Station as a commuter rail hub, the area presents a unique opportunity for transit-oriented development. In November 2010, The Hartford Financial Services Group announced that it plans to partner with the City and assist with the costs of acquisition and demolition of the blighted Capital West building.

## **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 Capital Improvement Plan. Projects are selected and reviewed by a capital planning committee led by the Planning Director and 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. Once approved the Capital Improvement Program is tracked and monitored by the DPW's Capital Project Director, and a quarterly report is prepared and submitted to the Mayor and 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 the long-term liabilities in these funds.

## **RELEVANT FINANCIAL POLICIES**

The Department of Finance is organized into four divisions: Administration, Accounting and Control, Revenue (tax assessment, tax collection and revenue control) and Risk Management. The department's major responsibilities include general accounting and financial reporting, accounts payable, 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, 2011, the City issued \$25.0 million of general obligation bonds to fund \$17.7 million of general purpose projects and \$7.3 million of school projects. Standard & Poor's assigned a rating of "A" to the bonds. The bonds carry interest rates from 3.0% to 5.0% with a final maturity date of 2031.

In April 2011, the City issued \$35.35 million of bond anticipation notes for general obligation projects and \$10 million for school projects. The notes will mature in April 2012 and were issued with an interest rate yield of .62%. It is expected that the notes will be retired by future bonding, and from the receipt of State of Connecticut school construction grants.

### **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, 2010. 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, 2010. 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.

In addition to acknowledging the efforts of the Office of the City Treasurer and Department of Education, special thanks is extended to Acting Finance Director Christian S. Johnson, Acting Deputy Finance Director and City Controller Leigh Ann Ralls for her efforts during this challenging fiscal year. Management and Budget staff, including the printing/reproduction division, made a significant contribution to the development of this report.

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

Respectfully submitted,



Julio C. Molleda  
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, 2010

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.



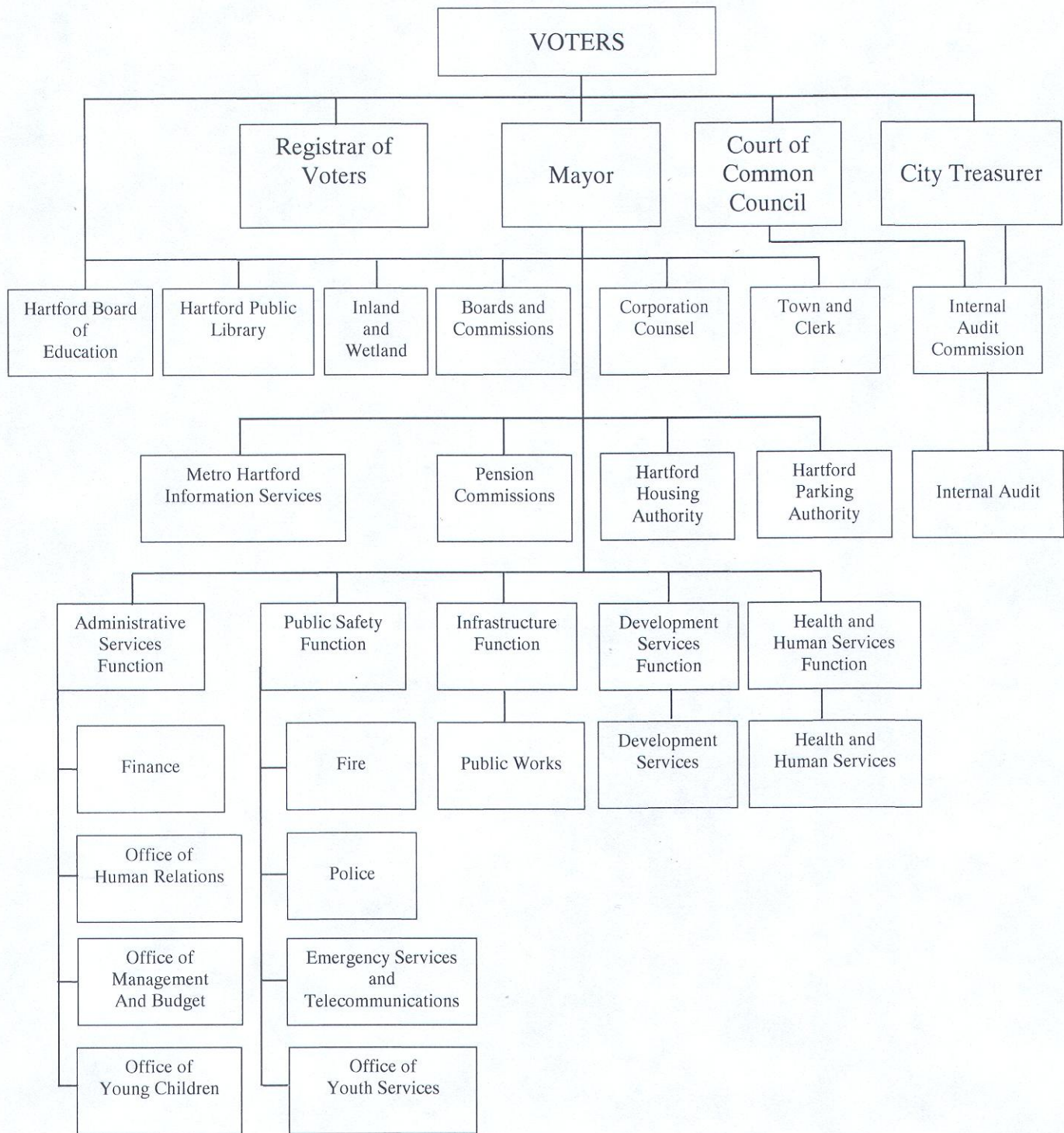
*Linda C. Dandson*

President

*Jeffrey R. Emen*

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, 2011

## **THE HONORABLE PEDRO E. SEGARRA, MAYOR**

### **Court of Common Council**

Council President – rJo Winch

James M. Boucher, Majority Leader  
Luis E. Cotto, Minority Leader  
Kenneth H. Kennedy, Jr.  
Corey J. Brinson

Larry Deutsch  
Alexander Aponte  
Calixto Torres

### **Acting City Treasurer – Adam Cloud**

### **Appointed and Other Municipal Officials**

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

David B. Panagore  
Saundra Kee Borges, Esq.  
John V. Bazzano  
Christian S. Johnson  
Leigh Ann Ralls, CPA  
Leigh Ann Ralls, CPA  
Lawrence LaBarbera  
Marc S. Nelson  
Tara Washington  
David B. Panagore  
Julio C. Molleda  
Daryl K. Roberts  
Edward Casares  
Raul Pino, Ph.D.  
Santiago Malave  
Kevin E. Burnham

### **Hartford Public Schools**

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

### **Board of Education**

Ada M. Miranda, Chair

David MacDonald, First Vice Chair  
Pamela M. Richmond, Second Vice Chair  
Lori L. Hudson, Secretary

Robert Cotto, Jr.  
Israel Flores  
Elizabeth Brad Noel  
Luis Rodriquez-Davila

### **Registrars of Voters**

Olga Vasquez (D)

Salvatore Bramante (R)

Urania Petit (WF)

**Financial Section**





## 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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated January 3, 2012 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.

As explained in Notes 14 and 15 to the basic financial statements, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting of governmental funds' fund balance classifications and restated the General Fund and Nonmajor Governmental Funds' beginning fund balances.

The management's discussion and analysis, budgetary comparison information, the schedules of funding progress and employer contributions for the pension plans and other post-employment benefit plans 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.

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, other schedules, and the statistical section 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 other 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 prior year comparative information has been derived from the City's 2010 financial statements and in our report dated January 28, 2011, we expressed an unqualified opinion on the respective financial statements taken as a whole. The introductory section and statistical section 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  
January 3, 2012

**CITY OF HARTFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. 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 \$8.5 million as a result of this year's operations. The net assets of our governmental activities increased by \$8.3 million, or nearly .8 percent. The net assets of our business-type activities increased by \$.2 million.
- The City received \$15.8 million in capital grants and contributions related to school building construction grants from the State in support of the City's school renovation and construction projects, and for various public works projects.
- The total cost of the City's programs for the year was \$786.4 million with no new programs added.
- The General Fund reported a fund balance this year of \$25.1 million.
- The revenues available for appropriation were \$3.6 million more than budgeted for the General Fund, while expenditures were \$.5 million under the budgeted amount.

**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) 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 \$8.5 million to \$1.1 billion. 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.

### Summary of Net Assets

<b>TABLE 1</b> <b>NET ASSETS</b> <b>(In Thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 380,184	\$ 386,243	\$ 1,685	\$ 995	\$ 381,869	\$ 387,238
Capital assets, net of accumulated depreciation	1,270,933	1,247,547	61,789	63,777	1,332,722	1,311,324
<b>Total assets</b>	<b>1,651,117</b>	<b>1,633,790</b>	<b>63,474</b>	<b>64,772</b>	<b>1,714,591</b>	<b>1,698,562</b>
Long-term liabilities outstanding	383,017	425,977	24,951	311	407,968	426,288
Other liabilities	203,699	151,708	1,428	27,521	205,127	179,229
<b>Total liabilities</b>	<b>586,716</b>	<b>577,685</b>	<b>26,379</b>	<b>27,832</b>	<b>613,095</b>	<b>605,517</b>
Net Assets:						
Invested in capital assets, net of related debt	954,780	956,310	35,417	36,256	990,197	992,566
Restricted	62,466	63,564	-	-	62,466	63,564
Unrestricted	47,155	36,231	1,678	684	48,833	36,915
<b>Total net assets</b>	<b>\$ 1,064,401</b>	<b>\$ 1,056,105</b>	<b>\$ 37,095</b>	<b>\$ 36,940</b>	<b>\$ 1,101,496</b>	<b>\$ 1,093,045</b>

The City's government-wide net assets of \$1.1 billion represent an increase of \$8.5 million over last year's net assets of \$1.09 billion. The City was able to generate an overall increase in the City's governmental activities net assets principally due to the receipt of \$15.8 million in capital grants and contributions from the State in support of the City's school renovation and construction capital program and various public works projects. 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 \$48.8 million at the end of this year as compared with a \$36.9 million at the end of last year. Unrestricted net assets increased \$11.9 million. Net assets of the City's business-type activities increased \$1.0 million in 2011. The government activities unrestricted net assets increased by \$10.9 million in 2011.

TABLE 2

**CHANGES IN NET ASSETS**  
(In Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Government</b>	
	2011	2010	2011	2010	2011	2010
<b>REVENUES</b>						
<b>Program Revenues:</b>						
Charge for services	\$ 22,178	\$ 19,414	\$ 4,732	\$ 4,791	\$ 26,910	\$ 24,205
Operating grants and contributions	408,617	420,882	-	-	408,617	420,882
Capital grants and contributions	15,797	96,958	-	-	15,797	96,958
<b>General Revenues:</b>						
Property taxes	283,835	272,939	-	-	283,835	272,939
Grants and contributions not restricted to specific programs	55,207	51,975	-	-	55,207	51,975
Unrestricted investment earnings	3,079	3,319	7	1	3,086	3,320
Other general revenues	1,389	2,367	-	-	1,389	2,367
<b>Total revenues</b>	<b>790,102</b>	<b>867,854</b>	<b>4,739</b>	<b>4,792</b>	<b>794,841</b>	<b>872,646</b>
<b>EXPENSES</b>						
General government	58,302	61,687	-	-	58,302	61,687
Public safety	99,448	98,563	-	-	99,448	98,563
Public works	37,698	38,215	-	-	37,698	38,215
Development and community affairs	61,408	63,475	-	-	61,408	63,475
Human services	28,574	31,799	-	-	28,574	31,799
Education	472,210	477,009	-	-	472,210	477,009
Recreation and culture	9,332	9,632	-	-	9,332	9,632
Interest on long-term debt	15,322	19,125	-	-	15,322	19,125
Hartford Parking Facilities	-	-	4,096	4,185	4,096	4,185
<b>Total expenses</b>	<b>782,294</b>	<b>799,505</b>	<b>4,096</b>	<b>4,185</b>	<b>786,390</b>	<b>803,690</b>
<b>Excess before transfers</b>	<b>7,808</b>	<b>68,349</b>	<b>643</b>	<b>607</b>	<b>8,451</b>	<b>68,956</b>
Transfers	488	1,350	(488)	(1,350)	-	-
<b>Change in net assets</b>	<b>8,296</b>	<b>69,699</b>	<b>155</b>	<b>(743)</b>	<b>8,451</b>	<b>68,956</b>
<b>Net Assets, beginning</b>	<b>1,056,105</b>	<b>986,406</b>	<b>36,940</b>	<b>37,683</b>	<b>1,093,045</b>	<b>1,024,089</b>
<b>Net Assets, ending</b>	<b>\$ 1,064,401</b>	<b>\$ 1,056,105</b>	<b>\$ 37,095</b>	<b>\$ 36,940</b>	<b>\$ 1,101,496</b>	<b>\$ 1,093,045</b>

The City's total revenue in 2011 of \$794.8 million represents a decrease of \$77.8 million over last year. Capital grants and contributions decreased \$81.1 million as capital expenses subject to reimbursement from the State for the school renovation and construction capital program decreased compared with the previous year. Operating grants and contributions decreased \$12.3 million due to fewer grants for various purposes.

The City's total program expenses of \$786.4 million represent a decrease of \$17.3 million over last year.

The City's overall net assets increased by \$8.5 million, as the City was able to decrease expenses in line with the revenue decline.

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	
	2011	2010	2011	2010
General government	\$ 58,302	\$ 61,647	\$ 54,675	\$ 58,007
Public safety	99,448	98,563	89,129	88,711
Development and community affairs	61,408	63,475	20,171	3,423
Human services	28,574	31,799	5,152	7,332
Education	472,210	477,009	125,847	59,829
All other	62,352	66,972	40,728	44,949
<b>Total</b>	<b>\$ 782,294</b>	<b>\$ 799,465</b>	<b>\$ 335,702</b>	<b>\$ 262,251</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, remained consistent at \$4.8 million. Expenses (including debt service and depreciation) for the City's dedicated parking facilities remained consistent with the prior year. Net transfers to the City's governmental activities decreased from \$1.3 million in 2010 to \$.5 million in 2011 as the Parking Authority's revenues declined due to current economic conditions.

## **CITY FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

The City's General Fund reported a fund balance increase of \$5.5 million during 2011 as compared with an increase of \$2.3 million in 2010. The General Fund's unassigned fund balance at June 30, 2011 is \$22.6 million representing 4.1 percent of the General Fund's 2011 amended budgetary appropriations. Actual revenues were \$3.6 million above the amended budgetary revenue estimate as property tax revenues were better than estimates by \$3.4 million which was partially offset by a shortfall of \$1.9 million in license and permit revenues. Expenditures were \$.5 million below the final budgeted appropriation of \$544.4 million. 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 \$29.9 million. The decrease is the result of capital outlays on various projects. In addition, the City had \$45 million in outstanding bond anticipation notes.

The Debt Service Fund had a committed fund balance as of June 30, 2011 of \$146 thousand.

The Education Grant Fund had an increase in fund balance of \$696 thousand.

The Community Development Loan and Grant Fund had a decrease in fund balance of \$684 thousand. The City's other governmental funds reported an increase of \$9.7 million in fund balance for the year.

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

The net assets of the City's self-insurance programs increased \$17.4 million, decreasing the total deficit of the City's internal service programs from \$5.5 million to a \$11.8 million surplus. This is a result of the City's continued efforts to fund its post-retirement benefits at the actuaries' suggested levels.

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

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

The City's General Fund unassigned fund balance and budgetary fund balance are both \$22.6 million at year end.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

At June 30, 2011, the City had \$1.3 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 \$71.6 million (Note 6 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)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 68.7	\$ 71.7	\$ 8.4	\$ 8.4	\$ 77.1	\$ 80.1
Land improvements	7.3	9.5	-	0.2	7.3	9.7
Buildings	744.8	773.0	-	-	744.8	773.0
Other structures	11.4	8.3	53.3	55.0	64.8	63.3
Furniture and equipment	3.6	3.3	-	0.1	3.6	3.4
Rolling equipment	10.9	10.8	-	-	10.9	10.8
Infrastructure	217.8	198.7	-	-	217.8	198.7
Construction in progress	206.4	179.2	-	-	206.4	179.2
	<u>\$ 1,270.9</u>	<u>\$ 1,254.5</u>	<u>\$ 61.8</u>	<u>\$ 63.7</u>	<u>\$ 1,332.7</u>	<u>\$ 1,318.2</u>



There are 171 active projects in the City's Capital Improvement Fund with appropriations of \$1,175.2 million, cumulative active project expenditures of \$841.5 million and outstanding encumbrances of \$56.4 million, resulting in an unencumbered balance of \$270.6 million. Total expenditures for all projects during the fiscal year amounted to \$65.7 million. New and supplemental appropriations are reflected in the FY2012 budget.

The City issued \$25.0 million in general obligation bonds during 2011. Additionally, the City issued \$45.35 million in bond anticipation notes.

More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

### **Long-term debt**

At June 30, 2011, the City had \$321.8 million in bonds outstanding versus \$319.4 million last year - an increase of .75% - as shown in Table 5.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 293.8	\$ 290.0	\$ 28.0	\$ 29.4	\$ 321.8	\$ 319.4
Serial notes payable	1.6	1.7	-	-	1.6	1.7
<b>Total</b>	<b>\$ 295.4</b>	<b>\$ 291.7</b>	<b>\$ 28.0</b>	<b>\$ 29.4</b>	<b>\$ 323.4</b>	<b>\$ 321.1</b>

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 \$1.9 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 7,192 in calendar year 2009 to 8,273 in calendar year 2010 while the unemployment rate increased from 14.2 percent to 16.1 percent. This compares to the State's rate of 9.0 percent and the nation's rate of 9.4 percent.

The consumer price index in the northeast urban areas was higher than the national consumer price index. Inflation from October 2010 to October 2011 in the northeast was 3.6 percent while the rate was 4.0 percent for all urban areas in the U.S.

In developing the fiscal year 2012-2013 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 2011-2012 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 2011-12 of \$547.3 million is an increase of \$2.9 million over the adopted 2010-11 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 new budget included a one mill rate decrease to 71.79 mills.

The City is exploring ways to reduce the 2011-12 expenditure budget and increase its revenue sources. In developing the City's 2012-13 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.

