

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**



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

For the Fiscal Year

July 1, 2005 to June 30, 2006

PREPARED BY:

DEPARTMENT OF FINANCE

**THOMAS J. MORRISON III
DIRECTOR OF FINANCE**

CITY OF HARTFORD, CONNECTICUT

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Introductory Section

CITY OF HARTFORD, CONNECTICUT

Mayor-Council Form of Government

MAYOR

Eddie A. Perez

COURT OF COMMON COUNCIL

John V. Bazzano, Council President

Jo Winch, Majority Leader
Calixto Torres, Assistant Majority Leader
Robert L. Painter, Minority Leader
Veronica Airey-Wilson

James M. Boucher
Elizabeth Horton Sheff
Kenneth H. Kennedy, Jr.
Pedro E. Segarra

CHIEF OPERATING OFFICER

Lee C. Erdmann

DEPARTMENT OF FINANCE

Thomas J. Morrison III, Director of Finance

Christian Johnson
Lydia Rosario
Mark Turcotte
Domenic Greco
Donald Lefevre

Deputy Director of Finance
Deputy Director of Finance
Purchasing Manager
Financial Systems Administrator
Tax Collector

ACCOUNTING STAFF

Dalia Ajodhi
Thomas Dwyer

Julia Pao-Chu Huang
Shula Kreiger

Robert A. LaMay
Rajpaul Singh

CITY TREASURER

Kathleen Palm Devine

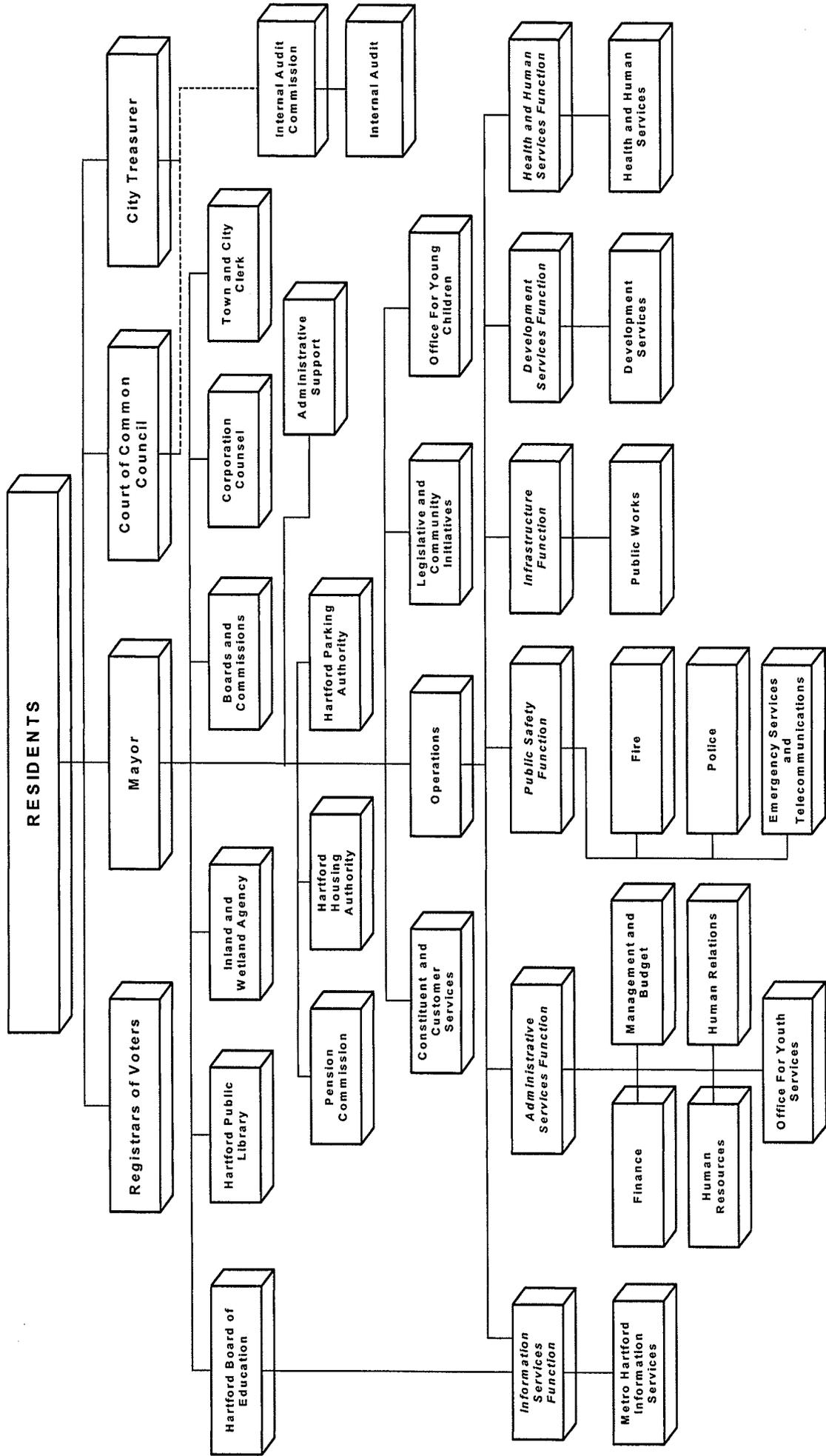
CITY ASSESSOR

Lawrence LaBarbera

AUDITORS

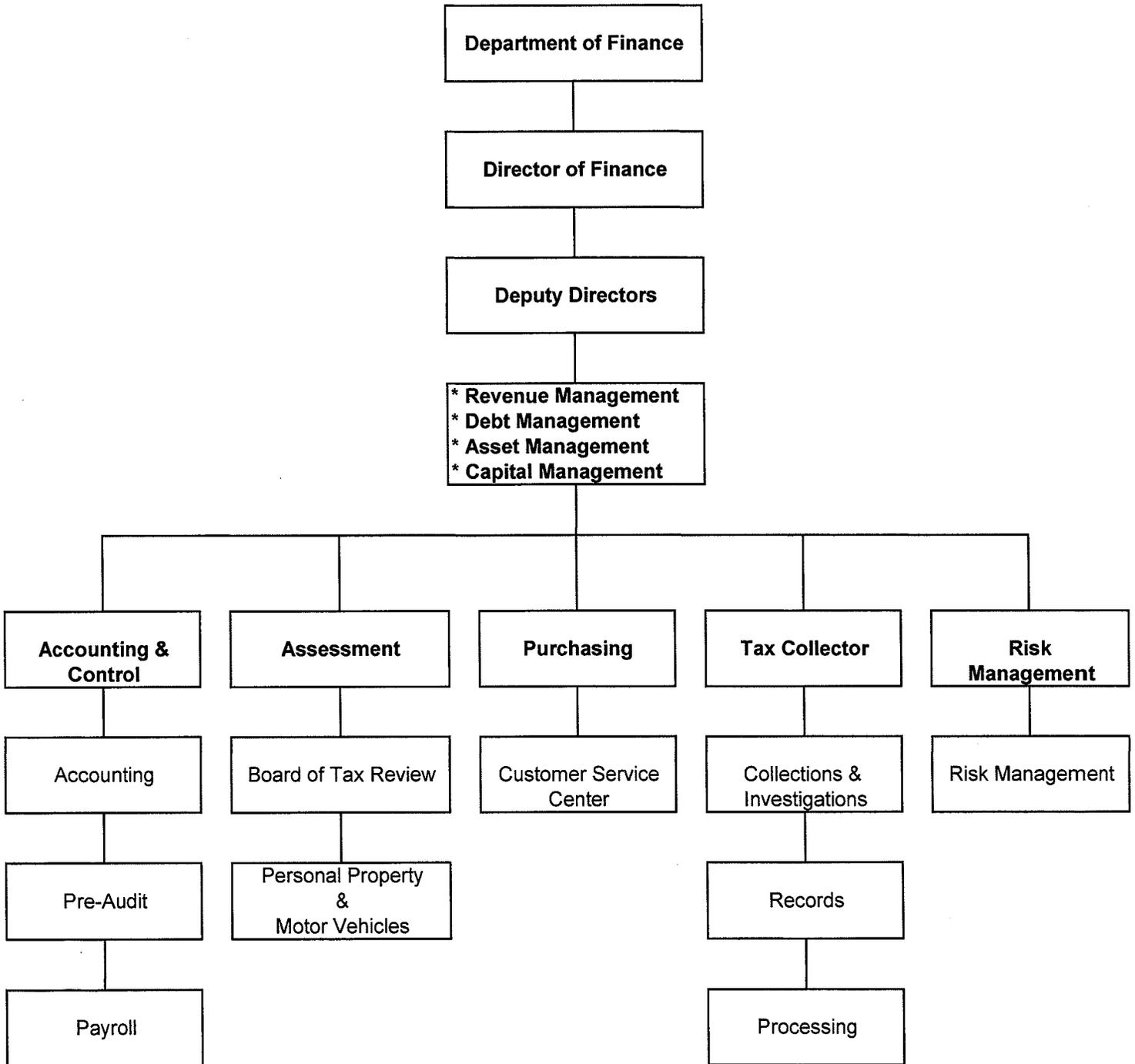
Scully & Wolf, LLP

CITY OF HARTFORD ORGANIZATIONAL CHART FISCAL YEAR 2005-2006



Department of Finance

Organizational Chart



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, 2005

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.



President

Executive Director

“The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hartford, Connecticut for its comprehensive annual financial report for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.”

City of Hartford

Department of Finance Office of the Director

550 Main Street
Hartford, Connecticut 06103
860 543-8550
Fax 860 722-6024

December 29, 2006

The Honorable Eddie Perez, Mayor
City of Hartford
550 Main Street
Hartford, Connecticut 06103

Dear Mayor Perez:

In accordance with Chapter VIII, Section 5 of our Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hartford for the fiscal year ended June 30, 2006. 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 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.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, organizational charts for the City and Finance Department, and a list of principal officials. The financial section includes the management's discussion and analysis (MD&A), basic financial statements, required supplementary information, and the combining and individual fund statements and schedules, as well as the auditors' report. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the 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 related to this State single audit will be issued separately.

The Hartford Parking Authority has been included as a discretely presented component unit in the City's report in accordance with 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 of over one million population. Hartford has an estimated 124,397 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 and 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. The Board of Education is locally controlled with four elected members and three appointed members. 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, streets and roads, flood control, solid waste collection, health, social services, parks and recreation, education, facilities, planning, development, zoning and general administrative services.

The Hartford Parking Authority "Authority" has been 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 towns 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 towns, or areas therein, which are not members of the District.

ECONOMIC CONDITION AND OUTLOOK

The triumvirate of insurance, banking and manufacturing, which for years was the defining force in terms of progress for Hartford, continues to have a major presence in the City. The insurance industry spans a range of products, all concentrated in Hartford. To supplement traditional core businesses, arts, entertainment, education, tourism, culture and healthcare/bio-technology are viewed as continued engines for future growth.

The City's Grand List increased by 2.60% as of October 1, 2005, due to increases in personal property of 3.28%, real and motor vehicle of 2.05% and 6.52%, respectively.

As part of the overall effort of the Economic Development Commission, whose mission it is to create an environment in Hartford that is conducive to growing and attracting business into all the City's neighborhoods. The following progress was made in the 2005-2006 fiscal year:

Major Initiatives

For Fiscal year 2005-2006, a number companies within the City Of Hartford experienced significant growth and expansion, new companies also entered the city during this period. Listed below are some of the developments during this period:

- **Small Business Activity:** One hundred eighty (180) new small businesses were established in Hartford, and the City's Small Business Specialists assisted in packaging and closing approximately \$1,000,000 in loans during this time. Examples of new businesses in this sector are Emperor Restaurant and Lounge, The Brookside Lounge, Feng Restaurant and Peace A Heaven Restaurant.
- **Corporate/Industrial Activity:** Eight hundred sixty (860) jobs were created during the period 2005-2006 and 714 jobs were retained. These activities have had a particularly positive effect on class A vacancy rates in the CBD. Currently, the vacancy rate is 10.7% compared to 14.9 % a year ago. This is due in large part to the St Paul Travelers expansion. Examples of companies that expanded and new entrants in the City are St Paul Travelers, Day Berry & Howard, GlobeOp Financial Services and Restaurant Depot.
- **Albany Avenue – Woodland Street Redevelopment Plan:** This City's Court of Common Council approved the Albany Avenue – Woodland Street Redevelopment Plan in November 2005. The Plan calls for the acquisition, remediation and redevelopment of a 1.91 acre site. The intent is to convert this underutilized, but important gateway into the City into a commercial / retail Town Center.
- **Jewell Street:** Northland announced plans to construct a \$164 million residential, retail and parking facility. This is a proposed 250 residential condominium units complex. Construction on this project is expected to begin in 2007.
- **Other Significant Projects:** Progress on the 6 pillars projects (see below) have been tremendous and are on ongoing. They have clearly been a catalyst for other developments in the capital city. The following is a list of some developments that are completed and under construction:
 - **One American Plaza:** Renovations and refurbishing of this building by College Street Partners is on-going. The formally City owned office building is being converted into condominiums on Main Street.
 - **Plaza Mayor:** This is a \$28 million redevelopment project located at the gateway to Park Street. The proposed development includes: 30 townhouses, 15,000 square feet of retail space and 10,000 square feet of banquet hall.
 - **Colt Gateway:** This \$120 million transformation of the 277,000 square feet and 17 acres of residential, commercial and retail space is under construction. The residential apartments are now being offered for lease and Homes for America Holding, Inc. continues to pursue National Park designation for this historic property. The City aims to issue \$8 million in Tax increment financing in February 2007.
 - **Connecticut Culinary Institute:** The former Hastings Hotel was converted into the Connecticut Culinary School and is expected house a total of 500 students and includes a banquet facility and a restaurant. This is an \$11 million capital investment.
 - **Aetna Insurance:** A major insurer announced plans to expand and relocate its workforce from Middletown back into the City. By 2009, 3,400 jobs will be added and over \$150 million invested in its campus.
 - **Car- Max Auto Super Stores:** A Virginia-based company opened for operation in April of 2006. This is the company's first New England operation on this 22 acre site. The facility employs 150 people.

Hartford 2010: The Department of Development Services is collaborating with the Metro Hartford Alliance in the preparation of *HARTFORD 2010: A Vision and Action Strategy* (the "Framework"). The Framework will reflect the community's vision for a dynamic, livable, healthy, and economically vibrant City. It will build on Hartford's natural, economic, cultural, social and physical assets that include its: compact Downtown and historic neighborhoods; relationship to the Connecticut River; historic pattern of radial boulevards and neighborhood shopping streets; major educational institutions; legacy of neighborhood parks from its turn of century "Rain of Parks"; transportation infrastructure; major employment concentrations; and residential neighborhoods.

“Six Pillars” of Downtown Development

Connecticut Convention Center and Marriott Hotel: Both the new Connecticut Convention center and the Marriott Hotel have been open for a year now. The Convention Center hosted over 300 conventions for the first year and provided \$60 million in economic impact to the City during this time. The Connecticut Convention Center is the focal point of the Adriaen's landing development. The State of Connecticut and H B Nitkin executed a memorandum of understanding for the development of the Front Street Project, the agreement calls for 115 residential units and 60,000 square feet of retail and entertainment space, across the street from the Convention Center.

The Connecticut Center for Science and Exploration: This \$150 million science center is under construction. Once completed and open for operation, this attraction and educational campus is expected to attract over 400,000 students, families and tourists each year. Features will include hands-on, interactive science and technology exhibits and programs designed to inspire and motivate visitors of all ages. It will offer outreach through off-site distance learning and teacher support programs for more than 100,000 participants. Located between Riverfront Plaza, the Connecticut Convention Center and the Marriott Hartford downtown, the Center will be approximately 160,000 square feet and six stories tall. Opening is scheduled for 2008.

Downtown Residential Development: Construction on more than 1,000 new market rate apartments continues as this important component of the City's revitalization and the momentum to build a the vibrant downtown environment continues. Construction is completed on the 100 unit Trumbull on the Park and the property is now almost 90 percent leased. Construction is in nearing completion at the former Sage Allen site which will create an additional 78 market rate apartments and student housing in the heart of the Central Business District.

Downtown College Campus: Hartford's historic 11-story former G. Fox building has been turned into a spacious, convenient downtown learning center that combines history with modern amenities for Capital Community College students. This downtown campus opened its doors in September 2002 and enrollment continues to grow. In addition to Capital Community College, The University of Connecticut had opened the doors for its new location for the MBA School at Constitution Plaza in August 2004.

Parking improvements: The year 2006, marks four years of operation for the Morgan Street garage, a 2,200 space garage used by Capital Community College, United Health Care employees and the general public. In addition, Trumbull Center also provides 600 residential and public parking spaces, and the redevelopment of the Civic Center (see below) provides an additional 800 residential and public spaces. Other mixed-use/residential projects like those at Adriaen's Landing and Temple Street will provide more than 1,300 additional parking spaces in downtown. With the opening of the Connecticut Convention Center, this will provide 3,500 parking spaces to the aggregate parking spaces.

Civic Center (Hartford 21): This \$160 million redevelopment of this project has transformed the bunker-like Civic Center Mall into an attractive new residential, retail and entertainment center in the heart of downtown. It includes 262 residential units in a 36-story high-rise tower, with state of the arts sports club, retail, and restaurant and entertainment establishments. The development also includes more than 93,000 square feet of office space, 53,000 square feet of retail as well as structured parking. The downtown YMCA is now located at this building and Bliss market will open in the spring of 2007.

Riverfront Infrastructure: The connection between the City of Hartford and the Riverfront has made significant progress since the Phoenix Gateway pedestrian bridge opened to the public. The river walk downtown has been expanded yet again starting from the Bulkeley Bridge and continuing north to the Community Boathouse at Riverfront Park. Additional design and permitting has begun for the connection from Founders Plaza south to the Colt Gateway. An additional access point will be identified at the \$120 million mixed-use project owned and developed by Homes for America Holding, Inc.

Long-term Financial Planning

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

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

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

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

These discrete planning cycles provide inputs to the General Fund long-term planning process. General Fund revenues and expenditures are forecast over 5-years by both function and category. The long-term planning process is driven by the City's core strategy to increase long-term economic growth, to promote education, safety and health, and to nurture the City's cultural vitality through the implementation of the Mayor's goals and objectives. In addition, the City continually strives to secure a stronger bond rating through strong fiscal administration and the maintenance of a 7% of budgeted revenues 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, we have contracted with an outside actuarial firm, to assist in pension planning. Our MERF plan has over \$1 billion in assets and the City and Pension Commission are closely monitoring contributions, investment returns and assumptions to maintain the continued viability of the MERF plan.

An outside firm has also been contracted to assist our implementation of GASB 43 and 45 requirements where post-retirement health and life insurance benefits are analyzed over a multi-year time frame to ensure compliance and reduce the City's long-term liability through the analysis of various funding options and benefit plans. Finally, our internal service funds (Workmans' Compensation and Property & Casualty Funds) have been targeting by the City for additional contributions over a multi-year period. This added funding in conjunction with the implementation of new risk management programs and assistance from our insurance advisors will continue to systematically control and reduce our long-term liabilities in these funds over the next several years.

FINANCIAL INFORMATION

The Department of Finance is organized into six divisions: Administration, Accounting and Control, Tax Collector, Purchasing, Risk Management and the Assessors Office. The department's major responsibilities include general accounting and financial reporting, accounts payable, central purchasing, risk management, property assessment, employee benefit administration, tax collection, debt administration, revenue management, payroll, supervising budget preparation in conjunction with the Mayor's Office and 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 the confirmation by the City Council.

The City's accounting system is a fully automated, integrated financial management system comprising accounts payable, general ledger, purchasing, and budget control modules. It is organized and operated on a fund basis. Each fund is 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 post-audit by an independent auditing firm selected by the City Council. Financial policies and procedures prescribed by the Director of Finance for the various departments are monitored by the independent auditor and staff from the department's Accounting and Control Division. Within this framework, we believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions on the computerized financial management system.

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).

The City administers the two single employer plans. Under the first plan, the City pays retirement and single benefit survivor benefits to pensioners under three old unfunded programs on a "pay-as-you-go" basis. These programs are combined as one plan. The plan covers City employees hired before the current City MERF went into effect on May 1, 1947.

Under the second plan, the City provides retirement benefits, for employees hired after 1947, through the City MERF, a 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 Employee's Retirement Fund (State MERF-B) are eligible. 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 reports as a pension trust fund.

DEBT ADMINISTRATION

The City's outstanding bonded indebtedness totaled \$273.6 million on June 30, 2006, up from \$218.4 million at June 30, 2005.

The Metropolitan District had \$82.2 million of applicable overlapping debt of which the City's share was 26.78% or \$22.0 million.

As of June 30, 2006, bonds authorized and unissued amounted to \$226.4 million for the following purposes:

<u>General Purpose</u>	<u>Education</u>
\$66.6 million	\$159.8 million

An analysis of the City's key debt ratios at year-end shows that they remain well within the acceptable limits of the municipal credit industry:

<u>Percentage of Bonded Debt to Assessed Value</u>	<u>Bonded Debt per Capita</u>	<u>Ratio of Bonded Debt Service to General Fund Expenditures</u>
8.42%	\$ 2,376	4.79%

CASH MANAGEMENT

During the year, idle cash was invested, temporarily, 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 is insured for all legal liabilities in excess of a \$500 thousand deductible and public official liability with a \$250 thousand deductible. The City's general liability limit for 2005-06 was \$5 million on an aggregated basis with an additional \$25 million umbrella liability policy. All City property is insured for fire and extended coverage with a \$100 thousand deductible.

The City maintains a self-insurance reserve for its Worker's Compensation program. Claims up to \$1 million per occurrence are self-funded by annual budget appropriations. The City also maintains a self-insurance reserve for unanticipated losses.

The City provides comprehensive life, hospital and major medical benefits for its employees pursuant to various union agreements. The City directly funds the health benefit programs that are administered by Anthem Blue Cross Blue Shield of Connecticut, and maintains a self-insurance reserve for anticipated and future losses.

Each of these Self-Insurance Reserves was established by Council Ordinance and is accounted for in an internal service fund to account for and report on the City's total costs associated with these self-insurance programs.

CERTIFICATE OF ACHIEVEMENT

In recognition of the continued high quality of our reports, the City again received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the fiscal year ended June 30, 2005. We believe that this report also adheres to the Certificate Program requirements and we will submit it for eligibility review. Such conformance also satisfies the reporting standards mandated by the State under Sec. 7-394a of the General Statutes.

INDEPENDENT AUDIT

State statute and the City Charter require an annual audit by an independent certified public accountant. The statute further prescribes that each municipality's annual report shall be prepared in accordance with generally accepted accounting principals. This report has been prepared according to these standards. The Auditors' opinion is included in this report.

Acknowledgments

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

I would like to acknowledge Christian Johnson, Leigh Ann Ralls and Gregory Katz for providing me with advice and assistance with the preparation of this report, as well as Peter Condon with the printing/reproduction of this report.

I am grateful to the City's independent auditors, Scully & Wolf, LLP, for their advice and counsel over the past year and particularly for the professional assistance they provided during their audit.

