

**CITY OF HARTFORD, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2018**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

*For the Fiscal Year*

*July 1, 2017 to June 30, 2018*

**PREPARED BY:**

**DEPARTMENT OF FINANCE**

**LEIGH ANN RALLS  
DIRECTOR OF FINANCE**

**CITY OF HARTFORD, CONNECTICUT**  
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**JUNE 30, 2018**

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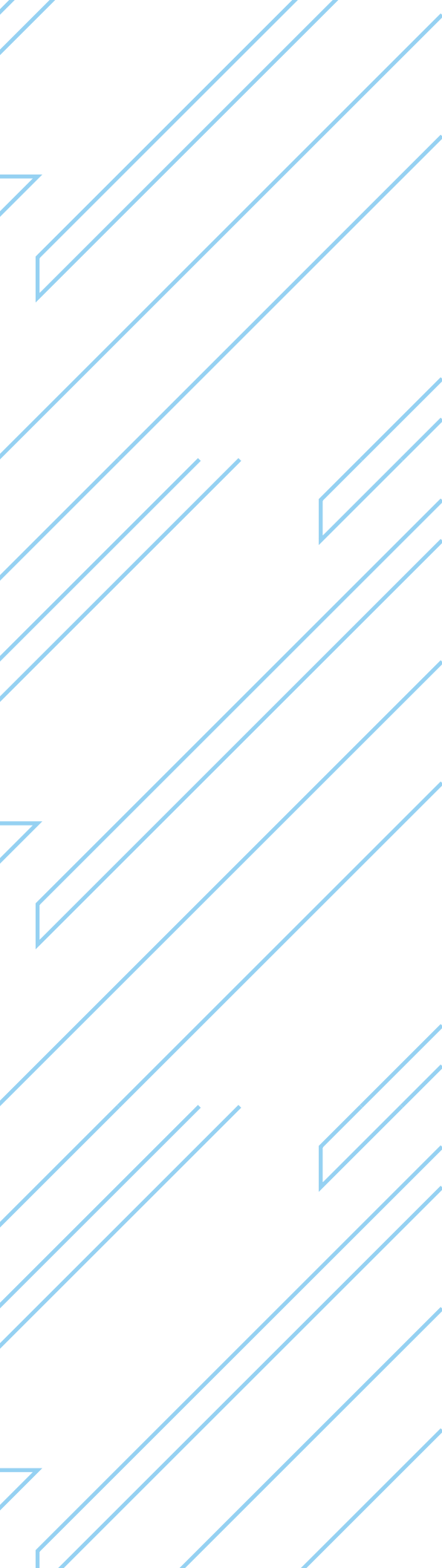
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## **Introductory Section**



CITY OF HARTFORD

DEPARTMENT OF FINANCE  
550 Main Street, Room 303  
Hartford, CT, 06067

LUKE A. BRONIN  
Mayor

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Fax: (860) 757-6571  
[www.hartford.gov](http://www.hartford.gov)

LEIGH ANN RALLS  
Director of Finance

The Honorable Mayor Luke A. Bronin,  
and Court of Common Council  
City of Hartford, Connecticut

December 26, 2018

Dear Mayor and Members of Council:

In accordance with Chapter VIII, Section 5. (a)(1)(iv) of the City of Hartford's Charter, I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hartford (City) for the fiscal year ended June 30, 2018. This report was prepared in its entirety by the Department of Finance. Responsibility for the accuracy of the data and the completeness and fairness of the presentation of the financial statements, supporting schedules and statistical tables rests with the City. To the best of our knowledge and belief, the information provided is accurate in all material respects and is reported to present fairly the financial position of the City as of June 30, 2018. I extend my sincere appreciation and gratitude to our dedicated employees in the Department of Finance and throughout the City for their significant efforts that have resulted in the presentation of this FY2018 CAFR.

The CAFR is designed and prepared in conformance with Generally Accepted Accounting Principles (GAAP) for governmental units as well as the standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) and the laws of the State of Connecticut. This CAFR is consistent with the principles of full disclosure so that the reader may gain the maximum understanding of the City's financial affairs.

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

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The City is required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act and United States Office of Management & 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, 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 CAFR. The City is also required to undergo a State Single Audit. Information and reporting related to the State Single Audit is also issued under separate cover.

## PROFILE OF THE CITY

The City was founded by Thomas Hooker and his followers in 1635 and was incorporated in 1784. The City is the Capital of the State of Connecticut. Hartford has an estimated 123,400 residents in its 18.4 square mile area, and is the employment and cultural center of a metropolitan area with a population of over one million people. The City lies on the west bank of the Connecticut River in the center of the State, midway between New York City and Boston.

The Mayor is the Chief Executive Officer. The Court of Common Council (Council) is comprised of nine members who are elected at large to serve a four-year term in odd numbered years on a partisan basis. The Mayor, who is elected directly to serve a four-year term, acts upon ordinances and resolutions adopted by Council by approving, disapproving or taking no action. The Board of Education (BOE) is composed of nine members; five appointed by the Mayor and four elected by the voters, all to serve a four-year term. The BOE operates independently of the Council. The City Treasurer is independently elected to serve a four-year term and serves without vote as the Secretary of the City's Pension Commission. The Chief Operating Officer (principal administrative aide of the Mayor), Chief Financial Officer, Corporation Counsel, City Clerk, department heads and members of all boards, commissions, agencies and authorities are appointed by the Mayor subject to Council confirmation, with the exception of the Pension Commission.

The City provides a broad range of services including public safety, street and road maintenance, flood control, solid waste collection, health, social services, parks and recreation, education, planning, development, zoning and general administrative services. The services the City provides originate from a variety of departments and offices as follows:

*Mayor's Office*  
*City Treasurer*  
*Hartford Public Schools*  
*Corporation Counsel*  
*Office of the Chief Operating Officer*  
*Families, Children, Youth & Recreation*  
*Development Services*  
*Emergency Services & Telecommunications*  
*Finance*  
*Management, Budget & Grants*  
*Metro Hartford Innovation Services*

*Court of Common Council*  
*Registrar of Voters*  
*Hartford Public Library*  
*Town and City Clerk*  
*Internal Audit*  
*Public Works*  
*Health & Human Services*  
*Fire*  
*Human Resources*  
*Police*

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The services the City provides its residents and businesses also support the seat of State government, several higher education institutions, and the region’s health care hub.

CONTRACT ASSISTANCE, MUNICIPAL OVERSIGHT &  
LONG TERM FINANCIAL PLANNING

Over the past three years, the City has focused on confronting an acute fiscal crisis, achieving fiscal stability, and moving toward long-term fiscal sustainability. Through substantial cuts to services and personnel, renegotiation of labor contracts, and new partnerships with the city’s corporate community and the state of Connecticut, the city has achieved stability and has adopted a five-year Municipal Recovery Plan for maintaining fiscal stability.

In December 2017, the City of Hartford requested Tier 3 designation under the Municipal Accountability Review Board (MARB) in order to access additional tools in achieving long term fiscal sustainability, in exchange for accountability and oversight. The City was approved as a Tier 3 municipality in 2018. As a Tier 3 municipality under MARB oversight, the City of Hartford is required to submit and present monthly financial reports at a public meeting to ensure the City is operating responsibly consistent with its broader financial plan. The City’s General Fund recommended budget must be reviewed by the MARB on an annual basis and the revenue assumptions must be approved by the MARB. Labor agreements or arbitration awards must also be reviewed by the MARB.

In March 2018 the City entered into a Contract Assistance Agreement with the State of Connecticut to service current general obligation debt on an annual basis until such debt is retired. This agreement is backed by the full faith and credit of the State of Connecticut. Under the contract assistance agreement, the City of Hartford has accepted limitations on the issuance of new debt and must fully fund the Municipal Employee Retirement Fund (MERF) actuarially determined employer contribution (ADEC). The City is also precluded from accumulating general fund operating deficits above certain thresholds, as determined by the MARB.

The City of Hartford provided its 5-year Municipal Recovery Plan to the MARB in March 2018, comprised of revenue and expenditures assumptions, contract assistance for debt service, labor savings, economic development goals and initiatives to generate grand list growth, as well as revenue and expenditure initiatives, which together enable a pathway to fiscal balance. The MARB reviewed the Municipal Recovery Plan and approved it in June of 2018. The City will resubmit an updated Municipal Recovery Plan annually in concert with the Mayor’s Recommended General Fund Budget.

The City's long-term financial planning is conducted in six primary areas during the annual budget process. The six primary areas are:

<i>General Fund</i>	<i>Capital</i>
<i>Internal Service Funds</i>	<i>Vehicles and Equipment</i>
<i>Pension</i>	<i>Debt</i>

In the five-year Municipal Recovery Plan, the city has shifted from the use of debt in financing future infrastructure maintenance and enhancements and ongoing construction to a Pay-As-You-Go capital expense program. Bricks and mortar and longer-lived projects are identified and tracked using a five-

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year Capital Improvement Plan (CIP). Project requests are received and reviewed by a capital planning committee comprised of various department heads or their designees. The five-year CIP, including each individual project, is adopted annually upon the recommendation of the Mayor and approval by Council. The first year of the five-year CIP is adopted and authorized annually as the “Capital Budget.” The second through the fifth year of the five-year Capital Improvement Plan is adopted as “planned” without authorization to spend.

The CIP is comprised of essential capital needs, with priority placed on maintaining and preserving critical infrastructure such as: streets, sidewalks and bridges, educational facilities, municipal facilities, parks, levies and public safety structure and equipment. A close look at the City’s capital infrastructure reveals an extensive network of assets requiring careful consideration to balance priorities. Four main criteria are considered for all projects including: investments that preserve the City’s existing capital assets, items of criticality and those that present a material risk, projects that are essential to government functions or enhancements to quality of life, and projects that prioritize health and safety.

In addition to the selection of individual capital projects included in the five-year Capital Improvement Plan, sources of funding are identified including state and federal grants as well cash contributions. Simultaneous with the five-year capital plan, a vehicle and equipment replacement plan is formulated and reviewed annually. The requested items are reviewed and approved by the capital planning committee and the appropriate funding sources are identified: cash contributions and/or capital leases.

These discrete planning areas provide inputs for the General Fund long-term planning process. General Fund revenues and expenditures are forecast for five years by both function and category. The long-term planning process is driven not only by affordability, but by the City's core goals and objectives to maintain its infrastructure, provide essential services that support a safe and healthy community for residents, business, and visitors. In addition, the City continuously strives to enhance its fiscal administration by reviewing existing policies and procedures, revising as necessary, and creating new policies and/or procedures that support our evolving environment.

## ECONOMIC DEVELOPMENT

As the City works to achieve long-term fiscal sustainability and strength, it has pursued a deliberate and aggressive economic development strategy, focused on the development of residential units in the downtown, a range of mixed use developments and infrastructure improvements in neighborhoods, and the cultivation of a more vibrant innovation ecosystem building on the City’s long-standing strengths in insurance, advanced manufacturing and healthcare.

Working in partnership with the Capital Region Development Authority (CRDA), the City has pursued the redevelopment and residential conversion of multiple long-vacant commercial buildings in the downtown. Projects that have been completed to date have maintained near full occupancy, and development efforts are now shifting beyond conversions to new ground up development. The objective is to achieve sufficient density of residential development in the downtown area, in order to attract and retain the amenities necessary to sustaining a more vibrant urban center.