## **Basic Financial Statements**



## STATEMENT OF NET ASSETS

June 30, 2011

(In Thousands)

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Hartford Parking Authority
	Type Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents	\$ 206,544	\$ 1,919	\$ 208,463	\$ 581
Investments	21,974	-	21,974	-
Receivables, net	150,895	-	150,895	2,013
Internal balances	488	(488)	-	-
Due from component unit	-	254	254	-
Other assets	283	-	283	-
Capital assets:				
Assets not being depreciated	275,070	8,428	283,498	-
Assets being depreciated, net	995,863	53,361	1,049,224	-
<b>Total assets</b>	<b>1,651,117</b>	<b>63,474</b>	<b>1,714,591</b>	<b>2,594</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	92,386	3	92,389	555
Due to primary government	-	-	-	254
Bond anticipation notes payable	45,350	-	45,350	-
Deferred charges	473	-	473	-
Deferred revenue	-	-	-	1,785
Unearned revenue	12,073	-	12,073	-
Noncurrent liabilities:				
Due within one year	53,417	1,425	54,842	-
Due in more than one year	383,017	24,951	407,968	-
<b>Total liabilities</b>	<b>586,716</b>	<b>26,379</b>	<b>613,095</b>	<b>2,594</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	954,780	35,417	990,197	-
Restricted for:				
Housing loans and grants	41,696	-	41,696	-
Trust purposes:				
Expendable	12,411	-	12,411	-
Nonexpendable	8,359	-	8,359	-
Unrestricted	47,155	1,678	48,833	-
<b>Total net assets</b>	<b>\$ 1,064,401</b>	<b>\$ 37,095</b>	<b>\$ 1,101,496</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, 2011

(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	\$ (58,302)	\$ 2,152	\$ 1,475	\$ -	\$ (54,675)	\$ -	\$ (54,675)	\$ -
Public safety	(99,448)	2,472	7,847	-	(89,129)	-	(89,129)	-
Public works	(37,698)	10,770	2,696	6,665	(17,567)	-	(17,567)	-
Development and community affairs	(61,408)	1,417	36,823	2,997	(20,171)	-	(20,171)	-
Human services	(28,574)	3,709	19,713	-	(5,152)	-	(5,152)	-
Education	(472,210)	1,563	338,665	6,135	(125,847)	-	(125,847)	-
Recreation and culture	(9,332)	95	1,398	-	(7,839)	-	(7,839)	-
Interest on long-term debt	(15,322)	-	-	-	(15,322)	-	(15,322)	-
Total governmental activities	(782,294)	22,178	408,617	15,797	(335,702)	-	(335,702)	-
Business-type activities:								
Hartford Parking Facilities	(4,096)	4,732	-	-	-	636	636	-
Total business-type activities	(4,096)	4,732	-	-	-	636	636	-
Total primary government	\$ (786,390)	\$ 26,910	\$ 408,617	\$ 15,797	(335,702)	636	(335,066)	-
Component Units:								
Hartford Parking Authority	\$ (9,581)	\$ 9,581	\$ -	\$ -				
		General revenues:						
		Property taxes			283,835	-	283,835	-
		Grants and contributions not restricted to specific programs			55,207	-	55,207	-
		Unrestricted investment earnings			3,079	7	3,086	-
		Miscellaneous			1,389	-	1,389	-
		Transfers			488	(488)	-	-
		Total general revenues and transfers			343,998	(481)	343,517	-
		Change in net assets			8,296	155	8,451	-
		Net assets - beginning			1,056,105	36,940	1,093,045	-
		Net assets - ending			\$ 1,064,401	\$ 37,095	\$ 1,101,496	\$ -

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

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

(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	\$ 78,102	\$ 58,321	\$ 2,952	\$ 299	\$ 12,456	\$ 14,899	\$ 167,029
Investments	-	-	-	-	-	21,974	21,974
Receivables, net	55,898	39,803	33,393	-	2,083	19,108	150,285
Due from other funds	488	2,335	-	-	-	-	2,823
Inventories and other assets	-	-	-	-	-	283	283
<b>Total assets</b>	<b>\$ 134,488</b>	<b>\$ 100,459</b>	<b>\$ 36,345</b>	<b>\$ 299</b>	<b>\$ 14,539</b>	<b>\$ 56,264</b>	<b>\$ 342,394</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	54,276	17,802	7	153	5,157	6,249	83,644
Due to other funds	1	-	-	-	-	2,335	2,336
Unamortized premium	-	473	-	-	-	-	473
Deferred/unearned revenue	55,125	15,484	33,386	-	1,773	8,332	114,100
Bond anticipation notes	-	45,350	-	-	-	-	45,350
<b>Total liabilities</b>	<b>109,402</b>	<b>79,109</b>	<b>33,393</b>	<b>153</b>	<b>6,930</b>	<b>16,916</b>	<b>245,903</b>
<b>Fund balances</b>							
Nonspendable	-	-	-	-	-	18,583	18,583
Restricted	-	-	2,952	-	-	19,052	22,004
Committed	-	21,350	-	146	7,609	1,915	31,020
Assigned	2,525	-	-	-	-	-	2,525
Unassigned	22,561	-	-	-	-	(202)	22,359
<b>Total fund balances</b>	<b>25,086</b>	<b>21,350</b>	<b>2,952</b>	<b>146</b>	<b>7,609</b>	<b>39,348</b>	<b>96,491</b>
<b>Total liabilities and fund balances</b>	<b>\$ 134,488</b>	<b>\$ 100,459</b>	<b>\$ 36,345</b>	<b>\$ 299</b>	<b>\$ 14,539</b>	<b>\$ 56,264</b>	<b>\$ 342,394</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, 2011

(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)	\$ 96,491
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 1,860,647	
Less accumulated depreciation	<u>(589,714)</u>	
Net capital assets		1,270,933

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

Property tax receivables	31,623
Interest receivable on property taxes	10,697
Receivable from the State for school construction projects	12,787
Housing loans	33,386
Other receivables	13,534

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.

	11,849
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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	(293,745)
Interest payable on bonds and notes	(7,120)
Compensated absences	(36,389)
HUD loans	(12,941)
Capital leases	(3,031)
Clean Water Fund serial note	(1,582)
Net OPEB obligation	(48,083)
Net pension obligation	(4,154)
Arbitration accrual	(483)
Bond premium	(9,405)
Deferred charges on refunding	<u>34</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 1,064,401</u></u>
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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, 2011  
(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	\$ 274,013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,013
Licenses, permits, and other charges	4,891	-	-	-	-	-	4,891
Intergovernmental revenues	272,915	12,800	-	-	92,057	97,850	475,622
Charges for services	2,807	-	-	-	-	7,935	10,742
Use of property	6,354	-	-	-	-	-	6,354
Investment income	317	-	203	-	-	2,559	3,079
Miscellaneous	1,389	-	704	-	8,684	3,083	13,860
<b>Total revenues</b>	<b>562,686</b>	<b>12,800</b>	<b>907</b>	<b>-</b>	<b>100,741</b>	<b>111,427</b>	<b>788,561</b>
<b>EXPENDITURES</b>							
Current:							
General government	19,800	-	-	-	-	1,747	21,547
Public safety	75,672	-	-	-	-	8,611	84,283
Public works	13,083	-	-	-	-	2,199	15,282
Development and community affairs	4,228	-	1,591	-	-	54,682	60,501
Human services	7,103	-	-	-	-	20,775	27,878
Education	304,370	-	-	-	102,239	12,490	419,099
Recreation and culture	7,915	-	-	-	-	1,562	9,477
Benefits and insurance	65,160	-	-	-	-	-	65,160
Other	26,637	-	-	-	-	-	26,637
Capital outlay	-	65,664	-	-	-	2,354	68,018
Debt service	-	291	-	35,029	-	2,874	38,194
<b>Total expenditures</b>	<b>523,968</b>	<b>65,955</b>	<b>1,591</b>	<b>35,029</b>	<b>102,239</b>	<b>107,294</b>	<b>836,076</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>38,718</b>	<b>(53,155)</b>	<b>(684)</b>	<b>(35,029)</b>	<b>(1,498)</b>	<b>4,133</b>	<b>(47,515)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	4,159	-	-	35,029	2,194	2,398	43,780
Transfers out	(37,427)	-	-	-	-	(5,865)	(43,292)
Issuance of bonds	-	15,950	-	-	-	9,050	25,000
Issuance of notes	-	7,000	-	-	-	-	7,000
Bond premium	-	291	-	-	-	13	304
<b>Total other financing sources (uses)</b>	<b>(33,268)</b>	<b>23,241</b>	<b>-</b>	<b>35,029</b>	<b>2,194</b>	<b>5,596</b>	<b>32,792</b>
<b>Net change in fund balances</b>	<b>5,450</b>	<b>(29,914)</b>	<b>(684)</b>	<b>-</b>	<b>696</b>	<b>9,729</b>	<b>(14,723)</b>
<b>FUND BALANCES, beginning of year, as restated (Note 15)</b>	<b>19,636</b>	<b>51,264</b>	<b>3,636</b>	<b>146</b>	<b>6,913</b>	<b>29,619</b>	<b>111,214</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 25,086</b>	<b>\$ 21,350</b>	<b>\$ 2,952</b>	<b>\$ 146</b>	<b>\$ 7,609</b>	<b>\$ 39,348</b>	<b>\$ 96,491</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, 2011  
(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)	\$ (14,723)
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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	71,648
Loss on disposal	(12,300)
Depreciation expense	(42,962)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

School building grant receipts	(1,794)
Property tax receivable - accrual basis change	7,202
Property tax interest and lien revenue - accrual basis change	2,620
Housing loans	(18,432)
Intergovernmental revenue on school bonds	11,924

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	21,275
Issuance of bonds and notes	(25,000)
Accrued interest on bonds - accrual basis change	(731)
HUD loan proceeds	(7,000)
HUD loan principal payments	304
CWF serial note	83
Capital lease payments	2,126
Amortization of deferred charge on refunding	(52)
Bond premium	(1,227)
Arbitration accrual	(483)
Amortization of bond premium	790

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	2,743
Change in pension and other postemployment benefit liabilities	(5,094)

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

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17,379

Change in Net Assets of Governmental Activities (Exhibit II)

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\$ 8,296

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

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,919	\$ 39,515
Receivables, net	-	610
Due from component unit	254	-
<b>Total current assets</b>	<b>2,173</b>	<b>40,125</b>
<b>CAPITAL ASSETS, NET</b>		
	61,789	-
<b>Total assets</b>	<b>63,962</b>	<b>40,125</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other payables	3	1,621
Due to other funds	488	-
Risk management claims	-	12,055
Bonds payable	1,425	-
<b>Total current liabilities</b>	<b>1,916</b>	<b>13,676</b>
<b>NONCURRENT LIABILITIES</b>		
Risk management claims	-	14,600
Bonds payable	24,951	-
<b>Total noncurrent liabilities</b>	<b>24,951</b>	<b>14,600</b>
<b>Total liabilities</b>	<b>26,867</b>	<b>28,276</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	35,413	-
Unrestricted	1,682	11,849
<b>Total net assets</b>	<b>\$ 37,095</b>	<b>\$ 11,849</b>

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

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

For the Year Ended June 30, 2011

(In Thousands)

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Hartford Parking Facilities</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
City's contribution for insurance	\$ -	\$ 92,044
Employee and pensioners contributions for insurance	-	21,677
Hartford Parking Authority - operations	4,419	-
Other	313	2,157
<b>Total operating revenues</b>	<b>4,732</b>	<b>115,878</b>
<b>OPERATING EXPENSES</b>		
Administrative	490	6,580
Operations	-	5,789
Insurance benefits and claims	-	86,130
Depreciation and amortization	1,988	-
<b>Total operating expenses</b>	<b>2,478</b>	<b>98,499</b>
<b>Operating income</b>	<b>2,254</b>	<b>17,379</b>
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest earnings	7	-
Interest expense	(1,618)	-
<b>Total nonoperating income (expense)</b>	<b>(1,611)</b>	<b>-</b>
<b>Net income before transfers</b>	<b>643</b>	<b>17,379</b>
Transfers out	(488)	-
<b>Change in net assets</b>	<b>155</b>	<b>17,379</b>
<b>FUND NET ASSETS (DEFICITS), beginning</b>	<b>36,940</b>	<b>(5,530)</b>
<b>FUND NET ASSETS, ending</b>	<b>\$ 37,095</b>	<b>\$ 11,849</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, 2011

(In Thousands)

	Business-Type Activities Hartford Parking Facilities	Governmental Activities Internal Service Funds
<b>Cash Flows From Operating Activities</b>		
City's contribution	\$ -	\$ 96,069
Cash paid by participants	-	20,895
Cash received from Hartford Parking Authority	5,375	-
Cash paid for salaries and benefits	-	(6,362)
Cash paid for claims	-	(93,486)
Cash paid to other funds	(859)	-
<b>Net cash provided by operating activities</b>	<b>4,516</b>	<b>17,116</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on bonds	(1,365)	-
Interest paid on bonds	(1,402)	-
<b>Net cash used in capital and related financing activities</b>	<b>(2,767)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Income on investments	7	-
<b>Net increase in cash and cash equivalents</b>	<b>1,756</b>	<b>17,116</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>163</b>	<b>22,399</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,919</b>	<b>\$ 39,515</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 2,254	\$ 18,324
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,988	-
Decrease in other receivables	-	117
Decrease in accounts payable and accrued liabilities	(304)	(246)
Decrease in due to other funds	(65)	-
Decrease in insurance claims payable	-	(1,079)
Increase in due from component unit	643	-
<b>Net cash provided by operating activities</b>	<b>\$ 4,516</b>	<b>\$ 17,116</b>

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

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

(In Thousands)

	<b>Pension Trust Funds</b>	<b>School Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 88,293	\$ 605
Investments:		
Fixed income securities	276,506	-
Common stock and other	624,717	-
<b>Total investments</b>	<b>901,223</b>	<b>-</b>
Loan receivable	1,000	-
Accrued investment earnings	3,367	-
<b>Total assets</b>	<b>993,883</b>	<b>605</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	205	-
Net settlement due on investments purchased/sold	10,613	-
Due to student groups and other	-	605
<b>Total liabilities</b>	<b>10,818</b>	<b>605</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 983,065</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, 2011**

**(In Thousands)**

**Additions**

Contributions:

Employer	\$ 22,148
Plan members	9,959
<b>Total contributions</b>	<u>32,107</u>

Investment Income:

Net appreciation in fair value of investments	140,967
Interest and dividends	14,925
<b>Total investment income</b>	<u>155,892</u>

Less investment expense

<b>Net investment income</b>	<u>4,267</u>
	<u>151,625</u>

**Deductions**

Benefits	90,419
Administration	2,161
Other	67
<b>Total deductions</b>	<u>92,647</u>

<b>Increase in net assets</b>	91,085
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**Net Assets Held in Trust for Pension Benefits**

Beginning of year	<u>891,980</u>
End of year	<u>\$ 983,065</u>

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

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2011

(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 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.



## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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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* - accounts for specific revenues derived that are legally restricted to expenditure for particular purpose.

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

*Capital Project Funds* - accounts 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, 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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### 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). A one-year availability period is used for revenue recognition for all construction grants. 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 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.

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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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

Proprietary funds are financed and operated in a manner similar to private business enterprises.

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 is net revenues from operations of the parking facilities and of the City's internal service funds are charges from participants and premiums from the City. Operating expenses for the enterprise fund include operating expenses, administrative expenses, and depreciation on capital assets. for the internal service funds, expenses represent claims paid. 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.

## **CITY OF HARTFORD, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

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#### 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.

#### 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 11.9% of outstanding property taxes at June 30, 2011.

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.

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. In addition, the City has made several loans under the HUD Section 108 Program. The City develops an allowance for uncollectible amounts on a loan-by-loan basis.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### Allowances for doubtful accounts

Accounts and notes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay. The majority of amount relates to taxes receivable, housing loans and police special duty fees.

#### 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 and proprietary fund 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.

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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### 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 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 assign that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances 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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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In the fund financial statements, the City reported the following governmental fund balances:

- **Nonspendable Fund Balance** – These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – These amounts can only be used for specific purposes pursuant to constraints imposed by the Court of Common Council. The constraints cannot be removed unless the Commission removes it in the same manner it was implemented.
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- **Unassigned Fund Balance** – includes residual positive fund balance within the General Fund which has not been classified within the other abovementioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

#### **Note 2. 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, 2011

(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, 2011, \$268,640 of the City's bank balance of \$311,312 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, 2011, \$156 of the Authority's bank balance of \$563 was uninsured and uncollateralized.

Cash and investments of the City consist of the following at June 30, 2011:

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

Deposits with financial institutions	\$	287,351
State of Connecticut Short-Term Investment fund		10,591
<b>Total cash and cash equivalents</b>		<u>297,942</u>

#### **Investments**

Non-Major Funds		
U.S. Government Agencies	969	*
U.S. Treasury	1,641	*
Corporate Bonds	2,334	*
Foreign Bonds	5,870	*
Common Stock	10,639	*
Other	521	
<b>Total non-major funds</b>	<u>21,974</u>	



**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

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Pension Trust Funds:		
U.S. Government Agencies	48,093	*
U.S. Treasury	97,214	*
Corporate Bonds	97,944	*
Foreign Bonds	33,255	*
Common Trusts	124,876	
Alternative Investments	59,240	
Common stock	440,601	*
<b>Total pension trust funds</b>	<b>901,223</b>	
 <b>Total investments</b>	 <b>923,197</b>	
 <b>Total cash, cash equivalents and investments</b>	 <b>\$ 1,221,139</b>	

\* These investments are uninsured and unregistered, with securities held by the counterparty, in the City's or the pension fund's name.

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

<b>Statement of Net Assets</b>		
Cash and cash equivalents	\$	209,044
Investments		21,974
<b>Total statement of net assets</b>		<b>231,018</b>
 <b>Fiduciary Funds:</b>		
Cash and cash equivalents		88,898
Investments		901,223
		<b>990,121</b>
 <b>Total cash, cash equivalents and investments</b>	 <b>\$</b>	 <b>1,221,139</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, 2011

(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, 2011, is as follows:

	Currency	Fair Value
Fixed Income Securities:		
	Euro Currency Unit	\$ 17,778
	Japanese Yen	6,719
	Polish Zloty	3,574
	Peso	1,984
	British Pound Sterling	3,192
	Other foreign currencies	5,878
Equities:		
	Japanese Yen	19,112
	Euro Currency Unit	11,994
	British Pound Sterling	746
	South Korean Won	2,546
	Hong Kong Dollar	932
	Singapore Dollar	2,492
	Swiss Franc	2,557
	Other foreign currencies	2,818

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)			
		Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
Foreign Bonds	\$ 39,125	\$ 805	\$ 14,566	\$ 17,856	\$ 5,898
U.S. Government Agencies	49,062	2,389	4,363	4,119	38,191
U.S. Treasury	98,855	1,075	12,785	5,062	79,933
Corporate Bonds	100,278	904	20,982	45,032	33,360
Pooled fixed income	10,591	10,591	-	-	-
<b>TOTAL</b>	<b>\$ 297,911</b>	<b>\$ 15,764</b>	<b>\$ 52,696</b>	<b>\$ 72,069</b>	<b>\$ 157,382</b>

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(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 Poors.