Finally, I wish to thank you, as well as the Council, for the support the Department of Finance received in administering the financial affairs of the City.

Respectfully submitted,



Thomas J. Morrison III
Director of Finance

Financial Section



Scully & Wolf, LLP / Certified Public Accountants / Glastonbury, Connecticut 06033

INDEPENDENT AUDITORS' 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, 2006, 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 the 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, 2006, 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 December 22, 2006 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.

Management's discussion and analysis and budgetary comparison information on pages 10 through 18 and 65 through 69 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 and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Susan + Wong, LLP". The signature is written in a cursive, flowing style.

December 22, 2006

CITY OF HARTFORD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

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, 2006. Please read this MD&A in conjunction with the transmittal letter beginning on page 1 and the City's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$128.3 million as a result of this year's operations. The net assets of our governmental activities increased by \$128.4 million, or nearly 17.9 percent. The net assets of our business-type activities decreased by \$75 thousand.
- The City received \$122.9 million in capital grants and contributions mostly related to school building construction grants from the State in support of the City's school renovation and construction projects.
- The total cost of the City's programs for the year was \$659.2 million with no new programs added.
- The General Fund reported a fund balance this year of \$33.2 million.
- The resources available for appropriation were \$2.3 million more than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibit 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 Exhibit 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 important because the City is financially accountable for them.

Fund Financial Statements

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

- *Governmental funds (Exhibit 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 (Exhibit 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 Fund and the City's Metro Hartford Information Services Fund.

- *Fiduciary funds (Exhibit 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 \$128.3 million to \$884.4 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City’s governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006</u>	<u>2005*</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005*</u>
Current and other assets	\$ 347,365	\$ 335,641	\$ 4,128	\$ 5,360	\$ 351,493	\$ 341,001
Capital assets	<u>929,443</u>	<u>790,000</u>	<u>68,138</u>	<u>64,430</u>	<u>997,581</u>	<u>854,430</u>
Total assets	<u>1,276,808</u>	<u>1,125,641</u>	<u>72,266</u>	<u>69,790</u>	<u>1,349,074</u>	<u>1,195,431</u>
Long-term debt outstanding.	336,296	274,773	31,497	31,285	367,793	306,058
Other liabilities	<u>93,798</u>	<u>132,535</u>	<u>3,095</u>	<u>756</u>	<u>96,893</u>	<u>133,291</u>
Total liabilities	<u>430,094</u>	<u>407,308</u>	<u>34,592</u>	<u>32,041</u>	<u>464,686</u>	<u>439,349</u>
Net assets:						
Invested in capital assets, net of debt	737,253	606,427	36,641	33,145	773,894	639,572
Restricted	55,509	53,375			55,509	53,375
Unrestricted	<u>53,952</u>	<u>58,531</u>	<u>1,033</u>	<u>4,604</u>	<u>54,985</u>	<u>63,135</u>
Total net assets	<u>\$ 846,714</u>	<u>\$ 718,333</u>	<u>\$37,674</u>	<u>\$37,749</u>	<u>\$ 884,388</u>	<u>\$ 756,082</u>
*As restated						

The City’s government-wide net assets of \$884.4 million represents an increase of \$128.3 million over last years restated net assets of \$756.1 million. The City’s beginning Governmental Activities net assets have been restated to include the net depreciated value of the City’s general infrastructure in accordance with GASB Statement No. 34. The increase of \$128.3 million in the City’s total net assets is largely attributable to the City’s receipt of \$122.9 million in capital grants and contributions from the State in support of the City’s school renovation and construction capital program. Net assets of the City’s business-type activities decreased \$75 thousand in 2006.

Table 2
Changes In Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2006*</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006*</u>	<u>2005</u>
Revenues:						
Program revenues:						
Charges for services	\$ 28,085	\$ 25,524	\$ 4,840	\$ 3,698	\$ 32,925	\$ 29,222
Operating grants and contributions	364,191	330,611			364,191	330,611
Capital grants and contributions	122,823	98,134	37	43	122,860	98,177
General revenues:						
Property taxes	215,285	196,846			215,285	196,846
Grants and contributions not restricted to specific purposes	41,861	39,907			41,861	39,907
Unrestricted investment earnings	5,490	3,949	130	500	5,620	4,449
Other general revenues	<u>4,779</u>	<u>3,829</u>	<u> </u>	<u>300</u>	<u>4,779</u>	<u>4,129</u>
Total revenues	<u>782,514</u>	<u>698,800</u>	<u>5,007</u>	<u>4,541</u>	<u>787,521</u>	<u>703,341</u>
Program expenses:						
General government	94,466	22,080			94,466	22,080
Public safety	74,179	71,142			74,179	71,142
Public works	24,730	16,881			24,730	16,881
Development and community affairs	45,570	54,484			45,570	54,484
Human services	24,022	18,853			24,022	18,853
Education	375,615	295,963			375,615	295,963
Recreation and culture	9,991	7,446			9,991	7,446
Benefits and insurance		102,396				102,396
Sundry		22,589				22,589
Interest on long-term debt	6,941	9,409			6,941	9,409
Hartford Parking Facilities	<u> </u>	<u> </u>	<u>3,701</u>	<u>5,876</u>	<u>3,701</u>	<u>5,876</u>
Total program expenses	<u>655,514</u>	<u>621,243</u>	<u>3,701</u>	<u>5,876</u>	<u>659,215</u>	<u>627,119</u>
Excess (deficiency) before transfers	127,000	77,557	1,306	(1,335)	128,306	76,222
Transfers	<u>1,381</u>	<u>9,815</u>	<u>(1,381)</u>	<u>(9,815)</u>	<u> </u>	<u> </u>
Increase (decrease) in net assets	<u>\$128,381</u>	<u>\$ 87,372</u>	<u>\$ (75)</u>	<u>\$(11,150)</u>	<u>\$128,306</u>	<u>\$ 76,222</u>

* The City began the cost allocation of benefits, insurance, and other indirect expenses within its governmental functions in 2006.

The City's total revenue in 2006 of \$787.5 million represents an increase of \$84.2 million over last year. Capital grants and contributions increased \$24.7 million as the City continues to receive significant State funding in support of the City's ongoing school renovation and construction capital program. Capital grants and contributions that offset capitalized expenses directly increase the City's net assets. Operating grants and contributions increased \$33.6 million as the City reported an increase of \$9.4 million in State on-behalf payments to the Connecticut State Teachers Retirement System and an increase in General Fund intergovernmental grants of \$7.0 million. Additionally, the City's Educational Grants state and federal program assistance funding increased \$12.7 million. Property tax revenues increased \$18.4 million reflecting an increase in the mill rate from 56.30 to 60.80 in 2006.

The City's total program expenses of \$659.2 million represent an increase of \$32.1 million over last year. The increase in program expenses is directly related to the increase in operating grants and contributions providing for expanded program services and recognition of increased expenses on behalf of the City.

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, public works, development and community affairs 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.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2006*</u>	<u>2005</u>	<u>2006*</u>	<u>2005</u>
General governmental	\$ 94,466	\$ 22,080	\$ 89,837	\$ 17,580
Public safety	74,179	71,142	62,067	60,818
Public works	24,730	16,881	6,070	(1,129)
Development and community affairs	45,570	54,484	(6,460)	(5,203)
Education.....	375,615	295,963	(29,580)	(47,253)
All other.....	<u>40,954</u>	<u>160,693</u>	<u>18,481</u>	<u>142,161</u>
Totals	<u>\$655,514</u>	<u>\$621,243</u>	<u>\$140,415</u>	<u>\$166,974</u>

* The City began the cost allocation of benefits, insurance, and other indirect expenses within its governmental functions in 2006.

Business-type Activities

Revenues from the Hartford Parking Authority to the Hartford Parking Facilities Fund to finance debt service and capital improvement increased from \$3.7 million to \$4.8 million. Expenses (including debt service and depreciation) for the City's dedicated parking facilities decreased from \$5.9 million to \$3.7 million.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the City completed the year, its General Fund fund balance increased by \$2.3 million. The increase is largely a result of an unanticipated bond premium of \$2 million, transfers from the City's Hartford Parking Facilities fund exceeding budgetary estimates by \$2.4 million and other miscellaneous revenues exceeding budgetary estimates by \$1.4 million. These revenues were sufficient to cover the shortfall in budgeted tax collections of \$4.9 million and contribute to the increase in fund balance.

As the City completed the year, its Capital Improvement Fund fund balance increased by \$29.1 million. This was primarily a result of proceeds from new bonds issued in 2006 as follows:

Hartford Public High School	\$19,000,000
Public Safety Complex	26,000,000
Various Infrastructure Improvements	10,000,000
Classical Magnet School	3,000,000
Pathways to Technology Magnet School	3,000,000
Breakthrough Academy Magnet School.....	2,900,000
Swimming Pool Enclosures.....	5,000,000
Central Library.....	<u>1,100,000</u>
 TOTAL	 <u>\$70,000,000</u>

Internal Service Funds

The net assets deficit of the City's self-insurance programs decreased \$2.0 million as the City experienced improved claims experience with below average growth in claim expenditures for both active and retiree populations allowing for the City's increased contributions to produce a surplus of contributions over program expenses. Additionally, the claim liability discount factor was increased from 7% to 8% in the Workers' Compensation Fund to reflect improved market conditions. Case reserves were reviewed and reduced where we had positive settlement information.

The Metro Hartford Information Services Fund operational expenses were funded by \$6.7 million in contributions from the City's General Fund. Net assets increased by \$192 thousand driven by additional other revenues.

General Fund Budgetary Highlights

The City had designated \$300,000 of 2004-2005 fund balance to balance the 2005-2006 budget; however, due to realizing higher than expected revenues the City did not need to utilize the City's budgetary based fund balance.

There were supplemental appropriations in the General Fund totaling \$3.1 million during 2005-2006. The appropriations were funded by increases in revenue estimates. The supplemental appropriation was used to increase budgeted expenditures by \$3.6 million for public safety purposes.

The City's General Fund fund balance of \$33.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$33.0 million. This is principally because budgetary fund balance includes \$246 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2006, the City had \$997.6 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and infrastructure – Table 4.

Construction in progress additions during the year totaled \$155.1 million. Construction in progress additions represent the majority of capital additions recorded by the City other than capital activity related to vehicle and equipment purchases. Refer to current period expenditures reported in Exhibit C for a detail of capital project expenditures by project in the City’s Capital Improvement Fund. The majority of active projects as reported in Exhibit C qualify for capitalization under the City’s asset capitalization policy.

Table 4
Capital Assets at Year-end (Net of Depreciation)
(in millions)

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	<u>2006</u>	<u>2005*</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 68.9	\$ 68.5	\$ 8.4	\$ 8.4	\$ 77.3	\$ 76.9
Land improvements.....	7.8	5.1	0.1	0.1	7.9	5.2
Buildings	130.5	103.1			130.5	103.1
Other structures.....	2.6	2.6	59.5	52.2	62.1	54.8
Furniture and equipment.....	3.2	2.7	0.2	0.2	3.4	2.9
Rolling equipment.....	9.7	9.0			9.7	9.0
Infrastructure	198.8	205.4			198.8	205.4
Construction in progress.....	<u>507.9</u>	<u>393.6</u>	<u> </u>	<u>3.5</u>	<u>507.9</u>	<u>397.1</u>
Totals.....	<u>\$929.4</u>	<u>\$790.0</u>	<u>\$68.2</u>	<u>\$64.4</u>	<u>\$997.6</u>	<u>\$854.4</u>

*As restated

There are 129 active projects in the City’s Capital Improvement Fund with appropriations of \$1,031.4 million, cumulative expenditures of \$573.1 million and outstanding encumbrances of \$52.7 million, resulting in an unencumbered balance of \$405.6 million. Total expenditures for all projects during the fiscal year amounted to \$163.1 million. New and supplemental appropriations totaled \$123.2 million during 2006.

The City issued \$70 million of general obligation bonds during 2006 to provide funding for the City’s local share of ongoing capital projects.

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

Long-term debt

At June 30, 2006 the City had \$270.3 million in bonds outstanding versus \$214.9 million last year – an increase of 25.8 percent – as shown in Table 5.

Table 5
Outstanding Debt, at Year-end
(in millions)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
General obligation bonds (backed by the City)	<u>\$238.8</u>	<u>\$183.6</u>	<u>\$31.5</u>	<u>\$31.3</u>	<u>\$270.3</u>	<u>\$214.9</u>

The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1.45 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 decreased from 4,835 in calendar year 2004 to 4,670 in calendar year 2005 while the unemployment rate decreased from 10.1 percent to 9.7 percent. This compares to the State's rate of 4.9 percent and the nation's rate of 5.1 percent.

The consumer price index in the northeast urban areas continues to be higher than the national consumer price index. Inflation from October 2005 to October 2006 in the northeast was 1.7 percent while the rate was 1.3 percent for all urban areas in the U.S.

In developing the fiscal year 2007-2008 budget, the City continues to feel it is essential to examine the size and cost of government and the ability of the taxpayers to meet that burden. Private industry has long focused on producing the best product at the lowest price. 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 financial climate, to control the cost of each service provided. In developing the 2006-2007 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.

Most importantly, The City must respond to the needs of our citizens. Our business is customer service. Whether a department interacts with the residents or provides services to a department that does, the focus of everyone's efforts should be oriented to serving the best interest of our customers - the taxpayers. We are in the

process of examining all of the City's functions, to determine whether we are making it easier for ourselves or better for our residents.

In the past, with generous funding from state and federal sources, programs and personnel were added to municipal governments and cost effectiveness and innovation were not issues. Now, with diminishing funds, rising personnel costs and a declining tax base, we have had to make some difficult and important decisions that will make our organization more efficient and improve our services. Innovative thinking will be required to spur on new ideas or methods, or new ways of approaching old problems. Various initiatives and task forces have been implemented in an effort to educate and involve City residents and citizens. Participation in these projects and programs helps us to enhance service delivery.

The general economic downturn facing not only the City of Hartford, but also the State of Connecticut is challenging. The biggest risks that may impede the state's economic recovery are: the uncertainty about the future course of the national economy, the negative impact of war, the continuing reverberation of the correction in the equity market, and how long the state job market remains weak.

The adopted budget for fiscal year 2006-07 of \$496.9 million is an increase of \$32.7 million over the adopted 2005-06 budget. The negative growth in State aid exacerbates the slow growth in the City of Hartford Grand List, thus putting more pressure on property taxes. The budget includes a significant increase in the current year tax levy to 64.82 mills from 60.82 in the previous year.

The City is exploring ways to reduce the 2006-07 expenditure budget and increase its revenue sources. In developing the City's 2007-08 budget various options are being explored to reduce City expenditures and maximize revenues to offset anticipated reduction in State funding.

In the summer of 2002, the City combined the City's Information Services Department with the Board of Education and formed Metro Hartford Information Services. The City is currently working on combining City facilities and Board of Education facilities as well as exploring other departments/services where a more efficient use of City resources can occur. Since July 2002, the City has had a selective hiring freeze. The City has also retained the services of a collection agency to collect delinquent property taxes and parking tickets.

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

CITY OF HARTFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2006

(thousands)

	.....PRIMARY GOVERNMENT.....			.COMPONENT UNIT.
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	HARTFORD PARKING AUTHORITY
ASSETS:				
Cash and cash equivalents.....	\$ 159,340	\$ 2,098	\$ 161,438	\$2,293
Investments.....	21,946		21,946	
Receivables, net.....	165,731		165,731	445
Internal balances.....	1,788	(1,788)		
Other assets.....	348		348	
Due from Component unit.....		2,030	2,030	
Capital assets:				
Assets not being depreciated	465,956	8,428	474,384	
Assets being depreciated, net	463,487	59,710	523,197	
Total assets	1,278,596	70,478	1,349,074	2,738
LIABILITIES:				
Accounts payable and accrued expenses.....	76,359	1,307	77,666	645
Unearned revenues.....	14,155		14,155	63
Due to Fiduciary funds.....	107		107	
Due to Primary government.....				2,030
Unamortized bond premium.....	4,965		4,965	
Noncurrent liabilities:				
Due within one year	48,903	1,165	50,068	
Due in more than one year	287,393	30,332	317,725	
Total liabilities	431,882	32,804	464,686	2,738
NET ASSETS:				
Invested in capital assets, net of related debt	737,253	36,641	773,894	
Restricted for:				
Housing loans	39,821		39,821	
Trust purposes:				
Expendable	911		911	
Nonexpendable	14,777		14,777	
Unrestricted.....	53,952	1,033	54,985	
Total net assets	\$ 846,714	\$37,674	\$ 884,388	\$ - 0 -

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

CITY OF HARTFORD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			..NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS...			COMPONENT
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	...UNIT... HARTFORD PARKING AUTHORITY
Primary Government:								
Governmental activities:								
General government	\$ 94,466	\$ 4,227	\$ 402		\$ (89,837)		\$ (89,837)	
Public safety	74,179	7,843	4,269		(62,067)		(62,067)	
Public works	24,730	12,278	1,248	\$ 5,134	(6,070)		(6,070)	
Development and community affairs	45,570	385	50,934	711	6,460		6,460	
Human services	24,022	656	16,557		(6,809)		(6,809)	
Education	375,615	633	288,164	116,398	29,580		29,580	
Recreation and culture	9,991	2,063	1,388	580	(5,960)		(5,960)	
Interest on long-term debt	6,941		1,229		(5,712)		(5,712)	
Total governmental activities	655,514	28,085	364,191	122,823	(140,415)		(140,415)	
Business-type activities:								
Hartford Parking Facilities	3,701	4,840		37		\$ 1,176	1,176	
Total primary government ..	\$659,215	\$32,925	\$364,191	\$122,860	(140,415)	1,176	(139,239)	
Component Units:								
Hartford Parking Authority	\$3,737	\$3,737						
General revenues:								
Property taxes					215,285		215,285	
Grants and contributions not restricted to specific programs					41,861		41,861	
Unrestricted investment earnings					5,490	130	5,620	
Miscellaneous					4,779		4,779	
Transfers					1,381	(1,381)		
Total general revenues and transfers					268,796	(1,251)	267,545	
Change in net assets					128,381	(75)	128,306	\$ - 0 -
Net assets, July 1, 2005 - as restated ..					718,333	37,749	756,082	- 0 -
Net assets, June 30, 2006					\$ 846,714	\$37,674	\$ 884,388	\$ - 0 -

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

CITY OF HARTFORD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2006

(thousands)

	GENERAL	CAPITAL IMPROVEMENT	COMMUNITY DEVELOPMENT LOAN AND GRANT	DEBT SERVICE	EDUCATIONAL GRANTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>A S S E T S</u>							
Cash and cash equivalents	\$ 61,199	\$ 53,373	\$ 7,889	\$ 83	\$11,835	\$23,799	\$158,178
Investments						21,946	21,946
Receivables, net	55,094	50,044	39,821		1,409	19,311	165,679
Due from other funds	6,114	7,786	14	2,695		794	17,403
Inventories						348	348
TOTAL.....	\$122,407	\$111,203	\$47,724	\$2,778	\$13,244	\$66,198	\$363,554
<u>L I A B I L I T I E S A N D F U N D B A L A N C E S</u>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 29,087	\$ 28,688	\$ 575	\$ 31	\$ 7,480	\$ 5,500	\$ 71,361
Due to other funds	6,369	394			1,522	9,756	18,041
Deferred revenue	53,736	1,864	39,821		2,954	21,054	119,429
Total liabilities.....	89,192	30,946	40,396	31	11,956	36,310	208,831
Fund balances:							
Reserved	246	43,367				19,030	62,643
Unreserved, reported in:							
General Fund.....	32,969						32,969
Special Revenue Funds.....			7,328		1,288	9,155	17,771
Debt Service Fund.....				2,747			2,747
Capital Project Funds.....		36,890				1,703	38,593
Total fund balances.....	33,215	80,257	7,328	2,747	1,288	29,888	154,723
TOTAL.....	\$122,407	\$111,203	\$47,724	\$2,778	\$13,244	\$66,198	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds							929,443
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds							105,274
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 fund are included in governmental activities in the statement of net assets.....							(35,483)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.....							(307,243)
Net assets of governmental activities.....							\$ 846,714

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

CITY OF HARTFORD, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	GENERAL	CAPITAL IMPROVEMENT	COMMUNITY DEVELOPMENT LOAN AND GRANT	DEBT SERVICE	EDUCATIONAL GRANTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Property taxes	\$208,241						\$208,241
Licenses, permits, and other charges	10,058						10,058
Intergovernmental revenues	242,112	\$121,889			\$79,034	\$80,241	523,276
Charges for services	2,628					7,106	9,734
Use of property	4,085						4,085
Investment income	2,661	780	\$ 313			1,659	5,413
Miscellaneous	6,276		2,280		8,478	1,771	18,805
Total revenues	476,061	122,669	2,593		87,512	90,777	779,612
Expenditures:							
Current:							
General government	15,517					749	16,266
Public safety	67,575					6,944	74,519
Public works	13,873					1,489	15,362
Development and community affairs	1,917		2,067			48,036	52,020
Human services	7,529					16,338	23,867
Education	270,874				86,535	11,527	368,936
Recreation and culture						8,014	8,014
Benefits and insurance	47,348						47,348
Other	26,709						26,709
Capital outlay		163,076					163,076
Debt service				\$ 23,121		1,800	24,921
Total expenditures	451,342	163,076	2,067	23,121	86,535	94,897	821,038
Excess (deficiency) of revenues over expenditures.....	24,719	(40,407)	526	(23,121)	977	(4,120)	(41,426)
Other financing sources (uses):							
Transfers in	7,039	700		23,121		9,209	40,069
Transfers out	(31,462)	(1,170)	(250)			(3,357)	(36,239)
Bonds issued		70,000					70,000
Bond premium	2,000			913			2,913
Capital leases						4,526	4,526
Total other financing sources (uses)	(22,423)	69,530	(250)	24,034		10,378	81,269
Net change in fund balances.....	2,296	29,123	276	913	977	6,258	39,843
Fund balance, July 1, 2005.....	30,919	51,134	7,052	1,834	311	23,630	
Fund balance, June 30, 2006.....	\$ 33,215	\$ 80,257	\$7,328	\$ 2,747	\$ 1,288	\$29,888	

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Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and transfers to business-type activities in the current period	139,748
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold	(305)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	6,354
Bond, capital lease, and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	(58,657)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(754)
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit V)	2,152
Change in net assets of governmental activities (Exhibit II)	\$128,381

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

CITY OF HARTFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS
JUNE 30, 2006

(thousands)

	BUSINESS-TYPE ..ACTIVITIES.. HARTFORD PARKING FACILITIES	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,098	\$ 1,162
Receivables, net		52
Due from component units	2,030	
Due from other funds		3,036
Total current assets	4,128	4,250
Capital assets, net	68,138	
Total assets	72,266	4,250
LIABILITIES:		
Current liabilities:		
Accounts and other payables	1,307	2,884
Due to other funds	1,788	717
Risk management claims		16,432
Bonds payable	1,165	
Total current liabilities	4,260	20,033
Noncurrent liabilities:		
Risk management claims		19,700
Bonds payable	30,332	
Total noncurrent liabilities	30,332	19,700
Total liabilities	34,592	39,733
NET ASSETS:		
Invested in capital assets, net of related debt	36,641	
Unrestricted	1,033	(35,483)
Total net assets	\$ 37,674	\$ (35,483)