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Beyond the downtown, work is underway on the final phase of the redevelopment of the historic Colt armory complex, the redevelopment of two postwar housing developments at Bowles Park and Westbrook Village, and the rehabilitation of the long vacant Swift factory. In Parkville, construction has begun to transform the old Lyric Theatre into a new library, and a market-style food court is being built near the CTfastrak stop. The City is also pursuing multiple development projects located in the ten Opportunity Zones designated earlier this year. In addition, public infrastructure projects are underway and planned, including an extensive streetscape project on Albany Avenue, the City's most-traveled corridor, another streetscape project on Bartholomew Avenue, as well as the reconstruction of Weaver High School and Martin Luther King school, in the Blue Hills and Upper Albany Avenue neighborhoods.

Finally, the City, in partnership with private sector stakeholders, CT Next and CT Innovations, has pursued a three-pronged strategy to cultivate an innovation ecosystem that both attracts new employers and encourages existing employers to invest in innovation and growth in Hartford. Over the past year and a half, those efforts have built momentum, with all major Hartford-based insurers participating in the Hartford InsurTech Hub, Stanley Black & Decker establishing an advanced manufacturing accelerator and locating the company's innovation team in downtown Hartford. The City anticipates that a digital health accelerator will be formally launched in the coming months.

Reinforcing the work done thus far to develop Hartford as an innovation hub, Infosys, a global technology consulting company, recently decided to make Hartford one of a handful of its innovations hubs in the U.S., which is part of their push to hire 10,000 American workers. The Infosys hub, a \$21 million development, will bring an expected 1,000 jobs in Hartford by 2022. Crucially, Infosys has begun to build relationships with local education institutions to create pipelines of opportunity for young people in the area.

## RELEVANT FINANCIAL POLICIES

The Department of Finance encompasses seven divisions: Administration, Accounting & Control, Human Relations, Procurement, Risk Management, Tax Assessment, and Tax Collection. The Department's major responsibilities include general accounting and financial reporting, accounts payable, risk management (other than employee benefits), property assessment, tax collection, debt administration, the procurement of goods and services, contract compliance, administrative support for City boards and commissions, and payroll and revenue budget preparation in conjunction with the Office of Management, Budget & Grants. The Director of Finance is an appointee of the Mayor, subject to confirmation by the Council.

### Internal Controls

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

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### Budgetary Control

Centralized budgetary control of encumbrances and disbursements against appropriations is maintained by department, by major program or activity and by principal object of expenditure with oversight of the City's Office of Management, Budget & Grants. The BOE 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 Council.

### Cash Management

During the fiscal year, idle cash was invested in legally permitted investments on a short-term basis by the City Treasurer as the fiduciary for all City funds. 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 certificates of deposit are a component of the City's short-term investment portfolio. However, money market fund investments in a portfolio of United States Treasury securities, and the Short Term Investment Fund (STIF) administered by the Office of the State Treasurer represent the major share of the City's short-term investments.

### Risk Management

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

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2017. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another Certificate of Achievement for Excellence in Financial Reporting.

The preparation of this CAFR would not have been possible without the significant efforts of staff in the Finance Department. I express my sincere appreciation to all the members of the Finance Department, especially the entire Accounting & Control Division who once again have successfully accounted for and reported the financial activities of our City. I also acknowledge the considerable contributions of the Office of Management, Budget, & Grants; Office of the City Treasurer; Hartford Public Schools; Hartford Public Library; and the Hartford Parking Authority.

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Finally, thanks are extended to the City's independent auditors, Blum Shapiro & Company P.C. for their efforts and counsel during the audit, CAFR preparation and submission process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "L. Ralls", with a stylized, cursive script.

Leigh Ann Ralls

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**CITY OF HARTFORD, CONNECTICUT**  
Mayor - Council Form of Government  
List of Elected and Principal Officials - As of June 30, 2018

**THE HONORABLE LUKE A. BRONIN, MAYOR**

**The Honorable Court of Common Council**

Council President – Glendowlyn L. H. Thames

Thomas J. Clarke II  
John Q. Gale, Assistant Majority Leader  
Wildaliz Bermudez, Minority Leader

Larry Deutsch, M.D., M.P.H.  
James B. Sánchez  
Rosezina J. Winch

**THE HONORABLE ADAM M. CLOUD, TREASURER**

**The Honorable Registrars of Voters**

Giselle Feliciano (D)

Sheila N. Hall (R)

**Appointed and Other Municipal Officials**

Chief Operating Officer, Acting  
Corporation Counsel  
Town and City Clerk  
Director of Finance  
    Controller  
    Tax Assessor  
    Tax Collector  
    Revenue Manager, Acting  
    Risk Manager  
    Procurement Agent  
Director of Development Services, Acting  
Interim Chief Financial Officer & Director of  
    Budget & Grants  
Chief of Police  
Fire Chief  
Director of Health and Human Services  
Director of Human Resources & Labor Relations  
Director of Public Works, Acting

Ronald Van Winkle  
Howard G. Rifkin, Esq.  
John V. Bazzano  
Leigh Ann Ralls, CPA  
Kimberly Campagna  
John A. Phillip, CCMA  
Nancy S. Raich, Esq., CCMC  
Melissa N. McCaw  
Tomek Furtak  
Tara C. Washington  
Kiley Gosselin  
  
Melissa N. McCaw  
David Rosado  
Reginald D. Freeman  
Liany E. Arroyo, MPH, CPH  
Cherese Chery  
Reginald D. Freeman

**Board of Education**

Craig Stallings, Chairman

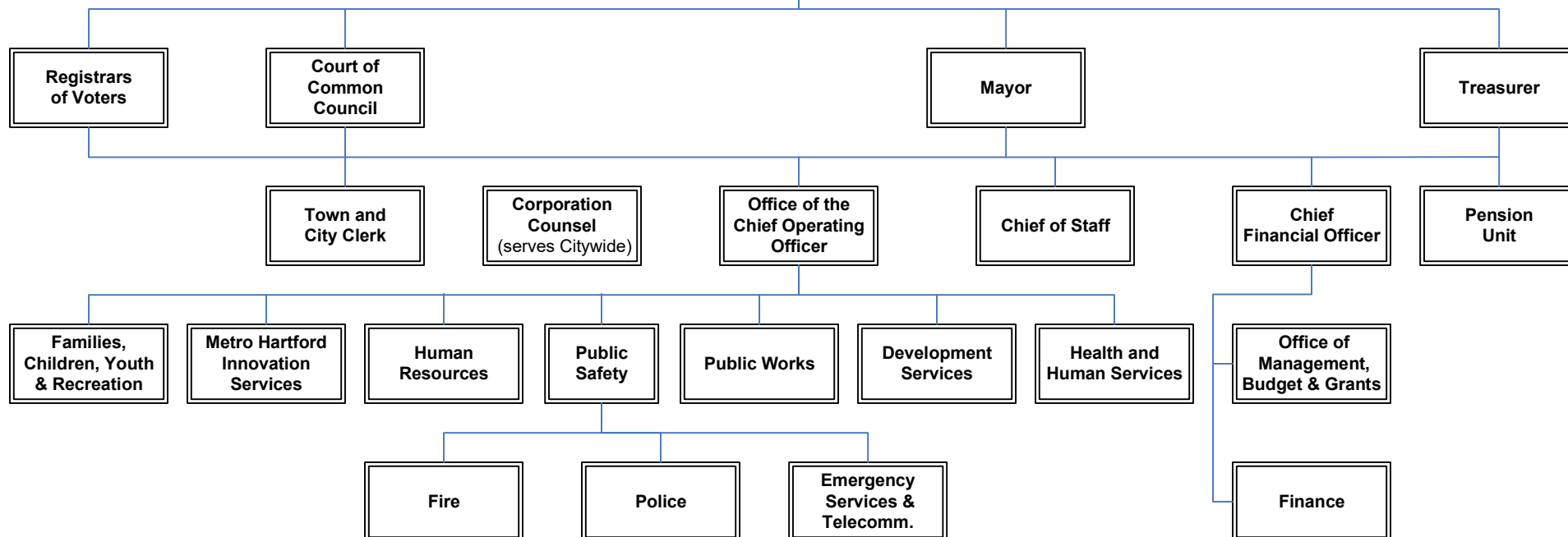
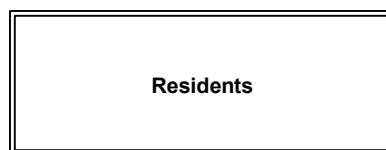
Shontá Browdy  
Ayesha Clarke  
Julio Flores, Secretary  
Tiffany Glanville, Vice Chair

Juan Hernandez  
Kimberly Oliver  
Karen Taylor, Second Vice Chair

**Hartford Public Schools**

Leslie Torres-Rodriguez, Ed.D., Superintendent of Schools

**City of Hartford**  
Organizational Chart  
Fiscal Year 2018



**Boards and Commissions**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Hartford  
Connecticut**

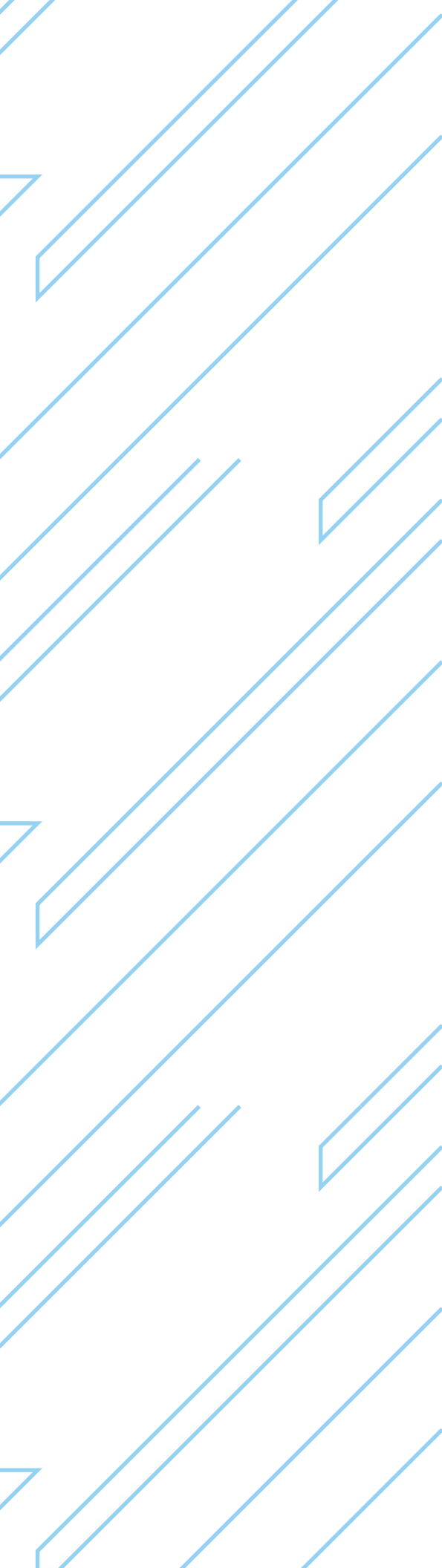
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO





**Financial Section**

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

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, 2018, and the related notes to the financial statements, which collectively comprise the City of Hartford, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hartford, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle and Restatements***