Actual Rating	Foreign Bonds	U.S. Gov't Agencies	U.S. Treasury	Corporate Bonds	Pooled Fixed Income
AAA	\$ 2,288	\$ 46,471	\$ 98,855	\$ 10,187	\$ -
AAAm	-	-	-	-	10,591
AA+	230	-	-	1,851	-
AA	-	-	-	3,768	-
AA-	248	-	-	2,586	-
A+	829	-	-	5,136	-
A	8,274	-	-	11,024	-
A-	1,840	-	-	9,879	-
BBB+	944	-	-	7,031	-
BBB	-	-	-	8,446	-
BBB-	239	-	-	7,426	-
BB+	287	-	-	1,827	-
BB	-	-	-	3,399	-
BB-	-	-	-	4,274	-
B+	-	-	-	5,400	-
B	-	-	-	4,208	-
B-	-	-	-	4,087	-
CCC+	-	-	-	2,508	-
CCC	-	-	-	1,519	-
CCC-	-	-	-	118	-
CC	-	-	-	3	-
D	-	-	-	226	-
Unrated	23,946	2,591	-	5,375	-
	<u>\$ 39,125</u>	<u>\$ 49,062</u>	<u>\$ 98,855</u>	<u>\$ 100,278</u>	<u>\$ 10,591</u>

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. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. 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, 2011

(In Thousands)

investments in fixed income securities, equities, U.S treasury securities, domestic corporate bonds, foreign bonds, and U.S government 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 common trusts and alternative investments which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

### Note 3. 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	\$ 32,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,899
Accrued interest on taxes	12,585	-	-	-	-	-	12,585
Intergovernmental	12,787	39,803	-	2,083	7,646	-	62,319
Accounts	5,682	-	-	-	3,481	610	9,773
Housing loans	-	-	66,445	-	-	-	66,445
Section 108-business loans	-	-	-	-	12,941	-	12,941
Gross receivables	63,953	39,803	66,445	2,083	24,068	610	196,962
Less:							
Allowance for uncollectibles:							
Taxes	(3,952)	-	-	-	-	-	(3,952)
Accrued interest on taxes	(1,888)	-	-	-	-	-	(1,888)
Accounts	(2,215)	-	-	-	(1,960)	-	(4,175)
Housing loans	-	-	(33,052)	-	-	-	(33,052)
Section 108-business loans	-	-	-	-	(3,000)	-	(3,000)
Total allowance	(8,055)	-	(33,052)	-	(4,960)	-	(46,067)
Net total receivables	\$ 55,898	\$ 39,803	\$ 33,393	\$ 2,083	\$ 19,108	\$ 610	\$ 150,895

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

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**Note 4. Deferred Revenue/Unearned Revenue**

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

<u>Primary Government Unit</u>	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 31,623	\$ -	\$ 31,623
Accrued interest on delinquent property taxes	10,697	-	10,697
School building construction grant receivables	12,787	-	12,787
Other receivables	18	-	18
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements	11,891	3,593	15,484
Community Development Loan and Grant:			
Housing loans and interest	33,386	-	33,386
Educational Grants:			
Grant drawdowns prior to meeting all eligibility requirements	-	1,773	1,773
Nonmajor and other funds:			
Grant drawdowns prior to meeting all eligibility requirements and other	1,625	6,707	8,332
Total deferred/unearned revenue for governmental funds, and/or governmental activities	<u>\$ 102,027</u>	<u>\$ 12,073</u>	<u>\$ 114,100</u>

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

**Note 5. Interfund Receivables, Payables and Transfers**

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2011 is presented below:

	Due From Other Funds	Due To Other Funds
Capital Improvement	\$ 2,335	\$ -
Nonmajor Governmental Funds	-	2,335
	<u>\$ 2,335</u>	<u>\$ 2,335</u>

The interfunds relate to loans made primarily between the Capital Improvement Fund and Nonmajor Governmental Funds. All of the balance is scheduled to be collected in the subsequent year.

A summary of interfund transfers is presented below:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 4,159	\$ 37,427
Debt Service	35,029	-
Educational Grants	2,194	-
Nonmajor Governmental Funds	2,398	5,865
Hartford Parking Facilities	-	488
Total	<u>\$ 43,780</u>	<u>\$ 43,780</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 Nonmajor Governmental Funds to the Educational Grants Fund represent monies collected on behalf of the Educational Grants Fund.

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 71,702	\$ -	\$ (2,996)	\$ -	\$ 68,706
Construction in progress	179,205	58,124	(4,493)	(26,472)	206,364
Total capital assets, not being depreciated	250,907	58,124	(7,489)	(26,472)	275,070
Capital assets, being depreciated:					
Land improvements	23,016	346	-	55	23,417
Buildings	1,007,472	592	(4,058)	423	1,004,429
Other structures	21,145	2,265	-	1,475	24,885
Furniture and equipment	34,427	5,640	-	-	40,067
Rolling equipment	40,307	3,422	(2,845)	-	40,884
Infrastructure	426,117	1,259	-	24,519	451,895
Total capital assets being depreciated	1,552,484	13,524	(6,903)	26,472	1,585,577
Less accumulated depreciation for:					
Land improvements	(13,475)	(2,514)	-	(85)	(16,074)
Buildings	(234,426)	(25,272)	-	65	(259,633)
Other structures	(12,881)	(583)	-	20	(13,444)
Furniture and equipment	(31,153)	(5,336)	-	-	(36,489)
Rolling equipment	(29,468)	(2,560)	2,092	-	(29,936)
Infrastructure	(227,441)	(6,697)	-	-	(234,138)
Total accumulated depreciation	(548,844)	(42,962)	2,092	-	(589,714)
Total capital assets, being depreciated, net	1,003,640	(29,438)	(4,811)	26,472	995,863
Governmental activities capital assets, net	\$ 1,254,547	\$ 28,686	\$ (12,300)	\$ -	\$ 1,270,933

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(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	69,988	-	-	69,988
Other structures	3,202	-	-	3,202
Furniture, fixtures and equipment	272	-	-	272
Total capital assets, being depreciated	73,491	-	-	73,491
Less accumulated depreciation for:				
Land improvements	(8)	(2)	-	(10)
Parking garages	(17,322)	(1,598)	-	(18,920)
Other structures	(641)	(287)	-	(928)
Furniture, fixtures and equipment	(171)	(101)	-	(272)
Total accumulated depreciation	(18,142)	(1,988)	-	(20,130)
Total capital assets, being depreciated, net	55,349	(1,988)	-	53,361
Business-type activities capital assets, net	\$ 63,777	\$ (1,988)	\$ -	\$ 61,789

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

**Governmental Activities:**

General government	\$ 6,681
Public safety	3,807
Public works	20,203
Development and community affairs	294
Education	11,722
Recreation and culture	255
Total depreciation expense – governmental activities	<u>\$ 42,962</u>

**Business-type activities:**

Hartford Parking Facilities	<u>\$ 1,988</u>
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## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

#### Construction Commitments

The City has the following authorized construction projects in the Capital Improvement Fund as of June 30, 2011. 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	\$ 51,370	\$ 21,566	\$ 1,460	\$ 28,344
Public safety - facilities	87,100	53,002	23,604	10,494
Recreation and culture projects	85,504	71,762	3,486	10,256
Education projects	834,079	612,400	31,419	190,260
Public works - infrastructure	97,990	66,101	2,550	29,339
Local capital improvement projects	19,159	16,713	474	1,972
	<u>\$ 1,175,202</u>	<u>\$ 841,544</u>	<u>\$ 62,993</u>	<u>\$ 270,665</u>

\* Excludes retainage payable recorded in the financial statements in the amount of \$6.4 million at June 30, 2011.

#### **Note 7. 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 2011 amounted to \$6.3 million. The cost of the buildings and land associated with these rental income amounts is estimated at \$108.6 million with a carrying value of \$73.5 million. Depreciation expense related to these properties was \$2.0 million during the year.

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

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***Lease Agreements as Lessee***

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.

2011-2017	\$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, 2011, base rent and additional rent amounted to \$2,311.

The City also has various other lease agreements. The table below represents all other future lease obligations:

2012	\$	4,762
2013		4,022
2014		2,952
2015		2,075
2016		1,559
2017+		2,957

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011  
(In Thousands)

**Note 8. Long-Term Debt**

Governmental Activities

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 290,020	\$ 25,000	\$ (21,275)	\$ 293,745	\$ 21,965
Less: deferred amounts	8,881	1,227	(737)	9,371	-
<b>Total bonds payable</b>	<b>298,901</b>	<b>26,227</b>	<b>(22,012)</b>	<b>303,116</b>	<b>21,965</b>
<b>Other long-term liabilities:</b>					
Compensated absences	39,132	177	(2,920)	36,389	5,000
HUD Section 108 loans	6,245	7,000	(304)	12,941	327
Arbitration accrual	-	483	-	483	-
Capital leases	5,157	-	(2,126)	3,031	1,985
CWF Serial Note	1,665	-	(83)	1,582	85
Net OPEB obligation	42,907	5,176	-	48,083	-
Net pension obligation	4,236	-	(82)	4,154	-
Risk management claims	27,734	85,051	(86,130)	26,655	12,055
<b>Total other long-term liabilities</b>	<b>127,076</b>	<b>97,887</b>	<b>(91,645)</b>	<b>133,318</b>	<b>19,452</b>
<b>Total governmental activities long-term liabilities</b>	<b>\$ 425,977</b>	<b>\$ 124,114</b>	<b>\$ (113,657)</b>	<b>\$ 436,434</b>	<b>\$ 41,417</b>

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011 (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 issues:

Date of Issue	Interest Rate (%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2011
May 2001	4.25-5.50	\$ 23,000	2015	\$ 1,150	\$ 4,600
March 2003	4.25-5.25	30,225	2016	1,250-2,340	12,695
July 2004	3.50-5.50	34,000	2023	1,600-1,800	23,200
June 2005	4.50-5.00	29,510	2020	1,050-3,600	25,710
June 2005	3.00-5.00	32,300	2024	1,700	23,800
June 2006	4.00-5.00	70,000	2025	3,685	55,275
June 2007	4.00-5.25	70,000	2026	3,680-3,685	58,945
September 2009	2.00-5.00	12,150	2018	1325-1435	10,715
April 2010	2.00-4.30	14,000	2029	735-740	14,000
April 2011	3.00-5.25	15,725	2024	1300-1325	15,725
April 2011	5.00	9,275	2031	-	9,275
February 2009	2.50-5.00	40,225	2022	2,115-2,120	38,105
March 1972	5.10	2,750	2012	250	250
December 1972	5.00	1,500	2012	250	250
February 1993	4.90-5.62	7,200	2013	600-1,200	1,200
					<u>\$ 293,745</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2011 are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 21,965	\$ 13,893	\$ 35,858
2013	22,980	12,403	35,383
2014	22,240	11,369	33,609
2015	22,210	10,373	32,583
2016	22,220	9,335	31,555
2017-2021	92,825	32,312	125,137
2022-2026	69,715	12,971	82,686
2027-2030	19,590	1,814	21,404
	<u>\$ 293,745</u>	<u>\$ 104,470</u>	<u>\$ 398,215</u>

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

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**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 \$83 and interest in the amount of \$33 was paid in the 2010-11 fiscal year. Future annual requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 85	\$ 31	\$ 116
2013	86	29	115
2014	88	27	115
2015	90	26	116
2016	92	24	116
2017-2021	487	90	577
2022-2026	539	39	578
2027-2030	115	1	116
	<u>\$ 1,582</u>	<u>\$ 267</u>	<u>\$ 1,849</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, 2011, 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
2009	09/30/2009	12,150	12,825

\* Morgan Street Garage Revenue Bonds

# CITY OF HARTFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

The City's indebtedness (\$605 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	\$ 600,901	\$ 326,346	\$ 274,555
Schools	1,201,802	192,803	1,008,999
Sewer	1,001,501	86,118	915,383
Urban renewal	867,968	-	867,968
Pension deficit	801,201	-	801,201

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$1.9 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 \$12.8 million are applicable to outstanding bond issues.

Total bonds authorized and unissued as of June 30, 2011 were:

Description	Authorized/ Unissued
General Purpose	\$ 70,120
Schools	108,276
Sewers	8,578
<b>Total</b>	<b>\$ 186,974</b>

**CITY OF HARTFORD, CONNECTICUT****NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

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

The future annual requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 327	\$ 77	\$ 404
2013	346	37	383
2014	365	30	395
2015	389	22	411
2016	764	14	778
2017-2021	3,177	5	3,182
2022-2026	3,297	-	3,297
2027-2031	4,276	-	4,276
	<u>\$ 12,941</u>	<u>\$ 185</u>	<u>\$ 13,126</u>

**Capital Leases**

The City has entered into multi-year capital leases for the purchase of various vehicles and equipment. Principal payments for 2011 were \$2,126. The following is a summary of capital lease commitments as of June 30, 2011:

Year Ended June 30,	Amount
2012	1,985
2013	1,002
2014	194
Total lease payments	<u>3,181</u>
Less: amount representing interest	<u>150</u>
Present value of minimum lease payments	<u>\$ 3,031</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 \$3,031 at June 30, 2011.

**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.

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

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

	<u>June 30, 2011</u>
BOE:	
Sick	\$ 17,839
Vacation	1,416
CITY:	
Sick	12,698
Vacation	<u>4,436</u>
Total	<u><u>\$ 36,389</u></u>

Business-Type Activities

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

Long-term liabilities for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 29,405	\$ -	\$ 1,365	\$ 28,040	\$ 1,425
Less: deferred amounts	(1,884)	-	(220)	(1,664)	-
<b>Total bonds payable</b>	<u><u>\$ 27,521</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,145</u></u>	<u><u>\$ 26,376</u></u>	<u><u>\$ 1,425</u></u>

The annual requirements to amortize all general obligation bond debt outstanding as of June 30, 2011 are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 1,425	\$ 1,341	\$ 2,766
2013	1,485	1,273	2,758
2014	1,565	1,197	2,762
2015	1,645	1,117	2,762
2016	1,730	1,031	2,761
2017-2021	10,105	3,693	13,798
2022-2026	10,085	951	11,036
	<u><u>\$ 28,040</u></u>	<u><u>\$ 10,603</u></u>	<u><u>\$ 38,643</u></u>



## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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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%	<u>\$ 28,040</u>
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#### Bond Anticipation Notes

Bond Anticipation Notes activity was as follows:

Beginning balance, July 1, 2010	\$ 40,000
Issuances	45,350
Retired/Matured	<u>(40,000)</u>
Ending balance, June 30, 2011	<u>\$ 45,350</u>

The bond anticipation note outstanding at year-end was issued March 31, 2011 and is due April 12, 2012 with interest at 2.0%. The purpose of the bond anticipation notes is to finance various ongoing City construction projects.

#### Note 9. Deficit Fund Equity

Nonmajor Funds:	
Vehicle Equipment & Technology	\$ 202
Internal Service Funds:	
Workers' Compensation	13,556
Liability and Property Damage	<u>5,949</u>
	<u>\$ 19,707</u>

The City anticipates financing the Vehicle Equipment and Technology deficit through future operations and lease proceeds. The Internal Service Funds deficit will be covered through future premiums.

#### Note 10. 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, \$2 million for each worker's compensation claim, \$500 thousand for each auto and general liability claim, \$100 thousand for each property damage claim and \$250 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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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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 \$26.7 million, reported in the fund at June 30, 2011 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 2011 and 2010 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Self-Insurance Fund:				
2009-2010	\$ 29,350	\$ 82,847	\$ 84,463	\$ 27,734
2010-2011	27,734	85,051	86,130	26,655

#### Note 11. 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. The service agreement expires in 2012.

##### 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 \$76.0 million or 28.0% of the debt of the District.

##### Contingencies

The City, its officers and employees, are defendants in numerous lawsuits. The City is insured for damages (see Note 10). 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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### Note 12. 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 funds. The City has worked in conjunction with health benefits consultants to establish a health benefits fund structure that is both premium-based, similar to a fully insured process, and isolates legacy costs versus ongoing employees while combining actives and retirees into one process. In order to isolate legacy costs from ongoing employees, three groups were created that support a phased strategy to funding where the first group is retirees before June 30, 2009 which remains pay-as-you-go with no amortization of prior service cost. The second group includes actives hired prior to July 1, 2009 and retired since then and provides funding of normal cost, including an accrual for future benefits, but no amortization of prior service cost. Finally, the third group is new hires since July 1, 2009 and is actuarially funded and claims paid, both current and future benefits. Groups 2 and 3 envision that a trust fund will be established while all 3 groups have distinct discount rates as provide for by GASB.

The City has not implemented a trust fund, as of June 30, 2011, 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.

The following is the current census of City benefit participants as of July 1, 2009:

	<i>(not rounded)</i>
Active members	4,620
Retirees and spouses	<u>3,383</u>
Total	<u><u>8,003</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2011, net of retiree and other contributions, amounted to \$11,078.

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

**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 actuarial 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:

	Other Post- Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 15,759
Interest on net OPEB obligation	2,390
Adjustment for Net OPEB obligation	(1,895)
Annual OPEB cost	16,254
Contributions made	11,078
Increase in net OPEB obligation	5,176
Net OPEB obligation, beginning of year	42,907
Net OPEB obligation, end of year	\$ 48,083

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, 2009, 2010 and 2011 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 24,853	\$ 12,862	51.8%	\$ 28,166
6/30/10	25,084	10,343	41.2%	42,907
6/30/11	16,254	11,078	68.2%	48,083

**CITY OF HARTFORD, CONNECTICUT****NOTES TO FINANCIAL STATEMENTS, Continued****June 30, 2011****(In Thousands)**

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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.

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**ACTUARIAL ASSUMPTIONS - OPEB**

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Valuation Date:	July 1, 2009
Actuarial Cost Method:	Entry Age – Normal Cost
Asset Valuation Method:	N/A
Amortization Method:	Level Percent, Closed
Remaining Amortization Period:	30 Years Decreasing
Actuarial Assumptions:	
Discount Rate:	Group 1 – 5% per annum; Group 2 – 6.5% per annum; Group 3 – 8.0% per annum
Projected salary increase:	Group 1 – 5% per annum; Group 2 – 6.5% per annum; Group 3 – 8.0% per annum
Inflation Rate:	3.0%
Health Cost Trend Rates:	Annual increases in premium for retired medical and benefits are assumed to be as follows:

Year After Valuation Date	Blended Increase
2009	11.0%
2010	10.0%
2011	9.0%
2012	8.5%
2013	8.0%
2014	7.5%
2015	7.0%
2016	6.0%
2017	5.0%

Dental Trend Rate:	5.0%
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## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

The schedule of funding progress is as follows:

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
07/01/09	-	241,511	241,511	0.0%	\$ 307,857	78.4%

#### Note 13. 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 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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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As of the actuarial valuation date, July 1, 2010, City MERF membership consisted of:

	<i>(not rounded)</i>
Retirees and beneficiaries currently receiving benefits	2,808
Terminated employees entitled to benefits but not yet receiving them	189
Active plan members	<u>2,246</u>
Total	<u><u>5,243</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 pension obligation (asset) is recorded as a noncurrent liability (asset) in the government-wide financial statements.

#### **Plan Changes**

The valuation reflects plan improvements in both vesting and retirement eligibility for non-bargaining employees of the Board of Education and members of HSSSA. In addition, employee contribution rates increased for certain groups.

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.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### 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, 2010 valuation	\$ 18,846
Interest on net pension obligation	339
Adjustment to annual required contribution	(421)
Annual pension cost	18,764
Contributions made	18,846
Decrease in net pension obligation	(82)
Net pension obligation, beginning of year	4,236
Net pension obligation, end of year	<u>\$ 4,154</u>

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

The annual required contribution for the current year was determined as part of the MERF actuarial valuation dated July 1, 2010. The actuarial method and assumptions used in the July 1, 2010 valuation are presented below:

Valuation date	7/1/10
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



**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

Trend Information

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/09	\$ 11,668	\$ 12,829	110.00%	\$ 5,586
06/30/10	9,490	10,840	114.00%	4,236
06/30/11	18,846	18,846	100.00%	4,154

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.

The Schedule of Funding Progress represented below, including the funded status, has been developed using the Entry Age Actuarial Cost method, and the information presented is intended to approximate the funded status and funding progress of the plan.

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	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
07/01/10	\$ 1,041,572	\$ 1,175,040	\$ 133,468	88.6%	\$ 132,529	100.7%

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 151 (not rounded) retirees covered by this plan as of the actuarial valuation dated July 1, 2009.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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#### 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.

#### 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 \$1.4 million. The Plan did not have a net pension obligation as of June 30, 2011.