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

CITY OF HARTFORD, CONNECTICUTPROPRIETARY FUNDSSTATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

	(thousands)	BUSINESS-TYPE ..ACTIVITIES.. HARTFORD PARKING FACILITIES	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
Operating revenues:			
City's contribution for insurance			\$ 73,117
Employee and pensioners contributions for insurance			16,804
Hartford Parking Authority - operations, net	\$ 4,840		
Other			558
		<u>4,840</u>	<u>90,479</u>
Total operating revenues.....			
Operating expenses:			
Administrative			7,624
Insurance benefits and claims			76,549
Operations			4,231
Maintenance and repairs	9		
		<u>9</u>	<u>88,404</u>
Total operating expenses before depreciation			
Operating income before depreciation			
		<u>4,831</u>	<u>2,075</u>
Depreciation			
		<u>1,726</u>	
Total operating expenses.....			
		<u>1,735</u>	<u>88,404</u>
Operating income			
		<u>3,105</u>	<u>2,075</u>
Nonoperating income (loss):			
Interest earnings		130	77
Interest expense	(1,966)		
		<u>(1,836)</u>	<u>77</u>
Total nonoperating income (loss).....			
Income before contributions and transfers			
		<u>1,269</u>	<u>2,152</u>
Capital contributions			
		<u>37</u>	
Transfers:			
Transfers in		2,449	
Transfers out		(3,830)	
		<u>(1,381)</u>	
Total transfers in (out)			
		<u>(75)</u>	<u>2,152</u>
Change in net assets.....			
Total net assets, July 1, 2005			
		<u>37,749</u>	<u>(37,635)</u>
Total net assets, June 30, 2006			
		<u>\$ 37,674</u>	<u>\$ (35,483)</u>

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

CITY OF HARTFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	BUSINESS-TYPE ..ACTIVITIES.. HARTFORD PARKING FACILITIES	GOVERNMENTAL ..ACTIVITIES.. INTERNAL SERVICE FUNDS
Cash flows from (to) operating activities:		
City's contribution		\$ 67,686
Cash received from insurance companies and users		17,477
Cash received from Hartford Parking Authority	\$ 4,531	
Cash paid to (for) salaries and benefits		(2,857)
Cash paid to (for) suppliers and other	<u>(9)</u>	<u>(92,246)</u>
Net cash provided (used) by operating activities	<u>4,522</u>	<u>(9,940)</u>
Cash flows from (to) noncapital and related financing activities:		
Advances from other funds		2,395
Transfers to other funds	<u>(3,050)</u>	
Net cash provided (used) by noncapital and related financing activities	<u>(3,050)</u>	<u>2,395</u>
Cash flows from (to) capital and related financing activities:		
Purchase of capital assets	(3,062)	
Interest paid on bonds	<u>(1,089)</u>	
Net cash provided (used) by capital and related financing activities	<u>(4,151)</u>	
Cash flows from investing activities:		
Income on investments	<u>130</u>	<u>77</u>
Net increase (decrease) in cash and cash equivalents.....	(2,549)	(7,468)
Cash and cash equivalents, July 1, 2005.....	<u>4,647</u>	<u>8,630</u>
Cash and cash equivalents, June 30, 2006.....	<u>\$ 2,098</u>	<u>\$ 1,162</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income.....	<u>\$3,105</u>	<u>\$ 2,075</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,726	
(Increase) decrease in due from component unit	(309)	
(Increase) decrease in other receivables		115
(Increase) decrease in due from other funds		(5,431)
Increase (decrease) in accounts payable and accrued liabilities		(5,620)
Increase (decrease) in due to other funds		(1,095)
Increase (decrease) in insurance claims payable		<u>16</u>
Total adjustments.....	<u>1,417</u>	<u>(12,015)</u>
Net cash provided (used) by operating activities.....	<u>\$4,522</u>	<u>\$ (9,940)</u>
Noncash investing, capital, and financing activities:		
Capital asset transfer from governmental activities	\$2,449	
Capital asset contribution from component unit	37	
Amortization of deferred amount on refunding	<u>(212)</u>	
Total	<u>\$2,274</u>	

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

CITY OF HARTFORD, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2006

(thousands)

	PENSION TRUST FUNDS	SCHOOL AGENCY FUNDS
ASSETS:		
Cash and cash equivalents	\$ 41,595	\$574
Investments:		
Commingled and mutual funds	408,749	
Domestic corporate bonds	37,046	
Mortgages (government and other)	64,123	
Domestic common and preferred stock	271,031	
U.S. federal agency securities	18,134	
U.S. treasury securities	30,142	
Venture capital	49,360	
Foreign corporate bonds	15,810	
Foreign government and agency securities	25,227	
Foreign common and preferred stock	98,754	
Other domestic debt securities	4,493	
Other domestic equities	746	
Accrued interest earnings	2,609	
Notes receivable	1,800	
Due from other funds	107	
Total assets	<u>1,069,726</u>	<u>\$574</u>
LIABILITIES:		
Accounts payable and accrued liabilities	139	
Net payables for investments purchased/sold	23,133	
Due to student groups and other		\$574
Total liabilities	<u>23,272</u>	<u>\$574</u>
NET ASSETS:		
Held in trust for pension benefits	<u>\$1,046,454</u>	

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

CITY OF HARTFORD, CONNECTICUTFIDUCIARY FUNDSSTATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

Additions:	
Contributions:	
Employer.....	\$ 13,874
Plan members.....	<u>10,096</u>
Total contributions.....	23,970
Investment income:	
Net appreciation in fair value of investments.....	\$65,979
Interest and dividends.....	<u>23,326</u>
Total investment income.....	89,305
Less investment expense.....	<u>(3,735)</u>
Net investment income.....	85,570
Other additions.....	<u>15</u>
Total additions.....	109,555
Deductions:	
Benefits.....	75,086
Administration.....	2,102
Other.....	<u>768</u>
Total deductions.....	<u>77,956</u>
Net increase.....	31,599
Net assets held in trust for pension benefits, July 1, 2005.....	<u>1,014,855</u>
Net assets held in trust for pension benefits, June 30, 2006.....	<u><u>\$1,046,454</u></u>

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

CITY OF HARTFORD, CONNECTICUT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006**

(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Hartford (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.

A. Reporting Entity

The City of Hartford was incorporated May 29, 1784 and the Town and 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 transferred in from the Authority. Separate financial statements of the Authority are available from the Authority’s offices, 155 Morgan Street, Hartford, Connecticut.

B. 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.

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

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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

Workers' Compensation, 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.

C. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (generally 60 days). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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 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 Community Development Loan and Grant Fund accounts for loan and grant activities associated with the housing and development program.

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

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.

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.

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 account for the activities of the Hartford Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other 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 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 funds, and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

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.

State statutes authorize the City and its component unit to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 4.

Investments for the City, as well as for its component unit, are reported at fair value.

E. Receivables and Payables

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) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. 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 \$5.5 million is equal to 23% of outstanding property taxes at June 30, 2006.

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

F. 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.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). 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 during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives:

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

H. *Compensated Absences*

At year-end, an estimated accrued liability for vacation and sick time for all regular municipal employees has been accrued.

I. *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 are reported net of any significant applicable bond premium or discount. 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, are reported as debt service expenditures.

J. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

K. *Restatement*

The City’s Governmental Activities beginning net assets have been restated to include the net depreciated value of the City’s general infrastructure and other related capital asset adjustments in accordance with GASB Statement No. 34.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets*

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds

payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$307,243 difference are as follows:

Bonds payable	\$238,828
Unamortized bond premium.....	4,965
Accrued interest payable	2,114
Loans payable.....	11,220
Capital leases.....	6,315
Compensated absences	32,253
Net pension obligation	<u>11,548</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$307,243</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$139,748 difference are as follows:

Capital outlay	164,235
Capital asset transfer to business activities.....	(2,449)
Depreciation expense	<u>(22,038)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$139,748</u>

Another element of that reconciliation states that “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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$(58,657) difference are as follows:

Debt issued:	
General obligation bonds	\$(70,000)
Capital leases.....	(4,526)
Section 108 Loan.....	(32)
Principal repayments:	
General obligation debt	14,870
Loans	100
Capital leases.....	<u>931</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(58,657)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(754) difference are as follows:

Compensated absences	\$ 1,311
Accrued interest	2,096
Net pension obligation	(4,036)
Amortization of deferred amount on refunding	<u>(125)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (754)</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City adopted the legal budget for the 2005-2006 General Fund in accordance with the procedures summarized below:

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

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

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

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

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

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

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

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

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

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

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 can not exceed total appropriations by project, over the length of the project.

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

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

Supplemental appropriations of \$3.1 million were approved in the General Fund during fiscal year 2006.

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

B. Deficit Fund Equity

Internal Service Funds:	
Employee Benefits.....	\$1,759
Workers' Compensation	\$23,301
Liability and Property Damage.....	\$10,631

Deficit balances will be funded by future revenue or General Fund appropriations.

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

A. Cash and Cash Equivalents

The following is a summary of the City’s cash and cash equivalents at June 30, 2006:

Deposits:	
Primary government:	
Demand accounts	\$ 25,174
Money markets.....	<u>31,813</u>
Subtotal	56,987
Hartford Parking Authority – Component Unit:	
Demand accounts.....	2,293
Petty cash	15
Cash equivalents:	
Bank of New York Collective Fund	30,183
State Short-Term Investment Fund (STIF)	27,256
BlackRock Treasury Fund	5,185
Marshall Prime Money Fund	2,373
Columbia Money Market Reserve Fund.....	1,215
Fidelity Institutional Money Market Fund.....	146
Federated Government Obligation Fund	68
Repurchase agreements.....	<u>80,179</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$205,900</u>

Deposits

City

At June 30, 2006, the carrying amount of the City’s deposits was \$56,987 and the bank balance was \$70,259.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. Of the June 30, 2006 bank balance, \$100,000 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio. A minimum of \$101,685, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank’s trust department is not in the District’s name). The balance of deposits of \$815,165 was uninsured and uncollateralized.

Hartford Parking Authority

At June 30, 2006 the carrying amount of the Authority’s deposits was \$2,293 and the bank balance was \$2,368.

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 does not have a deposit policy for custodial credit risk. Of the June 30, 2006 bank balance, \$200 was covered by Federal Depository Insurance. As described

above, the Connecticut General Statutes require that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio. A minimum of \$237, based on June 30, 2006 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Authority's name). The balance of deposits of \$1,931 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2006, the City's cash equivalents amounted to \$146,605. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
Bank of New York Collective Fund	*
State Short-Term Investment Fund (STIF)	AAAm
BlackRock Treasury Fund	AAAm
Marshall Prime Money fund	*
Columbia Money Market Reserve Fund	AAAm
Fidelity Institutional Money Market Fund	*
Federated Government Obligation Fund	AAAm

*Not rated by rating organization

B. Investments

Investments as of June 30, 2006 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:		
Mortgages (government and other).....	\$ 64,394	19.96
Domestic corporate bonds	40,046	11.82
U.S. treasury securities	33,806	11.99
Foreign government and agency securities.....	25,227	7.93
U.S. federal agency securities.....	19,357	1.61
Foreign corporate bonds	15,810	5.51
Other domestic debt securities.....	4,695	11.90
Other Investments:		
Commingled and mutual funds	409,586	
Domestic common and preferred stock	283,537	
Foreign common and preferred stock	98,754	
Venture capital.....	49,360	
Other domestic equities	989	
TOTAL.....	<u>\$1,045,561</u>	

Portfolio weighted average maturity for interest bearing investments..... 12.48

Interest Rate Risk – The City'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.

Foreign Currency Risk – The City’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 to foreign currency related to foreign government and agency securities and foreign corporate bonds as of June 30, 2006 is as follows:

<u>Currency</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<i>Foreign government and agency securities:</i>		
European euro	\$15,083	9.67
Japanese yen	4,954	3.70
Australian dollar	2,137	7.99
Polish zloty	1,762	7.02
Mexican nuevo peso	570	9.11
Canadian dollar	413	0.42
Singapore dollar	183	3.26
Hong Kong dollar	<u>125</u>	2.51
Total	<u>\$25,227</u>	

Foreign corporate bonds:

Japanese yen	\$10,471	4.79
European euro	4,498	7.32
British pound	646	4.78
Mexican nuevo peso	<u>195</u>	4.43
Total	<u>\$15,810</u>	

Credit Risk – Investments - As indicated above, State Statutes limit the investment options of cities and towns. The City’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 table provides a summary of the City’s investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

Standard and Poor's		Moody's Investor Service	
<u>Rating</u>	<u>Percentage</u>	<u>Rating</u>	<u>Percentage</u>
<i>Mortgages (government and other):</i>			
AAA	83%	Aaa	81%
A+	2%	Aa1 to A1	2%
A-	14%	Baa1	13%
Not rated	1%	Not rated	3%

Domestic corporate bonds:

Aaa	19%	Aaa	17%
AA+ to AA-	12%	Aa1 to Aa3	13%
A+ to A	15%	A1 to A2	14%
A-	11%	A3	9%
BBB+	13%	Baa1	10%
BBB	12%	Baa2	14%

	Standard and Poor's		Moody's Investor Service	
	<u>Rating</u>	<u>Percentage</u>	<u>Rating</u>	<u>Percentage</u>
<i>Domestic corporate bond (cont.):</i>				
	BBB- to B-	15%	Baa3 to B3	16%
	Not rated	4%	Not rated	6%
<i>Foreign government and agency securities:</i>				
	AAA	69%	Aaa	78%
	AA to A-	28%	Aa2 to Baa1	13%
	Not rated	2%	Not rated	9%
<i>U.S. federal agency securities:</i>				
	AAA	100%	Aaa	100%
<i>Foreign corporate bonds:</i>				
	AAA	58%	Aaa	66%
	AA+ to A	25%	Aa1 to Aa2	16%
	BBB+ to B-	4%	Baa1 to B3	8%
	CCC+ to CCC-	6%	Caa1 to Caa3	3%
	Not rated	7%	Not rated	7%
<i>Other domestic debt securities:</i>				
	AAA	63%	Aaa	63%
	AA to A+	12%	Aa1 to Aa2	12%
	A to A-	10%	A1 to A3	11%
	BBB+ to B-	12%	Baa1 to B3	12%
	Not rated	2%	Not rated	1%

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

Custodial Credit Risk – Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s individual investments in domestic corporate bonds, U.S. treasury securities, foreign government and agency securities, U.S. federal agency securities, foreign corporate bonds, other domestic debt securities, domestic common and preferred stock, foreign common and preferred stock and other domestic equities 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 mortgages (government and other), commingled and mutual funds and venture capital which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination. The City’s formal investment policy mitigates custodial credit risk by requiring use of financial institutions that are reputable and sophisticated, holding significant assets, maintaining specific insurance levels and having a quality internal control structure.

5. 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:

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Community Development Loan and Grant Fund</u>	<u>Educational Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 24,273					\$ 24,273
Accrued interest on taxes	9,498					9,498
Accounts	18,480				\$ 2,328	20,808
Housing loans.....			\$ 58,401			58,401
Section 108 – business loans.....					11,220	11,220
Accrued interest on housing loans			673			673
Intergovernmental	24,967	\$49,349		\$ 842	6,727	81,885
Accrued income on investments					2,609	2,609
Notes receivable.....					1,800	1,800
Other	279	695		567	271	1,812
Gross receivables	<u>77,497</u>	<u>50,044</u>	<u>59,074</u>	<u>1,409</u>	<u>24,955</u>	<u>212,979</u>
Less:						
Allowance for uncollectibles:						
Taxes and accrued interest.....	(7,701)					(7,701)
Accounts	(14,702)				(1,183)	(15,885)
Housing loans and accrued interest .			(19,253)			(19,253)
Total allowance.....	<u>(22,403)</u>		<u>(19,253)</u>		<u>(1,183)</u>	<u>(42,839)</u>
Net total receivables.....	<u>\$ 55,094</u>	<u>\$50,044</u>	<u>\$ 39,821</u>	<u>\$1,409</u>	<u>\$23,772</u>	<u>\$170,140</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes.....	\$ 18,738		\$ 18,738
Accrued interest on delinquent property taxes	7,332		7,332
School building construction grant receivables	24,967		24,967
Other accounts receivable.....	2,458		2,458
Advance tax collections.....		\$ 241	241
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements.....		1,864	1,864
Community Development Loan and Grant:			
Housing loans and interest.....	39,821		39,821
Educational Grants:			
Grant drawdowns prior to meeting all eligibility requirements.....		2,954	2,954
Nonmajor and other funds:			
Grant drawdowns prior to meeting all eligibility requirements.....		8,008	8,008
Section 108 – business loans	11,220		11,220
Other accounts receivable.....	738		738
Other deferred revenues.....		1,088	1,088
	<hr/>		
Total deferred/unearned revenue for governmental funds	<u>\$105,274</u>	<u>\$14,155</u>	<u>\$119,429</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	<u>Beginning*</u> <u>Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land.....	\$ 68,484		\$ 517	\$ (99)	\$ 68,902
Construction in progress	251,041	\$ (9,109)	155,122		397,054
	<hr/>				
Total capital assets, not being depreciated	319,525	(9,109)	155,639	(99)	465,956
	<hr/>				
Capital assets, being depreciated:					
Land improvements.....	10,879	7,058			17,937
Buildings	233,958	40,760	4,000	(181)	278,537
Other structures	10,913	1,959	500	(1)	13,371
Furniture and equipment	28,241		1,513	(135)	29,619
Rolling equipment.....	33,075		2,583	(1,374)	34,284
Infrastructure	399,566				399,566
Construction in progress – in service.....	181,322	(44,836)			136,486
	<hr/>				
Total capital assets being depreciated	897,954	4,941	8,596	(1,691)	909,800
	<hr/>				
Less accumulated depreciation for:					
Land improvements.....	(5,740)	(3,513)	(846)		(10,099)
Buildings	(130,841)	(8,309)	(8,819)		(147,969)
Other structures	(8,377)	(1,958)	(464)		(10,799)
Furniture and equipment	(25,576)		(997)	134	(26,439)
Rolling equipment.....	(24,027)		(1,956)	1,351	(24,632)
Infrastructure	(194,124)		(6,610)		(200,734)
Construction in progress – in service.....	(38,794)	15,499	(2,346)		(25,641)
	<hr/>				
Total accumulated depreciation	(427,479)	1,719	(22,038)	1,485	(446,313)
	<hr/>				
Total capital assets, being depreciated, net	470,475	6,660	(13,442)	(206)	463,487
	<hr/>				
Governmental activities capital assets, net	\$ 790,000	\$ (2,449)	\$142,197	\$ (305)	\$ 929,443
	<hr/>				

*As restated

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land.....	\$ 8,428				\$ 8,428
Construction in progress – parking garages.....	3,543	\$(3,543)			
Total capital assets, not being depreciated	11,971	(3,543)			8,428
Capital assets, being depreciated:					
Land improvements.....	27				27
Parking garages	58,052	7,711	\$2,958		68,721
Furniture, fixtures, and equipment...	226		27	\$(15)	238
Total capital assets, being depreciated..	58,305	7,711	2,985	(15)	68,986
Less accumulated depreciation for:					
Land improvements.....			(2)		(2)
Parking garages	(5,843)	(1,719)	(1,692)		(9,254)
Furniture, fixtures, and equipment...	(3)		(32)	15	(20)
Total accumulated depreciation	(5,846)	(1,719)	(1,726)	15	(9,276)
Total capital assets, being depreciated, net.....	52,459	5,992	1,259		59,710
Business-type activities capital assets, net.....	\$64,430	\$ 2,449	\$ 1,259	\$-0-	\$68,138

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

Governmental activities:	
General government.....	\$ 183
Public safety.....	1,565
Public works	9,731
Development and community affairs.....	210
Human services.....	172
Education	9,565
Recreation and culture	612
Total depreciation expense - governmental activities	<u>\$22,038</u>
Business-type activities:	
Hartford Parking Facilities	<u>\$1,726</u>

Construction Commitments

The City has the following authorized construction projects in the Capital Improvement Fund as of June 30, 2006. 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:

	<u>Appropriations</u>	<u>Cumulative* Disbursements</u>	<u>Encumbrances* and Commitments</u>	<u>Unencumbered Balance*</u>
Public Safety – facilities..	\$ 48,200	\$ 3,908	\$ 1,905	\$ 42,387
Public Works – facilities .	26,096	6,833	236	19,027
Education Projects	800,982	471,857	35,473	293,652
Recreation and Culture Projects	71,750	53,049	6,572	12,129
Public Works – infrastructure.....	70,214	30,341	7,437	32,436
Local Capital Improvement Projects .	14,148	7,108	1,077	5,963
TOTAL	\$1,031,390	\$573,096	\$52,700	\$405,594

* Excludes retainage payable recorded in the financial statements in the amount of \$9.3 million at June 30, 2006.

7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2006 is presented below:

Primary Government

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 394
General Fund	Educational Grants	1,522
General Fund	Nonmajor governmental	1,954
General Fund	Enterprise Funds	1,788
General Fund	Internal Service Funds	456
Capital Improvement Fund.....	Nonmajor governmental	7,786
Community Development Loan and Grant	Nonmajor governmental	14
Debt Service	General Fund	2,695
Nonmajor Governmental	General Fund	533
Nonmajor Governmental	Internal Service Funds	261
Internal Service Funds.....	General Fund	3,034
Internal Service Funds.....	Nonmajor Governmental	2
Pension Trust Funds	General Fund	107
TOTAL		<u>\$20,546</u>

Primary Government and Component Unit

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
City - Hartford Parking Facilities	Component Unit - Hartford Parking Authority..	<u>\$2,030</u>

A summary of interfund transfers is presented below:

Primary Government

	.....Transfers In.....				
	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:					
General Fund			\$23,121	\$8,341	\$31,462
Capital Improvement Fund ...	\$ 552			618	1,170
Community Development					
Loan and Grant				250	250
Nonmajor Governmental	2,657	\$700			3,357
Enterprise Fund.....	3,830				3,830
TOTAL.....	<u>\$7,039</u>	<u>\$700</u>	<u>\$23,121</u>	<u>\$9,209</u>	40,069
Transfer of general capital assets:					
To Hartford Parking Facilities Enterprise Fund from existing capital assets.....					<u>2,449</u>
Total transfers in					<u>\$42,518</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 income derived from the City's parking garage and on-street parking programs. Transfers from the Nonmajor Governmental Funds to the General Fund primarily includes net income derived from the City's police private duty services program. Transfers from the General Fund to the Nonmajor Governmental funds includes \$6.5 million in support of the City's library program.

In the fund statements, total transfers in of \$42,518 are greater than total transfers out of \$40,069 because of the treatment of transfers of capital assets to the Enterprise Fund. During the year existing capital assets related to governmental funds, with a book value of \$2,449 were transferred to the Hartford Parking Authority Enterprise Fund. No amounts were reported in the governmental funds as the amount did not involve the transfer of financial resources. However, the Enterprise Fund did report a transfer in for the capital resources received.