As discussed in Note 16 to the financial statements, during the fiscal year ended June 30, 2018, the City of Hartford, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the City of Hartford, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. In addition, funds were reclassified as to type. Our opinion is not modified with respect to these matters.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 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 solely 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 effectiveness of the City of Hartford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hartford, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 26, 2018

**CITY OF HARTFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
JUNE 30, 2018**

**FINANCIAL HIGHLIGHTS**

- The City's total net position increased \$60.4 million as a result of this year's operations. The net position of our governmental activities increased by \$55.6 million, or nearly 19%. The net position of our business-type activities increased by \$4.8 million.
- The City received \$40.0 million in capital grants and contributions related to school building construction grants from the State in support of the City's school renovation and construction projects, and for various public works projects.
- The total cost of the City's programs for the year was \$803.9 million.
- The General Fund reported a fund balance this year of \$4.9 million.
- The revenues available for appropriation and other financing sources were \$31.3 million more than budgeted for the General Fund and expenditures and other financing uses were \$18.7 million less than budgeted amount of \$612.9 million. The total fund balance increased \$0.4 million in the current year on a budget basis.
- Major factor that contributed to the \$31.3 million revenue surplus is the receipt of \$20 million of Municipal Restructuring Funds and \$11.8 million of Contract Assistance payments from the State of CT.
- Major items that contributed to the favorable expenditure budget variance of \$18.7 million are: citywide attrition savings, health claims experience, an increase in fringe chargebacks from grant sources, and general savings in non-personnel expenditures.
- The City shifted from the use of debt financing to a pay as you go capital expense model funded by the General Fund in the current fiscal year.
- The General Fund expended \$13.1 million on capital expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

The analysis of the City as a whole begins on Exhibits I and II. The statement of net position 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 position and changes. The City's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader should consider other non-financial factors such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall financial health of the City.

In the statement of net position and the statement of activities, the City is divided into three types of activities for accounting purposes:

- *Governmental activities* - This is where most of the City's basic services are reported, 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, the Hartford Stadium Authority (a blended component unit) and the Golf Courses are reported here.
- *Component units* - The City includes a separate legal entity in its report; the Hartford Parking Authority. Although legally separate, this "component unit" is reported because the City is financially accountable for them.

## **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. In addition to the Charter required funds, the Finance Department establishes other funds to organize, control and manage financial activities for specific purposes (e.g., Capital Improvement Fund) or to demonstrate that the City is meeting legal responsibilities for using grants, and other money (e.g., Educational Grants, Health Grants and Miscellaneous Grants Funds). The City's funds are divided into three categories for accounting purposes:

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how resources flow into and out of those funds and the remaining balances 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 the reader determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's operations and programs. The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation reported separately from the fund financial statements.
- *Proprietary funds (Exhibits V, VI, and VII)* - When the City charges a fee to customers for the services it provides, whether to other units of the City or non-City individuals or entities, 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 position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail

and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Self-Insurance Internal Service Funds and the City's Metro Hartford Innovation Services Fund.

- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. 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 position increased from a year ago by \$60.4 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

**TABLE I  
NET POSITION**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2018</b>	<b>as Restated 2017</b>	<b>2018</b>	<b>as Restated 2017</b>	<b>2018</b>	<b>as Restated 2017</b>
Current and other assets	\$ 370,416	\$ 380,726	\$ 2,592	\$ 2,571	\$ 373,008	\$ 383,297
Capital assets, net of accumulated depreciation	1,497,741	1,502,289	87,812	84,843	1,585,553	1,587,132
Total assets	<u>1,868,157</u>	<u>1,883,015</u>	<u>90,404</u>	<u>87,414</u>	<u>1,958,561</u>	<u>1,970,429</u>
Deferred outflow of resources	<u>186,980</u>	<u>99,414</u>	<u>-</u>	<u>-</u>	<u>186,980</u>	<u>99,414</u>
Current liabilities	126,465	160,056	1,773	3,938	128,238	163,994
Long-term liabilities outstanding	<u>1,559,678</u>	<u>1,523,379</u>	<u>68,997</u>	<u>68,637</u>	<u>1,628,675</u>	<u>1,592,016</u>
Total liabilities	<u>1,686,143</u>	<u>1,683,435</u>	<u>70,770</u>	<u>72,575</u>	<u>1,756,913</u>	<u>1,756,010</u>
Deferred inflow of resources	<u>19,644</u>	<u>5,205</u>	<u>-</u>	<u>-</u>	<u>19,644</u>	<u>5,205</u>
Net Position:						
Net investments in capital assets	896,914	903,318	18,815	15,792	915,729	919,110
Restricted	81,961	79,842			81,961	79,842
Unrestricted	<u>(629,525)</u>	<u>(689,371)</u>	<u>819</u>	<u>(953)</u>	<u>(628,706)</u>	<u>(690,324)</u>
Total Net Position	<u>\$ 349,350</u>	<u>\$ 293,789</u>	<u>\$ 19,634</u>	<u>\$ 14,839</u>	<u>\$ 368,984</u>	<u>\$ 308,628</u>

The City's government-wide net position of \$369 million represents an increase of \$60.4 million over last year's net position of \$308.6 million. This increase was largely due to an increase in deferred outflow of resources and an increase to long term liabilities and deferred inflow of resources. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased \$61.6 million over last year. Government activities unrestricted net position increased \$59.8 million while the unrestricted net position of the City's business-type activities increased \$1.8 million in 2018.

**TABLE 2**  
**STATEMENT OF ACTIVITIES**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues:						
Program revenues:						
Charges for services	\$ 20,907	\$ 21,660	\$ 6,693	\$ 4,964	\$ 27,600	\$ 26,624
Operating grants and contributions	389,818	489,503			389,818	489,503
Capital grants and contributions	40,282	19,501	4,541		44,823	19,501
General revenues:						
Property taxes	292,067	267,921			292,067	267,921
Grants not restricted to specific programs	98,102	75,852			98,102	75,852
Unrestricted investment earnings	4,136	6,854	(3,177)	61	959	6,915
Other general revenues	10,861	115		16	10,861	131
Total revenues	<u>856,173</u>	<u>881,406</u>	<u>8,057</u>	<u>5,041</u>	<u>864,230</u>	<u>886,447</u>
Expenses:						
General government	127,405	106,179			127,405	106,179
Public safety	72,492	110,468			72,492	110,468
Public works	35,350	42,650			35,350	42,650
Development and community affairs	12,471	56,504			12,471	56,504
Human services	61,015	30,581			61,015	30,581
Education	443,410	558,270			443,410	558,270
Recreation and culture	22,677	10,113			22,677	10,113
Interest on long-term debt	24,218	18,733			24,218	18,733
Hartford Parking Facilities			822	933	822	933
Hartford Stadium Authority			2,284	2,153	2,284	2,153
Golf Course			1,730	1,841	1,730	1,841
Total expenses	<u>799,038</u>	<u>933,498</u>	<u>4,836</u>	<u>4,927</u>	<u>803,874</u>	<u>938,425</u>
Change in net position before transfers	57,135	(52,092)	3,221	114	60,356	(51,978)
Transfers	(1,574)	(354)	1,574	354		
Change in net position	55,561	(52,446)	4,795	468	60,356	(51,978)
Net Position at Beginning of Year	293,789	654,885	14,839	14,371	308,628	669,256
Restatement		(308,650)				(308,650)
Net Position at End of Year	<u>\$ 349,350</u>	<u>\$ 293,789</u>	<u>\$ 19,634</u>	<u>\$ 14,839</u>	<u>\$ 368,984</u>	<u>\$ 308,628</u>

The City's total revenue in 2018 of \$864.2 million represents an decrease of \$22.2 million over last year. Capital grants and contributions increased \$25.3 million due to monies received from the State of Connecticut related to school building construction grants. Operating grants and contributions decreased \$99.7 million mainly due to a decrease in educational grant funding.



The City's total program expenses of \$803.9 million represent a decrease of \$134.5 million over last year. The decrease in Public Works, Public Safety, Development and Community Affairs, and Education is related to the receipt of different grants than prior year and overtime. The 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 six largest programs - general government, public safety, public works, human services, education, recreation and culture and others (debt service and development and community affairs) - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General government	\$ 127,405	\$ 106,179	\$ 120,287	\$ 93,017
Public safety	72,492	110,468	59,558	101,241
Public works	35,350	42,650	17,864	22,829
Human services	61,015	30,581	48,922	3,152
Education	443,410	558,270	7,454	149,565
Recreation and culture	22,677	10,113	117,971	8,196
All others	36,689	75,237	(24,025)	24,834
Total	\$ <u>799,038</u>	\$ <u>933,498</u>	\$ <u>348,031</u>	\$ <u>402,834</u>

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

Revenues from the Hartford Parking Authority provided to the Hartford Parking Facilities Fund to finance debt service and capital improvement, as well as revenues to the City's General Fund increased by \$0.3 million in FY18 and expenses (including debt service and depreciation) for the City's dedicated parking facilities remained consistent from FY 2017. The Golf Courses ended FY18 with a net position of \$4.3 million as a result of the construction of a new clubhouse. The Hartford Stadium Authority had an increase to net position of \$0.5 million with increased revenues from the 2018 baseball season.

## **CITY FUNDS FINANCIAL ANALYSIS**

### ***Governmental Funds***

The City's combined General Fund reported a fund balance increase of \$0.4 million during 2018 as compared with a decrease of \$9.0 million in 2017. This increase is mainly due to the receipt of Municipal restructuring funds and contract assistance from the State as well as the implementation of a pay as you go capital program. The combined General Fund's unassigned fund balance at June 30, 2018 is \$4.9 million representing 0.8 percent of the General Fund's 2018 amended budgetary appropriations. Actual revenues were \$31.3 million more than the amended budgetary revenue estimate. Expenditures were \$18.7 million less than the final budgeted appropriation of \$612.9 million. Refer to RSI-1 and RSI-2 for details on other favorable and unfavorable variances in comparison to budgetary estimates.

The Capital Improvement Fund reported a fund balance increase of \$8.0 million which is related to the receipt of grant revenues and the General Fund contributions from the new pay as you go CIP funding plan. The City closely managed capital project spending throughout the fiscal year by completing and closing out prior years authorized projects. The departments of public works and development services continued these efforts in FY 2018 by focusing on the capital needs mainly related to maintaining and preserving our capital infrastructure..

The Debt Service Fund had a fund balance as of June 30, 2018, of \$41.2 million which represents a decrease due to pay down of the existing restructured debt.

The Education Grant Fund had an increase in fund balance of \$3.1 million due to an overall decrease in expenditures.

The Community Development Loan and Grant Fund had an increase in fund balance of \$0.6 due to multiple home loans that were repaid in full in advance of maturity date.

The City's other governmental funds reported an increase of \$1.5 million in fund balance for the year, mainly due to decreased expenditures.

### Internal Service Funds

The net position of the City's self-insurance programs decreased \$2.3 million, decreasing the total net position (deficit) of the City's internal service programs from \$(20.9) million to an \$(23.2) million deficit. The City will continue its efforts to develop a funding plan for its post-retirement benefits liabilities based on the actuaries' estimates.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2018, the City had \$1.5 billion invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment and infrastructure - Table 4.