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

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

Trend Information

**SCHEDULE OF FUNDING PROGRESS**

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/09	\$ 1,770	\$ 1,770	100.00%	\$ -
06/30/10	1,521	1,521	100.00%	-
06/30/11	1,354	1,354	100.00%	-

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

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10	\$ -	\$ 6,155	\$ 6,155	0.0%	N/A	N/A

**City of Hartford 415 (m) Fund**

Plan Description

This plan currently covers six (6) retirees and no active employees as of June 30, 2011 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, 2011**  
**(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

<b>SCHEDULE OF FUNDING PROGRESS</b>				
Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
06/30/11	84	84	100.00%	-

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

<b>SCHEDULE OF FUNDING PROGRESS</b>						
Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/10	\$ -	\$ 180	\$ 180	0.0%	N/A	N/A

## **CITY OF HARTFORD, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS, Continued**

**June 30, 2011**

**(In Thousands)**

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#### **State MERF-B**

Members of City AFSCME Local 1716 and members of Local 566, which consisted of 524 members on June 30, 2010, 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, 2011, 2010 and 2009 were \$3.4 million, \$2.9 million and \$2.9 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, \$9.9 million in fiscal year 2011, 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, 2011 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$21.8 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 reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

**CITY OF HARTFORD, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, Continued**  
**June 30, 2011**  
**(In Thousands)**

**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, 2011 and the changes in net assets for the year then ended.

	Municipal Employees' Retirement Fund	RAF/PBF FRF Plan	Total Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 88,293	\$ -	\$ 88,293
Investments:			
U.S. Treasury	97,214	-	97,214
Alternative Investments	59,240	-	59,240
Common Stock	440,601	-	440,601
Corporate Bonds	97,944	-	97,944
Foreign Bonds	33,255	-	33,255
Common Trust	124,876	-	124,876
U.S. Government Agencies	48,093	-	48,093
Accrued investment earnings	3,367	-	3,367
Loan receivable	1,000	-	1,000
<b>Total assets</b>	<b>993,883</b>	<b>-</b>	<b>993,883</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	205	-	205
Net settlement due on investments purchased/sold	10,613	-	10,613
<b>Total liabilities</b>	<b>10,818</b>	<b>-</b>	<b>10,818</b>
<b>Net Assets Held in Trust for</b>			
<b>Pension Benefits</b>	<b>\$ 983,065</b>	<b>\$ -</b>	<b>\$ 983,065</b>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011  
(In Thousands)

	Municipal Employees' Retirement Fund	RAF/PBF/FRF Plan	Total Trust Funds
<b>Addition</b>			
Contributions:			
Employer - ARC	\$ 18,731	\$ 1,315	\$ 20,046
Employer - other	2,102	-	2,102
Plan members	9,959	-	9,959
<b>Total contributions</b>	<b>30,792</b>	<b>1,315</b>	<b>32,107</b>
Investment Income:			
Net appreciation in fair value of investments	140,967	-	140,967
Interest and dividends	14,925	-	14,925
<b>Total investment income</b>	<b>155,892</b>	<b>-</b>	<b>155,892</b>
Less investment expense	4,267	-	4,267
<b>Net investment income</b>	<b>151,625</b>	<b>-</b>	<b>151,625</b>
<b>Deductions</b>			
Benefits	89,064	1,355	90,419
Administration	2,161	-	2,161
Other	67	-	67
<b>Total deductions</b>	<b>91,292</b>	<b>1,355</b>	<b>92,647</b>
<b>Net increase</b>	<b>91,125</b>	<b>(40)</b>	<b>91,085</b>
<b>Net Assets Held in Trust for</b>			
<b>Pension Benefits</b>			
Beginning of year	891,940	40	891,980
End of year	<u>\$ 983,065</u>	<u>\$ -</u>	<u>\$ 983,065</u>

CITY OF HARTFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2011  
(In Thousands)

**Note 14. Governmental Funds – Fund Balance**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Below is a table of fund balance categories and classifications at June 30, 2011 for the City governmental funds:

	General Fund	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds
Fund balances:						
Non-spendable:						
Permanent funds	-	-	-	-	-	8,359
Loans	-	-	-	-	-	9,941
Inventory	-	-	-	-	-	283
<b>Total non-spendable</b>	-	-	-	-	-	18,583
Restricted:						
Development and community affairs	-	-	2,952	-	-	2,961
Recreation and Culture	-	-	-	-	-	9,078
Human services	-	-	-	-	-	3,910
Education	-	-	-	-	-	3,103
<b>Total restricted</b>	-	-	2,952	-	-	19,052
Committed:						
Capital projects	-	21,350	-	-	-	1,915
Debt service	-	-	-	146	-	-
Education	-	-	-	-	7,609	-
<b>Total committed</b>	-	21,350	-	146	7,609	1,915
Assigned:						
Recreation	60	-	-	-	-	-
Public safety	75	-	-	-	-	-
Education	2,390	-	-	-	-	-
<b>Total assigned</b>	2,525	-	-	-	-	-
Unassigned:						
General government	22,561	-	-	-	-	(202)
<b>Total unassigned</b>	22,561	-	-	-	-	(202)
<b>Total fund balance</b>	<b>\$ 25,086</b>	<b>\$ 21,350</b>	<b>\$ 2,952</b>	<b>\$ 146</b>	<b>\$ 7,609</b>	<b>\$ 39,348</b>



## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

#### Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported		
Change in fund type classification per implementation of GASB Statement No. 54	\$ 18,648 988	\$ 30,607 (988)
Fund balance, July 1, 2010, as restated	<u>\$ 19,636</u>	<u>\$ 29,619</u>

Under GASB No. 54 and the amended special revenue definition, the Capital Lease Fund was reclassified to a Capital Projects Fund.

#### Note 16. Governmental Accounting Standards Board (GASB) Statements

The City adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 14 and 15 to the basic financial statements, the City reclassified the fund balances for governmental funds and restated the General Fund and Nonmajor Governmental Funds fund balance by \$988 as a result of the implementation of this Statement.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in

## CITY OF HARTFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

(In Thousands)

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certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the City beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the City beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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**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, 2011

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL PROPERTY TAX</b>				
Current year's levy	\$ 251,883	\$ 251,883	\$ 255,008	\$ 3,125
Levy of prior years	6,400	6,400	8,124	1,724
Interest and liens	2,500	2,500	3,815	1,315
Proceeds from lien sales	8,750	8,750	6,026	(2,724)
<b>Total general property tax</b>	<b>269,533</b>	<b>269,533</b>	<b>272,973</b>	<b>3,440</b>
<b>OTHER LOCAL TAXES</b>				
Business taxes	700	700	1,040	340
<b>LICENSES, PERMITS, FEES AND OTHER</b>				
Street use	28	28	28	-
Business Licenses:				
Health licenses	300	300	307	7
Police and protection licenses	48	48	43	(5)
Professional and occupational licenses	7	7	6	(1)
<b>Total business licenses</b>	<b>355</b>	<b>355</b>	<b>356</b>	<b>1</b>
Non-Business Licenses and Permits:				
Building structure and equipment permits	6,101	6,101	4,197	(1,904)
Other non-business licenses and permits	68	68	77	9
<b>Total non-business licenses and permits</b>	<b>6,169</b>	<b>6,169</b>	<b>4,274</b>	<b>(1,895)</b>
<b>Total licenses and permits</b>	<b>6,552</b>	<b>6,552</b>	<b>4,658</b>	<b>(1,894)</b>
<b>FINES, FORFEITS AND PENALTIES</b>				
	232	232	233	1
<b>REVENUE FROM USE OF MONEY AND PROPERTY</b>				
Income from investments	376	376	316	(60)
Income from use of property	631	631	582	(49)
Income from development properties	5,001	5,001	5,772	771
<b>Total revenue from use of money and property</b>	<b>6,008</b>	<b>6,008</b>	<b>6,670</b>	<b>662</b>

See Note to Required Supplementary Information.

(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, 2011  
 (In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>INTERGOVERNMENTAL REVENUE</b>				
Federal Government - ARRA	60	60	26,862	26,802
State of Connecticut:				
Education	194,511	194,511	167,690	(26,821)
Housing	485	485	531	46
Public Works	613	613	611	(2)
Elderly Services	283	283	250	(33)
Mashantucket Pequot Fund	8,795	8,795	8,212	(583)
Payment in Lieu of Taxes	46,216	46,216	46,648	432
Shared Taxes	300	300	262	(38)
Other	51	51	85	34
<b>Total State of Connecticut</b>	<b>251,254</b>	<b>251,254</b>	<b>224,289</b>	<b>(26,965)</b>
<b>Total intergovernmental revenue</b>	<b>251,314</b>	<b>251,314</b>	<b>251,151</b>	<b>(163)</b>
<b>CHARGES FOR SERVICES</b>				
General Government:				
Recording legal instruments	325	325	268	(57)
All other	999	999	1,295	296
<b>Total general government</b>	<b>1,324</b>	<b>1,324</b>	<b>1,563</b>	<b>239</b>
Public Safety:				
Police charges	248	248	250	2
Fire protection services	181	181	179	(2)
<b>Total public safety</b>	<b>429</b>	<b>429</b>	<b>429</b>	<b>-</b>
Public Works:				
Highways and streets	1	1	3	2
Sanitation	50	50	86	36
<b>Total public works</b>	<b>51</b>	<b>51</b>	<b>89</b>	<b>38</b>

See Note to Required Supplementary Information.

(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, 2011**  
**(In Thousands)**

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES, Cont'd.</b>				
Other:				
Health	7	7	1	(6)
Social Services	30	30	3	(27)
Recreation	10	10	10	-
Miscellaneous	118	118	117	(1)
<b>Total other</b>	<b>165</b>	<b>165</b>	<b>131</b>	<b>(34)</b>
<b>Total charges for services</b>	<b>1,969</b>	<b>1,969</b>	<b>2,212</b>	<b>243</b>
<b>REIMBURSEMENTS</b>				
Other	420	420	384	(36)
Reimbursements from other funds	2,951	2,951	3,520	569
<b>Total reimbursements</b>	<b>3,371</b>	<b>3,371</b>	<b>3,904</b>	<b>533</b>
<b>OTHER REVENUES</b>				
Settlements	50	50	111	61
Miscellaneous	1,230	1,230	503	(727)
<b>Total other revenues</b>	<b>1,280</b>	<b>1,280</b>	<b>614</b>	<b>(666)</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in from other funds:				
Hartford Parking Facilities Fund	850	850	488	(362)
Operating Transfers In	-	-	1,431	1,431
Special Police Services	1,900	1,900	2,240	340
Capital Improvement Fund	431	431	86	(345)
Premium from Bond Sale	305	305	305	-
<b>Total other financing sources</b>	<b>3,486</b>	<b>3,486</b>	<b>4,550</b>	<b>1,064</b>
<b>TOTAL</b>	<b>\$ 544,445</b>	<b>\$ 544,445</b>	<b>548,005</b>	<b>\$ 3,560</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

21,764

Effect of the Implementation of GASB No. 54

596

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

(3,520)

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

\$ 566,845

See Note to Required Supplementary Information.

## 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, 2011

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT</b>				
Mayor	\$ 1,200	\$ 1,200	\$ 1,192	\$ 8
Court of Common Council	616	616	610	6
City Treasurer	522	522	521	1
Registrars of Voters	814	814	814	-
Corporation Counsel	1,556	1,556	1,552	4
Town and City Clerk	813	813	809	4
Internal Audit	478	478	477	1
Office of Information Services	3,431	3,431	3,431	-
Finance	3,893	3,893	3,857	36
Human Resources	1,280	1,280	1,273	7
Human Relations	688	688	675	13
Office of Management and Budget	1,236	1,236	1,231	5
Office of Youth Services	2,762	2,762	2,761	1
Office of Capital Assets	15	15	14	1
Office of Young Children	584	584	583	1
<b>Total general government</b>	<b>19,888</b>	<b>19,888</b>	<b>19,800</b>	<b>88</b>
<b>PUBLIC SAFETY</b>				
Fire	32,363	32,363	32,322	41
Police	39,261	39,261	39,260	1
Emergency Services and Telecommunications	4,186	4,186	4,164	22
<b>Total public safety</b>	<b>75,810</b>	<b>75,810</b>	<b>75,746</b>	<b>64</b>
<b>INFRASTRUCTURE AND LEISURE SERVICES</b>				
Public Works	13,097	13,097	13,083	14
<b>DEVELOPMENT AND COMMUNITY AFFAIRS</b>				
Development Services	4,263	4,263	4,228	35
<b>HUMAN SERVICES</b>				
Health and Human Services	7,183	7,183	7,103	80
<b>EDUCATION</b>				
Board of Education	285,804	283,471	283,471	-
<b>BENEFITS AND INSURANCE</b>				
Benefits and insurance	62,792	65,160	65,160	-

See Note to Required Supplementary Information.

(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, 2011

(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>SUNDRY</b>				
Debt service	34,376	34,376	34,376	-
Hartford public library	7,915	7,915	7,915	-
Other sundry items	33,317	33,282	33,062	220
<b>Total sundry</b>	<u>75,608</u>	<u>75,573</u>	<u>75,353</u>	<u>220</u>
<b>Total</b>	<u>544,445</u>	<u>544,445</u>	<u>543,944</u>	<u>501</u>

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.

21,764

Reimbursements from other funds are credited against budgetary expenditures  
for GAAP financial statement reporting purposes

(3,520)

Effect of the Implementation of GASB No. 54

32

Encumbrances

June 30, 2010

148

June 30, 2011

(973)

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

\$ 561,395

See Note to Required Supplementary Information.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSIONS AND OTHER POST RETIREMENT BENEFITS**  
**SCHEDULE OF FUNDING PROGRESS**  
**June 30, 2011**  
**(In Thousands)**

**Schedules of Funding Progress**

<i>City of Hartford Municipal Employees' Retirement Fund (City MERF)*</i>						
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
07/01/05	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	(17.3%)
07/01/09	1,089,184	1,126,965	37,781	96.6%	134,143	28.2%
07/01/10	1,041,572	1,175,040	133,468	88.6%	132,529	100.7%

<i>RAF/PBF/FRF Plan</i>						
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
07/01/05	-	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
07/01/09	-	7,249	7,249	0.0%	N/A	N/A
07/01/10	-	6,155	6,155	0.0%	N/A	N/A

<i>City of Hartford 415(m) Fund</i>						
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
07/01/05	-	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
07/01/09	-	143	143	0.0%	N/A	N/A
07/01/10	-	180	180	0.0%	N/A	N/A

REQUIRED SUPPLEMENTARY INFORMATION  
PENSIONS AND OTHER POST RETIREMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS, Continued  
June 30, 2011  
(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	
07/01/09	-	241,511	241,511	0.0%	307,857	78.4%	
07/01/10	-	247,852	247,852	0.0%	307,857	81.0%	

\* 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  
PENSIONS AND OTHER POST RETIREMENT BENEFITS  
SCHEDULE OF ANNUAL REQUIRED CONTRIBUTIONS  
June 30, 2011  
(In Thousands)

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<i>City of Hartford Municipal Employees' Retirement Fund (City MERF)</i>			<i>RAF/PBF/FRF Plan</i>		
Year Ended	Annual Required Contribution	Percentage Contributed	Year Ended	Annual Required Contribution	Percentage Contributed
06/30/06	16,196	74.0%	06/30/06	1,926	100.0%
06/30/07	15,463	107.0%	06/30/07	1,757	100.0%
06/30/08	13,253	125.0%	06/30/08	1,967	100.0%
06/30/09	11,797	109.0%	06/30/09	1,700	100.0%
06/30/10	9,602	113.0%	06/30/10	1,521	100.0%
06/30/11	18,846	100.0%	06/30/11	1,354	100.0%

<i>City of Hartford 415(M) Fund</i>			<i>OPEB</i>		
Year Ended	Annual Required Contribution	Percentage Contributed	Year Ended	Annual Required Contribution	Percentage Contributed
06/30/06	39	100.0%	06/30/2008	\$ 31,600	51.2%
06/30/07	53	100.0%	06/30/2009	24,500	52.8%
06/30/08	61	100.0%	06/30/2010	24,744	41.8%
06/30/09	50	100.0%	06/30/2011	15,759	70.3%
06/30/10	43	100.0%			
06/30/11	84	100.0%			

CITY OF HARTFORD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011  
(In Thousands)

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**Note 1. Stewardship, Compliance and Accountability**

Budgetary information

The City adopted the legal budget for the 2010-2011 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, transfers in are shown as revenues, State of Connecticut on-behalf contributions are shown as revenues and expenses, and reimbursements to and from other funds are shown as reductions of revenues and expenses.

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.

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.

**CITY OF HARTFORD, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued**  
**June 30, 2011**  
**(In Thousands)**

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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, 2011 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 assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.



**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.

**BALANCE SHEET - BY ACCOUNT - GENERAL FUND, WITH COMPARATIVE TOTALS FOR 2010**  
**June 30, 2011**

	General Fund	Hartford Public Library	Special Activities	2011 Combined General Fund Totals	2010* General Fund Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 76,511	\$ 99	\$ 1,492	\$ 78,102	\$ 74,783
Receivables, net	55,880	-	18	55,898	46,689
Due from other funds	488	-	-	488	1,994
<b>Total assets</b>	<b>\$ 132,879</b>	<b>\$ 99</b>	<b>\$ 1,510</b>	<b>\$ 134,488</b>	<b>\$ 123,466</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts and other payables	\$ 54,237	\$ 39	\$ -	\$ 54,276	\$ 57,522
Due to other funds	1	-	-	1	217
Deferred/unearned revenue	55,107	-	18	55,125	47,079
<b>Total liabilities</b>	<b>109,345</b>	<b>39</b>	<b>18</b>	<b>109,402</b>	<b>104,818</b>
<b>FUND BALANCES</b>					
Assigned	973	60	1,492	2,525	148
Unassigned	22,561	-	-	22,561	18,500
<b>Total fund balances</b>	<b>23,534</b>	<b>60</b>	<b>1,492</b>	<b>25,086</b>	<b>18,648</b>
<b>Total liabilities and fund balances</b>	<b>\$ 132,879</b>	<b>\$ 99</b>	<b>\$ 1,510</b>	<b>\$ 134,488</b>	<b>\$ 123,466</b>

\* 2010 amounts do not reflect 2011 GASB No. 54 adjustments.

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND**  
**For the Year Ended June 30, 2011**

	General Fund	Hartford Public Library	Special Activities	Eliminate Interfund Transfers	2011 Totals
<b>REVENUES</b>					
Property taxes	\$ 274,013	\$ -	\$ -	\$ -	\$ 274,013
Licenses and permits	4,891	-	-	-	4,891
Intergovernmental	272,915	-	-	-	272,915
Charges for services	2,212	-	595	-	2,807
Use of property	6,354	-	-	-	6,354
Investment income	316	-	1	-	317
Miscellaneous	1,389	-	-	-	1,389
<b>Total revenues</b>	<b>562,090</b>	<b>-</b>	<b>596</b>	<b>-</b>	<b>562,686</b>
<b>EXPENDITURES</b>					
Current:					
General government	19,800	-	-	-	19,800
Public safety	75,672	-	-	-	75,672
Public works	13,083	-	-	-	13,083
Development and community affairs	4,228	-	-	-	4,228
Human services	7,103	-	-	-	7,103
Education	304,338	-	32	-	304,370
Recreation and culture	-	7,915	-	-	7,915
Benefits and insurance	65,160	-	-	-	65,160
Other	26,637	-	-	-	26,637
<b>Total expenditures</b>	<b>516,021</b>	<b>7,915</b>	<b>32</b>	<b>-</b>	<b>523,968</b>
<b>Revenues over (under) expenditures</b>	<b>46,069</b>	<b>(7,915)</b>	<b>564</b>	<b>-</b>	<b>38,718</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,159	7,915	-	(7,915)	4,159
Transfers out	(45,342)	-	-	7,915	(37,427)
<b>Net other financing sources (uses)</b>	<b>(41,183)</b>	<b>7,915</b>	<b>-</b>	<b>-</b>	<b>(33,268)</b>
<b>Net change in fund balances</b>	<b>4,886</b>	<b>-</b>	<b>564</b>	<b>-</b>	<b>5,450</b>
<b>FUND BALANCES, beginning of year</b>	<b>18,648</b>	<b>60</b>	<b>928</b>	<b>-</b>	<b>19,636</b>
<b>FUND BALANCES, end of year</b>	<b>\$ 23,534</b>	<b>\$ 60</b>	<b>\$ 1,492</b>	<b>\$ -</b>	<b>\$ 25,086</b>

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**CITY OF HARTFORD, CONNECTICUT**

**REPORT OF TAX COLLECTOR**

**GENERAL FUND**

**For the Year Ended June 30, 2011**

**(In Thousands)**

Grand List Year	Taxes Collectible July 1, 2010	Lawful Corrections		Suspense Transfers
		Additions	Deletions	
1995	\$ -	\$ -	\$ -	\$ -
1996	-	-	-	-
1997	-	-	-	-
1998	-	-	-	-
1999	-	-	-	-
2000	-	-	-	-
2001	-	-	-	-
2002	-	-	-	-
2003	1,097	-	6	-
2004	2,458	40	10	759
2005	3,291	372	125	-
2006	4,227	512	184	-
2007	5,459	762	590	-
2008	10,852	487	568	-
Prior Years	27,384	2,173	1,483	759
2009	277,997	1,113	10,365	-
Total Grand List	\$ 305,381	\$ 3,286	\$ 11,848	\$ 759

Suspense

Total Tax Collections

Tax Lien Sale

Total Collections

Note: Tax collections are reduced for refunds processed during the year related to both current and prior year's collections.