8. LEASES

Operating Leases

Lease Agreements As Lessor

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

The total rental income from operating leases for years 2006 and 2005 amounted to \$2.2 million and \$2.1 million, respectively. The cost of the buildings and land associated with these rental income amounts is

estimated at \$32.8 million with a carrying value of \$21.9 million. Depreciation expense related to these properties was \$616 thousand during the year.

Lease Agreements As Lessee

The City entered into a 10 year lease commencing in 2001 for the rental of office and storage space from the Hartford Downtown Revival, LLC for the Board of Education. Future minimum lease payments are projected as follows:

2007	\$834
2008	834
2009	834
2010	834

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. Future minimum lease payments are projected as follows. 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:

2007	\$848
2008	848
2009-2017	848*

* Annual lease payment without consideration of potential increases resulting from the change in the CPI in the sixth and eleventh years 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, 2006 and 2005, base rent and additional rent amounted to \$2,084 and \$1,762, respectively.

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

2007	\$234
2008	\$234
2009	\$235
2010	\$293
2011	\$293
2012	\$293

9. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds.....	\$184,080	\$70,000	\$14,870	\$239,210	\$15,335
Less deferred amounts on refunding.....	(507)		(125)	(382)	
Total bonds payable.	183,573	70,000	14,745	238,828	15,335
Compensated absences	33,564	10,985	12,296	32,253	15,452
HUD Section 108 loans	11,288	32	100	11,220	526
Capital leases	2,720	4,526	931	6,315	1,158
Risk management claims	36,116	76,549	76,533	36,132	16,432
Net pension obligation.....	7,512	4,036		11,548	
Governmental activity long-term liabilities.....	<u>\$274,773</u>	<u>\$166,128</u>	<u>\$104,605</u>	<u>\$336,296</u>	<u>\$48,903</u>

General Obligation Bonds

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

General purpose serial bonds issued 1998-2006; final maturities from December 1, 2016 to September 18, 2025; interest at 3.5 percent to 6.0 percent.....	\$94,802
Civic Center serial bonds issued 1971-1993; final maturities from March 1, 2009 to February 1, 2013; interest at 4.8 percent to 6.1 percent.....	7,200
Education serial bonds issued 1992-2006; final maturities from December 15, 2006 to September 15, 2025, interest at 3.0 percent to 6.1 percent	<u>137,208</u>
TOTAL	<u>\$239,210</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2006 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 15,335	\$ 9,435	\$ 24,770
2008	17,735	10,167	27,902
2009	16,835	9,448	26,283
2010	15,465	8,712	24,177
2011	15,460	7,990	23,450
2012-2016	74,075	29,086	103,161
2017-2021	53,880	13,245	67,125
2022-2026	30,425	3,217	33,642
TOTAL	<u>\$239,210</u>	<u>\$91,300</u>	<u>\$330,510</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. According, trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. At June 30, 2006, the following bonds outstanding are considered defeased:

<u>Year of Original Issue</u>	<u>Date Refunded</u>	<u>Refunded Amount</u>	<u>Defeased Balance</u>
1998	06/01/2005	\$13,185	\$13,185
2000	06/01/2005	\$10,000	\$10,000
2001	06/01/2005	\$6,900	\$6,900
1996	03/15/2003	\$28,800	\$12,500
2000	04/01/2005	\$31,285*	\$30,950

*Morgan Street Garage Revenue Bonds

The City's indebtedness (\$353 million) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$467,422	\$183,842	\$283,580
Schools	\$934,844	\$146,717	\$788,127
Sewers	\$779,036	\$22,026	\$757,010
Urban Renewal	\$675,165		\$675,165
Pension deficit	\$623,229		\$623,229

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$1.45 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 \$25.0 million are applicable to outstanding bond issues. It is estimated that approximately 75% of authorized education project costs will be funded through State of Connecticut progress payments.

Total bonds authorized and unissued as of June 30, 2006 were:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Authorized Unissued</u>
Central/Branch Library Facilities - Phase II	\$ 21,500	\$ 18,100	\$ 3,400
Major Street Reconstruction and Drainage Improvement	10,000	9,100	900
Infrastructure Improvements	35,000	17,500	17,500
Public Safety Complex	40,000	27,300	12,700
Parking Facilities	15,000	3,000	12,000
Various General Purpose Renovations	19,325	5,000	14,325
2005/2006 Capital Budget	5,750	-	5,750
New Hartford Public High School	105,000	30,910	74,090
School Renovations	119,801	34,170	85,631
Capital College Preparatory Magnet School	2,282	2,200	82
TOTAL.....	\$373,658	\$147,280	\$226,378

Housing and Urban Development (HUD) Section 108 Loans

The City has entered into Federal HUD Section 108 Loans. Principal in the amount of \$100 and interest in the amount of \$532 was paid in the 2005-06 fiscal year. Future annual requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007.....	\$ 526	\$ 517	\$ 1,043
2008.....	536	495	1,031
2009.....	546	471	1,017
2010.....	551	445	996
2011.....	561	418	979
2012-2016	2,995	1,610	4,605
2017-2021	2,320	810	3,130
2022-2025	1,685	201	1,886
*	<u>1,500</u>		<u>1,500</u>
Total Section 108 Loans	<u>\$11,220</u>	<u>\$4,967</u>	<u>\$16,187</u>

*Amortization of loan agreement will be finalized in 2007 with completion of the project resulting in a total borrowing of \$1.5 million under the Section 108 loan program.

Capital Leases

The City has entered into multi-year capital leases for the purchase of various vehicles and equipment. Principal payments for 2006 were \$933. The following is a summary of capital lease commitments as of June 30, 2006:

<u>Year Ending June 30,</u>	<u>Amount</u>
2007.....	\$1,421
2008.....	1,421
2009.....	1,421
2010.....	1,399
2011.....	842
2012-2013	<u>593</u>
Total lease payments	7,097
Less: amount representing interest	<u>(782)</u>
Present value of minimum lease payments ...	<u>\$6,315</u>

The City originally issued \$7,350 in capital lease financing agreements to purchase vehicle and equipment capital assets. The net undepreciated value approximates the principal balance payable of \$6,315 at June 30, 2006.

Compensated Absences

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

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

June 30, 2006

City:		
Vested:		
Sick.....	\$ 2,760	
Vacation	8,888	
Non-vested:		
Sick.....	1,571*	
Board of Education:		
Vested:		
Sick.....	9,109	
Vacation	2,889	
Non-vested:		
Sick.....	<u>7,036*</u>	
 TOTAL	 <u>\$32,253</u>	

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

Net Pension Obligation

See Note 14.

	.....Business-type Activities.....				
	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Business-type activities:					
General obligation bonds	\$34,340			\$34,340	\$1,165
Less deferred amounts on refunding	(3,055)		\$(212)	(2,843)	
Total bonds payable	<u>\$31,285</u>	<u>\$ - 0 -</u>	<u>\$(212)</u>	<u>\$31,497</u>	<u>\$1,165</u>

The annual requirements to amortize all revenue bond debt outstanding as of June 30, 2006 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,165	\$ 1,595	\$ 2,760
2008	1,210	1,551	2,761
2009	1,255	1,504	2,759
2010	1,305	1,453	2,758
2011	1,365	1,398	2,763
2012-2016	7,850	5,959	13,809
2017-2021	10,105	3,693	13,798
2022-2025	10,085	951	11,036
TOTAL	<u>\$34,340</u>	<u>\$18,104</u>	<u>\$52,444</u>

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

Morgan Street Garage – Refunding bonds issued 2005; final maturity August 1, 2024; interest at 3.0 to 5.5%	<u>\$34,340</u>
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10. FUND BALANCES

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

A. Fund Balance

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

Reserved for Trusts – represents the amount of funds accumulated in Other Governmental Funds to pay for specific endowment activities.

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

Fund balance reserves are as follows:

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>
Encumbrances and commitments.....	\$246	\$43,367	\$ 3,118
Trusts			15,688
Inventory.....			224
TOTAL	<u>\$246</u>	<u>\$43,367</u>	<u>\$19,030</u>

11. RISK MANAGEMENT

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

The General Fund makes payments to the Self Insurance Fund based on actuarial or underwriting estimates of the amounts needed to pay current-year claims and administrative expenses and to maintain a reserve for unanticipated and future losses. The claims liability of \$36.1 million, reported in the fund at June 30, 2006 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 2006 and 2005 were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Ending Fiscal Year <u>Liability</u>
Self Insurance Fund:				
2004-2005	\$35,130	\$80,204	\$79,218	\$36,116
2005-2006	\$36,116	\$76,549	\$76,533	\$36,132

12. COMMITMENTS AND CONTINGENCIES

A. Contractual Commitments

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

B. 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 \$22.0 million or 26.78% of the debt of the District.

C. Contingencies

There are pending approximately 754 court actions and claims involving the City of Hartford and its administrative Board members as of June 30, 2006. Cases involve tax appeals, negligence, foreclosure, zoning, personnel, and other miscellaneous court actions and administrative agency proceedings. Settlements of those matters, which are not covered by insurance, shall be paid from the general operating fund for which \$2.3 million is budgeted for fiscal year 2006-07. In the opinion of the City's Corporation Counsel, a conservatively estimated liability of \$19.5 million could exist, if all claims and suits were resolved unfavorable against the City, including tax appeals and excluding workers' compensation.

13. OTHER POSTEMPLOYMENT BENEFITS

The City provides postretirement health care benefits in accordance with employees' union contracts. Most employees who retire from the City on or after attaining age 55 with at least 10 or 25 years of service, depending upon collective bargaining agreement, have the option to continue health insurance coverage on a contributory basis. Currently, 4,100 retirees have opted for this coverage. The City's annual expenditures for post retirement benefits, net of employee contributions, is estimated at \$9.3 million. The City also pays the cost of life insurance for employees eligible for pension benefits (varying between \$5 thousand to \$9 thousand for most employees, \$15 thousand for department heads and City non-unit employees) based on union affiliation. There is no age requirement and no minimum number years of service for this benefit. The City's expense for the life insurance is recognized when paid, which amounted to approximately \$36 thousand for the years ended June 30, 2005 and 2006. The funding for postretirement benefits is budgeted in the General Fund.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

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

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

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

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

A. Plan Description

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

As of the actuarial valuation date, July 1, 2005, City MERF membership consisted of:

Retirees and beneficiaries currently receiving benefits	2,699
Terminated employees entitled to benefits but not yet receiving them	89
Active plan members.....	<u>2,448</u>
 TOTAL	 <u>5,236</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.

B. 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 and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

Plan Changes: The July 1, 2005 valuation reflects the following plan changes:

The following changes have been made to the salary schedule:

Sample yearly rates of increase for promotion or merit for police employee's ages 25-29 has been reduced from 6.0% to 4.0%.

Sample yearly rates of increase for promotion or merit for fire employee's ages 25-29 has been reduced from 5.0% to 2.5%.

Sample yearly rates of increase for promotion or merit for municipal and library employee's ages 25-29 has been increased from 4.0% to 6.0%.

Sample yearly rates of increase for promotion or merit for municipal and library employee's ages 30-34 has been increased from 4.0% to 4.7%.

Sample yearly rates of increase for promotion or merit for municipal and library employee's ages 35-39 has been increased from 2.1% to 3.1%.

Sample yearly rates of increase for promotion or merit for municipal and library employee's over the age of 40 have been increased from 1.0% to 2.0%.

The assumed retirement age has been modified to incorporate an estimated retirement rate based on the actual number of years of service between 20-35 years of service for the police, fire, and municipal and library employees. The Board of Education assumed retirement age has been modified to incorporate an estimated retirement rate based on the age of the individual between ages 55-65.

Provisions for expenses other than investment expenses has been modified from a standard 2.5% increase from present value to an explicit dollar amount equal to an estimate of expected expenses in the upcoming year based on the average of the last 4 years.

Method Used to Value Investments: Fair value

Investments held by any organization that represent 5% or more of net assets available for benefits are as follows:

State Street Global Advisors	30%
Columbia Management	8%
Ariel Capital Management	7%

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.

C. Funding Policy

Sworn police officers hired before July 2, 1999 and firefighters are required to contribute 8% of pay. Sworn police officers hired after July 1, 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 8.75% of social security-taxed wages and between 6% and 11.75% 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.

D. 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	\$16,196
Interest on net pension obligation	601
Adjustment to annual required contribution	<u>(813)</u>
Annual pension cost	15,984
Contributions made	<u>11,948</u>
Increase (decrease) in net pension obligation	4,036
Net pension obligation beginning of year	<u>7,512</u>
Net pension obligation end of year	<u><u>\$11,548</u></u>

The annual required contribution for the current year was determined as part of the MERF actuarial valuation dated July 1, 2004. The actuarial method and assumptions used in that valuation are presented below:

Valuation Date	7/01/04
Actuarial Method	Aggregate Actuarial Cost Method
Amortization Method.....	Level Dollar Amount
Remaining Amortization Period*	15 year 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

* While the Aggregate Cost Method does not incorporate amortization of the unfunded actuarial liability, these items are required under GASB 27, paragraph 13.

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$ 6,312	\$ 6,536	104%	\$ 7,730
6/30/05	8,989	9,207	102	7,512
6/30/06	15,984	11,948	75	11,548

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

The aggregate actuarial cost method 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. GASB 25 requires that a schedule of funding progress utilize the same actuarial method that is used to determine the annual contribution. Since the aggregate method does not separately identify unfunded actuarial accrued liabilities, a schedule of funding progress cannot be presented for the City MERF.

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/01	\$ 759	100%
6/30/02	333	100
6/30/03	2,464	100
6/30/04	6,536	100
6/30/05	9,207	100
6/30/06	16,196	74

RAF/PBF/FRF Plan

A. Plan Description

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

There are 261 retirees and no active employees covered by this Plan as of the actuarial valuation dated July 1, 2005.

B. 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.

C. 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.

D. 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 \$1.9 million. The Plan did not have a net pension obligation as of June 30, 2006.

The actuarial method and assumptions are presented below:

Actuarial Cost Method.....	Projected Unit Credit
Amortization Method.....	Level Dollar
Remaining Amortization Period	Closed
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	None
Inflation Rate	3%
Cost of Living Adjustments	None

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$2,816	\$2,816	100%	\$-0-
6/30/05	2,519	2,519	100	-0-
6/30/06	1,926	1,926	100	-0-

F. Pension Plan Required Supplementary Information

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<i>Schedule of Funding Progress</i>				<u>UAAL as a % of Covered Payroll</u>
		<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	
7/01/00	\$-0-	\$18,406	\$18,406	0.0%	N/A	N/A
7/01/01	-0-	17,361	17,361	0.0	N/A	N/A
7/01/02	-0-	13,688	13,688	0.0	N/A	N/A
7/01/03	-0-	12,259	12,259	0.0	N/A	N/A
7/01/04	-0-	11,706	11,706	0.0	N/A	N/A
7/01/05	-0-	11,123	11,123	0.0	N/A	N/A

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/01	\$3,803	100%
6/30/02	3,346	100
6/30/03	3,067	100
6/30/04	2,816	100
6/30/05	2,519	100
6/30/06	1,926	100

City of Hartford 415 (m) Fund

A. Plan Description

This plan currently covers eight (8) retirees and no active employees as of June 30, 2006 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).

B. 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.

C. 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 \$39 thousand. 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).

The actuarial method and assumptions are presented below:

Actuarial Cost Method.....	Projected Unit Credit
Amortization Method.....	Level Dollar
Remaining Amortization Period	Closed
Actuarial Assumptions:	
Investment Rate of Return	8%
Projected Salary Increases	None
Inflation Rate	3%
Cost of Living Adjustments	None

D. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/04	\$34	\$34	100%	\$-0-
6/30/05	48	48	100	-0-
6/30/06	39	39	100	-0-

E. Pension Plan Required Supplementary Information

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
7/1/01	\$-0-	\$129	\$129	0.0%	N/A	N/A
7/1/02	-0-	66	66	0.0	N/A	N/A
7/1/03	-0-	46	46	0.0	N/A	N/A
7/1/04	-0-	141	141	0.0	N/A	N/A
7/1/05	-0-	168	168	0.0	N/A	N/A

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/01	\$77	100%
6/30/02	46	100
6/30/03	21	100
6/30/04	34	100
6/30/05	48	100
6/30/06	39	100

State MERF-B

Members of City AFSCME Local 1716 and members of Local 566, which consisted of 653 members on June 30, 2006, 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, 2006, 2005, and 2004 were \$3.1 million, \$3.5 million, and \$3.4 million, respectively, equal to the City's required contributions for each year.

Teachers' Retirement System

All City certified teachers participate in the State of Connecticut Teachers' Retirement System 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, \$10.0 million in fiscal year 2006, and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$138 million or 69.0% of the total Board of Education payroll of \$200 million.

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, 2006 the City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$17.5 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.

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, 2006 and the changes in net assets for the year then ended.

Schedule of Plan Net Assets

	Municipal Employees' Retirement Fund	RAF/PBF/ FRF Plan	Totals
Assets:			
Cash and cash equivalents	\$ 41,359	\$236	\$ 41,595
Investments:			
Commingled and mutual funds	408,749		408,749
Domestic corporate bonds	37,046		37,046
Mortgages (government and other)	64,123		64,123
Domestic common and preferred stock	271,031		271,031
U.S. federal agency securities.....	18,134		18,134
U.S. treasury securities	30,142		30,142
Venture capital.....	49,360		49,360
Foreign corporate bonds	15,810		15,810
Foreign government and agency securities.....	25,227		25,227
Foreign common and preferred stock	98,754		98,754
Other domestic debt securities.....	4,493		4,493
Other domestic equities	746		746
Receivables:			
Accrued interest earnings	2,609		2,609
Notes receivable	1,800		1,800
Due from other funds.....	282		282
	<hr/>		
Total assets.....	1,069,665	236	1,069,901
Liabilities			
Accounts payable and accrued liabilities	139		139
Net payables for investments purchased/sold.....	23,133		23,133
Due to other funds		175	175
	<hr/>		
Total liabilities	23,272	175	23,447
	<hr/>		
Net assets held in trust for pension benefits	\$1,046,393	\$ 61	\$1,046,454

Schedule of Changes in Plan Net Assets

	Municipal Employees' Retirement <u>Fund</u>	RAF/PBF/ FRF <u>Plan</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer.....	\$ 11,948	\$1,926	\$ 13,874
Plan members.....	10,080	16	10,096
Total contributions.....	22,028	1,942	23,970
Investment income:			
Net appreciation in fair value of investments.....	65,979		65,979
Interest and dividends.....	23,326		23,326
Total investment income.....	89,305		89,305
Less investment expense.....	(3,735)		(3,735)
Net investment income	85,570		85,570
Other additions	15		15
Total additions	107,613	1,942	109,555
Deductions:			
Benefits.....	73,184	1,902	75,086
Administration.....	2,102		2,102
Other	768		768
Total deductions.....	76,054	1,902	77,956
Net increase.....	31,559	40	31,599
Net assets held in trust for pension benefits, July 1, 2005 ..	1,014,834	21	1,014,855
Net assets held in trust for pension benefits, June 30, 2006	\$1,046,393	\$ 61	\$1,046,454

Required Supplementary
Information

CITY OF HARTFORD, CONNECTICUTGENERAL FUNDSCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2006

		...BUDGETED AMOUNTS...			VARIANCE
		ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
(thousands)					
General Property Tax:					
	Current Year's Levy	\$201,877	\$201,877	\$198,964	\$ (2,913)
	Levy of Prior Years	9,250	8,630	6,287	(2,343)
	Interest and Liens	2,596	2,596	2,990	394
	Total General Property Tax	213,723	213,103	208,241	(4,862)
Other Local Taxes:					
	Business Taxes	2,600	2,900	2,623	(277)
Licenses and Permits:					
	Street Use	1,432	1,010	813	(197)
5	Business Licenses:				
	Health Licenses	181	100	153	53
	Police and Protection Licenses	63	62	42	(20)
	Professional and Occupational Licenses			8	8
	Total Business Licenses	244	162	203	41
Non-Business Licenses and Permits:					
	Building Structure and Equipment Permits	4,268	4,738	4,633	(105)
	Other Non-Business Licenses and Permits	60	44	50	6
	Total Non-Business Licenses and Permits	4,328	4,782	4,683	(99)
	Total Licenses and Permits	6,004	5,954	5,699	(255)
Fines, Forfeits and Penalties					
		2,108	2,367	1,736	(631)
Revenue from Use of Money and Property:					
	Income from Investments	1,025	1,926	2,661	735
	Income from Use of Property	484	479	528	49
	Income from Development Properties	3,735	3,784	3,557	(227)
	Total Revenue from Use of Money and Property	5,244	6,189	6,746	557
Intergovernmental Revenue:					
	Federal Government	40	40	160	120

(Continued) - 1.

CITY OF HARTFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 - BUDGET AND ACTUAL (BUDGETARY BASIS), ETC.

		(thousands)			
		...BUDGETED AMOUNTS...			VARIANCE
		ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Intergovernmental Revenue (continued):					
State of Connecticut:					
	Education	\$175,201	\$176,414	\$177,363	\$ 949
	Housing		580	470	(110)
	Public Works	444	618	618	
	Elderly Services		33	116	83
	Other	10,989	10,599	10,589	(10)
	Payment in Lieu of Taxes	33,507	34,766	34,962	196
	Shared Taxes	300	300	350	50
	Total State of Connecticut	220,441	223,310	224,468	1,158
	Total Intergovernmental Revenue	220,481	223,350	224,628	1,278
Charges for Services:					
General Government:					
	Court Costs, Fees and Charges	13	12	8	(4)
	Recording Legal Instruments	731	731	651	(80)
	All Other	665	659	546	(113)
	Total General Government	1,409	1,402	1,205	(197)
Public Safety:					
	Police Charges	1,874	2,268	3,017	749
	Fire Protection Services	509	321	299	(22)
	Total Public Safety	2,383	2,589	3,316	727
Public Works:					
	Highways and Streets	131	131	5	(126)
	Sanitation	671	471	619	148
	Total Public Works	802	602	624	22
Other:					
	Human Services	10	16	27	11
	Education	9	9	5	(4)
	Elderly Services			16	16
	Recreation	9	9	10	1
	Miscellaneous	270	140	82	(58)
	Total Other	298	174	140	(34)
	Total Charges for Services	4,892	4,767	5,285	518

CITY OF HARTFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 - BUDGET AND ACTUAL (BUDGETARY BASIS), ETC.