Capital asset additions during the year totaled \$39.0 million (Note 6 to the financial statements). Construction in progress additions represent the majority of capital additions recorded by the City other than capital activity related to vehicle and equipment purchases and infrastructure. Refer to current period expenditures reported in Exhibit C for a detail of capital 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**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 63	\$ 63	\$ 6	\$ 6	\$ 69	\$ 69
Land improvements	20	21			20	21
Buildings and improvements	1,030	980	81	65	1,111	1,045
Machinery and equipment	15	19	1	14	16	33
Infrastructure	198	204			198	204
Construction in progress	172	215			172	215
Total	\$ 1,498	\$ 1,502	\$ 88	\$ 85	\$ 1,586	\$ 1,587

There are 288 active projects in the City's Capital Improvement Fund with appropriations of \$1,747.1 million, cumulative active project expenditures of \$1,297 million. Total expenditures for all projects during the fiscal year amounted to \$46.4 million. New and supplemental appropriations are reflected in the FY2019 adopted budget.

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

## Long-Term Debt

The City did not issue any long-term debt in fiscal year 2018. However, on April 13, 2017 in anticipation of a projected FY2017 deficit, the City issued \$20.165 million of Tax Anticipation Notes (TAN) to ensure its ability to fund operations and obligations city-wide through the end of the Fiscal Year. The City was able to successfully reduce the projected use of TAN proceeds by continuing to manage expenditures and collect revenues. The City successfully repaid the TAN in FY18. Additionally, In March 2018 the City entered into a Contract Assistance Agreement with the State of Connecticut to service \$540 million in current general obligation debt service until such debt was retired. This agreement is backed by the full faith and credit of the State of Connecticut. As part of this agreement, the City of Hartford is subject to financial oversight and has accepted limitations on the issuance of new debt. Under the contract assistance agreement, the City must meet certain financial requirements. Lack of compliance with such requirements would trigger a default, thus placing the City in Tier 4 full oversight by the State of Connecticut.

At June 30, 2018, the City had \$569.6 million in bonds outstanding versus \$601.4 million last year – a decrease of 5.2% - as shown in Table 5. The City has approximately \$40 million of restricted cash and investments to offset this debt.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
General obligation bonds	\$ 570	\$ 601	\$ 2	\$ 3	\$ 572	\$ 604
Special obligation revenue bonds					-	-
Revenue bonds			66	67	66	67
Notes payable					-	-
Total	<u>\$ 570</u>	<u>\$ 601</u>	<u>\$ 68</u>	<u>\$ 70</u>	<u>\$ 638</u>	<u>\$ 671</u>

The State limits the amount of general obligation debt that cities can issue based on a formula detailed in State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is below the formulaic \$1.7 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 8 to the financial statements.

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

Connecticut's unemployment rate was estimated by the Connecticut Department of Labor to be 4.1% for November 2018 (seasonally adjusted). This is 0.1% lower than October 2018 and 0.5% lower than the November 2017 rate of 4.6%.. The November 2018 unemployment rate for Hartford was 5.4%, which is 1.3% higher than the 4.1% reported by the U.S. Bureau of Labor Statistics for November 2018. The Consumer Price Index rose 2.2 percent (unadjusted - all items) for the 12-months ended November 2018.

PA 17-2, An Act Concerning the State Budget for the Biennium Ending June 30, 2019, establishes a Municipal Accountability Review Board to support financially distressed municipalities in achieving fiscal sustainability. The State Budget provides a \$28 million Municipal Restructuring appropriation to be allocated by the Municipal Accountability Review Board (MARB). The City of Hartford provided a 5-year Municipal Recovery Plan to the MARB in March 2018, comprised of revenue and expenditures assumptions, contract assistance for debt service, labor concessions, economic development goals and initiatives to generate grand list growth, as well as revenue and expenditure initiatives, the combination of which provided a pathway to fiscal balance. The recovery plan required the City to shift to a Pay-As-You-Go Capital Improvement Program, whereby the capital expenditure program is funded primarily from the General Fund. The recovery plan was reviewed in detail by the full MARB and a subcommittee thereof and approved in June 2018 where the City received \$20 million in restructuring funds. The City is required to submit an updated Municipal Recovery Plan annually in concert with the Mayor's Recommended General Fund Budget.

Over the past two years, in the face of unprecedented fiscal crisis and longstanding structural deficits, the City has worked diligently to achieve long-term sustainability for our Capital City, making dramatic reductions in the size and cost of City government. The City continues to make progress in achieving landmark labor contracts that provide material long term savings. The new labor contracts include several years of wage freezes and structural changes in pension, active employee health and retiree health insurance contributions for current employees and future hires. The significant expenditure reductions, savings combined with structural changes achieved in union contracts, and new tools available in the State Budget, coupled with disciplined management and fiscal prudence, represent significant progress towards long term sustainability. These achievements create opportunities to strengthen the City's finances and achieve long term fiscal health.

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

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the monies 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, or by telephone (860) 757-9665.



## **Basic Financial Statements**

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**  
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Hartford Parking Authority
<b>Assets:</b>				
Cash and cash equivalents	\$ 125,708	\$ 2,043	\$ 127,751	\$ 1,329
Investments	30,933		30,933	
Restricted cash and cash equivalents	90	2,501	2,591	
Restricted investments	40,913		40,913	
Receivables, net:				
Property taxes	84,555		84,555	
Accounts	34,174	43	34,217	2,407
Loans	36,135		36,135	
Intergovernmental	14,487		14,487	
Due from component unit		962	962	(962)
Internal balances	2,957	(2,957)	-	
Other assets	464		464	
Capital assets, nondepreciable	234,855	6,087	240,942	
Capital assets, net of accumulated depreciation	1,262,886	81,725	1,344,611	
Total assets	<u>1,868,157</u>	<u>90,404</u>	<u>1,958,561</u>	<u>2,774</u>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding	4,029		4,029	
Deferred outflows related to pensions	70,503		70,503	
Deferred outflows related to OPEB	112,448		112,448	
Total deferred outflows of resources	<u>186,980</u>	<u>-</u>	<u>186,980</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and accrued expenses	82,647	1,773	84,420	586
Internal balances			-	
Unearned revenue	43,818		43,818	2,188
Noncurrent liabilities:				
Due within one year	61,117	1,969	63,086	
Due in more than one year	1,498,561	67,028	1,565,589	
Total liabilities	<u>1,686,143</u>	<u>70,770</u>	<u>1,756,913</u>	<u>2,774</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows related to pensions	8,053		8,053	
Deferred inflows related to OPEB	11,591		11,591	
Total deferred inflows of resources	<u>19,644</u>	<u>-</u>	<u>19,644</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	896,914	18,815	915,729	
Restricted:				
Debt service	40,917		40,917	
Housing loans and grants	10,512		10,512	
Trust purposes:				
Expendable	22,174		22,174	
Nonexpendable	8,358		8,358	
Unrestricted	(629,525)	819	(628,706)	
<b>Total Net Position</b>	<u>\$ 349,350</u>	<u>\$ 19,634</u>	<u>\$ 368,984</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018  
(In Thousands)**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Hartford Parking Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government								
Governmental activities:								
General government	\$ 127,405	\$ 1,827	\$ 5,291	\$	\$ (120,287)	\$	\$ (120,287)	\$
Public safety	72,492	7,097	5,837		(59,558)		(59,558)	
Public works	35,350	195		17,291	(17,864)		(17,864)	
Development and community affairs	12,471	9,066	51,401	247	48,243		48,243	
Human services	61,015	464	11,629		(48,922)		(48,922)	
Recreation and Culture	22,677	693	14,530		(7,454)		(7,454)	
Education	443,410	1,565	301,130	22,744	(117,971)		(117,971)	
Interest on long term debt	24,218				(24,218)		(24,218)	
Total governmental activities	799,038	20,907	389,818	40,282	(348,031)	-	(348,031)	-
Business-type activities:								
Hartford parking facilities	822	3,579				2,757	2,757	
Golf course	2,284	1,747		4,541		4,004	4,004	
Hartford Stadium Authority	1,730	1,367				(363)	(363)	
Total business-type activities	4,836	6,693	-	4,541	-	6,398	6,398	-
Total Primary Government	\$ 803,874	\$ 27,600	\$ 389,818	\$ 44,823	(348,031)	6,398	(341,633)	-
Component Unit								
Hartford Parking Authority	\$ 8,816	\$ 8,816	\$ -	\$ -				-
General revenues:								
Property taxes					292,067		292,067	
Grants and contributions not restricted to specific programs					98,102		98,102	
Unrestricted investment earnings					4,136	(3,177)	959	
Miscellaneous					10,861		10,861	
Transfers					(1,574)	1,574	-	
Total general revenues and transfers					403,592	(1,603)	401,989	-
Change in net position					55,561	4,795	60,356	-
Net Position at Beginning of Year, as Restated					293,789	14,839	308,628	-
Net Position at End of Year					\$ 349,350	\$ 19,634	\$ 368,984	\$ -

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**  
**(In Thousands)**

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Community Development Loan and Grant</u>	<u>Debt Service</u>	<u>Educational Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 42,152	\$ 25,544	\$ 2,688	\$	\$ 28,395	\$ 9,468	\$ 108,247
Restricted cash				90			90
Investments						30,933	30,933
Restricted investments				40,913			40,913
Receivables, net	89,960	18,546	36,149		3,407	20,873	168,935
Due from other funds	3,539			152			3,691
Inventories and other assets						464	464
Total Assets	<u>\$ 135,651</u>	<u>\$ 44,090</u>	<u>\$ 38,837</u>	<u>\$ 41,155</u>	<u>\$ 31,802</u>	<u>\$ 61,738</u>	<u>\$ 353,273</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 43,193	\$ 11,540	\$ 287	\$	\$ 10,229	\$ 5,458	\$ 70,707
Due to other funds		3				731	734
Unearned revenue	207	19,728			13,476	10,406	43,817
Total liabilities	<u>43,400</u>	<u>31,271</u>	<u>287</u>	<u>-</u>	<u>23,705</u>	<u>16,595</u>	<u>115,258</u>
Deferred inflows of resources:							
Unavailable revenue	87,367	12,165	36,135			5,244	140,911
Total deferred inflows of resources	<u>87,367</u>	<u>12,165</u>	<u>36,135</u>	<u>-</u>	<u>-</u>	<u>5,244</u>	<u>140,911</u>
Fund balances:							
Nonspendable						8,822	8,822
Restricted			2,415	40,917	8,097	31,451	82,880
Committed		654		238		2,243	3,135
Assigned						603	603
Unassigned	4,884					(3,220)	1,664
Total fund balances	<u>4,884</u>	<u>654</u>	<u>2,415</u>	<u>41,155</u>	<u>8,097</u>	<u>39,899</u>	<u>97,104</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 135,651</u>	<u>\$ 44,090</u>	<u>\$ 38,837</u>	<u>\$ 41,155</u>	<u>\$ 31,802</u>	<u>\$ 61,738</u>	<u>\$ 353,273</u>

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**CITY OF HARTFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2018**  
(In Thousands)

Reconciliation of the Balance Sheet - Governmental Funds

to the Statement of Net Position:

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

Fund balances - total governmental funds (Exhibit III)	\$ 97,104
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 2,365,329	
Less accumulated depreciation	(867,588)	
Net capital assets		1,497,741