Adjusted Tax Levy	Collections				Taxes Receivable June 30, 2011
	Taxes	Interest	Liens	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	1	-
1,091	38	43	-	81	1,053
1,729	89	83	-	172	1,640
3,538	408	198	-	606	3,130
4,555	781	227	-	1,008	3,774
5,631	1,346	431	-	1,777	4,285
10,771	4,246	862	-	5,108	6,525
27,315	6,908	1,845	-	8,753	20,407
268,745	256,253	1,681	-	257,934	12,492
<u>\$ 296,060</u>	263,161	3,526	-	266,687	<u>\$ 32,899</u>
	198	340	-	538	
	<u>\$ 263,359</u>	<u>\$ 3,866</u>	<u>\$ -</u>	267,225	
				5,734	
				<u>\$ 272,959</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 sales of food	School lunch and breakfast programs
Health Grants	State and federal grants	Health and human services
Library Grants	Grants & contributions	Public library system
Community Development	Federal block grants	Housing and development
Home Program	Federal grants	Affordable housing
Parks & Recreation Trusts	Donation & trust income	Park and recreation
Human Services Trust	Donation & trust income	Human services
Education Trusts	Donation & trust income	Education and scholarships
ARRA Stimulus Grants	Federal grants	Public safety
ARRA Capital Grants	Federal grants	Public works

### **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 four nonmajor capital projects funds include the Vehicle Equipment and Technology Fund, Redevelopment Fund, Capital Leases and HUD Special Projects Fund. The Vehicle Equipment and Technology Fund accounts for the acquisition and financing of public safety and public works vehicles and heavy equipment as well as technology purchases. The Redevelopment Fund accounts for the acquisition and improvement of properties for future development. The Capital Leases Fund accounts for the financing and acquisition of city vehicles and heavy equipment. 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, 2011

(In Thousands)

	Special Revenue Funds				
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants	Community Development Act
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,356	\$ 3,883	\$ 2,711	\$ 634	\$ 521
Investments	-	-	-	-	-
Receivables:					
Intergovernmental receivable	31	2,739	1,784	600	1,023
Other receivables	-	1,036	-	-	-
Inventories and other assets	-	-	283	-	-
<b>Total assets</b>	<b>\$ 2,387</b>	<b>\$ 7,658</b>	<b>\$ 4,778</b>	<b>\$ 1,234</b>	<b>\$ 1,544</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 42	\$ 1,200	\$ 1,482	\$ 643	\$ 928
Due to other funds	-	-	-	-	-
Deferred revenue/unearned revenue	-	6,049	-	591	-
<b>Total liabilities</b>	<b>42</b>	<b>7,249</b>	<b>1,482</b>	<b>1,234</b>	<b>928</b>
Fund Balances					
Nonspendable	-	-	283	-	-
Restricted	2,345	409	3,013	-	616
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,345</b>	<b>409</b>	<b>3,296</b>	<b>-</b>	<b>616</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 2,387</b>	<b>\$ 7,658</b>	<b>\$ 4,778</b>	<b>\$ 1,234</b>	<b>\$ 1,544</b>

Special Revenue Funds							Capital Projects Funds	
HOME Program	Library Grants	Parks and Recreation Trusts	ARRA Stimulus Grants	ARRA Capital Grants	Total		Capital Lease	Vehicle Equipment & Technology
\$ -	\$ 101	\$ 60	\$ 67	\$ -	\$ 10,333	\$ -	\$ -	
-	-	198	-	-	198	-	-	
19	-	-	5	1,445	7,646	-	-	
-	231	-	-	-	1,267	254	-	
-	-	-	-	-	283	-	-	
<u>\$ 19</u>	<u>\$ 332</u>	<u>\$ 258</u>	<u>\$ 72</u>	<u>\$ 1,445</u>	<u>\$ 19,727</u>	<u>\$ 254</u>	<u>\$ -</u>	
\$ 19	\$ 22	\$ -	\$ 5	\$ 1,445	5,786	\$ -	\$ 202	
-	-	-	-	-	-	-	-	
-	310	-	67	-	7,017	-	-	
<u>19</u>	<u>332</u>	<u>-</u>	<u>72</u>	<u>1,445</u>	<u>12,803</u>	<u>-</u>	<u>202</u>	
-	-	-	-	-	283	-	-	
-	-	258	-	-	6,641	-	-	
-	-	-	-	-	-	254	-	
-	-	-	-	-	-	-	(202)	
<u>-</u>	<u>-</u>	<u>258</u>	<u>-</u>	<u>-</u>	<u>6,924</u>	<u>254</u>	<u>(202)</u>	
<u>\$ 19</u>	<u>\$ 332</u>	<u>\$ 258</u>	<u>\$ 72</u>	<u>\$ 1,445</u>	<u>\$ 19,727</u>	<u>\$ 254</u>	<u>\$ -</u>	

(Continued)

## CITY OF HARTFORD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

(In Thousands)

	Capital Projects Funds		
	Redevelop- ment	HUD Special Projects	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,016	\$ 221	\$ 3,237
Investments	-	-	-
Receivables:			
Intergovernmental receivable	-	9,941	9,941
Other receivables	-	-	254
Inventories and other assets	-	-	-
<b>Total assets</b>	<b>\$ 3,016</b>	<b>\$ 10,162</b>	<b>\$ 13,432</b>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 40	\$ 221	463
Due to other funds	-	-	-
Deferred revenue/unearned revenue	1,315	-	1,315
<b>Total liabilities</b>	<b>1,355</b>	<b>221</b>	<b>1,778</b>
Fund Balances			
Nonspendable	-	9,941	9,941
Restricted	-	-	-
Committed	1,661	-	1,915
Unassigned	-	-	(202)
<b>Total fund balances (deficits)</b>	<b>1,661</b>	<b>9,941</b>	<b>11,654</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 3,016</b>	<b>\$ 10,162</b>	<b>\$ 13,432</b>



Permanent Funds							
Public Safety		Parks and Recreation Trusts		Human Services Trusts		Education Trusts	Total
\$	-	\$	910	\$	419	\$	1,329
	6		18,395		3,274		21,776
	-		-		-		-
	-		-		-		-
	-		-		-		-
\$	6	\$	19,305	\$	3,693	\$	23,105
\$	-	\$	-	\$	-	\$	-
	-		2,335		-		2,335
	-		-		-		-
	-		2,335		-		2,335
	1		8,150		197		11
	5		8,820		3,496		90
	-		-		-		-
	-		-		-		-
	6		16,970		3,693		101
\$	6	\$	19,305	\$	3,693	\$	23,105

## CITY OF HARTFORD, CONNECTICUT

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

For the Year Ended June 30, 2011

(In Thousands)

	Special Revenue Funds				
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants	Community Development Act
<b>REVENUES</b>					
Intergovernmental revenues	\$ 46,337	\$ 19,566	\$ 10,785	\$ 8,457	\$ 4,411
Charges for services	263	6,766	777	-	-
Investment income (loss)	5	-	-	-	2
Other revenues	-	75	708	793	599
<b>Total revenues</b>	<b>46,605</b>	<b>26,407</b>	<b>12,270</b>	<b>9,250</b>	<b>5,012</b>
<b>EXPENDITURES</b>					
General government	-	763	-	-	848
Public safety	-	6,388	-	-	454
Public works	-	80	-	-	560
Development and community affairs	46,695	3,545	-	-	2,841
Human services	-	10,832	-	9,448	393
Education	-	-	12,282	-	207
Recreation and culture	-	-	-	-	133
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
<b>Total expenditures</b>	<b>46,695</b>	<b>21,608</b>	<b>12,282</b>	<b>9,448</b>	<b>5,436</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(90)</b>	<b>4,799</b>	<b>(12)</b>	<b>(198)</b>	<b>(424)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	300	-	-	-
Transfers out	(1,431)	(4,434)	-	-	-
Bond proceeds	-	-	-	-	-
Bond premium	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,431)</b>	<b>(4,134)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in fund balance (deficits)</b>	<b>(1,521)</b>	<b>665</b>	<b>(12)</b>	<b>(198)</b>	<b>(424)</b>
<b>FUND BALANCE (DEFICITS), beginning, as restated</b>	<b>3,866</b>	<b>(256)</b>	<b>3,308</b>	<b>198</b>	<b>1,040</b>
<b>FUND BALANCE (DEFICITS), ending</b>	<b>\$ 2,345</b>	<b>\$ 409</b>	<b>\$ 3,296</b>	<b>\$ -</b>	<b>\$ 616</b>

Special Revenue Funds						Capital Projects Funds	
HOME Program	Library Grants	Parks and Recreation Trusts	ARRA Stimulus Grants	ARRA Capital Grants	Total	Capital Lease	Vehicle Equipment & Technology
\$ 1,525	\$ 671	\$ -	\$ 1,625	\$ 1,470	\$ 94,847	\$ -	\$ 26
-	85	-	-	-	7,891	-	-
-	-	18	-	-	25	-	-
-	604	-	-	-	2,779	-	-
1,525	1,360	18	1,625	1,470	105,542	-	26
-	-	-	-	-	1,611	136	-
-	-	-	1,625	-	8,467	144	-
-	-	-	-	1,470	2,110	89	-
1,525	-	-	-	-	54,606	-	-
-	-	-	-	-	20,673	-	-
-	-	-	-	-	12,489	-	-
-	1,360	2	-	-	1,495	-	-
-	-	-	-	-	-	-	2,354
-	-	-	-	-	-	2,483	-
1,525	1,360	2	1,625	1,470	101,451	2,852	2,354
-	-	16	-	-	4,091	(2,852)	(2,328)
-	-	-	-	-	300	2,098	-
-	-	-	-	-	(5,865)	-	-
-	-	-	-	-	-	-	2,050
-	-	-	-	-	-	-	13
-	-	-	-	-	(5,565)	2,098	2,063
-	-	16	-	-	(1,474)	(754)	(265)
-	-	242	-	-	8,398	1,008	63
\$ -	\$ -	\$ 258	\$ -	\$ -	\$ 6,924	\$ 254	\$ (202)

(Continued)

## CITY OF HARTFORD, CONNECTICUT

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

For the Year Ended June 30, 2011

(In Thousands)

	Capital Projects Funds		
	Redevelop- ment	HUD Special Projects	Total
<b>REVENUES</b>			
Intergovernmental revenues	\$ 38	\$ 2,939	\$ 3,003
Charges for services	44	-	44
Investment income (loss)	3	89	92
Other revenues	-	304	304
<b>Total revenues</b>	<b>85</b>	<b>3,332</b>	<b>3,443</b>
<b>EXPENDITURES</b>			
General government	-	-	136
Public safety	-	-	144
Public works	-	-	89
Development and community affairs	76	-	76
Human services	-	-	-
Education	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	2,354
Debt service	-	391	2,874
<b>Total expenditures</b>	<b>76</b>	<b>391</b>	<b>5,673</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>9</b>	<b>2,941</b>	<b>(2,230)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	2,098
Transfers out	-	-	-
Bond proceeds	-	7,000	9,050
Bond premium	-	-	13
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>7,000</b>	<b>11,161</b>
<b>Changes in fund balance (deficits)</b>	<b>9</b>	<b>9,941</b>	<b>8,931</b>
<b>FUND BALANCE (DEFICITS), beginning, as restated</b>	<b>1,652</b>	<b>-</b>	<b>2,723</b>
<b>FUND BALANCE (DEFICITS), ending</b>	<b>\$ 1,661</b>	<b>\$ 9,941</b>	<b>\$ 11,654</b>

Permanent Funds						
Public Safety	Parks and Recreation Trusts	Human Services Trusts	Education Trusts	Total		Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$	97,850
-	-	-	-	-		7,935
1	1,919	509	13	2,442		2,559
-	-	-	-	-		3,083
1	1,919	509	13	2,442		111,427
-	-	-	-	-		1,747
-	-	-	-	-		8,611
-	-	-	-	-		2,199
-	-	-	-	-		54,682
-	-	102	-	102		20,775
-	-	-	1	1		12,490
-	67	-	-	67		1,562
-	-	-	-	-		2,354
-	-	-	-	-		2,874
-	67	102	1	170		107,294
1	1,852	407	12	2,272		4,133
-	-	-	-	-		2,398
-	-	-	-	-		(5,865)
-	-	-	-	-		9,050
-	-	-	-	-		13
-	-	-	-	-		5,596
1	1,852	407	12	2,272		9,729
5	15,118	3,286	89	18,498		29,619
\$ 6	\$ 16,970	\$ 3,693	\$ 101	\$ 20,770	\$	39,348

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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.



**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	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
W6263	City Buildings Environmental Compliance	11/12/2005	600	-	600	582	-	582	-	18
W6264	City Buildings Energy Conservation, Security Technology and Communication	11/12/2005	600	-	600	427	133	560	12	28
W6269	Municipal Facility Renovations and Consolidation Study	11/12/2005	1,800	-	1,800	1,686	-	1,686	-	114
W6565	Rising Star Block, Pride Block, Infrastructure Structural Repairs	01/12/2005	3,000	-	3,000	2,972	2	2,974	-	26
A6501	Church Street Façade Restoration	01/12/2005	1,810	-	1,810	1,187	-	1,187	-	623
A6502	MAT Street Garage Façade Restoration	01/12/2005	2,300	-	2,300	111	811	922	96	1,282
A6503	Remainder of Construction Contract at Morgan St Garage	01/12/2005	1,590	-	1,590	1,421	18	1,439	-	151
A6504	Remainder of Repair Contracts at MAT Garage	01/12/2005	500	-	500	104	-	104	-	396
A6505	Remainder of Repairs Contracts at Church St Garage	01/12/2005	1,000	-	1,000	-	-	-	-	1,000
A6506	Streetscape Improvements at MAT Garage	01/12/2005	125	-	125	-	-	-	-	125

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
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	215	12	227	-	205
W7268	Long Term Document Archive and Storage	07/1/2006	200	-	200	-	18	18	40	142
D6576	Acquisition of Land Woodland St./Albany Avenue	11/29/2005	1,325	-	1,325	1,283	10	1,293	-	32
D7576	Economic Development Site Acquisition	07/1/2006	1,450	-	1,450	583	-	583	-	867
W8262	City Buildings ADA Modifications FYE 2008 Appropriation	08/14/2007	950	-	950	849	8	857	300	(207)
W8264	City Buildings Energy Conservation Security Technology and Communication FYE 2008 Appropriation	08/14/2007	600	-	600	596	-	596	-	4
W8270	Salt, Sand & Truck Wash at 40 Jennings Road	08/14/2007	500	-	500	-	-	-	-	500
W8279	525 Main St. Building Renovations	08/14/2007	550	-	550	200	25	225	-	325
W8281	City Hall Entrance Plaza Improvements	08/14/2007	950	-	950	25	24	49	19	882
W8282	Burgdorf Environmental Clean-up & Campus Planning	08/14/2007	250	-	250	26	-	26	1	223
W8202	Energy Projects	11/27/2007	1,000	-	1,000	489	127	616	631	(247)
D8576	Economic Development Site Acquisition, FYE 2008 Appropriation	08/14/2007	750	-	750	24	50	74	-	676
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	31	2,155	2,186	-	2,064
D9584	Neighborhood Development Fund	5/29/2008	2,000	-	2,000	78	107	185	-	1,815
M9011	Early Learning Centers		1,000	-	1,000	-	-	-	-	1,000
W9201	Public Works Equipment	5/29/2008	500	-	500	-	-	-	-	500

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W9262	City Buildings ADA Modifications FYE 2009 Appropriation	5/29/2008	950	-	950	7	55	62	6	882
W9263	City Buildings Environmental Compliance FYE 2009 Appropriation	5/29/2008	500	-	500	67	51	118	5	377
W9264	City Buildings Energy Conservation, Security Technology and Communication FYE 2009 Appropriation	5/29/2008	300	-	300	277	-	277	2	21
W9269	Municipal Facility Renovations	5/29/2008	750	-	750	534	165	699	54	(3)
W9276	Albany Avenue Library	5/29/2008	3,000	-	3,000	16	1,136	1,152	173	1,675
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
W9587	Bulky Waste Recycling Center		1,100	-	1,100	959	94	1,053	46	1
A9510	Parking Authority Capital Improvements	6/23/2008	2,000	-	2,000	-	-	-	-	2,000
W0592	South End Senior Center Improvements	9/22/2009	683	-	683	55	600	655	26	2
W1601	Pope Park Recreation Center Building Shell	6/1/2010	1,200	-	1,200	-	12	12	27	1,161
W1602	Energy Projects	6/1/2010	1,000	-	1,000	-	-	-	-	1,000
W1603	525 Main St. Roof Top Unit Replacement	6/1/2010	500	-	500	-	-	-	22	478
D1616	Enhance Founder Bridge Gateway	6/1/2010	2,700	-	2,700	-	-	-	-	2,700
D1617	Federal/State Matching Fund	6/1/2010	250	-	250	-	34	34	-	216
Total Public Works Projects			51,370	-	51,370	15,919	5,647	21,566	1,460	28,344

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
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	6,122	78	6,200	-	-
W1115	Construction of a Public Safety Complex	11/07/2000	77,000	-	77,000	20,730	23,830	44,560	23,095	9,345
W7101	Firearms, Equipment Leasing and Transmitter Equipment	06/26/2007	650	-	650	145	-	145	1	504
W8117	Police Headquarters HVAC Improvements & Roof Replacement	08/14/2007	1,800	-	1,800	1,517	-	1,517	-	283
W9109	Fire Houses Citywide - Improvements & Renovations	6/23/2008	1,250	-	1,250	292	288	580	508	162
W9120	50 Jennings Rd Interior Mechanical Renovations	5/29/2008	200	-	200	-	-	-	-	200
Total Public Safety Projects			87,100	-	87,100	28,806	24,196	53,002	23,604	10,494
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	38,349	19	38,368	131	100
W7239	Library Branch Renovations	08/12/1996	5,500	-	5,500	2,828	1,567	4,395	1,014	91
W3010	Pope Park Pool Replacement	05/26/2000	1,581	-	1,581	1,475	-	1,475	49	57
W1383	Pool Enclosures for Certain Swimming Pools	11/07/2000	3,900	-	3,900	1,069	33	1,102	-	2,798