		(thousands)			
		...BUDGETED AMOUNTS...			VARIANCE
		ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
Reimbursements:					
	Miscellaneous Reimbursements	\$ 1,106	\$ 974	\$ 1,285	\$ 311
	From Other Funds	1,259	1,835	1,616	(219)
	Total Reimbursements	<u>2,365</u>	<u>2,809</u>	<u>2,901</u>	<u>92</u>
Other Revenues:					
	Miscellaneous	4,473	3,640	4,991	1,351
	Premium on bond sales			2,000	2,000
	Prior Year Encumbrance Liquidations	1,000	500	82	(418)
	Total Other Revenues	<u>5,473</u>	<u>4,140</u>	<u>7,073</u>	<u>2,933</u>
Other Financing Sources:					
	Transfers in from other funds:				
	Hartford Parking Facilities Fund	1,000	1,400	3,830	2,430
	Capital Improvement Fund			552	552
	Total Other Financing Sources	<u>1,000</u>	<u>1,400</u>	<u>4,382</u>	<u>2,982</u>
	TOTAL.....	<u>\$463,890</u>	<u>\$466,979</u>	469,314	<u>\$ 2,335</u>
Budgetary revenues are different than GAAP revenues because:					
	State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for City teachers are not budgeted			17,484	
	Reimbursements from other funds are excluded for financial statement reporting purposes.....			(1,616)	
	Underliquidation of prior year encumbrances is recorded as other revenue for budgetary reporting. This amount is excluded for financial reporting purposes			(82)	
	Total revenues and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV.....			<u>\$485,100</u>	

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CITY OF HARTFORD, CONNECTICUTGENERAL FUNDSCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS - BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2006

		.....BUDGETED AMOUNTS.....			VARIANCE
		ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
(thousands)					
General Government:					
	Mayor	\$ 1,371	\$ 1,591	\$ 1,591	
	Court of Common Council	581	591	591	
	City Treasurer	436	472	472	
	Registrars of Voters	527	632	632	
	Corporation Counsel	1,375	1,802	1,802	
	Town and City Clerk	616	653	653	
	Internal Audit	282	292	292	
	Office of Information Services	3,532	3,479	3,479	
	Finance	3,259	3,273	3,273	
	Personnel	1,147	1,125	1,125	
	Human Relations	597	541	541	
	Office of Management and Budget	1,422	1,066	1,066	
	Total General Government.....	15,145	15,517	15,517	
Public Safety:					
88	Fire	27,236	29,203	29,203	
	Police	30,887	32,802	32,802	
	Emergency Services and Telecommunications	3,580	3,430	3,430	
	Licenses and Inspections	2,322	2,140	2,140	
	Total Public Safety.....	64,025	67,575	67,575	
Infrastructure and Leisure Services:					
	Public Works	12,652	13,873	13,873	
Development and Community Affairs:					
	Administration		132	132	
	Planning	731	716	716	
	Housing and Community Development	389	436	436	
	Economic Development	435	633	633	
	Total Development and Community Affairs.....	1,555	1,917	1,917	
Human Services:					
	Human Services and Health	7,220	8,084	8,084	
Education:					
	Board of Education	253,636	253,636	253,575	\$ 61

(Continued) - 1.

CITY OF HARTFORD, CONNECTICUT
 GENERAL FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS - BUDGET BASIS, ETC.

(thousands)				VARIANCE FAVORABLE (UNFAVORABLE)
.....BUDGETED AMOUNTS.....				
	ORIGINAL	FINAL	ACTUAL	
Benefits and Insurance:				
Pension Contributions	\$ 12,005	\$ 10,644	\$ 10,644	
Employee Benefits	32,405	32,206	32,206	
Property and Casualty Insurance	5,518	6,114	6,114	
Total Benefits and Insurance.....	49,928	48,964	48,964	
Sundry:				
Transfers to Other Funds	9,690	9,351	9,351	
Civic and Cultural Affairs	548	600	600	
Debt Service	23,074	23,121	23,121	
Payments to Other Governmental Agencies	8,072	8,025	8,025	
Settlements	3,100	1,824	1,824	
Other Sundry Items	15,545	14,792	14,694	\$ 98
Total Sundry.....	60,029	57,713	57,615	98
GRAND TOTAL	<u>\$464,190</u>	<u>\$467,279</u>	467,120	<u>\$159</u>
Budgetary expenditures are different than GAAP expenditures because:				
60	State of Connecticut "on-behalf" payments to the Connecticut State Teachers' Retirement System for City teachers are not budgeted		17,484	
	Reimbursements from other funds are credited against budgetary expenditures for financial statement reporting purposes		(1,616)	
	Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes		(246)	
	Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes		62	
Total expenditures and other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds - Exhibit IV			<u>\$482,804</u>	

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is used to account for resources associated with governments and based on the major ongoing general operations of the City except those required to be accounted for in another fund.

CITY OF HARTFORD, CONNECTICUTGENERAL FUNDCOMPARATIVE BALANCE SHEET
JUNE 30, 2006

(thousands)

	2006	2005
<u>A S S E T S</u>		
Cash and cash equivalents	\$ 61,199	\$ 70,521
Receivable:		
Property taxes receivable	18,738	14,930
Property taxes accrued interest receivable, net...	7,332	5,920
School building grants receivable	24,967	28,419
Accounts receivable	4,057	3,034
Due from other funds	6,114	11,918
Due from component unit	<u> </u>	<u>64</u>
TOTAL	<u>\$122,407</u>	<u>\$134,806</u>
 <u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E</u>		
Liabilities:		
Accrued payrolls	\$ 14,600	\$ 22,508
Accounts and other payables	14,487	24,167
Due to other funds	6,369	4,441
Deferred revenue	<u>53,736</u>	<u>52,771</u>
Total liabilities	<u>89,192</u>	<u>103,887</u>
Fund balance:		
Reserved	246	143
Unreserved:		
Designated for subsequent budget		300
Undesignated	<u>32,969</u>	<u>30,476</u>
Total fund balance	<u>33,215</u>	<u>30,919</u>
TOTAL	<u>\$122,407</u>	<u>\$134,806</u>

CITY OF HARTFORD, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2006

GRAND LIST	TAX COLLECTIBLE JULY 1, 2005	..LAWFUL CORRECTIONS...		ADJUSTED TAX LEVY	.....TAX COLLECTIONS.....					TAX COLLECTIBLE JUNE 30, 2006
		LEGAL ADDITIONS	LEGAL DELETIONS		PRE-PAYMENTS	TAX*	INTEREST	LIENS	TOTAL	
1990	\$ 158		\$ 157**	\$ 1		\$ 1	\$ 2		\$ 3	
1991	165		1	164		1	3		4	\$ 163
1992	182		1	181		1	3		4	180
1993	179			179		2	5		7	177
1994	248			248		3	7		10	245
1995	248		1	247		6	8		14	241
1996	257	\$ 2	1	258		10	12		22	248
1997	265	3		268		11	13		24	257
1998	281	4		285		15	14		29	270
1999	515	1	4	512		73	67		140	439
2000	1,091		8	1,083		170	123	\$ 1	294	913
2001	2,376	1	20	2,357		533	272	3	808	1,824
2002	4,599		669	3,930		632	437	8	1,077	3,298
2003	9,314		499	8,815		4,158	803	32	4,993	4,657
Prior Years	19,878	11	1,361	18,528		5,616	1,769	44	7,429	12,912
2004	213,395	19,156	22,226	210,325	\$1,333	197,631	1,004	2	199,970	11,361
TOTAL GRAND LIST	<u>\$233,273</u>	<u>\$19,167</u>	<u>\$23,587</u>	<u>\$228,853</u>	1,333	203,247	2,773	46	207,399	<u>\$24,273</u>
SUSPENSE						160	170		330	
TOTAL TAX COLLECTIONS					<u>\$1,333</u>	<u>\$203,407</u>	<u>\$2,943</u>	<u>\$46</u>	207,729	
OTHER TAX RELATED INCOME									512	
TOTAL COLLECTIONS									<u>\$208,241</u>	

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* Tax collections are reduced for refunds processed during the year related to both current and prior years' collections.
** Operation of law

Nonmajor
Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in the City of Hartford pursuant to State Statutes and local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

Fund	Funding Source	Function
Section 8	Federal grants	Housing assistance programs
Miscellaneous Grants	State, federal, and non-governmental grants	Miscellaneous programs for many government activities
Food Service Program	State and federal grants and sale of food	School lunch and breakfast programs
Health Grants Fund	State and federal grants	Community health and service programs
Hartford Public Library	General Fund and other grants and contributions	Operate City libraries and library programs
Community Development Act	Federal block grants	Housing and community development activity funding
Housing Grants Fund	Federal grants	Housing rehabilitation, preservation, and energy conservation
Special Activities Fund	Contributions and program fees	Student career and police training programs
Home Program Fund	Federal grants	Expand supply of decent and affordable housing for low income families
Capital Lease Fund	General Fund and vehicle auction income	Vehicle and capital equipment replacement
Parks and Recreation Trusts	Permanent trust investment income	Maintenance of park and recreation facilities
Human Services Trusts	Permanent trust investment income	Human service programs and facilities
Education Trusts	Permanent trust investment income	Education programs and scholarships

Capital Projects

Capital project funds are established to account for special grant funding to be used for specific urban renewal projects. The City's two capital projects include the Redevelopment Fund and HUD Special Projects Fund. The Redevelopment fund accounts for the acquisition and improvement of properties for future development. The HUD Special Projects Fund accounts for special project funding used for urban development.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title. The City's permanent trust funds include Public Safety, Parks and Recreation, Human Services Trusts, and Education Trusts.

CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2006

(thousands)

	SECTION 8	MISCELLANEOUS GRANTS	FOOD SERVICE PROGRAM	HEALTH GRANTS	HARTFORD PUBLIC LIBRARY	SPECIAL REVENUE COMMUNITY DEVELOPMENT ACT	HOUSING GRANTS	SPECIAL ACTIVITIES
<u>A S S E T S</u>								
Cash and cash equivalents	\$4,900	\$ 4,953	\$2,004	\$1,737	\$545	\$1,429	\$105	\$523
Investments								
Receivables:								
Intergovernmental receivable		2,941	1,821	855	134	876		
Other receivables		1,145	97			12		
Due from other funds		2,047		17	260	65		
Inventories and other assets			224					
TOTAL	<u>\$4,900</u>	<u>\$11,086</u>	<u>\$4,146</u>	<u>\$2,609</u>	<u>\$939</u>	<u>\$2,382</u>	<u>\$105</u>	<u>\$523</u>
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>								
Liabilities:								
Accounts payable and accrued liabilities ..		\$ 1,391	\$1,152	\$1,174	\$608	\$ 761		\$ 2
Due to other funds	\$2,105	1,387		100	124	214		155
Deferred revenue	2,795	4,117		1,030	108			
Total liabilities	<u>4,900</u>	<u>6,895</u>	<u>1,152</u>	<u>2,304</u>	<u>840</u>	<u>975</u>		<u>157</u>
Fund balance:								
Reserved:								
Encumbrances						745		
Inventory			224					
Trusts								
Unreserved:								
Undesignated		4,191	2,770	305	99	662	\$105	366
Total fund balance		<u>4,191</u>	<u>2,994</u>	<u>305</u>	<u>99</u>	<u>1,407</u>	<u>105</u>	<u>366</u>
TOTAL	<u>\$4,900</u>	<u>\$11,086</u>	<u>\$4,146</u>	<u>\$2,609</u>	<u>\$939</u>	<u>\$2,382</u>	<u>\$105</u>	<u>\$523</u>

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CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

(thousands)									
.....SPECIAL REVENUE.....						.....CAPITAL PROJECTS.....			
	HOME PROGRAM	CAPITAL LEASE	PARKS AND RECREATION TRUSTS	HUMAN SERVICES TRUSTS	EDUCATION TRUSTS	TOTAL	REDEVELOPMENT	HUD SPECIAL PROJECTS	TOTAL
<u>A S S E T S</u>									
Cash and cash equivalents		\$2,373	\$ 68			\$18,637	\$2,823	\$ 974	\$ 3,797
Investments			786		\$57	843			
Receivables:									
Intergovernmental receivable	\$65					6,692		35	35
Other receivables						1,254	110	11,220	11,330
Due from other funds		533				2,922		4	4
Inventories and other assets		124				348			
TOTAL	\$65	\$3,030	\$854	\$ - 0 -	\$57	\$30,696	\$2,933	\$12,233	\$15,166
<u>L I A B I L I T I E S</u> A N D <u>F U N D B A L A N C E S</u>									
Liabilities:									
Accounts payable and accrued liabilities ..	\$ 3					\$ 5,091	\$ 361	\$ 48	\$ 409
Due to other funds	62					4,147	50		50
Deferred revenue						8,050	1,088	11,916	13,004
Total liabilities.....	65					17,288	1,499	11,964	13,463
Fund balance:									
Reserved:									
Encumbrances		\$2,373				3,118			
Inventory						224			
Trusts			\$854		\$57	911			
Unreserved:									
Undesignated		657				9,155	1,434	269	1,703
Total fund balance		3,030	854		57	13,408	1,434	269	1,703
TOTAL	\$65	\$3,030	\$854	\$ - 0 -	\$57	\$30,696	\$2,933	\$12,233	\$15,166

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CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2006

(thousands)

	PUBLIC SAFETY TRUSTS	PARKS AND RECREATION TRUSTS	HUMAN SERVICES TRUSTS	EDUCATION TRUSTS	TOTAL	INTERFUND ELIMINATIONS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>A S S E T S</u>							
Cash and cash equivalents		\$ 1,233	\$ 127	\$ 5	\$ 1,365		\$23,799
Investments	\$5	17,956	3,110	32	21,103		21,946
Receivables:							
Intergovernmental receivable							6,727
Other receivables							12,584
Due from other funds						\$(2,132)	794
Inventories and other assets							348
TOTAL	\$5	\$19,189	\$3,237	\$37	\$22,468	\$(2,132)	\$66,198
<u>L I A B I L I T I E S</u> <u>A N D</u> <u>F U N D B A L A N C E S</u>							
Liabilities:							
Accounts payable and accrued liabilities ..							\$ 5,500
Due to other funds		\$ 7,691			\$ 7,691	\$(2,132)	9,756
Deferred revenue							21,054
Total liabilities.....		7,691			7,691	(2,132)	36,310
Fund balance:							
Reserved:							
Encumbrances							3,118
Inventory							224
Trusts	\$5	11,498	\$3,237	\$37	14,777		15,688
Unreserved:							
Undesignated							10,858
Total fund balance.....	5	11,498	3,237	37	14,777		29,888
TOTAL	\$5	\$19,189	\$3,237	\$37	\$22,468	\$(2,132)	\$66,198

CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2006

		(thousands)						
		..... MISCELLANEOUS		..... SPECIAL REVENUE.....			
SECTION	MISCELLANEOUS	FOOD	HEALTH	HARTFORD	COMMUNITY	HOUSING	SPECIAL	
8	GRANTS	SERVICE	GRANTS	PUBLIC	DEVELOPMENT	GRANTS	ACTIVITIES	
		PROGRAM		LIBRARY	ACT			
Revenues:								
Intergovernmental revenues	\$36,061	\$14,050	\$10,063	\$8,504	\$ 723	\$5,153		
Charges for services		5,745	633		120	278	\$223	
Investment income					61		3	
Other revenues		186	327	354	209		9	
Total revenues.....	36,061	19,981	11,023	8,858	1,113	5,431	235	
Expenditures:								
General government		36				67		
Public safety		5,097				233	12	
Public works		87				527		
Development and community affairs	36,061	2,654				3,365		
Human services		6,691		9,056		494		
Education			10,943			314	269	
Recreation and culture					7,527	447		
Debt service								
Total expenditures.....	36,061	14,565	10,943	9,056	7,527	5,447	281	
Excess (deficiency) of revenues over expenditures		5,416	80	(198)	(6,414)	(16)	(46)	
Other financing sources (uses):								
Transfers in		365		190	6,474	250		
Transfers out		(2,657)						
Capital lease								
Total other financing sources (uses).		(2,292)		190	6,474	250		
Net change in fund balances		3,124	80	(8)	60	234	(46)	
Fund balance, July 1, 2005		1,067	2,914	313	39	1,173	\$105	
Fund balance, June 30, 2006	\$ - 0 -	\$ 4,191	\$ 2,994	\$ 305	\$ 99	\$1,407	\$105	
							\$366	

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CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

	(thousands)						CAPITAL PROJECTS.....		
	HOME PROGRAM	CAPITAL LEASE	PARKS AND RECREATION TRUSTS	HUMAN SERVICES TRUSTS	EDUCATION TRUSTS	TOTAL	REDEVELOPMENT	HUD SPECIAL PROJECTS	TOTAL
Revenues:									
Intergovernmental revenues	\$4,944					\$79,498	\$ 219	\$ 524	\$ 743
Charges for services						6,999	107		107
Investment income		\$ 72	\$ 74		\$ 2	212	56	10	66
Other revenues		16				1,101		670	670
Total revenues.....	4,944	88	74		2	87,810	382	1,204	1,586
Expenditures:									
General government		646				749			
Public safety		1,602				6,944			
Public works		875				1,489			
Development and community affairs	4,944					47,024	439	573	1,012
Human services						16,241			
Education					1	11,527			
Recreation and culture			16			7,990			
Debt service		1,168				1,168		632	632
Total expenditures.....	4,944	4,291	16		1	93,132	439	1,205	1,644
Excess (deficiency) of revenues over expenditures		(4,203)	58		1	(5,322)	(57)	(1)	(58)
Other financing sources (uses):									
Transfers in		1,312				8,591			
Transfers out						(2,657)			
Capital lease		4,526				4,526			
Total other financing sources (uses).....		5,838				10,460			
Net change in fund balances		1,635	58		1	5,138	(57)	(1)	(58)
Fund balance, July 1, 2005	- 0 -	1,395	796	\$ - 0 -	56	8,270	1,491	270	1,761
Fund balance, June 30, 2006	\$ - 0 -	\$ 3,030	\$854	\$ - 0 -	57	\$13,408	\$1,434	\$ 269	\$1,703

CITY OF HARTFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)							
	PERMANENT						TOTAL
	PUBLIC SAFETY TRUSTS	PARKS AND RECREATION TRUSTS	HUMAN SERVICES TRUSTS	EDUCATION TRUSTS	TOTAL	INTERFUND ELIMINATIONS	NONMAJOR GOVERNMENTAL FUNDS
Revenues:							
Intergovernmental revenues							\$80,241
Charges for services							7,106
Investment income		\$ 1,268	\$ 112	\$ 1	\$ 1,381		1,659
Other revenues							1,771
Total revenues		1,268	112	1	1,381		90,777
Expenditures:							
General government							749
Public safety							6,944
Public works							1,489
Development and community affairs							48,036
Human services			97		97		16,338
Education							11,527
Recreation and culture		24			24		8,014
Debt service							1,800
Total expenditures		24	97		121		94,897
Excess (deficiency) of revenues over expenditures		1,244	15	1	1,260		(4,120)
Other financing sources (uses):							
Transfers in		618			618		9,209
Transfers out		(700)			(700)		(3,357)
Capital lease							4,526
Total other financing sources (uses)		(82)			(82)		10,378
Net change in fund balances		1,162	15	1	1,178		6,258
Fund balance, July 1, 2005	\$5	10,336	3,222	36	13,599		23,630
Fund balance, June 30, 2006	\$5	\$11,498	\$3,237	\$37	\$14,777	\$ - 0 -	\$29,888

Capital Improvement Fund

CAPITAL IMPROVEMENT FUND

This fund accounts for the purchase, construction or renovation of major capital assets.

These activities are funded principally by bond issues and intergovernmental revenues.

CITY OF HARTFORD, CONNECTICUT

CAPITAL IMPROVEMENT FUND

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(thousands)										
PROJECT NUMBER	DESCRIPTION	DATE	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PROJECT APPROVED	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
<u>Facility Services</u>										
Public Works Projects:										
311B301	Municipal Building Improvements	05/29/1979								
Public Works Projects:										
123A002	Various Projects-Civic Center Garage Proceeds	05/23/2006		\$ 223	\$ 223		\$ 223	\$ 223		
123D010	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	\$ 283	628	911	\$ 34	\$ 55
78 311B315	Roof Replacement at the Public Works Facilities Building	01/12/2005	90		90					90
311B601	Acquisition of Property on Maple Avenue for use as the South End Senior Center	11/29/2005		1,245	1,245		1,245	1,245	2	(2)
311B602	City Buildings ADA Modifications	11/12/2005		250	250		3	3		247
311B603	City Buildings Environmental Compliance	11/12/2005		400	400		220	220	50	130
311B604	City Buildings Energy Conservation, Security Technology and Communication	11/12/2005		300	300		112	112		188
311B605	Roof Replacement at Various City Buildings	11/12/2005		500	500		48	48	29	423
311B606	Municipal Facility Renovations and Consolidation Study	11/12/2005		1,000	1,000		295	295	121	584
311B608	Rising Star Block, Pride Block, Infrastructure Improvements	11/12/2005		1,000	1,000					1,000
311B609	Church Street Garage Structural Repairs	01/12/2005	6,300		6,300					6,300
311B610	Church Street Façade Restoration	01/12/2005	3,150		3,150					3,150
311B611	MAT Street Garage Façade Restoration	01/12/2005	2,300		2,300					2,300

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PROJECT APPROVED	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311B612	Remainder of Construction Contract at Morgan Street Garage	01/12/2005	\$ 640		\$ 640					\$ 640
311B613	Remainder of Repair Contracts at MAT Garage	01/12/2005	500		500					500
311B614	Remainder of Repairs Contracts at Church Street Garage	01/12/2005	1,000		1,000					1,000
311B615	Streetscape Improvements at MAT Garage	01/12/2005	125		125					125
311B616	Streetscape Improvements at Church St Garage	01/12/2005	280		280					280
311B617	Landscaping/Lighting Improvements opposite 4 Morgan Street Garage	01/12/2005	42		42					42
311B618	Contingency, Interest, Legal, Administrative and cost of issuance	01/12/2005	663		663	\$ 34	\$ 25	\$ 59		604
79 311B629	Renovations and Improvements to the South End Senior Center and Police Substation on Maple Avenue	04/25/2006		\$ 1,300	1,300					1,300
413A209	Main-John-Hudson Street Project	09/02/2004	500		500	327	102	429		71
420E002	Acquisition of Land Adjacent to Parcel 12B	11/29/2005		2,213	2,213		2,213	2,213		
420E003	Acquisition of Land Woodland St./Albany Avenue	11/29/2005		1,075	1,075		1,075	1,075		
Total Public Works Projects			16,590	9,506	26,096	644	6,189	6,833	\$ 236	19,027

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE PROJECT APPROVED	APPROPRIATIONS.....			EXPENDITURES.....			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
			PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
Public Safety Projects:										
311B479	Major Renovations and Construction Improvements to Certain Fire Stations, Training Facility and Equipment Maintenance Facility Building	11/7/2000	\$ 6,200		\$ 6,200	\$ 1,438	\$ 1,101	\$ 2,539	\$ 1,848	\$ 1,813
311B482	Construction of a Public Safety Complex	11/7/2000	40,000		40,000	450	919	1,369	57	38,574
311B628	Renovations and Improvements to the Jennings Road Police Facility and Police Substations	04/25/2006		\$ 2,000	2,000					2,000
Total Public Safety Projects			46,200	2,000	48,200	1,888	2,020	3,908	1,905	42,387
Recreation and Culture Projects:										
311B434	Elizabeth Park Pathway, Traffic and Parking Improvements	05/22/1995	354	550	904	326	360	686	211	7
311B441	Keney Park Improvements	10/16/1996	500		500	459		459	40	1
311B442	Central (Main)Library Renovations/Improvements	08/12/1996	37,000	900	37,900	28,261	6,566	34,827	2,583	490
311B443	Library Branch Renovations	08/12/1996	4,500		4,500	1,840	222	2,062	8	2,430
311B446	Elizabeth Park Green House Renovation	05/27/1998	150		150	100		100	19	31
311B451	Northwood Cemetery Drainage Improvements	05/28/1998	1,130		1,130	1,071		1,071	36	23
311B456	Dillion Stadium-Facilities Renovations	05/28/1998	1,885		1,885	1,031	348	1,379	389	117
311B469	City Wide Restoration of Park Ponds	02/09/1999	1,325		1,325	1,300	5	1,305	20	
311B472	Public Monument Survey	05/31/1999	50		50	20		20	4	26
311B478	Pope Park Pool Replacement	05/26/2000	1,581		1,581	1,445	30	1,475	50	56
311B480	Renovations and Construction of Certain Swimming Pools	11/07/2000	6,000		6,000	5,650	4	5,654	393	(47)
311B481	Pool Enclosures for Certain Swimming Pools	11/07/2000	6,000		6,000	46	83	129	3	5,868
311B483	Metzner Recreation Center Renovations and Expansion	11/07/2000	3,500	500	4,000	226	582	808	2,624	568
311B485	Keney/Waverly Field House Improvements	06/05/2001	350		350	349		349	1	