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

Property tax receivables greater than 60 days	52,888
Interest receivable on property taxes	29,258
Housing loans receivable	36,135
Other receivables	22,629
Deferred outflows related to pensions	70,503
Deferred outflows related to OPEB	112,448

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

(23,171)

Long-term liabilities and deferred inflows of resources are not due and payable in the current period, and, therefore, are not reported in the funds:

Bonds payable	(569,586)
Premium on bonds	(54,199)
Deferred charge on refunding	4,029
Accrued interest payable	(8,336)
HUD Loans	(5,950)
Capital leases	(5,664)
Clean water fund notes	(951)
Compensated absences	(28,654)
Claims and judgements	(4,000)
CMERS prior service cost	(1,107)
Net OPEB liability	(423,263)
Net pension liability - CMERS	(17,468)
Net pension liability - MERF	(409,216)
Net pension liability - RAF/PBF/FRF	(1,930)
Net pension liability - 415(m)	(246)
Deferred inflows related to pensions	(8,053)
Deferred inflows related to OPEB	(11,591)

Net Position of Governmental Activities (Exhibit I)	\$ <u>349,350</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018  
(In Thousands)**

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 283,758	\$	\$	\$	\$	\$	\$ 283,758
Licenses, permits, and other charges	6,218						6,218
Intergovernmental revenues	360,400	33,597			126,850	102,848	623,695
Charges for services	2,344					8,923	11,267
Use of property	979						979
Investment income (loss)	1,403	(18)	165	227		2,528	4,305
Miscellaneous	1,447	6,198	763	4		2,296	10,708
Total revenues	<u>656,549</u>	<u>39,777</u>	<u>928</u>	<u>231</u>	<u>126,850</u>	<u>116,595</u>	<u>940,930</u>
Expenditures:							
Current:							
General government	13,334					713	14,047
Public safety	81,237					11,306	92,543
Public works	12,212					24	12,236
Development and community affairs	3,380		305			7,421	11,106
Human services	3,800					57,313	61,113
Education	351,430				125,898	20,421	497,749
Recreation and culture	9,199					12,956	22,155
Benefits and insurance	93,366						93,366
Other	31,286						31,286
Capital outlay		46,402				248	46,650
Debt service	398			64,385		3,995	68,778
Total expenditures	<u>599,642</u>	<u>46,402</u>	<u>305</u>	<u>64,385</u>	<u>125,898</u>	<u>114,397</u>	<u>951,029</u>
Excess (deficiency) of revenues over expenditures	<u>56,907</u>	<u>(6,625)</u>	<u>623</u>	<u>(64,154)</u>	<u>952</u>	<u>2,198</u>	<u>(10,099)</u>
Other Financing Sources (Uses):							
Transfers in from other funds	13,644	14,737		38,891	2,121	4,488	73,881
Transfers out to other funds	(70,177)	(90)				(5,188)	(75,455)
Total other financing sources (uses)	<u>(56,533)</u>	<u>14,647</u>	<u>-</u>	<u>38,891</u>	<u>2,121</u>	<u>(700)</u>	<u>(1,574)</u>
Net Change in Fund Balances	374	8,022	623	(25,263)	3,073	1,498	(11,673)
Fund Balances at Beginning of Year, as Restated	<u>4,510</u>	<u>(7,368)</u>	<u>1,792</u>	<u>66,418</u>	<u>5,024</u>	<u>38,401</u>	<u>108,777</u>
Fund Balances at End of Year	<u>\$ 4,884</u>	<u>\$ 654</u>	<u>\$ 2,415</u>	<u>\$ 41,155</u>	<u>\$ 8,097</u>	<u>\$ 39,899</u>	<u>\$ 97,104</u>

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (11,673)
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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.

Capital outlay	39,094
Depreciation expense	(43,642)

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

Property taxes collected after 60 days	3,640
Interest income on property taxes	4,669
Housing loans receivable	2,330
Other receivables	(27,905)
Change in deferred outflows related to pensions	(24,457)
Change in deferred outflows related to OPEB	112,448

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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond Principal payments	31,831
HUD Loans principal payments	350
Capital lease principal payments	6,887
Clean water fund notes principal payments	95

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.

Amortization of deferred charges in refunding	(425)
Amortization of premium	3,245
Accrued interest	2,579
Amortization of CMERS prior service costs	568
Change in long-term compensated absences	3,638
Change in claims and judgements	(675)
Change in net OPEB liability	(29,904)
Change in net pension liability - CMERS	5,442
Change in net pension liability - MERF	(7,586)
Change in net pension liability - RAF/PBF/FRF	1,711
Change in net pension liability - 415(m)	51
Change in deferred inflows related to pensions	(2,848)
Change in deferred inflows related to OPEB	(11,591)

The net expense of the internal service funds is reported with governmental activities.	<u>(2,311)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 55,561</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2018**  
**(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Hartford Stadium Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$	\$	\$	\$
		2,043	2,043	17,460
Restricted cash	2,501		2,501	
Receivables, net		43	43	415
Due from component unit		962	962	
Total current assets	2,501	3,048	5,549	17,875
Noncurrent assets:				
Capital assets:				
Not being depreciated		6,087	6,087	
Being depreciated, net	65,998	15,727	81,725	
Total noncurrent assets	65,998	21,814	87,812	-
Total assets	68,499	24,862	93,361	17,875
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and other payables	1,287	486	1,773	3,603
Due to other funds	77	2,880	2,957	
Current maturities of risk management claims				22,143
Current maturities of bonds payable	1,525	444	1,969	
Total current liabilities	2,889	3,810	6,699	25,746
Noncurrent liabilities:				
Risk management claims				15,300
Bonds payable	65,198	1,830	67,028	
Total noncurrent liabilities	65,198	1,830	67,028	15,300
Total liabilities	68,087	5,640	73,727	41,046
<b>Net Position:</b>				
Net investment in capital assets	(725)	19,540	18,815	
Restricted for debt services				
Unrestricted	1,137	(318)	819	(23,171)
Total Net Position	\$ 412	\$ 19,222	\$ 19,634	\$ (23,171)

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Hartford Stadium Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
Operating Revenues:				
Charges for services	\$ 1,367	\$ 5,318	\$ 6,685	\$ 73,093
Employee and pensioners charges for insurance			-	23,634
Other		8	8	5,118
Total operating revenues	<u>1,367</u>	<u>5,326</u>	<u>6,693</u>	<u>101,845</u>
Operating Expenses:				
Administrative			-	6,756
Operations	35	2,246	2,281	5,923
Insurance benefits and claims			-	91,477
Depreciation	1,695	860	2,555	
Total operating expenses	<u>1,730</u>	<u>3,106</u>	<u>4,836</u>	<u>104,156</u>
Operating Income (Loss)	<u>(363)</u>	<u>2,220</u>	<u>1,857</u>	<u>(2,311)</u>
Nonoperating Revenues (Expenses):				
Interest income	57		57	
Interest expense	(3,211)	(23)	(3,234)	
Total nonoperating revenues (expenses)	<u>(3,154)</u>	<u>(23)</u>	<u>(3,177)</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	(3,517)	2,197	(1,320)	(2,311)
Capital contributions - grants		4,541	4,541	
Transfers in	4,959	250	5,209	
Transfers out	<u>(934)</u>	<u>(2,701)</u>	<u>(3,635)</u>	
Change in Net Position	508	4,287	4,795	(2,311)
Net Position at Beginning of Year	<u>(96)</u>	<u>14,935</u>	<u>14,839</u>	<u>(20,860)</u>
Net Position at End of Year	<u>\$ 412</u>	<u>\$ 19,222</u>	<u>\$ 19,634</u>	<u>\$ (23,171)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Hartford Stadium Authority</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:				
City's contribution	\$	\$	\$	\$ 73,093
Receipts from customers and users	1,521	5,421	6,942	28,750
Payments to suppliers	(71)	(2,183)	(2,254)	
Payments for benefits and claims		-	-	(103,267)
Payments for interfund services used	(77)	497	420	
Net cash provided by (used in) operating activities	<u>1,373</u>	<u>3,735</u>	<u>5,108</u>	<u>(1,424)</u>
Cash Flows from Capital and Related Financing Activities:				
Transfer in	4,959	250	5,209	
Transfer out	(934)	(2,701)	(3,635)	
Principal paid on bonds	(1,455)	(414)	(1,869)	
Interest paid on bonds	(3,211)	(23)	(3,234)	
Capital Contributions		4,541	4,541	
Purchase of capital assets	(1,009)	(4,541)	(5,550)	
Net cash provided by (used in) noncapital financing activities	<u>(1,650)</u>	<u>(2,888)</u>	<u>(4,538)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest on investments	57	-	57	-
Net Increase (Decrease) in Cash and Cash Equivalents	(220)	847	627	(1,424)
Cash and Cash Equivalents at Beginning of Year	<u>2,721</u>	<u>1,196</u>	<u>3,917</u>	<u>18,884</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,501</u>	<u>\$ 2,043</u>	<u>\$ 4,544</u>	<u>\$ 17,460</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (363)	2,220	\$ 1,857	\$ (2,311)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,695	860	2,555	
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	154	(40)	114	172
(Increase) decrease in due from other funds	94	(534)	(440)	
Increase (decrease) in accounts payable	(36)	198	162	383
Increase (decrease) in due to other funds	(171)	1,031	860	
Increase (decrease) in claims payable			-	332
Total adjustments	<u>1,736</u>	<u>1,515</u>	<u>3,251</u>	<u>887</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,373</u>	<u>\$ 3,735</u>	<u>\$ 5,108</u>	<u>\$ (1,424)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2018**  
**(In Thousands)**

	<b>Pension and OPEB Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 48,708	\$ 912
Investments, at fair value:		
U.S. government agencies	16,057	
U.S. government securities	79,667	
Corporate bonds	145,769	
Foreign bonds	67,703	
Mutual funds	43,058	
Alternative investments	230,071	
Forward currency contracts	163	
Land	5,000	
Real estate funds	67,386	
Equities	386,935	
Total investments	1,041,809	-
Receivables:		
Accounts receivable	20,885	
Contribution receivable, net	20,885	-
Total assets	1,111,402	912
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	46,322	
Due to student groups and other		912
Total liabilities	46,322	912
<b>Net Position:</b>		
Restricted for Pension and OPEB Benefits	\$ 1,065,080	

The accompanying notes are an integral part of the financial statements

**CITY OF HARTFORD, CONNECTICUT**  
**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Pension and OPEB Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 65,034
Plan members	15,070
Other revenues	9,000
Total contributions and other revenues	<u>80,113</u>
Investment income:	
Net increase in fair value of investments	51,579
Interest and dividends	20,398
Total investment income	<u>71,977</u>
Less investment expenses:	
Investment management fees	<u>11,397</u>
Net investment income	<u>60,580</u>
Total additions	<u>140,693</u>
Deductions:	
Benefits	131,599
Administrative expense	2,994
Total deductions	<u>134,593</u>
Change in Net Position	6,100
Net Position at Beginning of Year	<u>1,058,980</u>
Net Position at End of Year	<u>\$ 1,065,080</u>

The accompanying notes are an integral part of the financial statements



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

During the fiscal year ended June 30, 2018, the City was designated a Tier III municipality by the State of Connecticut in accordance with CGS § 7-576c which included oversight by the State of Connecticut Municipal Accountability Review Board (MARB). See Note 15 for additional information.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

### **A. Financial Reporting Entity**

The financial reporting entity consists of: a) the primary government, which is the City; b) organizations for which the City is financially accountable and c) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component units are included in the City's reporting entity because of operational or financial relationship with the City.