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W2302	Batterson Park Infrastructure - Hartford Parks Trust Fund	05/24/2002	450	-	450	444	4	448	1	1
W2341	Park Ponds Restoration - Hartford Parks Trust Fund	05/24/2002	800	-	800	323	-	323	17	460
W5313	Colt, Goodwin & Keney Parks Restoration of Playing Fields Hartford Parks Trust Fund	05/24/2005	700	-	700	148	1	149	21	530
W6306	Pope Park Indoor Pool Repairs	11/12/2005	250	-	250	49	200	249	1	-
W6342	Lozada Park Preconstruction Planning, State DEP	02/28/2006	20	-	20	19	-	19	1	-
W7307	Colts Park and Coltsville Park Planning	07/1/2006	1,500	-	1,500	769	-	769	996	(265)
W7306	Pope Park Pool/Master Plan Work	10/11/2006	400	-	400	152	152	304	4	92
W7399	Kelvin Anderson Recreation Center Renovation and Expansion	10/11/2006	16,200	-	16,200	14,977	626	15,603	319	278
W7305	Blue Hills Recreation Center	01/9/2007	150	-	150	75	-	75	13	62
W8383	City Wide Pool Enhancements	08/14/2007	800	-	800	285	43	328	144	328
W8272	Central and Branch Library, Dwight	08/14/2007	2,000	-	2,000	60	107	167	83	1,750
W8351	Park Monuments, Pond House & Spray Pools Renovations & Improvements	08/14/2007	500	-	500	491	5	496	-	4
W8201	Citywide Day Care and Park Enhancements	11/15/2007	600	-	600	86	18	104	21	475
W8321	Park Enhancements	11/27/2007	300	-	300	300	-	300	-	-
W9398	Playground & Building Improvements	6/23/2008	1,000	-	1,000	511	65	576	51	373
W9588	Lozada Park Improvements	3/9/2009	390	-	390	390	-	390	173	(173)
W9589	Levee System Improvements	5/12/2009	5,000	-	5,000	660	3,882	4,542	248	210
W0591	Hyland Park Improvements and Renovations	9/11/2009	500	-	500	55	421	476	24	-
W0593	Improvements to Pope Park West	6/2/2009	139	-	139	6	21	27	112	-
W0594	North Cemetery	6/2/2009	1,000	-	1,000	-	36	36	4	960
W0595	Keney Park Pavilion	6/2/2009	50	-	50	-	1	1	5	44

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W0596	Goodwin Park Pond House Improvement	6/2/2009	450	-	450	-	-	-	34	416
W0597	Keney/Waverly Expansion Athletic Fields	6/2/2009	500	-	500	-	1	1	20	479
W1604	Batterson Park Infrastructure Improvements	6/1/2010	1,000	-	1,000	-	17	17	-	983
W1605	I-Quilt/Bushnell Park	6/1/2010	100	-	100	-	65	65	-	35
Total Recreation and Culture Projects			85,504	-	85,504	64,478	7,284	71,762	3,486	10,256
<u>Education Projects</u>										
QB534	Renovation of Hartford High School Project	09/23/1997	114,500	-	114,500	114,343	(15)	114,328	81	91
QB537	Renovations of Various Hartford Schools	08/11/1998	27,000	-	27,000	24,395	8	24,403	-	2,597
QB546	Renovations and Construction Improvements to Hartford Public Schools	11/07/2000	129,590	-	129,590	127,399	520	127,919	177	1,494
QB548	Breakthrough Academy Interdistrict Magnet School	10/28/2002	30,500	-	30,500	30,320	-	30,320	5	175
QB549	Sports Science Academy Magnet High School	05/12/2003	67,649	-	67,649	64,111	545	64,656	907	2,086
QB550	Greater Hartford Classical Magnet School	11/13/2003	37,950	-	37,950	37,825	-	37,825	79	46
QB551	Pathways to Technology Magnet School	11/13/2003	36,950	-	36,950	6,814	-	6,814	1,155	28,981
QB553	University High School for Science	08/11/2004	43,000	-	43,000	41,866	119	41,985	324	691
QB554	Capital College Preparatory Magnet	08/11/2004	45,650	-	45,650	35,975	2,539	38,514	4,203	2,933
QB556	Annie Fisher Magnet School	07/12/2005	45,500	-	45,500	34,090	7,256	41,346	2,246	1,908
QB557	Richard B. Kinsella, Magnet School of Arts	07/12/2005	38,015	-	38,015	37,900	23	37,923	8	84
QB559	Mary Hooker Environment Studies Magnet School	07/11/2006	43,500	-	43,500	30,149	5,442	35,591	2,049	5,860
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	37,450	-	37,450	-	1,349	1,349	4,425	31,676
Q1565	Dwight Bellizzi Middle School	06/09/2008	13,000	-	13,000	8	967	975	1,753	10,272
Q1566	International Baccalaureate School	06/09/2008	55,050	-	55,050	-	2,046	2,046	5,793	47,211
Q9430	Window Replacement Fox School	6/23/2008	2,000	-	2,000	1,346	77	1,423	148	429
Q9553	Transitional Classroom University of Science	1/12/2009	1,650	-	1,650	1,295	-	1,295	-	355
Q9901	MD Fox Elementary School	1/12/2009	54,400	(2,000)	52,400	-	1,905	1,905	5,310	45,185
Q9902	Student Bathrooms - Bulkeley	10/27/2008	700	-	700	516	2	518	-	182

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
Q0903	Burns Roof & Asbestos Abate	6/2/2009	700	-	700	42	652	694	46	(40)
Q0904	Roofs/Masonry Intrusion Alan	6/2/2009	9,300	-	9,300	-	571	571	2,710	6,019
Q0905	M.L. King (Gifted and Talented)	6/2/2009	100	-	100	-	-	-	-	100
Q0906	Burns (Language Lab)	6/2/2009	700	-	700	-	-	-	-	700
Total Education Projects			836,079	(2,000)	834,079	588,394	24,006	612,400	31,419	190,260
Total Facility Services			1,060,053	(2,000)	1,058,053	697,597	61,133	758,730	59,969	239,354
<u>Engineering Services</u>										
W9519	Road Improvement Program	08/11/1998	12,955	-	12,955	10,765	272	11,037	-	1,918
W1519	Streetscape Improvements	11/07/2000	16,700	-	16,700	10,891	1	10,892	1,262	4,546
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	794	35	829	-	88
W3570	Trinity College Area Improvements	11/13/2003	4,565	-	4,565	4,063	479	4,542	-	23
W4548	Riverwalk North Project	11/09/2004	4,686	-	4,686	4,686	-	4,686	-	-
W1520	Flood Control System Improvements	11/07/2000	13,000	-	13,000	12,580	13	12,593	121	286
W5547	Streetscape Improvements on Huyslope Avenue	03/14/2006	948	-	948	914	-	914	-	34
W6522	Trumbull Street Streetscapes	07/01/2006	5,000	-	5,000	4,341	-	4,341	575	84
W7574	School Area Pedestrian Routes Safety Enhancements	07/01/2006	300	-	300	200	-	200	35	65
W8562	Match Funds for State/Federal Infrastructure Grants FYE 2008 Appropriation	08/14/2007	1,190	-	1,190	797	88	885	8	297
W8510	Reconstruction of Asylum St. from Main St. to Trumbull St.	07/10/2007	1,266	-	1,266	1,030	-	1,030	1	235
W8556	CFDA 20.205-State 63-570 Street Rehabilitation FYE 2008 Appropriation	08/14/2007	4,000	-	4,000	3,842	1	3,843	69	88

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W8519	Streetscapes FYE 2008 Appropriation	08/14/2007	2,000	-	2,000	249	113	362	8	1,630
W8577	Main Street, Streetscapes	08/14/2007	475	-	475	-	-	-	-	475
W8518	Streetscape Improvements along Park St. from Sisson Ave. to Prospect Ave.	10/11/2007	4,040	-	4,040	2,682	107	2,789	-	1,251
W8523	Extension of Mark Twain Dr.	04/28/2008	2,728	-	2,728	2,580	71	2,651	77	-
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	229	170	399	174	427
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	143	18	161	-	1,339
W9586	Clean Water Related Infrastructure Supplemental Funding	5/29/2008	1,500	-	1,500	16	-	16	-	1,484
W0598	Citywide Decorative Light Replacement	6/2/2009	350	-	350	-	-	-	-	350
W0599	Citywide Guide Rail & Traffic Island	6/2/2009	700	-	700	-	149	149	18	533
W1600	Park St./Pope Commons Streetscape Improvements	7/1/2010	95	-	95	1	-	1	-	94
W1606	Repair of 12 City Bridges	6/1/2010	900	-	900	-	-	-	-	900
W1607	Sidewalk Replacement	6/1/2010	200	-	200	-	82	82	69	49
W1608	Traffic Signals and Cameras	6/1/2010	1,500	-	1,500	-	-	-	-	1,500
W1609	Street Paving	6/1/2010	3,000	-	3,000	-	2,307	2,307	-	693
W1610	Connect Regional, Nat'l Trails	6/1/2010	200	-	200	-	-	-	-	200
W1612	Streetlight Replacement	6/1/2010	300	-	300	-	-	-	-	300
W1613	Farmington/Broad/Asylum Intersection	6/1/2010	3,500	-	3,500	-	-	-	-	3,500
W1614	South Green Ornamental Fence	6/1/2010	200	-	200	-	-	-	-	200
W1615	Traffic Calming	6/1/2010	500	-	500	-	-	-	-	500
Total Engineering Services			97,990	-	97,990	62,195	3,906	66,101	2,550	29,339



**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
<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	92	-	92	-	-
W6551	Safety Improvements to Washington and Ward	08/16/2005	92	-	92	91	1	92	-	-
W7564	City Sidewalk Replacements	10/11/2006	300	-	300	175	121	296	-	4
W8550	Safety Improvements at the Intersection of New Britain Ave. and Henry Street.	10/10/2007	87	-	87	25	-	25	-	62
A8509	On-Street Parking Meters	02/13/2008	3,300	-	3,300	3,204	21	3,225	-	75
Total Transportation Services			5,732	-	5,732	5,407	143	5,550	-	182
<u>Local Capital Improvement Program</u>										
Public Works Projects:										
W5534	LOCIP - Woodland Street Bridge Rehabilitation Match	10/10/1995	250	-	250	236	-	236	-	14
W7244	Library Renovations	09/11/1996	1,000	-	1,000	988	-	988	-	12
W0521	STP Federal Road Reconstruction Match - 064-99-030	10/27/1999	400	-	400	388	-	388	12	-
W1263	Municipal Building Improvements – 064-00-030; 064-01-060	10/11/2000	716	-	716	693	-	693	23	-

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W2552	Signalization of Franklin Avenue/Ward Street and Washington/Ward Street - LOCIP project #242 – 064-01-010	09/12/2001	20	-	20	21	-	21	-	(1)
W2553	Reconstruction of Broad and/or Vine Street - LOCIP Project #553 - 064-01 040	09/12/2001	300	-	300	281	-	281	-	19
W4270	Truck Wash Facility - LOCIP Project #247 - 064-03-010	09/15/2003	75	-	75	37	-	37	-	38
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	28	48	12	65
W4556	Street Resurfacing and Repairs - LOCIP Project #556 - 064-03-050,064-05-040&064-06-030	09/15/2003	3,850	-	3,850	3,297	511	3,808	42	-
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

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W4203	Installation of Automated Fuel Control and Accounting System for Vehicle Fueling System - LOCIP Project #561 - 064-03-090	09/15/2003	150	-	150	103	29	132	17	1
W5268	City Hall Fourth Floor Improvements - LOCIP Project #260 - 064-04-040	10/13/2004	400	-	400	271	106	377	12	11
W5269	Central Business District Streetlight Replacement - LOCIP Project #549 064-04-050	10/13/2004	500	-	500	476	-	476	24	-
W5383	Colt and Keney Park Swimming Pool Renovations - LOCIP Project #383 - 064-04-070	10/13/2004	250	-	250	109	-	109	-	141
W6572	Plan of Conservation and Development LOCIP Project #572 064-05-050	11/29/2005	500	-	500	530	(49)	481	-	19
W7568	Citywide Neighborhood Traffic Calming Master Plan LOCIP Project #568, 064-05-070	02/16/2006	250	-	250	2	106	108	58	84
W7265	Roof Replacements at Various City Buildings Project #265, 064-06-010	01/30/2007	750	-	750	368	-	368	9	373
W7266	Boiler Replacement at Various City Buildings Project #266, 064-06-020	01/30/2007	250	-	250	159	-	159	5	86

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS, ETC. – CAPITAL IMPROVEMENT FUND, Continued  
For the Year Ended June 30, 2011  
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2010	Current Period	Cumulative Total	Prior to July 1, 2010	Current Period	Cumulative Total		
W6568	Citywide Neighborhood Traffic Calming Project #568, 064-06-040	01/30/2007	250	-	250	239	-	239	5	6
W7575	Citywide Decorative Light Replacements Project #575, 064-06-050	01/30/2007	225	-	225	90	-	90	4	131
W9590	LOCIP Project #581 - Handicap Ramps	6/9/2009	250	-	250	-	-	-	197	53
Total Local Capital Improvement Program			13,427	-	13,427	10,432	731	11,163	474	1,790
TOTAL CAPITAL IMPROVEMENT FUND			<u>\$ 1,177,202</u>	<u>\$ (2,000)</u>	<u>\$ 1,175,202</u>	<u>\$ 775,631</u>	65,913	<u>\$ 841,544</u>	\$ 62,993	<u>\$ 270,665</u>
Conversion to GAAP based financial statement reporting:										
Previous year retainage and off system accrued payables							(6,597)		(6,597)	
Current year retainage and off system accrued payables							6,348		-	
TOTAL							<u>\$ 65,664</u>		<u>\$ 56,396</u>	

**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 seven (7) internal service funds to account for the risk management program for employee benefits including retirees, municipal actives, BOE actives, new hires, VEBA, 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.

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## CITY OF HARTFORD, CONNECTICUT

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

June 30, 2011

(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
<b>ASSETS</b>				
Cash and cash equivalents	\$ 540	\$ 2,898	\$ -	\$ 1,264
Other receivables	-	-	-	-
<b>Total assets</b>	<b>540</b>	<b>2,898</b>	<b>-</b>	<b>1,264</b>
<b>LIABILITIES</b>				
Current:				
Accounts payable and accrued liabilities	540	254	349	58
Insurance claims payable	-	4,300	2,900	-
Claims incurred and not reported	-	-	-	-
<b>Total current liabilities</b>	<b>540</b>	<b>4,554</b>	<b>3,249</b>	<b>58</b>
Noncurrent:				
Insurance claims payable	-	-	2,000	-
Claims incurred and not reported	-	11,900	700	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>11,900</b>	<b>2,700</b>	<b>-</b>
<b>NET ASSETS (DEFICITS)</b>				
Unrestricted	-	(13,556)	(5,949)	1,206
<b>Total net assets (deficits)</b>	<b>\$ -</b>	<b>\$ (13,556)</b>	<b>\$ (5,949)</b>	<b>\$ 1,206</b>



## EXHIBIT D-1

Retirees		Municipal Actives		BOE Actives		New Hires		VEBA		Totals	
\$	1,452	\$	16,234	\$	16,709	\$	244	\$	174	\$	39,515
	482		-		128		-		-		610
	1,934		16,234		16,837		244		174		40,125
	52		-		368		-		-		1,621
	-		-		-		-		-		7,200
	1,363		989		2,371		132		-		4,855
	1,415		989		2,739		132		-		13,676
	-		-		-		-		-		2,000
	-		-		-		-		-		12,600
	-		-		-		-		-		14,600
	519		15,245		14,098		112		174		11,849
\$	519	\$	15,245	\$	14,098	\$	112	\$	174	\$	11,849

## CITY OF HARTFORD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICITS) -  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2011  
(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
<b>OPERATING REVENUES</b>				
City's contribution	\$ -	\$ 7,993	\$ 1,974	\$ 6,404
Pensioners contribution	-	-	-	-
Other	-	-	60	76
<b>Total operating revenues</b>	-	7,993	2,034	6,480
<b>OPERATING EXPENSES</b>				
Administrative	-	-	218	272
Operations	-	16	-	5,773
Insurance benefits and claims paid	-	5,391	3,501	-
<b>Total operating expenses</b>	-	5,407	3,719	6,045
<b>Excess (deficiency) of revenues over expenditures</b>	-	2,586	(1,685)	435
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (out)	(945)	-	-	-
<b>Total other financing sources (uses)</b>	(945)	-	-	-
<b>Changes in fund balance (deficits)</b>	(945)	2,586	(1,685)	435
<b>NET ASSETS (DEFICITS), beginning of year</b>	945	(16,142)	(4,264)	771
<b>NET ASSETS (DEFICITS), end of year</b>	\$ -	\$ (13,556)	\$ (5,949)	\$ 1,206

## EXHIBIT D-2

Retirees		Municipal Actives		BOE Actives		New Hires		VEBA	Totals
\$	9,413	\$	22,959	\$	41,799	\$	1,502	\$ -	\$ 92,044
	12,292		3,288		5,772		325	-	21,677
	1,016		706		60		239	-	2,157
	22,721		26,953		47,631		2,066	-	115,878
	2,036		1,325		2,616		113	-	6,580
	-		-		-		-	-	5,789
	22,392		16,105		36,551		2,190	-	86,130
	24,428		17,430		39,167		2,303	-	98,499
	(1,707)		9,523		8,464		(237)	-	17,379
	945		-		-		-	-	-
	945		-		-		-	-	-
	(762)		9,523		8,464		(237)	-	17,379
	1,281		5,722		5,634		349	174	(5,530)
\$	519	\$	15,245	\$	14,098	\$	112	\$ 174	\$ 11,849

## CITY OF HARTFORD, CONNECTICUT

## COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2011

(In Thousands)

	Employee Benefits	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
<b>Cash Flows From Operating Activities</b>				
City's contribution	\$ -	\$ 7,993	\$ 2,034	\$ 6,404
Cash received from other	-	-	-	76
Cash received from users	-	-	-	-
Cash paid for salaries and benefits	-	-	-	(272)
Cash paid for claims	(405)	(6,253)	(2,228)	(5,805)
<b>Net cash provided by (used in) operating activities</b>	(405)	1,740	(194)	403
<b>Net increase (decrease) in cash and cash equivalents</b>	(405)	1,740	(194)	403
<b>Cash and Cash Equivalents, beginning of year</b>	945	1,158	194	861
<b>Cash and Cash Equivalents, end of year</b>	<u>\$ 540</u>	<u>\$ 2,898</u>	<u>\$ -</u>	<u>\$ 1,264</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income (loss)	\$ -	\$ 2,586	\$ (1,685)	\$ 435
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in other receivables	-	-	-	-
(Decrease) increase in accounts payable	(405)	254	91	(32)
Increase (decrease) in due to other funds	-	-	-	-
(Decrease) increase in insurance claims payable	-	(1,100)	1,100	-
(Decrease) increase in claims incurred but not reported	-	-	300	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (405)</u>	<u>\$ 1,740</u>	<u>\$ (194)</u>	<u>\$ 403</u>

Retirees		Municipal Actives		BOE Actives		New Hires		VEBA		Totals
\$	13,232	\$	23,233	\$	41,671	\$	1,502	\$	-	\$ 96,069
	9,413		3,288		5,772		239		-	18,788
	1,016		706		60		325		-	2,107
	(2,036)		(1,325)		(2,616)		(113)		-	(6,362)
	(22,906)		(16,519)		(37,204)		(2,166)		-	(93,486)
	(1,281)		9,383		7,683		(213)		-	17,116
	(1,281)		9,383		7,683		(213)		-	17,116
	2,733		6,851		9,026		457		174	22,399
\$	1,452	\$	16,234	\$	16,709	\$	244	\$	174	\$ 39,515
\$	(762)	\$	9,523	\$	8,464	\$	(237)	\$	-	\$ 18,324
	(5)		274		(128)		(24)		-	117
	(128)		(28)		2		-		-	(246)
	-		-		-		-		-	-
	-		-		-		-		-	-
	(386)		(386)		(655)		48		-	(1,079)
\$	(1,281)	\$	9,383	\$	7,683	\$	(213)	\$	-	\$ 17,116

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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, 2011

(In Thousands)

	Student Activity Funds	Adult Education Book Fund	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 596	\$ 9	\$ 605
<b>LIABILITIES</b>			
Due to student groups and other	\$ 596	\$ 9	\$ 605

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
For the Year Ended June 30, 2011  
(In Thousands)**

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
<b>STUDENT ACTIVITY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 660	\$ 1,193	\$ 1,257	\$ 596
<b>Liabilities</b>				
Due to student groups	\$ 660	\$ 1,193	\$ 1,257	\$ 596
<b>ADULT EDUCATION BOOK FUND</b>				
<b>Assets</b>				
Cash	\$ 9	\$ -	\$ -	\$ 9
<b>Liabilities</b>				
Due to other	\$ 9	\$ -	\$ -	\$ 9
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 669	\$ 1,193	\$ 1,257	\$ 605
<b>Liabilities</b>				
Due to student groups	\$ 660	\$ 1,193	\$ 1,257	\$ 596
Due to other	9	-	-	9
<b>Total</b>	\$ 669	\$ 1,193	\$ 1,257	\$ 605

**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, 2011 and 2010**

**(In Thousands)**

	<u>2011</u>	<u>2010</u>
Governmental funds capital assets:		
Land and land improvements	\$ 92,123	\$ 94,718
Buildings	1,004,429	1,007,472
Other structures	24,885	21,145
Furniture and equipment	40,067	34,427
Rolling equipment	40,884	40,307
Infrastructure	451,895	426,117
Construction in progress	206,364	179,205
<b>Total</b>	<b>\$ 1,860,647</b>	<b>\$ 1,803,391</b>
Investments in governmental funds capital assets:		
<b>Total governmental funds capital assets</b>	<b>\$ 1,860,647</b>	<b>\$ 1,803,391</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.