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CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PROJECT APPROVED	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311B487	Batterson Park Infrastructure-Hartford Parks Trust Fund	05/24/2002	\$ 300		\$ 300	\$ 256	\$ 37	\$ 293	\$ 2	\$ 5
311B488	Keney Park Trail System-Hartford Parks Trust Fund	05/24/2002	250		250					250
311B489	Reforestation of City Parks-Hartford Parks Trust Fund	05/24/2002	300	\$ 100	400					400
311B490	Keney Park Pond Perimeter-Hartford Parks Trust Fund	05/24/2002	450		450	449		449		1
311B491	Park Ponds Restoration-Hartford Parks Trust Fund	05/24/2002	800		800	204	102	306	78	416
311B492	Keney Park Improvements-UPARR	06/11/2002	500		500	434	16	450	5	45
311B493	Bushnell Park Overlook Hartford Parks Trust Fund	05/16/2003	100		100					100
311B494	Goodwin Park Playground and Entrance Hartford Parks Trust Fund	05/16/2003	470	100	570	37	505	542	17	11
311B495	Kelvin Anderson Center Renovations Hartford Parks Trust Fund	05/16/2003	160		160	16	1	17	4	139
311B496	Keney Park Trail System Phase II Hartford Parks Trust Fund	05/16/2003	325		325					325
311B497	Park Security and Access Management System Hartford Parks Trust Fund	05/16/2003	200		200		22	22		178
311B498	Pope Park Master Plan Hartford Parks Trust Fund	05/16/2003	550		550	35	484	519	32	(1)
311B499	Wood-Rail Fence/Keney Ridgewood Hartford Parks Trust Fund	05/16/2003	100		100	86	4	90	10	
311B600	Colt, Goodwin and Keney Parks Restoration of Playing Fields Hartford Parks Trust Fund	05/24/2005		500	500		29	29	31	440

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CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE PROJECT APPROVED	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
			PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311B607	Pope Park Indoor Pool Repairs	11/12/2005		\$ 250	\$ 250					\$ 250
311B620	Lozada Park Preconstruction Planning, State DEP	02/28/2006		20	20		\$ 8	\$ 8	\$ 12	
Total Recreation and Culture Projects			\$ 68,830	2,920	71,750	\$ 43,641	9,408	53,049	6,572	12,129
Education Projects:										
311B516	Acquisition and Renovation of Former South Catholic High School	11/03/1992	15,500		15,500	15,036		15,036		464
311B521	New Middle School (East Central Area)	11/03/1992	29,108		29,108	27,521	807	28,328	10	770
311B528	South Arsenal Elementary School Reconstruction	11/03/1992	17,544		17,544	16,123	53	16,176	15	1,353
311B531	Hartford Montessori Magnet School Plans and Specifications	05/22/1995	21,492		21,492	21,024	499	21,523	8	(39)
311B532	Hartford Magnet Interdistrict University School	07/11/1995	21,500		21,500	21,361		21,361		139
311B533	Thirteen School Renovations	08/12/1996	20,000		20,000	19,978		19,978	2	20
311B534	Renovation of Hartford High School Project	09/23/1997	102,000	3,000	105,000	37,546	41,628	79,174	25,261	565
311B535	Magnet High School in Learning Corridor	10/15/1997	51,557		51,557	46,276	775	47,051	17	4,489
311B537	Renovations of Various Hartford Schools	08/11/1998	27,000		27,000	18,935	3,792	22,727	2,398	1,875
311B538	Replacement of Various Hartford School Roofs	08/11/1998	9,000		9,000	8,890		8,890	55	55
311B539	Replacement of Underground Storage Tanks	08/11/1998	3,000		3,000	2,829		2,829	153	18
311B546	Renovations and Construction Improvements to Hartford Public Schools	11/7/2000	126,890		126,890	59,265	52,767	112,032	5,415	9,443
311B548	Breakthrough Academy Interdistrict Magnet School	10/28/2002	26,000	3,500	29,500	13,902	13,174	27,076	525	1,899
311B549	Sports Science Academy Magnet High School	05/12/2003	67,649		67,649	394	5,400	5,794	832	61,023
311B550	Greater Hartford Classical Magnet School	11/13/2003	32,000	4,450	36,450	18,134	16,274	34,408	(248)	2,290
311B551	Pathways to Technology Magnet School	11/13/2003	29,681	7,269	36,950	1,631	2,354	3,985	524	32,441

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

(thousands)										
PROJECT NUMBER	DESCRIPTION	DATE PROJECT APPROVED	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
			PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311B552	General School Improvements Phase V	03/09/2004	\$ 2,112		\$ 2,112	\$ 70	\$ 1,906	\$ 1,976	\$ 14	\$ 122
311B553	University High School for Science	08/11/2004	34,000		34,000	607	1,609	2,216	459	31,325
311B554	Capital College Preparatory Magnet	08/11/2004	45,650		45,650	59	(21)	38		45,612
311B555	Simpson-Waverly Classical Magnet	08/11/2004	20,000		20,000	12	44	56		19,944
311B556	Annie Fisher Magnet School	07/12/2005		\$ 40,366	40,366		15	15		40,351
311B557	Richard B. Kinsella, Magnet School of Arts	07/12/2005		38,675	38,675		15	15		38,660
311B558	875 Asylum Avenue- Leasehold Improvements	04/25/2006		1,050	1,050		184	184	33	833
311B619	Installation of Wireless High Speed Internet Access	11/29/2005		989	989		989	989		
∞ ∞	Total Education Projects		701,683	99,299	800,982	329,593	142,264	471,857	35,473	293,652
	Total Facility Services		833,303	113,725	947,028	375,766	159,881	535,647	44,186	367,195
<u>Engineering Services</u>										
Public Works Projects:										
311C229	SIA - Streetscape Improvements	09/24/1996	1,391		1,391	952	4	956		435
311C240	Road Improvement Program	08/11/1998	10,000	280	10,280	7,052	2,022	9,074	773	433
311C242	Reconstruction of Hudson Street from Elm Street to Jefferson Street	02/16/2000	1,615		1,615	1,395		1,395		220
311C244	Road Repair/Reconstruction	11/07/2000	8,000		8,000	5,192	1,729	6,921	(267)	1,346
311C245	Streetscape Improvements	11/07/2000	17,000		17,000	698	964	1,662	2,618	12,720
311C246	Reconstruction of Woodland Street	06/11/2001	1,525		1,525	1,248	129	1,377	146	2
311C247	High Street Pavement	07/16/2001	236		236	182		182	9	45
311C248	Enhanced Tourist Destination	10/24/2001	625		625	579	29	608	14	3
311C249	Demolition of Mixmaster Temple Street	05/12/2003	917		917	261	13	274	4	639
311C250	Trinity College Area Improvements	11/13/2003	4,791	375	5,166	1	2,032	2,033	1,913	1,220
311C251	Riverwalk North Project	11/09/2004	3,200	1,161	4,361		2,310	2,310	844	1,207
311B484	Flood Control System Improvements	11/07/2000	10,000		10,000	212	251	463	1,375	8,162

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE PROJECT APPROVED	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL			
311C252	Streetscape Improvements on Huyshope Avenue	03/14/2006	\$ 948	\$ 948		\$ 1	\$ 1		\$ 947	
311C255	Renovations and Improvements to the City's Tower Brook Conduit	07/12/2005	4,800	4,800					4,800	
Total Engineering Services			\$ 59,300	7,564	66,864	\$ 17,772	9,484	27,256	\$ 7,429	32,179
<u>Transportation Services</u>										
Public Works Projects:										
311D201	Urban Systems/TOPICS Reserve Account	02/21/1970	1,305	1,305		1,265		1,265		40
311D209	Upgrade of Hartford Traffic Signals	11/23/1999	1,861	1,861		1,725	95	1,820	8	33
311D212	Safety Improvements to Franklin and Benton	08/16/2005		92	92					92
311D213	Safety Improvements to Washington and Ward	08/16/2005		92	92					92
Total Transportation Services			3,166	184	3,350	2,990	95	3,085	8	257
<u>Local Capital Improvement Program</u>										
Public Works Projects:										
311F217	LOCIP - STP Match	10/10/1995	236	236		211	23	234	1	1
311F218	LOCIP - Woodland Street Bridge Rehabilitation Match	10/10/1995	250	250		114	4	118	50	82
311F219	Library Renovations	09/11/1996	1,000	1,000		796	167	963		37
311F228	STP Federal Road Reconstruction Match - 064-99-030	10/27/1999	400	400		119	35	154	11	235
311F229	2 Holcomb Street and 40 Jennings Road - 064-99-060	10/27/1999	550	550		506		506	22	22
311F234	Municipal Building Improvements - 064-00-030; 064-01-060	10/11/2000	716	716		487		487	14	215
311F236	West Service Road Extension - 064-00-050	10/11/2000	900	900		835		835	64	1
311F237	Library Branch Facility Study - 064-00-60	10/11/2000	50	50		50		50		

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

(thousands)										
PROJECT NUMBER	DESCRIPTION	DATE	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PROJECT APPROVED	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311F239	Signalization of Franklin Avenue/Ward Street and Washington/Ward Street - LOCIP project #242 - 064-01-010	09/12/2001	\$ 20		\$ 20	\$ 3		\$ 3		\$ 17
311F241	Reconstruction of Broad and/or Vine Street - LOCIP Project #553 - 064-01 040	09/12/2001	300		300	117	\$ 6	123	\$ 157	20
311F242	Traffic Circulation and Master Plan - LOCIP Project #554 - 064-01-050	09/12/2001	500		500	495	4	499	1	
311F243	Reconstruction of City Sidewalks - LOCIP Project #555 - 064-01-070	09/12/2001	250	\$ 100	350	208	10	218	32	100
311F245	Truck Wash Facility - LOCIP Project #247 - 064-03-010	09/15/2003	500	(425)	75	4	32	36	1	38
311F246	Sand/Salt Storage Building - LOCIP Project #248 - 064-03-020	09/15/2003	325	425	750	2	31	33	28	689
311F247	Replacement of Roof at 40 Jennings Road (Vehicle Maintenance Bldg) - LOCIP Project #251 - 064-03-030	09/15/2003	1,020	(235)	785	8	680	688	63	34
311F248	City Bridges Condition Study - LOCIP Project #536 - 064-03-040	09/15/2003	125		125					125
311F249	Street Resurfacing and Repairs - LOCIP Project #556 - 064-03-050&064-05-040	09/15/2003	1,500	500	2,000		1,471	1,471	510	19
311F250	Relocation of Police Training Academy and Traffic Division - LOCIP Project #116 - 064-03-060	09/15/2003	300		300		51	51		249

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

(thousands)										
PROJECT NUMBER	DESCRIPTION	DATE	APPROPRIATIONS			EXPENDITURES			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
		PROJECT APPROVED	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311F251	Police Headquarters - Heating, Ventilation, and Air Conditioning (HVAC Improvements) - LOCIP Project #117 - 064-03-080&064-05-020	09/15/2003	\$ 1,650	\$ 416	\$ 2,066		\$ 63	\$ 63	\$ (7)	\$ 2,010
311F252	Department of Public Works Maps and Storage Facility - LOCIP Project #255 - 064-03-070	09/15/2003	100		100	\$ 21	6	27	10	63
311F253	Installation of Automated Fuel Control and Accounting System for Vehicle Fueling System-LOCIP Project #561-064-03-090	09/15/2003	150		150	93		93	57	
311F254	Mark Twain Branch Library- LOCIP Project #256 - 064-04-020	10/13/2004	75		75					75
311F255	City Hall Department Reconfiguration and Canopy Roof-LOCIP Project #258 - 064-04-030	10/13/2004	400		400	43	317	360	39	1
311F256	City Hall Fouth Floor Improvements - LOCIP Project #260 - 064-04-040	10/13/2004	400		400	2	16	18	1	381
311F257	Central Business District Streetlight Replacement - LOCIP Project #549 064-04-050	10/13/2004	500		500					500
311F258	Colt and Keney Park Swimming Pool Renovations - LOCIP Project #383 - 064-04-070	10/13/2004	250		250		15	15		235
311F259	Fire Department Back-Up Vehicle Storage Building LOCIP Project #118 064-05-010	11/29/2005		200	200		29	29	17	154
311F260	Fire Department Fire Resistant Finish at Burn Building LOCIP Project #119 064-05-030	11/29/2005		200	200		7	7	2	191

CITY OF HARTFORD, CONNECTICUT
 CAPITAL IMPROVEMENT FUND
 SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS, ETC.

		(thousands)								
PROJECT NUMBER	DESCRIPTION	DATE PROJECT APPROVED	APPROPRIATIONS.....			EXPENDITURES.....			OUTSTANDING ENCUMBRANCES	UNENCUMBERED BALANCE
			PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL	PRIOR TO 7/1/05	CURRENT PERIOD	CUMULATIVE TOTAL		
311F261	Plan of Conservation and Development LOCIP Project #572 064-05-050	11/29/2005		\$ 250	\$ 250		\$ 27	\$ 27	\$ 4	\$ 219
311F262	Citywide Neighborhood Traffic Calming Master Plan LOCIP Project #568, 064-05-070	02/16/2006		250	250					250
Total Local Capital Improvement Program			\$ 12,467	1,681	14,148	\$ 4,114	2,994	7,108	1,077	5,963
TOTAL CAPITAL IMPROVEMENT FUND			<u>\$908,236</u>	<u>\$123,154</u>	<u>\$1,031,390</u>	<u>\$400,642</u>	172,454	<u>\$573,096</u>	52,700	<u>\$405,594</u>
Conversion to GAAP based financial statement reporting:										
Previous year retainage and off system accrued payables							(18,733)			
Current year disbursements in closed projects							22			
Current year retainage and off system accrued payables							<u>9,333</u>	<u>(9,333)</u>		
TOTAL							<u>\$163,076</u>	<u>\$43,367</u>		

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Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for and finance the City's uninsured risks of loss for Employee Benefits, Workers' Compensation, and Liability and Property Damage. The Metro Hartford Information Services Fund accounts for the centralized computer services provided to the City.

CITY OF HARTFORD, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF NET ASSETS
JUNE 30, 2006

(thousands)

	EMPLOYEE BENEFITS	WORKERS' COMPENSATION	LIABILITY AND PROPERTY DAMAGE	METRO HARTFORD INFORMATION SERVICES	INTERFUND ELIMINATIONS	TOTAL
ASSETS:						
Cash and cash equivalents		\$ 208		\$954		\$ 1,162
Other receivables	\$ 34			18		52
Due from other funds	6,899	175		2	\$(4,040)	3,036
Total assets	6,933	383		974	(4,040)	4,250
LIABILITIES:						
Current:						
Accounts payable and accrued liabilities	2,099	64	\$ 61	660		2,884
Due to other funds	261	2,920	1,470	106	(4,040)	717
Insurance claims payable		6,800	3,300			10,100
Claims incurred and not reported	6,332					6,332
Total current liabilities	8,692	9,784	4,831	766	(4,040)	20,033
Noncurrent:						
Insurance claims payable		7,800	3,000			10,800
Claims incurred and not reported		6,100	2,800			8,900
Total noncurrent liabilities		13,900	5,800			19,700
Total liabilities	8,692	23,684	10,631	766	(4,040)	39,733
NET ASSETS:						
Unrestricted	\$(1,759)	\$(23,301)	\$(10,631)	\$208	\$ - 0 -	\$(35,483)

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CITY OF HARTFORD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	EMPLOYEE BENEFITS	WORKERS' COMPENSATION	LIABILITY AND PROPERTY DAMAGE	METRO HARTFORD INFORMATION SERVICES	INTERFUND ELIMINATIONS	TOTAL
Operating revenues:						
City's contribution	\$57,961	\$ 6,245	\$ 2,206	\$6,705		\$ 73,117
Terminated employee contribution	251					251
Pensioners contribution	11,555					11,555
Active employees contribution	4,998					4,998
Other			79	479		558
Total operating revenues.....	74,765	6,245	2,285	7,184		90,479
Operating expenses:						
Administrative	4,863			2,761		7,624
Insurance benefits and claims:						
Paid	68,351	6,541	2,441			77,333
Incurred and reported but not paid		(1,400)	(1,400)			(2,800)
Incurred and not reported	1,016		1,000			2,016
Operations				4,231		4,231
Total operating expenses.....	74,230	5,141	2,041	6,992		88,404
Operating income	535	1,104	244	192		2,075
Nonoperating income:						
Interest earnings	77					77
Change in net assets	612	1,104	244	192		2,152
Total net assets, July 1, 2005	(2,371)	(24,405)	(10,875)	16	\$ -0-	(37,635)
Total net assets, June 30, 2006	<u>\$(1,759)</u>	<u>\$(23,301)</u>	<u>\$(10,631)</u>	<u>\$ 208</u>	<u>\$ -0-</u>	<u>\$(35,483)</u>

CITY OF HARTFORD, CONNECTICUTINTERNAL SERVICE FUNDSCOMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006

(thousands)

	EMPLOYEE BENEFITS	WORKERS' COMPENSATION	LIABILITY AND PROPERTY DAMAGE	METRO HARTFORD INFORMATION SERVICES	INTERFUND ELIMINATIONS	TOTAL
Cash flows from operating activities:						
City's contribution	\$ 52,707	\$ 6,070	\$ 2,206	\$ 6,703		\$ 67,686
Cash received from other			79	461		540
Cash received from users	16,937					16,937
Cash paid for salaries and benefits				(2,857)		(2,857)
Cash paid to suppliers and other	(79,399)	(6,757)	(1,953)	(4,137)		(92,246)
Net cash provided (used) by operating activities	(9,755)	(687)	332	170		(9,940)
Cash flows from noncapital financing activities:						
Advances (to) from other funds	2,727		(332)			2,395
Cash flows from investing activities:						
Interest received	77					77
Net increase (decrease) in cash and cash equivalents .	(6,951)	(687)		170		(7,468)
Cash and cash equivalents, July 1, 2005	6,951	895	- 0 -	784	\$ - 0 -	8,630
Cash and cash equivalents, June 30, 2006	\$ - 0 -	208	\$ - 0 -	954	\$ - 0 -	1,162
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income	\$ 535	\$ 1,104	\$ 244	\$ 192		\$ 2,075
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
(Increase) decrease in other receivables	133			(18)		115
(Increase) decrease in due from other funds	(5,254)	(175)		(2)		(5,431)
Increase (decrease) in accrued payroll				(96)		(96)
Increase (decrease) in accounts payable	(4,950)	(207)	(661)	294		(5,524)
Increase (decrease) in due to other funds	(1,235)	(9)	349	(200)		(1,095)
Increase (decrease) in insurance claims payable ..		(1,400)	(600)			(2,000)
Increase (decrease) in claims incurred but not reported	1,016		1,000			2,016
Total adjustments	(10,290)	(1,791)	88	(22)		(12,015)
Net cash provided (used) by operating activities	\$ (9,755)	\$ (687)	\$ 332	\$ 170	\$ - 0 -	\$ (9,940)

Agency Funds

AGENCY FUNDS

Agency funds are custodial in nature (assets equal liabilities) and are used to account for class events and various functions put on by student groups at the City's elementary and high schools.

CITY OF HARTFORD, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2006

(thousands)

	STUDENT ACTIVITIES	ADULT EDUCATION BOOK	TOTALS
ASSETS:			
Cash and cash equivalents	\$569	\$5	\$574
LIABILITIES:			
Due to student groups and other	\$569	\$5	\$574

CITY OF HARTFORD, CONNECTICUTAGENCY FUNDSCOMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>STUDENT ACTIVITY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$610	\$1,570	\$1,611	\$569
Liabilities:				
Due to student groups	\$610	\$1,570	\$1,611	\$569
<u>ADULT EDUCATION BOOK FUND</u>				
Assets:				
Cash	\$2	\$4	\$1	\$5
Liabilities:				
Due to other	\$2	\$4	\$1	\$5
<u>TOTAL - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$612	\$1,574	\$1,612	\$574
Liabilities:				
Due to student groups	\$610	\$1,570	\$1,611	\$569
Due to other	2	4	1	5
TOTAL.....	\$612	\$1,574	\$1,612	\$574

Capital Assets Used in the
Operation of Governmental Funds

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

The following schedules present only the capital asset balances related to governmental funds. The assets are reported at historical cost or estimated historical cost. Provision for depreciation is not included in the schedules.