### **Discretely Presented Component Unit**

The Hartford Parking Authority (the Parking Authority) has been included in the City's financial statements as a discretely presented component unit. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. It is financially accountable to the City, or has a relationship with the City such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. For the discretely presented component unit the potential exists for a financial burden or benefit to be imposed on the City as a result of the existence of the component unit. The Parking Authority was created pursuant to Chapter 100 of the General Statutes of Connecticut and is governed by five members appointed by the Mayor and approved by the Court of Common Council. The purpose of the Parking 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. Separately issued financial statements of the Parking Authority are available at [www.hartfordparkingauthority.com](http://www.hartfordparkingauthority.com).

### **Blended Component Unit**

The Hartford Stadium Authority (the Stadium Authority) serves all citizens of the government and is governed by a commission, which consists of five members appointed by the Court of Common Council. The Stadium Authority does not have any other staff members presently, the operational, administrative and legal services for the Stadium Authority will be handled by the City Departments of Finance, Public Works, and the Office of Corporation Council. The City is legally obligated to provide resources in the event there are deficiencies in debt service payments and resources are not available from any other remedies. The Stadium Authority is reported as an enterprise fund and does not issue separate financial statements. The Stadium Authority is reported as a blended component unit as the City is responsible for payment of Stadium Authority debt through a signed lease agreement.

### **B. Government-Wide Financial Statements**

The government wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government as a whole and its component units. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. 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.

The statement of net position presents the financial position of the City at the end of its fiscal year. The statement of activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

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 and enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. 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.

**CITY OF HARTFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**  
*(in thousands)*

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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. Property taxes and certain other revenues are considered to be available if collected within 60 days of the fiscal year end. Construction grant revenue is considered to be available if collected within 90 days of year end.

Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period, if available. Licenses and fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. 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, other post-employment benefit obligations, pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 and reported in another fund.

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

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

The **Debt Service Fund** accounts for the payment of principal and interest on general long-term debt of the City. This fund also accounts for the amounts held in escrow for future payoff of defeased debt.

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

The City reports the following major proprietary funds:

The **Hartford Stadium Authority Fund** accounts for the operations of the City's Dunkin' Donuts Park, a double A minor league ballpark, which is a blended component unit of the City.

Additionally, the City reports the following fund types:

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

The **Pension and Other Post-Employment Benefit (OPEB) Trust Funds** account for the activities of the Hartford Retirement System, which accumulated resource for pension benefit payment to qualified City employees and the activities of the OPEB Fund, which accounts for the health and other benefits provided to eligible retirees and their spouses.

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The **Agency Funds** are primarily utilized to account for monies held as custodian for outside student and other groups.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the internal service funds are charges to customers for services. Operating expenses for the Enterprise funds and the internal service funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the 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, Investments and Risk Disclosure**

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

Cash and cash equivalents consist of funds deposited in demand deposit accounts and short-term investments with original maturities of less than three months.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the Cash Management Division of the State Treasurer's Office, created by Section 3-27 of the General Statutes of Connecticut. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The investments in the pool adhere to GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which accounts for the asset investment. The value of the position the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

##### **Investments**

Investments are stated at fair value.

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

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**Restricted Cash and Investments**

Certain assets are classified as restricted because their use is limited. Restricted asset cash and investment are to be used for construction purposes and the repayment of the 2013 and 2015 refunded bonds.

**E. Receivables and Payables**

**Taxes Receivable**

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, except residential real estate, on the grand list as of October 1 each year. Residential real estate, defined as three living units or less, is currently assessed at 33.82% of value. The assessment ratio is calculated annually by the City Assessor. Taxes due for elderly residents who participate in the Elderly Tax Credit program are due in four installments; July 1, October 1, January 1, and April 1. 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.

**Loans Receivable**

The City has also entered into various loan agreements with third parties related to its public housing programs. These loan agreements have been recorded as notes receivable within the community Development Loan and Grant Fund. Under these agreements, the City has loaned money for the purpose of establishing and/or improving public housing units. The loans are secured by an interest in the property being acquired and/or improved. The programs consist of House Hartford Program, the Home Ownership Appraisal GAP Financing Program, Home Program, Lead Abatement Program, Façade Program, Anti-Blight Program and the Housing Preservation Loan Program. In addition, the City has one outstanding loan under the HUD Section 108 Program.

**Other Receivables**

All other receivables, including charges for services and intergovernmental receivables, are reported net of an allowance for doubtful accounts, when appropriate.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts represents those accounts which are deemed uncollectible is based upon collection history and analysis of creditor's ability to pay. The majority of the amount related to taxes receivable, housing loans (for which the City develops an allowance for doubtful accounts on a loan-by-loan basis) and police special duty charges for services.

**Due from/to Other Funds**

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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. Inventories**

All inventories are valued at cost on a first-in, first-out basis, and consist of certain expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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**G. Capital Assets**

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated acquisition 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 is capitalized in accordance with related guidance on enterprise fund and business-type capital assets.

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City as well as the discretely presented component unit, are depreciated using the straight-line method over the following estimated useful lives.

<b>Assets</b>	<b>Years</b>
Land improvements	20
Buildings and building improvements	40
Other structures	15
Office furniture, equipment and PC hardware	5
Computer equipment	5
Shop, playground, and grounds maintenance equipment	10-20
Autos, trucks, construction vehicles	5-15
Infrastructure	20-99

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding in the government-wide statement of net position and deferred outflows for pensions and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other

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inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources for pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plans (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, intergovernmental revenues and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### **I. Compensated Absences**

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

#### **J. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

#### **K. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

## **L. Net OPEB Liability**

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

## **M. Fund Equity**

Equity in the government-wide financial statements is defined as "net position." Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The components of net position are detailed below:

### **Net Investment in Capital Assets**

The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

### **Restricted Net Position**

These amounts are restricted to specific purposes when constraint placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

### **Unrestricted**

All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

### **Nonspendable Fund Balance**

Includes amounts that cannot be spent because they are either not in spendable form (inventories, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

### **Restricted Fund Balance**

These amounts are restricted to specific purposes when constraint placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.



**Committed Fund Balance**

This represents amounts constrained prior to year-end for a specific purpose by the City using its highest level of decision-making authority (City of Hartford Court of Common Council). Amounts remain committed until action, in the form of a Resolution, is taken by the Court of Common Council to remove or revise the limitations.

**Assigned Fund Balance**

For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General fund, this includes amounts constrained for the intent to be used for a specific purpose by the Court of the Common Council and Finance Department, who have been delegated authority to assign amounts by City Charter.

**Unassigned Fund Balance**

In the General Fund, this includes residual positive fund balance which has not been classified within the other abovementioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

**N. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**O. Use of Estimates**

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

**P. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 26, 2018.

**Q. Adoption of New Accounting Pronouncements**

For the year ended June 30, 2018, the City implemented GASB Statement No. 75, *OPEB Accounting for Employers and Non-Employer Contributing Entities*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus*.

GASB Statement No. 75 *OPEB Accounting for Employers and Non-Employer Contributing Entities* - the objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* - The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreements.

GASB Statement No. 85, *Omnibus* - This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements as follows:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The City adopted the legal budget for the 2017-2018 General Fund in accordance with the procedures summarized below:

By the third Monday in April, the Mayor must submit to the Court of Common 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 Court of Common Council, open meetings and public hearings are held to obtain residents' and taxpayers' comments on the recommended budget.

The Court of Common 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.

The General Fund budget, including all components of the property tax and municipal aid assumptions, must be approved by the Municipal Accountability Review Board before final adoption. Each year an updated Municipal Recovery Plan must be submitted to the MARB for approval and such annual budget must be in conformity with the Plan.

Upon action by the Mayor, the Court of Common 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. State of Connecticut on-behalf contributions are shown as revenues and expenses, and reimbursements to and from other funds are shown as reductions of revenues and expenses.

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

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

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

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

During the fiscal year ended June 30, 2018 there were no General Fund supplemental budget appropriations or additional appropriations against fund balance. There was however a mid-year increase to the motor vehicle mill rate from 32 mills to 39 mills as authorized in the State Budget in October of 2017. Section 699 of House Bill 1502 of the June Special Session, amended CGS Section 12-71e of the Connecticut General Statutes to authorize the legislative body of any municipality, which had already set its mill rate, to revise their motor vehicle mill rate to 39 mills, by legislative vote no later than December 15, 2017.

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

**B. Fund Deficits**

At June 30, 2018, the City reported deficit fund balance/net position for the following funds:

Governmental Funds:	
Non-major Funds	
Miscellaneous Grants	\$ 2,971
Health Grants	249
Internal Service Funds:	
Workers' Compensation	\$ 20,356
Liability and Property Damage	5,520

The Internal Service Funds deficit will be covered through future charges for services from the General Fund. The grant fund deficits are a result of revenue recognition in accordance with the modified accrual basis of accounting and will be repaid with future grant revenues.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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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). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is 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. The STIF accounts are recorded at amortized cost.

## **Deposits**

### **Deposit Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it.

**City** - The City's custodial credit risk policy includes policies on the safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures* \$104,797 of the City's bank balance of \$106,047 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$	94,199
Uninsured and Collateral held by the pledging bank's trust department, not in the City's name		<u>10,598</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>104,797</u></u>

**Parking Authority** - The Parking Authority follows the City's deposit policies of safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. As of June 30, 2018, \$1,056 of the city's bank balance of \$1,174 was uninsured and uncollateralized.

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**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. As of June 30, 2018, the cash equivalent amounted to \$84,278. The following table provides summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<b><u>Standard &amp; Poor's</u></b>
State Short-Term Investment Fund (STIF)	AAAm

**Investments**

**Interest Rate Risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City's and the Pension and OPEB Plan's formal investment policy limits investment maturities as a means of managing 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.