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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 Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 954,780	\$ 956,310	\$ 910,440	\$ 877,583	\$ 815,601
Restricted	62,466	63,564	63,642	64,098	65,320
Unrestricted	47,155	36,231	12,324	(5,966)	43,920
<b>Total governmental activities net assets</b>	<b>1,064,401</b>	<b>1,056,105</b>	<b>986,406</b>	<b>935,715</b>	<b>924,841</b>
Business-type activities					
Invested in capital assets, net of related debt	35,417	36,256	37,683	35,974	36,969
Restricted	-	-	-	-	-
Unrestricted	1,678	684	-	-	1,562
<b>Total business-type activities net assets</b>	<b>37,095</b>	<b>36,940</b>	<b>37,683</b>	<b>35,974</b>	<b>38,531</b>
Primary Government					
Invested in capital assets, net of related debt	990,197	992,566	948,123	913,557	852,570
Restricted	62,466	63,564	63,642	64,098	65,320
Unrestricted	48,833	36,915	12,324	(5,966)	45,482
<b>Total primary government net assets</b>	<b>\$ 1,101,496</b>	<b>\$ 1,093,045</b>	<b>\$ 1,024,089</b>	<b>\$ 971,689</b>	<b>\$ 963,372</b>

Notes:

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

TABLE 1

Fiscal Year				
2006	2005	2004	2003	2002
\$ 737,253	\$ 425,801	\$ 355,753	\$ 338,416	\$ 364,532
55,509	53,375	50,445	48,188	44,915
53,952	58,531	44,137	73,832	64,403
846,714	537,707	450,335	460,436	473,850
36,641	33,145	31,056	35,377	36,688
-	-	17,843	17,625	16,344
1,033	4,604	-	947	1,519
37,674	37,749	48,899	53,949	54,551
773,894	458,946	386,809	373,793	401,220
55,509	53,375	68,288	65,813	61,259
54,985	63,135	44,137	74,779	65,922
\$ 884,388	\$ 575,456	\$ 499,234	\$ 514,385	\$ 528,401

CITY OF HARTFORD, CONNECTICUT

CHANGES IN NET ASSETS

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 58,302	\$ 61,687	\$ 58,575	\$ 115,504	\$ 97,524
Public safety	99,448	98,563	95,466	83,414	77,513
Public works	37,698	38,215	30,290	29,127	23,821
Development and community affairs	61,408	63,475	56,269	51,777	47,702
Human services	28,574	31,799	34,601	30,042	30,755
Education	472,210	477,009	450,428	496,857	397,355
Recreation and culture	9,332	9,632	10,227	10,338	10,231
Benefits and insurance	-	-	-	-	-
Sundry	-	-	-	-	-
Interest on long-term debt	15,322	19,125	17,169	13,723	11,045
<b>Total governmental activities expenses</b>	<b>782,294</b>	<b>799,505</b>	<b>753,025</b>	<b>830,782</b>	<b>695,946</b>
Business-type activities:					
Hartford Parking Facilities	4,096	4,185	3,760	3,897	3,768
American Airlines Building	-	-	-	-	-
G. Fox Building	-	-	-	-	-
<b>Total business-type activities net assets</b>	<b>4,096</b>	<b>4,185</b>	<b>3,760</b>	<b>3,897</b>	<b>3,768</b>
<b>Total primary government expenses</b>	<b>786,390</b>	<b>803,690</b>	<b>756,785</b>	<b>834,679</b>	<b>699,714</b>
<b>Program Revenues</b>					
Governmental activities					
Charges for services:					
General government	2,152	2,241	2,374	2,907	4,324
Public safety	2,472	1,739	2,053	4,696	5,439
Public works	10,770	10,089	14,715	14,224	12,155
Recreation and culture	95	537	458	2,514	2,383
Other	6,689	4,808	5,398	1,340	1,434
Operating grants and contributions	408,617	420,882	391,919	466,397	382,080
Capital grants and contributions	15,797	96,958	71,908	58,545	73,070
<b>Total governmental activities program revenues</b>	<b>446,592</b>	<b>537,254</b>	<b>488,825</b>	<b>550,623</b>	<b>480,885</b>

TABLE 2

Fiscal Year				
2006	2005	2004	2003	2002
\$ 94,466	\$ 22,080	\$ 18,002	\$ 20,645	\$ 19,969
74,179	71,142	67,442	72,533	69,267
24,730	16,881	26,702	26,497	31,595
45,570	54,484	48,305	42,025	41,680
24,022	18,853	19,126	21,043	22,021
375,615	295,963	291,152	280,120	273,160
9,991	7,446	9,737	11,137	11,489
-	102,396	105,141	79,783	81,520
-	22,589	12,058	11,722	13,870
6,941	9,409	6,860	7,806	8,728
655,514	621,243	604,525	573,311	573,299
3,701	5,876	4,067	3,991	508
-	-	863	763	1,372
-	-	-	-	801
3,701	5,876	4,930	4,754	2,681
659,215	627,119	609,455	578,065	575,980
4,227	4,109	2,894	1,740	4,242
7,843	6,226	5,412	5,196	4,673
12,278	11,142	13,240	11,311	9,196
2,063	2,077	2,891	2,729	254
1,674	1,970	1,785	2,662	2,138
364,191	330,611	313,870	318,736	311,770
122,823	98,134	24,745	8,044	20,607
515,099	454,269	364,837	350,418	352,880

CITY OF HARTFORD, CONNECTICUT

CHANGES IN NET ASSETS, CONTINUED

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Business-type activities:</b>					
Charges for services:					
Parking facilities*	4,732	4,791	5,309	6,724	6,337
Other enterprise funds	-	-	-	-	-
Capital grants and contributions	-	-	3,214	167	-
<b>Total business-type activities program revenues</b>	<b>4,732</b>	<b>4,791</b>	<b>8,523</b>	<b>6,891</b>	<b>6,337</b>
 <b>Total primary government program revenues</b>	 <b>451,324</b>	 <b>542,045</b>	 <b>497,348</b>	 <b>557,514</b>	 <b>487,222</b>
 Net (expense)/revenue					
Governmental activities	(335,702)	(262,251)	(264,200)	(280,159)	(215,061)
Business-type activities	636	606	4,763	2,994	2,569
<b>Total primary government net expense</b>	<b>(335,066)</b>	<b>(261,645)</b>	<b>(259,437)</b>	<b>(277,165)</b>	<b>(212,492)</b>
 General revenues and other changes in net expenses					
Governmental activities:					
Property taxes	283,835	272,939	256,520	229,500	229,734
Unrestricted grants and contributions	55,207	51,975	53,234	47,698	49,262
Investment earnings	3,079	3,319	(416)	3,692	8,519
Other general revenues	1,389	2,367	2,492	4,581	3,920
Transfers and other	488	1,350	3,061	5,562	1,753
Special item - net loss on sale of property	-	-	-	-	-
<b>Total governmental activities</b>	<b>343,998</b>	<b>331,950</b>	<b>314,891</b>	<b>291,033</b>	<b>293,188</b>
 Business-type activities: (2)					
Investment earnings	7	1	7	11	41
Other general revenues	-	-	-	-	-
Special item - net loss on sale of property	-	-	-	-	-
Transfers and other	(488)	(1,350)	(3,061)	(5,562)	(1,753)
<b>Total business-type activities</b>	<b>(481)</b>	<b>(1,349)</b>	<b>(3,054)</b>	<b>(5,551)</b>	<b>(1,712)</b>
 <b>Total primary government</b>	 <b>343,517</b>	 <b>330,601</b>	 <b>311,837</b>	 <b>285,482</b>	 <b>291,476</b>
 Changes in net assets					
Governmental activities	8,296	69,699	50,691	10,874	78,127
Business-type activities	155	(743)	1,709	(2,557)	857
<b>Total primary government</b>	<b>\$ 8,451</b>	<b>\$ 68,956</b>	<b>\$ 52,400</b>	<b>\$ 8,317</b>	<b>\$ 78,984</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				
2006	2005	2004	2003	2002
4,840	3,698	-	-	-
-	-	3,825	3,778	2,738
37	43	-	-	-
4,877	3,741	3,825	3,778	2,738
519,976	458,010	368,662	354,196	355,618
(140,415)	(166,974)	(239,688)	(222,893)	(220,419)
1,176	(2,135)	(1,105)	(976)	57
(139,239)	(169,109)	(240,793)	(223,869)	(220,362)
215,285	196,846	191,514	172,094	169,770
41,861	39,907	37,755	44,026	51,847
5,490	3,949	3,515	2,344	3,033
4,779	3,829	1,726	4,376	1,773
1,381	9,815	1,813	103	-
-	-	(6,736)	-	-
268,796	254,346	229,587	222,943	226,423
130	500	272	477	1,042
-	300	-	-	-
-	-	(2,404)	-	-
(1,381)	(9,815)	(1,813)	(103)	-
(1,251)	(9,015)	(3,945)	374	1,042
267,545	245,331	225,642	223,317	227,465
128,381	87,372	(10,101)	50	6,004
(75)	(11,150)	(5,050)	(602)	1,099
\$ 128,306	\$ 76,222	\$ (15,151)	\$ (552)	\$ 7,103

## CITY OF HARTFORD, CONNECTICUT

## FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	2,525	-	-	-	-
Unassigned	22,561	-	-	-	-
Reserved	-	148	95	-	-
Unreserved	-	18,500	16,218	27,900	34,467
<b>Total general fund</b>	<b>\$ 25,086</b>	<b>\$ 18,648</b>	<b>\$ 16,313</b>	<b>\$ 27,900</b>	<b>\$ 34,467</b>
All other governmental funds					
Nonspendable	\$ 18,583	\$ -	\$ -	\$ -	\$ -
Restricted	22,004	-	-	-	-
Committed	31,020	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(202)	-	-	-	-
Reserved	-	89,367	99,213	95,227	81,122
Unreserved, reported in:					
Debt service funds	-	146	146	146	3,238
Special revenue funds	-	12,258	8,748	9,176	17,151
Capital project funds	-	(9,057)	(4,404)	8,229	60,226
<b>Total all other governmental funds</b>	<b>\$ 71,405</b>	<b>\$ 92,714</b>	<b>\$ 103,703</b>	<b>\$ 112,778</b>	<b>\$ 161,737</b>

## Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.  
(2) 2011 first year of fund balance presentation under GASB Statement No. 54.



TABLE 3

Fiscal Year				
2006	2005	2004	2003	2002
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
246	143	379	1,453	3,629
32,969	30,776	21,093	24,340	28,154
\$ 33,215	\$ 30,919	\$ 21,472	\$ 25,793	\$ 31,783
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
62,397	115,549	49,752	28,966	23,314
2,747	1,834	39	39	39
17,771	3,187	5,011	7,305	11,870
38,593	(36,609)	19,586	34,436	37,586
\$ 121,508	\$ 83,961	\$ 74,388	\$ 70,746	\$ 72,809

## CITY OF HARTFORD, CONNECTICUT

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(In Thousands)

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Revenues:</b>					
Property taxes	\$ 274,013	\$ 266,990	\$ 250,668	\$ 232,955	\$ 231,638
Licenses, permits, and other charges	4,891	5,608	8,155	9,850	8,594
Intergovernmental revenues	475,622	556,756	505,062	567,464	503,669
Charges for services	10,742	8,777	9,353	7,531	8,184
Use of property	6,354	4,368	4,196	4,294	4,314
Investment income	3,079	3,319	(416)	3,653	8,452
Miscellaneous	13,860	17,449	16,733	18,347	15,120
<b>Total revenues</b>	<b>788,561</b>	<b>863,267</b>	<b>793,751</b>	<b>844,094</b>	<b>779,971</b>
<b>Expenditures:</b>					
General government	21,547	21,642	23,739	25,776	20,487
Public safety	84,283	79,799	80,388	79,424	77,898
Public works	15,282	20,119	17,712	14,998	15,820
Development and community affairs	60,501	61,857	54,857	52,876	53,441
Human services	27,878	31,256	33,786	29,879	30,581
Education	419,099	421,032	400,535	479,031	391,131
Recreation and culture	9,477	9,145	9,234	9,636	9,401
Benefits and insurance	65,160	55,791	57,985	57,012	54,754
Other	26,637	31,042	28,955	28,122	28,755
Capital outlay	68,018	119,275	113,021	101,332	106,647
Debt Service:					
Principal	22,723	20,536	24,590	19,838	16,810
Interest	15,471	16,627	15,954	13,063	9,965
<b>Total expenditures</b>	<b>836,076</b>	<b>888,121</b>	<b>860,756</b>	<b>910,987</b>	<b>815,690</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(47,515)</b>	<b>(24,854)</b>	<b>(67,005)</b>	<b>(66,893)</b>	<b>(35,719)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	43,780	52,233	56,633	55,761	53,222
Transfers out	(43,292)	(50,883)	(53,572)	(50,199)	(51,469)
Bonds issued	25,000	14,000	40,225	-	70,000
Capital leases	-	-	1,700	3,883	3,164
Bond premium	304	1,796	1,357	-	2,283
Refunding bonds issued	-	12,150	-	-	-
Payment to refunding bond escrow agent	-	(13,244)	-	-	-
Section 108 loans and CWF serial notes	7,000	-	-	1,922	-
Proceeds from sale of property	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>32,792</b>	<b>16,052</b>	<b>46,343</b>	<b>11,367</b>	<b>77,200</b>
<b>Net change in fund balances</b>	<b>(14,723)</b>	<b>(8,802)</b>	<b>(20,662)</b>	<b>(55,526)</b>	<b>41,481</b>
<b>Fund Balances, beginning of year</b>	<b>111,214</b>	<b>120,016</b>	<b>140,678</b>	<b>196,204</b>	<b>154,723</b>
<b>Fund Balances, end of year</b>	<b>\$ 96,491</b>	<b>\$ 111,214</b>	<b>\$ 120,016</b>	<b>\$ 140,678</b>	<b>\$ 196,204</b>
Debt Service as a Percentage of Noncapital Expenditures	5.00%	5.40%	5.40%	4.06%	3.79%

Notes:

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

TABLE 4

Fiscal Year				
2006	2005	2004	2003	2002
\$ 208,241	\$ 197,028	\$ 183,048	\$ 172,279	\$ 171,219
10,058	9,681	10,307	6,991	5,442
523,276	454,432	385,155	373,706	388,454
9,734	8,322	7,546	6,847	6,883
4,085	3,925	5,079	10,025	6,124
5,413	3,889	3,482	2,244	2,715
18,805	19,224	11,896	12,375	5,215
779,612	696,501	606,513	584,467	586,052
16,266	14,737	17,497	20,720	19,735
74,519	69,671	67,441	70,113	69,799
15,362	16,729	23,386	25,259	30,251
52,020	63,369	50,567	46,345	41,899
23,867	18,824	19,044	20,951	22,047
368,936	286,985	275,176	277,559	270,147
8,014	6,832	8,414	8,847	9,880
47,348	100,797	89,470	74,820	77,014
26,709	22,589	12,275	11,414	14,087
163,076	136,903	32,293	13,394	30,857
15,901	14,150	14,515	14,830	16,055
9,020	6,037	6,700	7,898	8,732
821,038	757,623	616,778	592,150	610,503
(41,426)	(61,122)	(10,265)	(7,683)	(24,451)
40,069	54,881	40,770	40,779	43,340
(36,239)	(45,066)	(38,944)	(40,618)	(44,094)
70,000	66,300	-	-	-
4,526	2,822	-	-	-
2,913	3,093	-	1,640	-
-	29,510	-	30,225	-
-	(32,866)	-	(32,396)	-
-	1,468	-	-	-
-	-	7,760	-	-
81,269	80,142	9,586	(370)	(754)
39,843	19,020	(679)	(8,053)	(25,205)
114,880	95,860	96,539	104,592	129,797
\$ 154,723	\$ 114,880	\$ 95,860	\$ 96,539	\$ 104,592
3.79%	3.25%	3.63%	3.93%	4.28%

TABLE 5

CITY OF HARTFORD, CONNECTICUT  
 ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

(thousands)

Fiscal Year	Grand List Year	Land and Buildings	Personal Property	Motor Vehicle	Gross Taxable	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
2011	2009	5,990,870	639,547	257,817	6,888,234	3,302,820	3,585,414	71.79%	7,088,777	(2)
2010	2008	5,981,880	639,564	259,922	6,881,366	3,302,820	3,578,546	72.79%	7,646,419	(2)
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	60.82%	5,013,691	70.00%
2005	2003	4,482,273	731,144	282,932	5,496,349	1,950,749	3,545,600	56.32%	5,065,143	70.00%
2004	2002	4,498,815	736,813	310,330	5,545,958	1,941,233	3,604,725	52.92%	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%

Source: City of Hartford, Assessor's Office

Notes:

- (1) 2006 real property grand list is adjusted to reflect statutory revaluation
- (2) Assessed Value is 70% of Estimated Actual Value from 2001 to 2005
- (3) Beginning in 2006 Assessed Value-not all property at 70%

## PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

(In Thousands)