CITY OF HARTFORD, CONNECTICUTCAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDSCOMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2006 AND 2005

(thousands)

	2006	2005*
Governmental funds capital assets:		
Land and land improvements	\$ 93,914	\$ 86,963
Buildings	785,202	638,479
Other structures	26,103	31,155
Furniture and equipment	29,796	28,241
Rolling equipment	34,109	33,075
Infrastructure	<u>406,632</u>	<u>399,566</u>
TOTAL	<u>\$1,375,756</u>	<u>\$1,217,479</u>
Investments in governmental funds capital assets	<u>\$1,375,756</u>	<u>\$1,217,479</u>

* As Restated

CITY OF HARTFORD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2006

		(thousands)							
		LAND AND LAND IMPROVEMENTS	BUILDINGS	OTHER STRUCTURES	FURNITURE AND EQUIPMENT	ROLLING EQUIPMENT	INFRASTRUCTURE	TOTAL	
General Government:									
	Mayor				\$ 71			\$ 71	
	Court of Common Council				64			64	
	City Treasurer				41			41	
	Registrars of Voters				35			35	
	City Manager				33			33	
	Corporation Counsel				20			20	
	Town and City Clerk				48			48	
	Office of Information Services				1,947			1,947	
	Finance	\$ 494	\$ 142	\$ 3	657			1,296	
	Personnel				64			64	
	Human Relations				31			31	
	Management and Budget				396			396	
	Total	494	142	3	3,407			4,046	
Public Safety:									
	Fire	246	7,819		1,681	\$ 9,728		19,474	
	Police	667	10,723	110	7,623	5,161		24,284	
	Total	913	18,542	110	9,304	14,889		43,758	
94	Physical and Leisure Services:								
	Public Works	22,027	40,311	8,097	3,526	18,149	\$399,566	491,676	
	Civic Center Garage	796						796	
	Richardson Building			1,377				1,377	
	Church St Garage	1,831	742					2,573	
	Mixmaster			1,960				1,960	
	Total	24,654	41,053	11,434	3,526	18,149	399,566	498,382	
Development and Community Affairs:									
	Housing, Community Development and Planning	19,534	6,679	127	32			26,372	
	Redevelopment	11,756	5,765	170				17,691	
	Total	31,290	12,444	297	32			44,063	
Human Services:									
	Human Services	5	953		264			1,222	
	Health				198			198	
	Hospitals	292	4,296					4,588	
	Total	297	5,249		462			6,008	
Board of Education.....									
		25,937	172,070	1,525	13,004	1,071		213,607	
Recreation and Culture:									
	Hartford Public Library	567	2,413		61			3,041	
	Civic Center	2,687	26,624					29,311	
	Total	3,254	29,037		61			32,352	
Construction in Progress.....									
		7,075	506,665	12,734			7,066	533,540	
	TOTAL	\$93,914	\$785,202	\$26,103	\$29,796	\$34,109	\$406,632	\$1,375,756	

CITY OF HARTFORD, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2006

	(thousands)					
	GOVERNMENTAL FUNDS CAPITAL ASSETS JULY 1, 2005*	DEPARTMENT TRANSFERS	TRANSFERS FROM CIP	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS JUNE 30, 2006
General Government:						
Mayor	\$ 34			\$ 37		\$ 71
Court of Common Council	27	\$ 36				63
City Treasurer	41					41
Registrars of Voters	35					35
City Manager	33					33
Corporation Counsel	20					20
Town and City Clerk	48					48
Office of Information Services	1,870	12		65		1,947
Finance	856	(35)		489	\$ (13)	1,297
Personnel	64					64
Human Relations	31					31
Management and Budget	173			249	(26)	396
Total	3,232	13		840	(39)	4,046
Public Safety:						
Fire	18,922			884	(331)	19,475
Police	23,514	(485)		1,304	(50)	24,283
Total	42,436	(485)		2,188	(381)	43,758
Physical and Leisure Services:						
Public Works	469,284	485	\$ 17,439	5,478	(1,010)	491,676
Parking:						
Civic Center Garage	796					796
Church St. Garage	1,377					1,377
Richardson Building	2,573					2,573
Mixmaster	1,960					1,960
Total	475,990	485	17,439	5,478	(1,010)	498,382
Development and Community Affairs:						
Housing, Community Development and Planning	26,180	(13)		544	(340)	26,371
Redevelopment	17,692					17,692
Total	43,872	(13)		544	(340)	44,063
Human Services:						
Human Services	1,236				(14)	1,222
Health	187			17	(6)	198
Hospitals	4,588					4,588
Total	6,011			17	(20)	6,008
Board of Education.....	181,223		32,338	46		213,607
Recreation and Culture:						
Hartford Public Library	3,041					3,041
Civic Center	29,311					29,311
Total	32,352					32,352
Construction in Progress.....	432,363	(4,168)	(49,777)	155,122		533,540
TOTAL.....	\$1,217,479	\$(4,168)	\$ - 0 -	\$164,235	\$(1,790)	\$1,375,756

*As restated

Supplementary Data

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(thousands)

.....SERIAL BONDS.....									
SERIAL BOND DESCRIPTION	RATE OF INTEREST	ISSUE DATE	MATURITY DATE	AUTHORIZED AND ISSUED	OUTSTANDING JULY 1, 2005	ISSUED DURING YEAR	MATURITIES DURING YEAR	OUTSTANDING JUNE 30, 2006	
GENERAL PURPOSE									
Capital Improvement Program:									
Street and Road Major Reconstruction	6.500	12/15/1990	12/15/2005	\$3,625	\$ 725		\$ 725		
Park Street Recreation Center	4.625/5.750	10/01/1995	10/01/2005	\$1,500	100		100		
Central Library	4.000/5.125	01/15/1998	01/15/2018	\$1,530	360		90	\$ 270	
Library Branches	4.000/5.125	01/15/1998	01/15/2018	\$357	84		21	63	
Road Improvement Program	4.000/5.000	11/15/1998	11/15/2018	\$724	564		40	524	
Central Library	4.000/5.000	11/15/1998	11/15/2018	\$9,180	7,140		510	6,630	
Library Branches	5.000/6.000	06/15/2000	06/15/2020	\$551	145		29	116	
Road Improvement Program	5.000/6.000	06/15/2000	06/15/2020	\$1,900	500		100	400	
Central Library	5.000/6.000	06/15/2000	06/15/2020	\$6,650	1,750		350	1,400	
Road Improvement Program	4.250/5.500	05/15/2001	05/15/2021	\$3,295	1,645		165	1,480	
Central Library	4.250/5.500	05/15/2001	05/15/2021	\$8,500	4,250		425	3,825	
Swimming Pool Reconstructions/Construction	4.250/5.500	05/15/2001	05/15/2021	\$670	340		33	307	
Road Repair/Reconstruction	4.250/5.500	05/15/2001	05/15/2021	\$1,300	650		65	585	
Flood Control System Improvements	4.250/5.500	05/15/2001	05/15/2021	\$900	450		45	405	
Refunding Bonds - 1995 Park Street Rec. Center ..	4.250/5.250	03/15/2003	12/01/2016	\$1,717	1,594		79	1,515	
Public Safety Complex	3.500/5.500	07/15/2004	08/15/2023	\$1,300	1,300		69	1,231	
Swimming Pool Renovations	3.500/5.500	07/15/2004	08/15/2023	\$5,330	5,330		282	5,048	
Central and Branch Library Renovations-Phase II ..	3.500/5.500	07/15/2004	08/15/2023	\$8,500	8,500		450	8,050	
1998 Road Improvement Program	3.500/5.500	07/15/2004	08/15/2023	\$3,000	3,000		159	2,841	
Infrastructure Improvements	3.500/5.500	07/15/2004	08/15/2023	\$5,300	5,300		280	5,020	
Refunding Bonds - Series 1998, 2000, and 2001 ...	4.500/5.000	06/01/2005	09/01/2024	\$9,992	9,992			9,992	
Public Safety Complex	4.000/5.000	07/15/2005	07/15/2025	\$26,000		\$ 26,000		26,000	
Various Infrastructure Improvements	4.000/5.000	07/15/2005	07/15/2025	\$10,000		10,000		10,000	
Swimming Pool Enclosures	4.000/5.000	07/15/2005	07/15/2025	\$5,000		5,000		5,000	
Central Library	4.000/5.000	07/15/2005	07/15/2025	\$1,100		1,100		1,100	
Total Capital Improvement Program					53,719	42,100	4,017	91,802	
Parking Facilities:									
Refunding G.O. Bonds - Series 2000 Revenue Bonds	3.000/5.510	04/01/2005	08/01/2024	\$34,340	34,340			34,340	
Parking Facilities	3.000/5.000	06/01/2005	09/01/2024	\$3,000	3,000			3,000	
Total Parking Facilities					37,340			37,340	
Civic Center:									
Civic Center	6.100	03/15/1976	03/15/2006	\$1,075	215		215		
Civic Center	4.800	03/01/1971	03/01/2009	\$1,750	850		225	625	
Civic Center	5.100	03/01/1972	03/01/2012	\$2,750	1,750		250	1,500	
Civic Center	5.000	12/01/1972	12/01/2012	\$1,500	1,000		125	875	
Civic Center Garage Refinancing	4.900/5.625	02/01/1993	02/01/2013	\$7,200	4,800		600	4,200	
Total Civic Center					8,615		1,415	7,200	
TOTAL GENERAL PURPOSE					99,674	42,100	5,432	136,342	

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CITY OF HARTFORD, CONNECTICUT
 SCHEDULE OF BONDS PAYABLE, ETC.

(thousands)

SERIAL BOND DESCRIPTION	RATE OF INTEREST	ISSUE DATE	MATURITY DATE	SERIAL BONDS		ISSUED DURING YEAR	MATURITIES DURING YEAR	OUTSTANDING JUNE 30, 2006
				AUTHORIZED AND ISSUED	OUTSTANDING JULY 1, 2005			
EDUCATION:								
Maria C. Sanchez School (formerly Babock)	6.500	12/15/1990	12/15/2005	\$375	\$ 75		\$ 75	
Burns School Addition	6.500	12/15/1990	12/15/2005	\$875	175		175	
Maria C. Sanchez School (formerly Babock)	5.750/6.125	02/01/1992	02/01/2007	\$2,970	990		495	\$ 495
Kennelly School Addition	5.750/6.125	02/01/1992	02/01/2007	\$2,700	900		450	450
Weaver and Bulkeley Roof Replacements	5.750/6.125	02/01/1992	02/01/2007	\$270	90		45	45
HVAC Improvements - Weaver and Bulkeley	5.750/6.125	02/01/1992	02/01/2007	\$1,260	420		210	210
Weaver and Bulkeley Roof Replacements	4.900/5.600	02/01/1993	02/01/2008	\$1,078	462		154	308
HVAC Improvements - Weaver and Bulkeley	4.900/5.600	02/01/1993	02/01/2008	\$795	355		110	245
New Moylan Elementary School	4.900/5.600	02/01/1993	02/01/2008	\$2,247	963		321	642
West Middle School Annex	4.900/5.600	02/01/1993	02/01/2008	\$1,480	620		215	405
Acquisition and Renovation of the South Middle School	4.625/5.750	10/01/1995	10/01/2005	\$3,000	200		200	
Parkville Community School	4.625/5.750	10/01/1995	10/01/2005	\$2,175	145		145	
New Moylan Elementary School	4.625/5.750	10/01/1995	10/01/2005	\$8,325	555		555	
New Moylan Elementary School	4.300/5.300	12/15/1996	12/15/2006	\$1,480	186		93	93
Acquisition and Renovation of the South Middle School	4.300/5.300	12/15/1996	12/15/2006	\$2,000	250		125	125
Parkville Community School	4.300/5.300	12/15/1996	12/15/2006	\$848	106		52	54
Milner Elementary School	4.300/5.300	12/15/1996	12/15/2006	\$1,720	214		108	106
New SAND Elementary School	4.300/5.300	12/15/1996	12/15/2006	\$1,296	162		81	81
Batchelder Elementary School	4.300/5.300	12/15/1996	12/15/2006	\$4,800	600		300	300
McDonough Elementary School	4.300/5.300	12/15/1996	12/15/2006	\$7,856	982		491	491
Batchelder Elementary School	4.000/4.125	01/15/1998	01/15/2018	\$1,700	400		100	300
Milner Elementary School	4.000/4.125	01/15/1998	01/15/2018	\$4,760	1,120		280	840
New SAND Elementary School	4.000/4.125	01/15/1998	01/15/2018	\$10,455	2,460		615	1,845
McDonough Elementary School	4.000/4.125	01/15/1998	01/15/2018	\$1,190	280		70	210
Thirteen School Renovations	4.000/4.125	01/15/1998	01/15/2018	\$4,250	1,000		250	750
Hartford Public High School	4.000/4.125	01/15/1998	01/15/2018	\$663	156		39	117
Milner Elementary School	4.000/5.000	11/15/1998	11/15/2018	\$1,395	1,083		78	1,005
New SAND Elementary School	4.000/5.000	11/15/1998	11/15/2018	\$2,115	1,647		117	1,530
McDonough Elementary School	4.000/5.000	11/15/1998	11/15/2018	\$378	294		21	273
Hartford Public High School	4.000/5.000	11/15/1998	11/15/2018	\$495	383		28	355
New Hartford Public High School	4.000/5.000	11/15/1998	11/15/2018	\$2,588	2,012		144	1,868
East Central Middle School	4.000/5.000	11/15/1998	11/15/2018	\$5,400	4,200		300	3,900
School Renovations	4.000/5.000	11/15/1998	11/15/2018	\$225	177		12	165
Various School Infrastructure Renovations - Roofs	4.000/5.000	11/15/1998	11/15/2018	\$2,182	1,698		121	1,577
Various School Infrastructure Renovations - Removal of Underground Storage Tanks	4.000/5.000	11/15/1998	11/15/2018	\$724	564		40	524
Various School Infrastructure Renovations - Support Structure at South Middle School	4.000/5.000	11/15/1998	11/15/2018	\$243	187		14	173
McDonough Elementary School	5.000/6.000	06/15/2000	06/15/2020	\$760	200		40	160
Hartford Public High School	5.000/6.000	06/15/2000	06/15/2020	\$3,995	1,055		210	845
School Renovations	5.000/6.000	06/15/2000	06/15/2020	\$4,432	1,170		233	937
East Central Middle School	5.000/6.000	06/15/2000	06/15/2020	\$713	181		38	143
New Hartford Public High School	4.250/5.500	05/15/2001	05/15/2021	\$3,500	1,750		175	1,575
School Renovations	4.250/5.500	05/15/2001	05/15/2021	\$1,835	915		92	823
Major School Renovations and Construction Improvements	4.250/5.500	05/15/2001	05/15/2021	\$3,000	1,500		150	1,350
Refunding 1994, 1995 and 1996 School Bonds	4.250/5.500	03/15/2003	12/15/2016	\$28,508	26,476		1,311	25,165

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CITY OF HARTFORD, CONNECTICUT
 SCHEDULE OF BONDS PAYABLE, ETC.

(thousands)									
.....SERIAL BONDS.....									
SERIAL BOND DESCRIPTION	RATE OF INTEREST	ISSUE DATE	MATURITY DATE	AUTHORIZED AND ISSUED	OUTSTANDING JULY 1, 2005	ISSUED DURING YEAR	MATURITIES DURING YEAR	OUTSTANDING JUNE 30, 2006	
EDUCATION (continued):									
Various School Renovations and Construction Improvements	3.500/5.500	07/15/2004	08/15/2023	\$500	\$ 500		\$ 27	\$ 473	
James H. Naylor Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$6,000	6,000		533	9,537	
Noah Webster Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$6,200	6,200			6,000	
Sarah J. Rawson Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$6,600	6,600			6,200	
Alfred E. Burr Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$5,600	5,600			6,600	
Simpson-Waverly Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$1,000	1,000			5,600	
University of Hartford Elementary School	3.000/5.000	06/01/2005	09/01/2024	\$1,700	1,700			1,000	
Capital College Preparatory Magnet School	3.000/5.000	06/01/2005	09/01/2024	\$2,200	2,200			1,700	
Refunding Bonds - Series 1998, 2000, and 2001	4.500/5.000	06/01/2005	09/01/2024	\$19,518	19,518			2,200	
Hartford Public High School	4.000/5.000	06/22/2006	07/15/2025	\$19,000		\$ 19,000		19,518	
Classical Magnet School	4.000/5.000	06/22/2006	07/15/2025	\$3,000		3,000		19,000	
Pathways to Technology Magnet School	4.000/5.000	06/22/2006	07/15/2025	\$3,000		3,000		3,000	
Breakthrough Academy Magnet School	4.000/5.000	06/22/2006	07/15/2025	\$2,900		2,900		3,000	
TOTAL EDUCATION.....					118,746	27,900	9,438	137,208	
TOTAL					\$218,420	\$ 70,000	\$14,870	\$273,550	

CITY OF HARTFORD, CONNECTICUT

SCHEDULE OF DEBT SERVICE
JUNE 30, 2006

	.....CURRENT BONDED DEBT.....			LESS STATE SCHOOL BUILDING AID.....			NET FUTURE DEBT SERVICE	
	PERCENTAGE OF MATURITIES	PRINCIPAL	INTEREST	TOTAL BONDED DEBT SERVICE*	SERIAL BUILDING GRANT	BOND INTEREST SUBSIDIES		TOTAL BUILDING AID
PRIOR YEARS								
2001-02		\$16,055	\$ 8,732	\$24,787	\$4,328	\$2,271	\$6,599	\$18,188
2002-03		14,830	7,898	22,728	4,328	2,078	6,406	16,322
2003-04		14,515	6,700	21,215	3,908	1,534	5,442	15,773
2004-05		14,150	5,997	20,147	3,777	1,374	5,151	14,996
2005-06		14,870	11,029	25,899	3,452	1,229	4,681	21,218
FUTURE YEARS								
2006-07	6.03%	\$16,500	\$11,031	\$ 27,531	\$ 3,600	\$1,050	\$ 4,650	\$ 22,881
2007-08	12.96%	18,945	11,718	30,663	3,005	877	3,882	26,781
2008-09	19.57%	18,090	10,951	29,041	2,486	775	3,261	25,780
2009-10	25.70%	16,770	10,165	26,935	1,944	686	2,630	24,305
69 2010-11	31.85%	16,825	9,388	26,213	1,932	604	2,536	23,677
2011-12	38.02%	16,880	8,586	25,466	1,927	516	2,443	23,023
2012-13	44.12%	16,690	7,761	24,451	1,924	425	2,349	22,102
2013-14	49.99%	16,040	6,989	23,029	1,922	332	2,254	20,775
2014-15	55.88%	16,110	6,250	22,360	1,915	242	2,157	20,203
2015-16	61.80%	16,205	5,459	21,664	1,908	154	2,062	19,602
2016-17	67.39%	15,280	4,704	19,984	1,416	78	1,494	18,490
2017-18	72.55%	14,125	3,986	18,111	810	27	837	17,274
2018-19	77.20%	12,720	3,328	16,048	153	6	159	15,889
2019-20	81.37%	11,395	2,732	14,127	25	1	26	14,101
2020-21	85.19%	10,465	2,189	12,654				12,654
2021-22	88.67%	9,530	1,700	11,230				11,230
2022-23	92.20%	9,650	1,236	10,886				10,886
2023-24	95.70%	9,565	778	10,343				10,343
2024-25	98.65%	8,080	366	8,446				8,446
2025-26	100.00%	3,685	88	3,773				3,773
TOTAL		<u>\$273,550</u>	<u>\$109,405</u>	<u>\$382,955</u>	<u>\$24,967</u>	<u>\$5,773</u>	<u>\$30,740</u>	<u>\$352,215</u>

* Includes parking facilities general obligation bonds

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF HARTFORD, CONNECTICUT

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

(thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Governmental activities:					
Invested in capital assets, net of related debt	\$737,253	\$425,801	\$355,753	\$338,416	\$364,532
Restricted	55,509	53,375	50,445	48,188	44,915
Unrestricted	53,952	58,531	44,137	73,832	64,403
Total governmental activities net assets	846,714	537,707	450,335	460,436	473,850
Business-type activities:					
Invested in capital assets, net of related debt	36,641	33,145	31,056	35,377	36,688
Restricted			17,843	17,625	16,344
Unrestricted	1,033	4,604		947	1,519
Total business-type activities net assets	37,674	37,749	48,899	53,949	54,551
Primary government:					
Invested in capital assets, net of related debt	773,894	458,946	386,809	373,793	401,220
Restricted	55,509	53,375	68,288	65,813	61,259
Unrestricted	54,985	63,135	44,137	74,779	65,922
Total primary government net assets	<u>\$884,388</u>	<u>\$575,456</u>	<u>\$499,234</u>	<u>\$514,385</u>	<u>\$528,401</u>

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

CITY OF HARTFORD, CONNECTICUT

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

(thousands)

	FISCAL YEAR.....				
	2006	2005	2004	2003	2002
Expenses:					
Governmental activities:					
General government	\$ 94,466	\$ 22,080	\$ 18,002	\$ 20,645	\$ 19,969
Public safety	74,179	71,142	67,442	72,533	69,267
Public works	24,730	16,881	26,702	26,497	31,595
Development and community affairs	45,570	54,484	48,305	42,025	41,680
Human services	24,022	18,853	19,126	21,043	22,021
Education	375,615	295,963	291,152	280,120	273,160
Recreation and culture	9,991	7,446	9,737	11,137	11,489
Benefits and insurance		102,396	105,141	79,783	81,520
Sundry		22,589	12,058	11,722	13,870
Interest on long-term debt	6,941	9,409	6,860	7,806	8,728
Total governmental activities expenses	<u>\$655,514</u>	<u>\$621,243</u>	<u>\$604,525</u>	<u>\$573,311</u>	<u>\$573,299</u>
Business-type activities:					
Hartford Parking Facilities	\$ 3,701	\$ 5,876	\$ 4,067	\$ 3,991	\$ 508
American Airlines Building			863	763	1,372
G. Fox Building					801
Total business-type activities expenses	<u>3,701</u>	<u>5,876</u>	<u>4,930</u>	<u>4,754</u>	<u>2,681</u>
Total expenses	<u>\$659,215</u>	<u>\$627,119</u>	<u>\$609,455</u>	<u>\$578,065</u>	<u>\$575,980</u>
Program Revenues:					
Governmental activities:					
Charges for services	\$ 28,085	\$ 25,524	\$ 26,222	\$ 23,638	\$ 20,503
Operating grants and contributions	364,191	330,611	313,870	318,736	311,770
Capital grants and contributions	122,823	98,134	24,745	8,044	20,607
Total governmental activities program revenues	<u>515,099</u>	<u>454,269</u>	<u>364,837</u>	<u>350,418</u>	<u>352,880</u>
Business-type activities:					
Charges for services	4,840	3,698	3,825	3,778	2,738
Capital grants and contributions	37	43			
Total business-type activities program revenues	<u>4,877</u>	<u>3,741</u>	<u>3,825</u>	<u>3,778</u>	<u>2,738</u>
Total program revenues	<u>519,976</u>	<u>458,010</u>	<u>368,662</u>	<u>354,196</u>	<u>355,618</u>
Net (expense)/revenue:					
Governmental activities	(140,415)	(166,974)	(239,688)	(222,893)	(220,419)
Business-type activities	1,176	(2,135)	(1,105)	(976)	57
Total net cost of services	<u>\$(139,239)</u>	<u>\$(169,109)</u>	<u>\$(240,793)</u>	<u>\$(223,869)</u>	<u>\$(220,362)</u>

CITY OF HARTFORD, CONNECTICUT
 CHANGES IN NET ASSETS
 LAST FIVE FISCAL YEARS

(thousands)

	FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General revenues and other changes in net assets:					
Governmental activities:					
Property taxes	\$215,285	\$196,846	\$191,514	\$172,094	\$169,770
Unrestricted grants and contributions	41,861	39,907	37,755	44,026	51,847
Investment earnings	5,490	3,949	3,515	2,344	3,033
Other general revenues	4,779	3,829	1,726	4,376	1,773
Transfers	1,381	9,815	1,813	103	
Special item - net loss on sale of property			(6,736)		
Total governmental activities	<u>268,796</u>	<u>254,346</u>	<u>229,587</u>	<u>222,943</u>	<u>226,423</u>
Business-type activities:					
Investment earnings	130	500	272	477	1,042
Other general revenues		300			
Special item - net loss on sale of property			(2,404)		
Transfers	(1,381)	(9,815)	(1,813)	(103)	
Total business-type activities	<u>(1,251)</u>	<u>(9,015)</u>	<u>(3,945)</u>	<u>374</u>	<u>1,042</u>
Total general revenues and other charges	<u>\$267,545</u>	<u>\$245,331</u>	<u>\$225,642</u>	<u>\$223,317</u>	<u>\$227,465</u>
Changes in Net Assets:					
Governmental activities	\$128,381	\$ 87,372	\$(10,101)	\$ 50	\$6,004
Business-type activities	(75)	(11,150)	(5,050)	(602)	1,099
Total	<u>\$128,306</u>	<u>\$ 76,222</u>	<u>\$(15,151)</u>	<u>\$(552)</u>	<u>\$7,103</u>

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began to report accrual information when it implemented GASB Statement 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.