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		
		<b>Less Than 1 Year</b>	<b>1-10 Years</b>	<b>Over 10 Years</b>
Certificates of Deposit	\$ 492	\$ 248	\$ 244	
U.S. Government Securities	79,760	5,780	45,631	28,349
U.S. Government Agencies	56,958	6,157	40,585	10,216
Foreign Bonds	67,703	1,246	40,874	25,583
Corporate Bonds	146,518	32,586	64,689	49,243
	<u>\$ 351,431</u>	<u>\$ 46,017</u>	<u>\$ 192,023</u>	<u>\$ 113,391</u>
Other Investments:				
Mutual Funds	72,322			
Equities	387,282			
Forward Currency Contracts	163			
Land	5,000			
Real Estate Funds	67,386			
Alternative Investments	<u>230,071</u>			
Total Investments	<u>\$ 1,113,655</u>			

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**Foreign Currency Risk**

The City of Hartford's Municipal Employee Retirement Fund - (MERF)'s formal investment policy limits at any point in time, the exact level of investment in international equities to between 13% and 23% of the total MERF portfolio. The Plan's exposure to foreign currency risk related to equities and fixed income securities as of June 30, 2018, is as follows:

<b>Currency</b>	<b>Fair Value</b>	<b>Currency</b>	<b>Fair Value</b>
Angolan Kwanza	\$ 681,466	Mongolian tögrög	\$ 453,748
Argentine Peso	3,368,917	Moroccan Dirham	97,348
Armenian Dram	48,866	Mozambican Metical	15,711
Australian Dollar	25,180	New Taiwan Dollar	94,931
Azerbaijani manat	354,971	New Zealand Dollar	249
Brazilian Real	5,222,308	Nigerian Naira	948,951
Canadian Dollar	373,251	Norwegian Krone	31
Central African CFA Franc	492,977	Nuevo Sol	1,339,317
Chilean Peso	64,296	Omani Rial	696,142
Colombian Peso	2,585,251	Pakistani Rupee	823,130
Costa Rican colón	471,533	Panama Balboa	803,008
Croatian Kuna	67,839	Paraguayan Guaraní	112,422
Czech Koruna	586,512	Philippine Peso	(29,902)
Danish Krone	3,229	Pound Sterling	149,869
Dominican Peso	1,330,919	Qatari Riyal	326,102
Egyptian Pound	953,346	Romanian Leu	687,334
Euro	1,357,054	Russian Ruble	3,938,941
Ghanaian Cedi	504,288	Serbian Dinar	2,723
Honduran Lempira	269,385	Singapore Dollar	248,868
Hong Kong Dollar	48,824	South African Rand	4,474,734
Hungarian Forint	879,163	South Korean Won	44,764
Icelandic Króna	16,543	Sri Lankan Rupee	1,025,231
Indian Rupee	588,111	Surinamese Dollar	53,647
Indonesian Rupiah	5,276,133	Swedish Krona	14,615
Iraqi Dinar	531,592	Swiss Franc	42,952
Israeli New Shekel	247,329	Tajikistani Somoni	3,145
Jamaican Dollar	383,183	Thai Baht	1,072,080
Japanese Yen	133,365	Turkish Lira	3,135,699
Jordanian Dinar	298,814	UAE Dirham	354,201
Kazakhstani tenge	721,138	Ukrainian Hryvnia	1,609,585
Kenyan Shilling	443,715	Uruguayan Peso	435,849
Kuwaiti Dinar	297,180	Venezuelan bolívar	778,890
Lebanese Pound	851,912	West African CFA Franc	1,042,042
Malaysian Ringgit	2,106,479	Yuan	34,553
Mauritian Rupee	1,074	Zambian Kwacha	184,578
Mexican Peso	7,363,959		

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**Credit Risk**

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

<b>Average Rating</b>	<b>U.S. Government Securities</b>	<b>U.S. Government Agencies</b>	<b>Foreign Bonds</b>	<b>Corporate Bonds</b>	<b>Certificate of Deposit</b>	<b>Total</b>
AAA	\$	\$ 34	\$ 285	\$ 6,074	\$	\$ 6,393
AA+	79,668	11,755	18	1,533		92,974
AA		2	1,041	5,123		6,166
Aaa	92	40,902				40,994
A+			538	3,754		4,292
A			10,379	19,184		29,563
A2				65		65
A3				133		133
Baa1				255		255
Baa2				114		114
BBB+			3,810	13,761		17,571
BBB			8,964	25,747		34,711
BB+			3,682	8,591		12,273
BB			9,042	20,920		29,962
B+			5,110	9,606		14,716
B		48	8,150	14,057		22,255
CCC+			754	3,578		4,332
CCC				473		473
CC				50		50
C				108		108
D			764	137		901
Unrated		4,217	15,166	13,255	492	33,130
	<u>\$ 79,760</u>	<u>\$ 56,958</u>	<u>\$ 67,703</u>	<u>\$ 146,518</u>	<u>492</u>	<u>\$ 351,431</u>

**Concentration of Credit Risk**

The City's OPEB and Pension Funds' policy does not allow for an investment in securities that is not readily marketable in any one issuer that is in excess of five percent of the City's total portfolio. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Additionally, investment manager guidelines require that investment be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio.

The Pension Plan does have a formal policy; however, their practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.



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As of June 30, 2018, the GCM Grosvenor Charter Oak LLC Fund, with a fair market value \$55,495, was the only investment in the pension plans that represented more than 5% of the plan's net position as of June 30, 2018.

**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 investment 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 possession of an outside party. The City's individual investments in fixed income securities, equities, U.S. treasury securities, domestic corporate bonds, foreign bonds, and U.S. government agency securities are uninsured and registered securities held by a counterparty, or by its trust department or agent that in the City's or Pension Plan's name. The City's other investments are held in alternative investment which because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

**Fair Value**

The City and its fiduciary funds categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City and its fiduciary funds have the following recurring fair value measurements as of June 30, 2018:

	<b>June 30, 2018</b>	<b>Fair Value Measurements Using</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
U.S. Government Securities	\$ 79,760	\$ 79,760	\$	
U.S. Government Agencies	56,958	40,901	16,057	
Foreign Bonds	67,703		67,703	
Corporate Bonds	146,518	750	145,768	
Mutual Funds	72,322	45,866		26,456
Equities	387,282	387,282		
Land	5,000			5,000
Certificates of Deposit	492	492		
Forward Currency Contracts	163		163	
Total Investments by fair value level	816,198	\$ 555,051	\$ 229,691	\$ 31,456
Investments Measured at Net Asset Value (NAV):				
Real Estate Funds	67,386			
Alternative Investments	230,071			
Total Investments Measured at NAV	297,457			
Total Investments	\$ 1,113,655			

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Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The alternative investments classified in Level 3 are not actively traded and significant observable inputs are not available; therefore a degree of judgment is necessary to estimate fair value. The valuation process for alternative investments takes into consideration factors such as interest rate changes, movement in credit spreads, default rate assumptions, prepayment assumptions, type and quality of collateral and market dislocation.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Investments Measured using NAV:				
Real estate funds	\$ 78,298	\$ 9,971	Various	Various
Multi-strategy hedge funds	55,495	-	Quarterly	45 days
Private equity	74,393	16,400	None	None
Real assets funds	19,166	8,792	None	None
Private debt funds	34,569	18,272	None	None

**Real estate funds**

These funds invest primarily in U.S. commercial real estate. The fair values of the investments have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Some of these investments can be redeemed quarterly and have various redemption notice periods ranging from zero to 90 days. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

**Multi-strategy hedge fund**

These investments consist of limited partnerships. Hedged equity funds are designed to benefit from the stock market with considerably less risk. They own stakes in companies they expect to outperform and also sell short stocks they expect to underperform. NAV generally represents a Fund's ownership interest in the net assets of each hedge fund.

**Private equity funds**

These funds invest primarily in domestic middle market companies. Distributions are only received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to eight years. The fair values are measured using the NAV per share (or its equivalent).

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**Real assets funds**

These funds invest primarily in domestic middle market companies. Distributions are only received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to eight years. The fair values are measured using the NAV per share (or its equivalent).

**Private debt funds**

These funds invest primarily in domestic middle market companies. Distributions are only received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to eight years. The fair values are measured using the NAV per share (or its equivalent).

**4. RECEIVABLES**

Receivables at June 30, 2018 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for doubtful accounts, consisted of the following:

	General	Capital Improvement Fund	Community Development Loan and Grant Fund	Educational Grants	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Fund	Pension Trust Funds	Total
Receivables:									
Taxes	\$ 65,331	\$	\$	\$	\$	\$	\$	\$	\$ 65,331
Accrued interest on taxes	39,011								39,011
Intergovernmental	1,253	6,381		3,566	8,279				19,479
Accounts	12,534	12,165			9,931	43	415	20,885	55,973
Housing loans			70,073		5,950				76,023
Gross receivables	<u>118,129</u>	<u>18,546</u>	<u>70,073</u>	<u>3,566</u>	<u>24,160</u>	<u>43</u>	<u>415</u>	<u>20,885</u>	<u>255,817</u>
Less Allowance for uncollectibles:									
Taxes	(10,034)								(10,034)
Accrued interest on taxes	(9,753)								(9,753)
Intergovernmental	(1,229)			(159)					(1,388)
Accounts	(7,153)				(1,799)				(8,952)
Housing loans			(33,924)		(1,488)				(35,412)
	<u>(28,169)</u>	<u>-</u>	<u>(33,924)</u>	<u>(159)</u>	<u>(3,287)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,539)</u>
Net Total Receivables	<u>\$ 89,960</u>	<u>\$ 18,546</u>	<u>\$ 36,149</u>	<u>\$ 3,407</u>	<u>\$ 20,873</u>	<u>\$ 43</u>	<u>\$ 415</u>	<u>\$ 20,885</u>	<u>\$ 190,278</u>

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**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The balances reflected as due from/to other funds at June 30, 2018 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 3
	Nonmajor Enterprise Funds	2,728
	Nonmajor Governmental Funds	731
	Hartford Stadium Authority	77
Debt Service Fund	Nonmajor Enterprise Funds	<u>152</u>
Total		<u>\$ 3,691</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. All of the balances are expected to be collected in the subsequent year.

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return.

	<u>Transfers Out</u>					<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Hartford Stadium Authority</u>	<u>Nonmajor Enterprise Funds</u>	
Transfers In:						
General Fund	\$ 8,100	\$ 90	\$ 2,153	\$ 934	\$ 2,367	\$ 13,644
Capital Improvement Fund	13,823		914			14,737
Educational Grants Fund			2,121			2,121
Debt Service Fund	38,891					38,891
Nonmajor Governmental Funds	4,470				18	4,488
Hartford Stadium Authority	4,643				316	4,959
Nonmajor Enterprise Funds	<u>250</u>					<u>250</u>
Total Transfers Out	<u>\$ 70,177</u>	<u>\$ 90</u>	<u>\$ 5,188</u>	<u>\$ 934</u>	<u>\$ 2,701</u>	<u>\$ 79,090</u>

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Transfers from the General Fund to the Debt Service Fund represent the City's payment towards debt service on outstanding bonds. Transfers from the Hartford Parking facilities enterprise fund to the General Fund represent a portion of net activity derived from the City's parking facilities. Transfers from the Nonmajor Governmental Funds to the General Fund primarily include net income derived from the City's police private duty services program. Transfers from Nonmajor Governmental Funds to the

Educational Grants Fund represent monies collected on behalf of the Educational Grants Fund. Transfers to the Capital Improvement Fund are for projects not paid for with bond proceeds. Transfers from the General Fund to the Stadium Authority related to payment of debt while transfers from the Stadium Authority to the General Fund represent operating revenue from the Stadium to offset debt payment.