Taxpayer	2011			2002		
	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.	\$ 124,492	1	3.45%	\$ 130,729	2	3.68%
Connecticut Light & Power	119,950	2	3.33%	92,103	4	2.60%
Northland Properties	113,251	3	3.14%	-	-	-
Travelers Indemnity Co. Affiliate	109,898	4	3.05%	29,846	10	0.84%
Aetna Life Insurance Company	104,407	5	2.90%	144,428	1	4.07%
Mac-State Square LLC	60,624	6	1.68%	-	-	-
City Place I LTD Ptnshp	58,120	7	1.61%	68,962	5	1.94%
Talcott II Gold, LLC	53,674	8	1.49%	38,266	8	1.08%
FGA 280 Trumbull LLC	47,664	9	1.32%	31,782	9	0.90%
Conn Constitution Assoc. LTD Ptnshp	40,784	10	1.13%	-	-	0.00%
Travelers Insurance Co	-	-	-	98,006	3	2.76%
Fleet Bank NA	-	-	-	59,412	6	1.67%
Hartford Steam Boiler	-	-	-	52,187	7	1.47%
Total Taxable Grand List	<u>\$ 832,864</u>		<u>23.10%</u>	<u>\$ 745,721</u>		<u>21.01%</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
2011	2009	\$ 3,604,167	\$ 72.79	\$ 277,997	\$ 268,745	\$ 256,253	95.35%	\$ -	\$ 263,357	98.00%
2010	2008	3,578,546	72.79	252,509	262,987	247,776	94.21%	7,105	249,912	100.00%
2009	2007	3,465,777	68.34	244,858	242,777	233,628	95.41%	2,136	238,096	98.07%
2008	2006	3,704,353	63.39	233,705	221,445	213,260	91.25%	2,822	213,260	96.30%
2007	2005	3,596,490	64.82	233,373	229,963	219,241	93.94%	3,395	225,944	98.25%
2006	2004	3,510,147	60.82	210,146	209,283	198,964	94.68%	5,679	199,316	95.24%
2005	2003	3,545,600	56.32	196,887	185,277	185,278	94.10%	5,846	175,153	94.54%
2004	2002	3,604,725	52.92	190,277	169,117	175,153	92.05%	6,532	164,573	97.31%
2003	2001	3,606,156	48.00	173,465	168,065	158,888	91.60%	8,037	166,203	98.89%
2002	2000	3,634,644	48.00	174,464	163,204	161,646	92.65%	5,141	162,283	99.44%

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	Ratio of Total Debt Per Taxable Assessed Value	Ratio of Total Debt Per Capita	Percentage of Personal Income
2011	\$ 223,176	\$ 96,909	\$ 1,700	\$ 12,941	\$ 3,031	\$ 28,040	\$ 365,797	10.15%	2,932	12.53%
2010	187,694	99,651	2,675	6,245	5,157	29,405	330,827	9.24%	2,667	11.32%
2009	166,273	125,922	3,650	2,478	8,142	30,710	337,175	9.73%	2,708	13.58%
2008	134,118	137,222	4,800	2,845	9,278	31,965	320,228	8.64%	2,571	10.40%
2007	139,796	148,079	6,000	3,115	7,228	33,175	337,393	9.38%	2,710	11.52%
2006	94,802	137,208	7,200	11,220	6,315	34,340	291,085	8.29%	2,340	10.04%
2005	56,719	118,746	8,615	11,288	2,720	34,340	232,428	6.56%	1,862	8.20%
2004	33,763	88,712	10,030	9,910	-	32,115 *	174,530	4.84%	1,403	6.20%
2003	37,703	97,872	11,445	1,995	-	32,115 *	181,130	5.02%	1,454	6.08%
2002	41,794	105,771	12,860	2,075	-	32,115 *	194,615	5.35%	1,567	7.50%

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, 2011

(In Thousands)

Total Fiscal Year 2011 tax collections (taxes, interest and fees)	\$ 266,685
Tax Relief for the elderly	382
Base for establishing debt limit	<u>\$ 267,067</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Funding	Total
Debt Limitation						
2 1/4 times base	\$ 600,901	\$ -	\$ -	\$ -	\$ -	\$ 600,901
4 1/2 times base	-	1,201,802	-	-	-	1,201,802
3 3/4 times base	-	-	1,001,501	-	-	1,001,501
3 1/4 times base	-	-	-	867,968	-	867,968
3 times base	-	-	-	-	801,201	801,201
<b>Total debt limitation</b>	<u>600,901</u>	<u>1,201,802</u>	<u>1,001,501</u>	<u>867,968</u>	<u>801,201</u>	<u>4,473,373</u>
Debt, as defined by Statute:						
Bonds payable	224,876	96,909	-	-	-	321,785
Bonds authorized - unissued	70,120	108,276	8,578	-	-	186,974
Bond anticipation notes	31,350	14,000	-	-	-	45,350
Overlapping debt	-	-	75,959	-	-	75,959
Serial notes payable	-	-	1,581	-	-	1,581
School building grants receivable	-	(26,382)	-	-	-	(26,382)
<b>Total indebtedness</b>	<u>326,346</u>	<u>192,803</u>	<u>86,118</u>	<u>-</u>	<u>-</u>	<u>605,267</u>
<b>Debt limitation in excess of outstanding and authorized debt</b>	<u>\$ 274,555</u>	<u>\$ 1,008,999</u>	<u>\$ 915,383</u>	<u>\$ 867,968</u>	<u>\$ 801,201</u>	<u>\$ 3,868,106</u>

Note: Total indebtedness above amounts to \$605 million but in no event shall total indebtedness exceed \$1.9 billion (seven times the base for debt limitation computation).

School building grants totaling \$12.8 million are applicable to outstanding bond issues. It is estimated that an additional \$108.3 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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt Limit	\$ 1,869,469	\$ 1,881,467	\$ 1,764,168	\$ 1,558,669	\$ 1,623,692	\$ 1,454,201	\$ 1,376,389	\$ 1,283,989	\$ 1,184,505	\$ 1,198,757
Total net debt applicable to limit	605,267	588,156	503,253	416,180	396,682	352,585	354,831	382,338	366,710	407,649
Legal Debt Margin	\$ 1,264,202	\$ 1,293,311	\$ 1,260,915	\$ 1,142,489	\$ 1,227,010	\$ 1,101,616	\$ 1,021,558	\$ 901,651	\$ 817,795	\$ 791,108
Total net debt applicable to the limit as percentage of debt limit	32.38%	31.26%	28.53%	26.70%	24.43%	24.25%	25.78%	29.78%	30.96%	34.01%

## STATEMENT OF DIRECT AND OVERLAPPING DEBT

Last Ten Fiscal Years

(In Thousands)

Fiscal Year	Governmental General Obligation Bonds	Business-type Activities General Obligation Bonds	MDC Bonded Debt	MDC Self Funded Debt	MDC Overlapping Debt All Participating Governments	City's Percentage Share of MDC Debt	City's Share of MDC Debt	Total Direct and Overlapping Debt	Ratio of Debt to Taxable Assessed Value	Debt per Capita
2011	293,745	28,040	301,973	122,780	327,393	28%	91,539	413,324	12%	3.31
2010	290,020	29,405	299,391	92,930	206,461	28%	57,437	376,862	11%	3.03
2009	287,334	39,221	218,195	79,888	138,308	28%	38,187	364,742	11%	2.93
2008	273,765	34,340	181,340	74,267	107,073	27%	29,434	337,539	10%	2.71
2007	292,710	34,340	102,162	26,977	75,185	27%	20,353	347,403	10%	2.79
2006	239,210	34,340	112,301	30,053	82,248	27%	22,026	295,576	8%	2.38
2005	184,080	34,340	122,819	33,267	89,552	27%	24,510	242,930	7%	1.95
2004	132,505	-	117,897	28,835	89,062	28%	24,768	157,273	4%	1.26
2003	147,020	-	111,899	23,121	88,778	29%	25,710	172,730	5%	1.39
2002	160,425	-	120,495	26,404	94,091	30%	28,030	188,455	5%	1.52

## Notes:

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

(2) MDC - Metropolitan District Commission.

(3) Metropolitan District's overlapping debt is the net direct debt, primarily sewer infrastructure, supported by the MDC's member municipalities taxing authority

Each member municipality's share of the MDC's overlapping debt is based on its percentage share of the overall annual town tax levy.

## DEMOGRAPHIC AND EMPLOYMENT STATISTICS

Last Ten Calendar Years

						Labor Force		Percentage Unemployed (3)			
Fiscal 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(LMA)	State of Connecticut	United States
2011	124,775	20,953	29.8	29,190	2010	43,054	8,331	16.4%	9.2%	9.1%	9.2%
2010	124,060	22,069	30.1	29,224	2009	43,627	7,192	14.2%	8.3%	8.2%	9.3%
2009	124,512	22,360	30.4	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%

(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).

\* Started recording Statistic in FY 10

TABLE 13

CITY OF HARTFORD, CONNECTICUT  
 PRINCIPAL EMPLOYERS  
 Hartford's Major Employers

Business Name	Nature of Business	Area	Employees (1)
Hartford Financial Services Group	Insurance	Hartford	5,000 - 9,999
Travelers	Insurance-Property & Casualty	Hartford	1,000 - 4,999
Saint Francis Hospital & Medical Center	Hospitals	Hartford	1,000 - 4,999
Aetna Inc.	Insurance	Hartford	1,000 - 4,999
Institute of Living-Treatment	Alcoholism Information & Treatment Ctrs	Hartford	1,000 - 4,999
Northeast Utilities	Electric utility	Hartford	1,000 - 4,999
Connecticut Children's Medical Center	Hospitals	Hartford	1,000 - 4,999
Environmental Protection Dept	State Government-Environmental Programs	Hartford	1,000 - 4,999
Institute of Living Geriatric	Rest Homes	Hartford	1,000 - 4,999
Public Health Dept	State Government-Public Health Programs	Hartford	500 - 999
Bureau-Materials Management	State Government-Environmental Programs	Hartford	500 - 999
Lincoln National Life Ins Co	Insurance-Life (Agents)	Hartford	500 - 999
Revenue Services Dept	State Government-Finance & Taxation	Hartford	500 - 999
Regional Market	Government Offices-State	Hartford	500 - 999
Community Renewal Team Inc	Pre-Schools	Hartford	500 - 999
Phoenix Co Inc	Life Insurance (Underwriters)	Hartford	500 - 999
Hartford Police Dept	Police Departments	Hartford	500 - 999
United Technologies Corp	Aerospace Industries (Mfrs)	Hartford	500 - 999
Capital Community College	Schools-Universities & Colleges Academic	Hartford	500 - 999
Comcast Theatre	Theatres-Live	Hartford	500 - 999
Shipman & Goodwin LLP	Attorneys	Hartford	500 - 999
XL Center	Ticket Service	Hartford	500 - 999
VNA Healthcare Inc	Home Health Service	Hartford	250 - 499
Rexel	Non-Profit Organizations	Hartford	250 - 499
Hartford City Human Svc Dept	Human Services Organizations	Hartford	250 - 499

Source: (1) Connecticut Department of Labor, 2011

## BUDGETED FULL-TIME EQUIVALENT EMPLOYEES

## Last Ten Fiscal Years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>City Department</b>										
Mayor's Office	20	23	25	26	28	22	22	12	5	6
Court of Common Council	9	9	10	10	10	10	10	9	11	11
Treasurer	10	10	7	7	7	13	11	9	11	12
Registrars of Voters	8	8	8	10	9	9	9	9	9	10
Corporation Counsel	17	17	17	16	15	13	14	13	16	19
Town & City Clerk	14	15	18	19	16	11	11	11	12	14
Internal Audit	5	5	5	5	5	4	4	2	-	-
City Manager	-	-	-	-	-	-	-	19	31	32
Metro Hartford Information System	17	18	22	25	23	20	11	13	21	36
Finance	53	54	57	66	58	61	50	43	60	76
Human Resources	13	13	15	14	13	12	12	12	16	18
Office of Human Relations	8	9	11	9	9	9	10	7	10	11
Office of Management & Budget	12	11	13	15	12	11	14	-	-	-
Fire	407	391	399	361	369	366	404	401	393	416
Police	525	522	559	511	517	533	519	497	547	559
Emergency Services & Telecommunicati	69	69	67	60	68	70	60			
Public Works	196	198	233	232	245	261	263	55	-	-
Development Services	54	56	59	69	67	81	56	280	301	345
Health & Human Services	50	52	61	65	63	68	76	46	66	89
Office for Young Children *	3	3	3	-	-	-	-	66	94	169
Office for Youth Services	5	5	4	6	3	-	-	-	-	-
<b>Total</b>	<b>1,495</b>	<b>1,488</b>	<b>1,593</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	1,658	1,639	1,790	2,058	1,987	1,953	1,869	1,897	1,933	1,649
Administrators	156	110	173	146	160	127	120	118	127	134
Paraprofessionals	370	384	213	484	453	488	540	479	520	539
Clerical	129	125	142	175	202	200	176	178	203	203
Nurses	50	49	40	41	52	53	51	52	45	47
Security	89	87	75	85	99	93	81	81	84	84
Custodial	197	202	207	225	218	212	199	206	215	223
Guidance Counselors	29	31	39	44	47	43	41	42	48	44
Social Workers	50	52	54	62	69	69	66	70	74	72
Psychologists	23	21	25	25	23	23	24	22	26	27
Support Staff	321	282	91	188	271	251	190	185	199	205
Others	1	11	156	163	99	119	87	95	117	111
<b>Total</b>	<b>3,073</b>	<b>2,993</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>4,568</b>	<b>4,481</b>	<b>4,598</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 Six Fiscal Years

	FISCAL YEAR					
	2011	2010	2009	2008	2007	2006
<b>General Government</b>						
Finance						
Number of bills mailed	\$ 80,020	\$ 80,020	\$ 75,710	\$ 75,710	\$ 72,395	\$ 73,025
Number of invoices approved for payment	68,649	81,611	74,865	74,865	123,587	102,138
Number of internal control reviews performed	17	14	14	15	16	15
Assessor						
Number of deeds processed	1,668	1,501	1,829	2,710	3,365	3,338
Number of veterans exemptions	2,270	787	1,374	1,670	1,913	1,548
Board of assessment appeals adjustments	(1,491,791)	(2,094,060)	(1,479,909)	(5,859,236)	(5,962,926)	(4,276,153)
Personnel						
Number of applications processed	2,779	1,458	1,701	1,974	2,350	2,674
Vacancies filled through promotion	72	57	58	67	218	159
Vacancies filled through new hires	225	85	54	153	166	109
City Clerk						
Land records recorded	11,602	12,985	13,287	16,500	21,000	22,000
Marriage licenses issued	1,462	1,462	1,680	1,284	910	1,233
Death certificates issued	11,126	11,126	10,992	12,600	2,690	2,539
Birth certificates issued	22,951	22,951	24,568	21,200	7,150	8,928
Management Information Systems						
Help desk calls:						
City	3,309	3,034	3,664	3,664	3,356	3,057
Schools	11,494	8,282	10,976	10,976	11,645	9,616
Unassigned	-	-	-	-	-	85
Website hits (www.hartford.gov)	13,386,564	13,386,564	30,639,065	30,639,065	22,187,131	18,827,679
Elections						
Voters added	3,559	5,576	6,801	5,075	3,533	2,483
Voters removed	4,280	5,876	6,984	4,455	4,397	3,957
Voter changes	7,797	11,263	11,715	11,950	10,836	10,550
Total voters	44,368	45,492	46,612	41,026	40,209	41,142
<b>Public Safety</b>						
Police						
911 calls	9,687	12,179	15,861	19,030	20,784	23,289
Non-emergency calls	117,522	115,310	106,316	106,699	108,625	107,896
DWI arrests	336	-	249	168	156	133
Fire						
Fire	1,005	1,056	1,053	1,228	1,240	856
No Fire	26	24	24	26	28	16
Rescue & Emergency Medical Services	14,583	15,460	14,818	14,350	11,465	9,247
Hazardous Conditions	827	714	766	819	794	615
Service Calls	2,376	2,361	2,013	2,413	2,523	1,491
Good Intent Calls	1,255	1,216	1,046	1,254	3,007	1,658
False Alarm & False Calls	1,719	1,988	1,947	1,904	2,143	1,581
Severe Weather & Natural Disaster	2	2	2	-	1	2
Special Incident Type	180	201	138	92	112	58
Other	-	-	-	-	21	21

**OPERATING INDICATORS BY FUNCTION, Continued**  
**Last Six Fiscal Years**

	FISCAL YEAR					
	2011	2010	2009	2008	2007	2006
<b>Public Works</b>						
Engineering & Administration						
Lane miles paved	49	37	37	37	37	411
<b>Development and Community Affairs</b>						
Development Services						
Housing vouchers, residential assistance (families)	4,917	4,720	4,784	4,614	4,619	4,336
Zoning Board appeals	11	22	53	60	57	48
Code violations	1,909	1,931	1,493	6,002	10,415	9,594
Citations issued	372	10	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	3,635	1,216	297			
Outreach services (duplicated units)	2,686	15,679	16,480	63,981	76,820	32,196
Youth & Family Services						
Counseling cases	1,223	1,395	1,387	1,387	85	297
Young parent cases (FYE 2008 No longer done)	N/A	N/A	N/A	N/A	45	55
<b>Education</b>						
Average Class Size - Kindergarten	19.0	18.3	18.9	19.1	18.6	18.2
Average Class Size - Grade 2	18.7	17.5	18.2	18.2	18.3	19.0
Average Class Size - Grade 5	20.5	18.6	20.3	20.9	18.9	20.1
Average Class Size - Grade 7	18.2	19.3	22.0	22.0	20.6	20.8
<b>Recreation and culture</b>						
Number of youth registrations	2,319	2,319	2,100	2,549	2,300	2,040
Number of youth program hours	53,550	53,550	26,654	30,995	23,924	23,873
Number of hours provided by volunteers	1,983	1,983	1,600	1,450	1,302	1,040

## CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM

Last Seven Fiscal Years

Function/Program	FISCAL YEAR						
	2011	2010	2009	2008	2007	2006	2005
<b>Public Safety</b>							
Police							
Stations	3	3	3	3	3	3	3
Vehicles	283	257	235	235	231	225	225
Fire							
Firefighting/rescue vehicles	27	26	28	29	26	30	30
Other vehicles	62	55	56	50	48	40	40
Fire stations	12	12	12	12	12	12	12
<b>Public Works</b>							
Infrastructure							
Concrete road miles	63	63	63	63	63	63	63
Asphalt road miles	150	148	148	148	148	148	148
Bridges	9	8	8	8	8	8	8
Traffic lights	245	241	241	241	241	238	238
Conduit system (miles)	8	8	8	8	8	8	8
Street Maintenance							
Dump trucks	46	31	31	31	31	42	36
Sweepers	9	7	7	7	7	16	16
Parks and Cemeteries							
Parks							
Large multi-use	9	9	9	9	9	9	9
Medium size	10	10	10	10	10	10	10
Smaller/playgrounds	10	10	10	10	10	10	10
Cemeteries	5	5	5	5	5	5	5
Building Maintenance							
Parking lots	3	1	1	1	1	1	-
Parking garages	3	3	3	3	3	3	3
<b>Education</b>							
School buildings	45	44	45	45	44	40	38
Administrative buildings	3	3	3	3	3	3	3
<b>Recreation and Culture</b>							
Recreation							
Number of basketball courts	29	32	33	32	32	32	32
Number of football fields	4	6	6	6	6	6	6
Number of multi-use fields	3	4	4	4	4	1	1
Number of playscapes/grounds	27	27	28	27	27	27	27
Number of soccer fields	3	6	6	6	6	6	6
Number of softball fields	9	16	16	16	16	16	16
Number of tennis courts	25	24	27	27	27	27	27
Mowers	42	42	35	35	35	35	35
Other vehicles	33	33	47	47	47	47	47
Libraries							
Central	1	1	1	1	1	1	1
Number of Branches	9	9	9	9	9	9	9
Library on Wheels	-	-	1	1	1	1	1







**PEDRO E. SEGARRA**  
MAYOR