CITY OF HARTFORD, CONNECTICUT
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST FIVE FISCAL YEARS
 (thousands)

	.....FISCAL YEAR.....				
	2006	2005	2004	2003	2002
General Fund:					
Fund Balance Unreserved:					
Reserved	\$ 246	\$ 143	\$ 379	\$ 1,453	\$ 3,629
Unreserved	<u>32,969</u>	<u>30,776</u>	<u>21,093</u>	<u>24,340</u>	<u>28,154</u>
Total general fund	<u>\$33,215</u>	<u>\$30,919</u>	<u>\$21,472</u>	<u>\$25,793</u>	<u>\$31,783</u>
All other governmental funds:					
Reserved	\$ 62,397	\$115,549	\$49,752	\$28,966	\$23,314
Unreserved, reported in:					
Debt service funds	2,747	1,834	39	39	39
Special revenue funds	17,771	3,187	5,011	7,305	11,870
Capital projects funds	<u>38,593</u>	<u>(36,609)</u>	<u>19,586</u>	<u>34,436</u>	<u>37,586</u>
Total all other governmental funds	<u>\$121,508</u>	<u>\$ 83,961</u>	<u>\$74,388</u>	<u>\$70,746</u>	<u>\$72,809</u>

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Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
 (2) Data has not been presented for years prior to the implementation of GASB Statement 34 in 2002.

CITY OF HARTFORD, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS

(thousands)

		FISCAL YEAR.....				
		2006	2005	2004	2003	2002
Revenues:						
	Property taxes	\$208,241	\$197,028	\$183,048	\$172,279	\$171,219
	Licenses, permits, and other charges	10,058	9,681	10,307	6,991	5,442
	Intergovernmental revenues	523,276	454,432	385,155	373,706	388,454
	Charges for services	9,734	8,322	7,546	6,847	6,883
	Use of property	4,085	3,925	5,079	10,025	6,124
	Investment income	5,413	3,889	3,482	2,244	2,715
	Miscellaneous	18,805	19,224	11,896	12,375	5,215
	Total revenues.....	779,612	696,501	606,513	584,467	586,052
Expenditures:						
	General government	16,266	14,737	17,497	20,720	19,735
	Public safety	74,519	69,671	67,441	70,113	69,799
	Public works	15,362	16,729	23,386	25,259	30,251
	Development and community affairs	52,020	63,369	50,567	46,345	41,899
	Human services	23,867	18,824	19,044	20,951	22,047
	Education	368,936	286,985	275,176	277,559	270,147
	Recreation and culture	8,014	6,832	8,414	8,847	9,880
	Benefits and insurance	47,348	100,797	89,470	74,820	77,014
	Other	26,709	22,589	12,275	11,414	14,087
	Capital outlay	163,076	136,903	32,293	13,394	30,857
	Debt Service:					
	Principal	15,901	14,150	14,515	14,830	16,055
	Interest	9,020	6,037	6,700	7,898	8,732
	Total expenditures	821,038	757,623	616,778	592,150	610,503
	Excess of revenues over/(under) expenditures	(41,426)	(61,122)	(10,265)	(7,683)	(24,451)
Other financing sources (uses):						
	Transfers in	40,069	54,881	40,770	40,779	43,340
	Transfers out	(36,239)	(45,066)	(38,944)	(40,618)	(44,094)
	Bonds issued	70,000	66,300			
	Capital leases	4,526	2,822			
	Bond premium	2,913	3,093		1,640	
	Refunding bonds issued		29,510		30,225	
	Payment to refunding bond escrow agent		(32,866)		(32,396)	
	Section 108 - loans		1,468			
	Proceeds from sale of property			7,760		
	Total other financing sources (uses)	81,269	80,142	9,586	(370)	(754)
	Net change in fund balances	39,843	19,020	(679)	(8,053)	(25,205)
	Fund balances, beginning	114,880	95,860	96,539	104,592	129,797
	Fund balances, ending	\$154,723	\$114,880	\$ 95,860	\$ 96,539	\$ 104,592
	Debt service as a % of noncapital expenditures	3.79%	3.25%	3.63%	3.93%	4.28%

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Data has not been presented for years prior to the implementation of GASB Statement 34 in 2002.

CITY OF HARTFORD, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	GRAND LIST YEAR	LAND AND BUILDINGS	PERSONAL PROPERTY	MOTOR VEHICLE	GROSS TAXABLE GRAND LIST	LESS TAX EXEMPT PROPERTY	NET TAXABLE GRAND LIST	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
2006	2004	\$4,517,806	\$674,941	\$300,819	\$5,493,566	\$1,983,982	\$3,509,584	\$5,013,691	70%
2005	2003	4,482,273	731,144	282,932	5,496,349	1,950,749	3,545,600	5,065,143	70%
2004	2002	4,498,815	736,813	310,330	5,545,958	1,941,233	3,604,725	5,149,607	70%
2003	2001	4,412,462	767,052	316,646	5,496,160	1,890,005	3,606,155	5,151,650	70%
2002	2000	4,402,483	781,371	313,605	5,497,459	1,865,419	3,632,040	5,188,629	70%
2001	1999	4,362,566	765,329	301,795	5,429,690	1,827,574	3,602,116	5,145,880	70%
2000	1998	7,885,603	758,935	282,243	8,926,781	3,135,866	5,790,915	8,272,736	70%
1999	1997	7,908,279	733,216	265,515	8,907,010	3,129,352	5,777,658	8,253,797	70%
1998	1996	7,917,233	764,702	261,383	8,943,318	3,082,052	5,861,266	8,373,237	70%
1997	1995	7,941,610	708,599	248,197	8,898,406	3,074,253	5,824,153	8,320,219	70%

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Source: City of Hartford, Assessor's Office

Notes:

- (1) 1999 Real property grand list is adjusted to reflect statutory revaluation
- (2) Assessed Value is 70% of Estimated Actual Value

CITY OF HARTFORD, CONNECTICUT

PRINCIPAL TAXPAYERS
OCTOBER 1, 2004 AND OCTOBER 1, 1995

(thousands)

BUSINESS NAME	.....OCTOBER 1, 2004.....		.....OCTOBER 1, 1995.....	
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Hartford Fire Insurance & Twin City Ins.	\$122,642	1	3.49%	\$ 195,600 3 3.36%
Travelers Indemnity Co. Affiliate	103,766	2	2.96	217,672 2 3.74
Connecticut Light & Power	97,727	3	2.78	91,598 7 1.57
Aetna Life Insurance Co. & Annuity	89,623	4	2.55	275,219 1 4.73
City Place I LTD Partnership	65,100	5	1.85	123,550 4 2.12
State House Financial	53,266	6	1.52	
Hartford Steam Boiler	43,751	7	1.25	73,018 10 1.25
Bank of Boston, CT	41,073	8	1.17	91,836 6 1.58
Talcott II Gold, LLC	38,139	9	1.09	
Fleet Bank NA (Fleet Boston Financial)	37,507	10	1.07	78,753 8 1.35
Northeast Plaza				99,124 5 1.70
Principal Mutual Life Insurance				74,214 9 1.27
Total	<u>\$692,594</u>		<u>19.73%</u>	<u>\$1,320,584</u> <u>22.67%</u>

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Source: City of Hartford Assessor's Office

CITY OF HARTFORD, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR ENDED JUNE 30,	GRAND LIST YEAR	NET TAXABLE GRAND LIST	MILL RATE	ORIGINAL TAX LEVY	ADJUSTED TAX LEVY	COLLECTED WITHIN THE ...FISCAL YEAR OF LEVY...		TAX COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS.....TO DATE.....	
						AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2006	2004	\$3,509,584	60.80	\$213,395	\$210,325	\$198,964	93.24%		\$198,964	94.60%
2005	2003	3,545,600	56.30	199,736	194,093	185,278	92.76	\$4,158	189,436	97.60
2004	2002	3,604,725	52.90	190,277	184,302	175,153	92.05	5,851	181,004	98.21
2003	2001	3,606,155	48.00	173,465	168,426	158,888	91.60	7,714	166,602	98.92
2002	2000	3,632,040	48.00	174,464	167,596	161,646	92.65	5,037	166,683	99.46
2001	1999	3,602,116	47.00	169,314	162,969	157,206	92.85	5,324	162,530	99.73
2000	1998	5,790,915	29.50	170,955	163,652	157,828	92.32	5,554	163,382	99.84
1999	1997	5,777,658	29.90	172,638	164,523	158,040	91.54	6,226	164,266	99.84
1998	1996	5,861,266	31.40	184,044	172,241	164,416	89.34	7,577	171,993	99.86
1997	1995	5,824,153	32.40	188,702	179,203	170,953	90.59	8,009	178,962	99.87

CITY OF HARTFORD, CONNECTICUT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (thousands)

.....GOVERNMENTAL ACTIVITIES..... .BUSINESS-TYPE ACTIVITIES.
GENERAL OBLIGATION BONDS..... .GENERAL OBLIGATION BONDS.

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FISCAL YEAR	GENERAL PURPOSE	SCHOOLS	CIVIC CENTER	SECTION 108 LOANS	CAPITAL LEASES	HARTFORD PARKING FACILITIES	TOTAL	RATIO OF DEBT TO TAXABLE ASSESSED VALUE	DEBT PER CAPITA
2006	\$94,802	\$137,208	\$ 7,200	\$11,220	\$6,315	\$34,340	\$291,085	8.29%	\$2.340
2005	56,719	118,746	8,615	11,288	2,720	34,340	232,428	6.56	1.862
2004	33,763	88,712	10,030	9,910		32,115*	174,530	4.84	1.403
2003	37,703	97,872	11,445	1,995		32,115*	181,130	5.02	1.454
2002	41,794	105,771	12,860	2,075		32,115*	194,615	5.36	1.567
2001	47,047	115,158	14,275	2,150			178,630	4.96	1.469
2000	36,853	115,942	15,690	2,220			170,705	2.95	1.283
1999	32,264	114,096	17,105	2,285			165,750	2.87	1.245
1998	25,710	104,365	18,520	2,345			150,940	2.58	1.134
1997	27,830	83,695	19,935	2,290			133,750	2.30	1.005

Note:

(1) 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.

CITY OF HARTFORD, CONNECTICUTSTATEMENT OF DEBT LIMITATION
JUNE 30, 2006

(thousands)

Total tax collections (including interest and penalties)	\$207,729
State reimbursement for:	
Tax relief for elderly - freeze	<u>14</u>
Total	<u>\$207,743</u>

<u>Debt Limitation</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Factor multiplied times base:					
2-1/4	\$467,422				
4-1/2		\$934,844			
3-3/4			\$779,036		
3-1/4				\$675,165	
3					\$623,229
Total debt limitation ..	<u>467,422</u>	<u>934,844</u>	<u>779,036</u>	<u>675,165</u>	<u>623,229</u>
Debt, as defined by Statute:					
Bonds payable	136,342	137,208			
Bonds authorized unissued	47,500	137,904			
Overlapping debt. School building grants receivable		(128,395)	22,026		
Total indebtedness	<u>183,842</u>	<u>146,717</u>	<u>22,026</u>		
Debt limitation in excess of outstanding and authorized debt ..	<u>\$283,580</u>	<u>\$ 788,127</u>	<u>\$757,010</u>	<u>\$675,165</u>	<u>\$623,229</u>

Note: Total indebtedness above amounts to \$353 million but in no event shall total indebtedness exceed \$1.45 billion (seven times the base for debt limitation computation).

School Building Grants totaling \$25.0 million are applicable to outstanding bond issues. It is estimated that approximately \$103.4 million or 75% of authorized education project costs will be funded through State of Connecticut progress payments.

CITY OF HARTFORD, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	.....FISCAL YEAR.....									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Debt Limit	\$1,454,201	\$1,376,389	\$1,283,989	\$1,184,505	\$1,198,757	\$1,196,438	\$1,187,123	\$1,202,030	\$1,242,494	\$1,276,949
Total net debt applicable to limit .	352,585	354,831	382,338	366,710	407,649	412,282	317,795	328,775	224,405	232,190
Legal debt margin	<u>\$1,101,616</u>	<u>\$1,021,558</u>	<u>\$ 901,651</u>	<u>\$ 817,795</u>	<u>\$ 791,108</u>	<u>\$ 784,156</u>	<u>\$ 869,328</u>	<u>\$ 873,255</u>	<u>\$1,018,089</u>	<u>\$1,044,759</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>24.25%</u>	<u>25.78%</u>	<u>29.78%</u>	<u>30.96%</u>	<u>34.01%</u>	<u>34.46%</u>	<u>26.77%</u>	<u>27.35%</u>	<u>18.06%</u>	<u>18.18%</u>

CITY OF HARTFORD, CONNECTICUT
STATEMENT OF DIRECT AND OVERLAPPING DEBT
LAST TEN FISCAL YEARS

(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
2006	\$239,210	\$34,340	\$112,301	\$30,053	\$82,248	26.78%	\$22,026	\$295,576	8.42%	\$2,376
2005	184,080	34,340	122,819	33,267	89,552	27.37	24,510	242,930	6.85	1,946
2004	132,505		117,897	28,835	89,062	27.81	24,768	157,273	4.36	1,264
2003	147,020		111,899	23,121	88,778	28.96	25,710	172,730	4.79	1,386
2002	160,425		120,495	26,404	94,091	29.79	28,030	188,455	5.19	1,518
2001	176,480		90,375	22,777	67,598	30.97	20,935	197,415	5.48	1,624
2000	168,485		93,148	31,445	61,703	32.09	19,800	188,285	3.25	1,415
1999	163,465		89,583	26,224	63,359	33.47	21,206	184,671	3.20	1,388
1998	148,595		83,697	25,082	58,615	35.46	20,785	169,380	2.89	1,273
1997	131,460		80,066	25,866	54,200	37.23	20,179	151,639	2.60	1,139

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Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(2) MDC - Metropolitan District Commission

CITY OF HARTFORD, CONNECTICUT
 DEMOGRAPHIC AND EMPLOYMENT STATISTICS
 LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION (1)	SCHOOL ENROLLMENT (2)	MEDIAN AGE (1)	MEDIAN FAMILY INCOME (1)	CALENDAR YEAR	.....LABOR FORCE.....		.....PERCENTAGE UNEMPLOYED (3).....			
						EMPLOYED (3)	UNEMPLOYED (3)	CITY OF HARTFORD	HARTFORD LABOR MARKED AREA	STATE OF CONNECTICUT	UNITED STATES
2006	124,397	22,296	30.4	28,984	2005	43,404	4,670	9.7%	5.1%	4.9%	5.1%
2005	124,848	24,407	29.7	28,362	2004	42,899	4,835	10.1	5.2	4.9	5.5
2004	124,387	24,614	29.7	28,132	2003	42,825	5,443	11.3	5.8	5.5	6.0
2003	124,588	24,598	29.7	29,788	2002	43,284	4,198	8.8	4.5	4.3	5.8
2002	124,180	24,479	29.7	25,947	2001	46,819	3,539	7.0	3.3	3.3	4.7
2001	121,578	24,420	28.4	23,701	2000	51,317	2,610	4.8	2.4	2.2	4.0
2000	133,086	24,278	30.5	23,701	1999	48,547	3,307	6.4	3.3	3.2	4.2
1999	133,086	23,734	30.5	23,701	1998	49,403	3,607	6.8	3.4	3.4	4.5
1998	133,086	24,186	30.5	18,231	1997	49,782	5,557	10.0	5.4	5.1	4.9
1997	133,086	24,441	30.5	18,231	1996	49,990	5,907	10.6	6.1	5.7	5.4

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Sources:

- (1) U.S. Department of Commerce, Bureau of Census
 (2) Hartford Board of Education, (State Department of Education for FY 2006)
 (3) State of Connecticut, Department of Labor (Calendar Year)

CITY OF HARTFORD, CONNECTICUTPRINCIPAL EMPLOYERS
GREATER HARTFORD AREA

BUSINESS NAME	NATURE OF BUSINESS	LOCATION	EMPLOYEES
State of Connecticut	Government	Statewide	45,581
United Technologies	Diversified manufacturer	Hartford	20,884
The Hartford Financial Group	Insurance, financial services	Hartford	11,700
Aetna Inc.	Health insurance	Hartford	7,267
Northeast Utilities	Utility	Berlin	6,567
Hartford Hospital	General hospital	Hartford	6,086
St. Paul Travelers Co.	Property/casualty insurance	Hartford	5,890
CIGNA Corp.	Insurance	Bloomfield	5,029
Bank of America	Banking/financial services	Metro Hartford	5,000
City of Hartford	Government	Hartford	4,204
Saint Francis Hospital	General hospital	Hartford	3,900
ING Group	Financial services	Hartford	3,000
Cianbro Corp.	General contractor	Bloomfield	2,200
Hartford Steam Boiler/AIG	Insurance, engineering services	Hartford	2,027
Travelers Life & Annuity	Insurance	Hartford	2,004
Kaman Corporation	Diversified manufacturer	Bloomfield	2,000
United Health Care	Health insurance	Hartford	2,000
Eastern CT Health Network	General hospital	Manchester	1,570
SBC/SNET	Telecommunications	Metro Hartford	1,497
ALSTOM USA	Power generation products	Windsor	1,400
Mass Mutual Financial Group	Insurance	Hartford	1,400
Connecticut Children's Medical Center	Children's hospital	Hartford	1,362
Phoenix Home Life/Investment	Financial services	Hartford	1,350
Total			<u>143,918</u>

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Source: Metro Hartford Chamber of Commerce

CITY OF HARTFORD, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST FIVE FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR.....				
	2006	2005	2004	2003	2002
City Departments:					
Mayor's Office.....	22	22	12	5	6
Court of Common Council.....	10	10	9	11	11
Treasurer.....	13	11	9	11	12
Registrars of Voters.....	9	9	9	9	10
Corporation Counsel.....	13	14	13	16	19
Town and City Clerk.....	11	11	11	12	14
Internal Audit.....	4	4	2		
City Manager.....			19	31	32
Metro Hartford Information System.....	20	11	13	21	36
Finance.....	61	50	43	60	76
Personnel.....	12	12	12	16	18
Office of Human Relations.....	9	10	7	10	11
Office of Management & Budget.....	11	14			
Fire.....	366	404	401	393	416
Police.....	533	519	497	547	559
Emergency Services & Telecommunications.....	70	60	55		
Public Works.....	261	263	280	301	345
Development Services.....	81	56	46	66	89
Health and Human Services.....	152	76	66	94	169
Total.....	<u>1,658</u>	<u>1,556</u>	<u>1,504</u>	<u>1,603</u>	<u>1,823</u>
Board of Education.....					
Teachers.....	1,953	1,869	1,897	1,933	1,649
Administrators.....	127	120	118	127	134
Paraprofessionals.....	488	540	479	520	539
Clerical.....	200	176	178	203	203
Nurses.....	53	51	52	45	47
Security.....	93	81	81	84	84
Custodial.....	212	199	206	215	223
Guidance Counselors.....	43	41	42	48	44
Social Workers.....	69	66	70	74	72
Psychologists.....	23	24	22	26	27
Support Staff.....	251	190	185	199	205
Others (Under 20 FTE each).....	119	87	95	117	111
Total.....	<u>3,631</u>	<u>3,444</u>	<u>3,425</u>	<u>3,591</u>	<u>3,338</u>
Grand Total.....	<u>5,289</u>	<u>5,000</u>	<u>4,929</u>	<u>5,194</u>	<u>5,161</u>

CITY OF HARTFORD, CONNECTICUTOPERATING INDICATORS BY FUNCTION/PROGRAM
FISCAL YEAR 2006

General Government:	
Finance:	
Number of bills mailed	73,025
Number of invoices approved for payment	102,138
Number of internal control reviews performed	15
Assessor:	
Number of deeds processed	3,338
Number of veterans exemptions	1,548
Board of assessment appeals adjustments	\$(4,276,153)
Personnel:	
Number of applications processed	2,674
Vacancies filled through promotion	159
Vacancies filled through new hires	109
City Clerk:	
Land records recorded	22,000
Marriage licenses issued	1,233
Death certificates recorded	2,539
Birth certificates recorded	8,928
Management Information Systems	
Help desk calls:	
City	3,057
Schools	9,616
Unassigned	85
Website hits (www.hartford.gov)	18,827,679
Elections:	
Voters added	2,483
Voters removed	3,957
Voter changes	10,550
Total voters	41,142
Public Safety:	
Police:	
911 calls	23,289
Non-emergency calls	107,896
DWI arrests	133
Fire:	
Fire	856
No Fire	16
Rescue and Emergency Medical Services	9,247
Hazardous Conditions	615
Service Calls	1,491
Good Intent Calls	1,658
False Alarm and False Calls	1,581
Serve Weather and Natural Disaster	2
Special Incident Type	58
Other	21
Public Works:	
Lane miles paved	411
Development and Community Affairs:	
Development Services:	
Housing vouchers, residential assistance (families)	4,336
Zoning Board appeals	48
Code violations	9,594
Citations issued	2,449

CITY OF HARTFORD, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)
 FISCAL YEAR 2006

Human Services:	
General Human Services:	
Job placements (out of 240 referrals)	48
Senior Center:	
Outreach services (duplicated units)	32,196
Youth and Family Services:	
Counseling cases	297
Young parent cases	55
Education:	
Average Class Size - Kindergarten	18.2
Average Class Size - Grade 2	19.0
Average Class Size - Grade 5	20.1
Average Class Size - Grade 7	20.8
Recreation and culture:	
Number of youth registrations	2,040
Number of youth program hours	23,873
Number of hours provided by volunteers	1,040

CITY OF HARTFORD, CONNECTICUTCAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TWO FISCAL YEARS

FUNCTION/PROGRAM	..FISCAL YEAR..	
	2006	2005
Public Safety:		
Police:		
Stations	3	3
Vehicles	225	225
Fire:		
Firefighting/rescue vehicles	30	30
Other vehicles	40	40
Fire stations	12	12
Public Works:		
Infrastructure:		
Concrete road miles	63	63
Asphalt road miles	148	148
Bridges	8	8
Traffic lights	238	238
Conduit system (miles)	8	8
Street Maintenance:		
Dump trucks	42	36
Sweepers	16	16
Parks and Cemeteries:		
Parks:		
Large multi-use	9	9
Medium size	10	10
Smaller/playgrounds	10	10
Cemeteries	5	5
Building Maintenance:		
Parking lots	1	
Parking garages	3	3
Education:		
School buildings	40	38
Administrative buildings	3	3
Recreation and Culture:		
Recreation:		
Number of basketball courts	32	32
Number of football fields	6	6
Number of multi-use fields	1	1
Number of playscapes/grounds	27	27
Number of soccer fields	6	6
Number of softball fields	16	16
Number of tennis courts	27	27
Mowers	35	35
Other vehicles	47	47
Libraries:		
Central	1	1
Number of Branches	9	9
Library on Wheels	1	1