## 6. CAPITAL ASSETS

Changes in the City's capital assets are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 63,071	\$	\$	\$	\$ 63,071
Construction in progress	214,528	38,708		(81,452)	171,784
Total capital assets not being depreciated	<u>277,599</u>	<u>38,708</u>	<u>-</u>	<u>(81,452)</u>	<u>234,855</u>
Capital assets being depreciated:					
Land improvements	43,030				43,030
Buildings	1,389,093	228		81,452	1,470,773
Other structures	39,082				39,082
Furniture and equipment	47,680	149			47,829
Rolling equipment	50,000	9			50,009
Infrastructure	479,751				479,751
Total capital assets being depreciated	<u>2,048,636</u>	<u>386</u>	<u>-</u>	<u>81,452</u>	<u>2,130,474</u>
Less accumulated depreciation for:					
Land improvements	21,855	981			22,836
Buildings	429,256	32,357			461,613
Other structures	18,306	966			19,272
Furniture and equipment	44,184	730			44,914
Rolling equipment	34,921	2,535			37,456
Infrastructure	275,424	6,073			281,497
Total accumulated depreciation	<u>823,946</u>	<u>43,642</u>	<u>-</u>	<u>-</u>	<u>867,588</u>
Total capital assets being depreciated, net	<u>1,224,690</u>	<u>(43,256)</u>	<u>-</u>	<u>81,452</u>	<u>1,262,886</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,502,289</u>	<u>\$ (4,548)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,497,741</u>

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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 6,087	\$	\$	\$	\$ 6,087
Construction in progress	679			(679)	-
Total capital assets not being depreciated	<u>6,766</u>	<u>-</u>	<u>-</u>	<u>(679)</u>	<u>6,087</u>
Capital assets being depreciated:					
Land improvements	29				29
Building and improvements	67,228	5,524		679	73,431
Parking garages	20,686				20,686
Other structures	3,681				3,681
Furniture, fixtures and equipment	641		23		618
Total capital assets being depreciated	<u>92,265</u>	<u>5,524</u>	<u>23</u>	<u>679</u>	<u>98,445</u>
Less accumulated depreciation for:					
Land improvements	17	1			18
Building and improvements	1,941	1,826		(947)	2,820
Parking garages	9,686	350		370	10,406
Other structures	2,235	287		417	2,939
Furniture, fixtures and equipment	309	91	23	160	537
Total accumulated depreciation	<u>14,188</u>	<u>2,555</u>	<u>23</u>	<u>-</u>	<u>16,720</u>
Total capital assets being depreciated, net	<u>78,077</u>	<u>2,969</u>	<u>-</u>	<u>679</u>	<u>81,725</u>
Business-Type Activities Capital Assets, Net	<u>\$ 84,843</u>	<u>\$ 2,969</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,812</u>

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

Governmental activities:	
General government	\$ 6,615
Public safety	3,771
Public works	20,010
Development and community affairs	292
Education	12,700
Recreation and culture	<u>254</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 43,642</u>
Business-type activities:	
Golf Course	\$ 210
Stadium Authority	1,695
Hartford parking facilities	<u>650</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,555</u>

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**Construction Commitments**

The City has various authorized construction projects in the Capital Improvement Fund as of June 30, 2018. The projects include school and general construction and facility improvements, land and structure improvements to parks and cultural facilities, transportation improvement projects, and other capital improvements. At June 30, 2018, the City had outstanding appropriations of approximately \$576.2 million. The City however is on a pay-as-you-go Capital Improvement Program. Within the authorized \$576.2 million, approximately \$83.5 million is committed for spend in the next five years. Such commitments are for specific critical projects, including school construction and renovation, flood control, traffic signalization, bridge repairs, sidewalks, and milling and paving. The commitments are being financed with general fund contributions, remaining general obligation bonds previously issued, and state and federal grants.

**7. OPERATING LEASES**

**Lessor**

The City leases certain building, land and air space rights to other parties via operating leases. The agreements provide for minimum annual rentals plus contingent rentals based on a percentage of cash flow from the properties. Total rental income from operating leases during the fiscal year ended June 30, 2018 was \$2,742. The cost of the land and buildings associated with these rental income amounts is estimated at \$13,172 with a carrying value of \$6,288. Depreciation expense on these properties was \$230 during the fiscal year ended June 30, 2018.

**Lessee**

The City entered into a 15-year lease commencing on July 1, 2002 for the rental of office space from Connecticut Constitution Associates, LLC for various City departments and agencies. On July 1, 2017, the City extended this lease an additional 11 years, through June 30, 2028. The base rent shall increase annually by \$0.50 per rentable square foot throughout the term, effective on each anniversary of March 1.

In addition, the City has various lease agreements relating to administrative buildings and parking lots. Future minimum lease payments are projected as follows:

**Year Ending June 30,**

2019	\$	4,459
2020		2,928
2021		1,635
2022		1,409
2023		1,406
Thereafter		7,172

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**Lease obligations with Hartford Stadium Authority**

The City entered into a lease agreement with the Hartford Stadium Authority (the "Authority") dated as of February 1, 2015, by which the City is obligated to make certain lease payments to the Authority. The Authority issued \$62,450 of lease revenue bonds in February 2015 for the construction of a minor league baseball park. Under the lease agreement, the City is required to make semiannual deposits to secure performance of its obligations to pay rent to the Authority which is due on each February 1 and August 1 during the lease term. Each payment of rent is to be in an amount sufficient, together with other money on deposit with the trustee in the bond fund to be credited as rent, to pay the principal and interest due on the bonds issued by the Authority on each principal payment date and interest payment date as shown in the table below.

On March 15, 2016, the Authority issued \$6,195 of additional lease revenue bonds and the Authority and the City entered into a first amendment to lease agreement, dated as of March 1, 2016 which increased the lease payments required pursuant to the lease agreement to pay the principal and interest due on the Authority's series 2016 bonds. The schedule of lease payments due under the lease agreement, as amended by the first amendment to lease agreement, is as follows:

**Year Ending June 30,**

2019	\$	4,643
2020		4,643
2021		4,645
2022		4,648
2023		4,647
2024-2028		23,223
2029-2033		23,226
2034-2038		23,222
2039-2042		18,578



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**8. LONG-TERM LIABILITIES**

**Governmental Activities**

The following table summarizes changes in the City's governmental activities' long-term liabilities for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 601,417	\$	\$ 31,831	\$ 569,586	\$ 33,551
Premium	57,444		3,245	54,199	
Total bonds payable	658,861	-	35,076	623,785	33,551
Other long-term liabilities:					
Compensated absences	32,292	1,362	5,000	28,654	3,200
CWF Serial Note	1,046		95	951	97
HUD Section 108 loans	6,300		350	5,950	350
Capital leases	12,551		6,887	5,664	1,776
Net OPEB Liability (1)	393,359	29,904		423,263	
Net Pension Liability - CMERS	22,910		5,442	17,468	
Net Pension Liability - MERF	401,630	7,586		409,216	
Net Pension Liability - RAF/PBF/FRF	3,641		1,711	1,930	
Net Pension Liability - 415(m)	297		51	246	
CMERS prior service costs	1,675		568	1,107	
Claims and other	3,325	675		4,000	
Risk management claims	37,111	333		37,444	22,143
Total Governmental Activities					
Long-Term Liabilities	\$ <u>1,574,998</u>	\$ <u>39,860</u>	\$ <u>55,180</u>	\$ <u>1,559,678</u>	\$ <u>61,117</u>

Note (1) - The beginning balance of the net OPEB liability has been restated, see Note 16.

Governmental activities liabilities for bonds and notes are liquidated by the Debt Service Fund, which is funded primarily by the General Fund. The pension liability, other post-employment benefit liability and compensated absences of the governmental activities are liquidated primarily from the General Fund. Claims are liquidated primarily by the Internal Service Funds.

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**General Obligation Bonds**

General obligation bonds outstanding as of June 30, 2018 consisted of the following:

<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2018</u>	<u>Amounts to be paid from Escrow</u>
2005	2020	4.50-5.00	\$ 29,510	\$ 5,230	
2009	2022	2.50-5.00	40,225	21,150	8,460
2009	2018	2.00-5.00	12,150	1,325	
2010	2029	2.00-4.30	14,000	8,820	1,470
2011	2024	3.00-5.25	25,000	6,600	2,625
2012	2032	2.00-5.00	50,000	30,000	7,960
2012	2023	2.00-5.00	21,280	10,825	
2013	2033	4.00-5.00	48,160	42,535	4,175
2013	2032	4.00-5.00	124,605	109,120	
2014	2026	2.00-5.00	36,385	32,875	
2014	2034	3.00-5.00	82,000	76,485	12,455
2015	2030	3.00-5.00	20,845	20,845	
2105	2034	4.00-5.00	57,215	57,215	
2015	2035	3.00-5.00	125,000	125,000	
2016	2029	2.00-5.00	26,805	21,561	
				<u>\$ 569,586</u>	<u>\$ 37,145</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 33,551	\$ 24,126	\$ 57,677
2020	34,463	23,047	57,510
2021	34,378	21,845	56,223
2022	34,313	20,268	54,581
2023	35,254	18,628	53,882
2024-2028	171,512	68,436	239,948
2029-2033	172,950	29,250	202,200
2034-2038	53,165	2,460	55,625
		<u>\$ 569,586</u>	<u>\$ 777,646</u>

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**Prior Years' Debt Refunding**

In prior years, the City refunded general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account, invested in U.S. Government State and Local Government Series securities, which are not subject to credit risk, to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2018, \$17,715 of prior bonds outstanding are considered defeased, of which \$17,464 is held in escrow.

Also, in prior years, the City refunded general obligation bond by placing the proceeds of the new bonds in an irrevocable trust account, invested in U.S. Government Agencies, which are subject to credit risk, to provide for all future debt service payments on the old bonds. While this transaction qualifies as a statutory defeasance of debt, it does not, however, meet the generally accepted accounting principal definition of an in-substance defeasance due to the portfolio consisting of mostly Government Agency Securities. Accordingly, the trust account assets and the liability for the defeased bonds are included in the City's financial statements. The balance at June 30, 2018, of the bonds was \$37,145 and the amount held in escrow to pay down these bonds was \$40,913.

**Contract Assistance**

As further disclosed in Note 15, during the fiscal year, the City entered into an agreement with the State of Connecticut (the State) to service the general obligation debt until such debt was retired. This agreement is backed by the full faith and credit of the State of Connecticut and is irrevocable. As the City is legally obligated for the debt, it remains a liability of the City. During the year, \$11,889 was paid by the State to the paying agent for City of Hartford debt service.

**Clean Water Fund - Serial Notes Payable**

The City has entered into a Clean Water Fund serial note payable to the State of Connecticut as part of the Towner Brook Conduit Extension Project administered by the Metropolitan District Commission. Future annual requirements are as follows:

<b>Year Ending</b>		
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 97	\$ 18
2020	99	16
2021	101	14
2022	103	12
2023	106	10
2024-2028	445	18
	<u>\$ 951</u>	<u>\$ 88</u>

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

The City has entered into a loan with HUD under the Section 108 Loan Guarantee Program which provides communities with a source of financing for economic development, housing rehabilitation, public facilities and other physical development projects. Future annual requirements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2019	\$ 350	\$ 171
2020	350	165
2021	350	157
2022	350	148
2023	350	139
2024-2028	1,750	541
2029-2033	<u>2,450</u>	<u>172</u>
	<u>\$ 5,950</u>	<u>\$ 1,493</u>

**Capital Leases**

The City has entered into a multi-year capital leases for various vehicles and equipment. Future annual requirements are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>
2019	\$ 1,776
2020	1,614
2021	1,359
2022	658
2023	<u>552</u>
Total lease payments	5,959
Less: Amount representing interest	<u>295</u>
Present value of minimum lease payments	<u>\$ 5,664</u>

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**Business-type Activities**

The following table summarizes changes in the City's business-type activities' long-term liabilities for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,688	\$	\$ 414	\$ 2,274	\$ 444
Lease Revenue bonds	67,415		1,455	65,960	1,525
Premium on bonds	817		54	763	
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 70,920</u>	<u>\$ -</u>	<u>\$ 1,923</u>	<u>\$ 68,997</u>	<u>\$ 1,969</u>

**General Obligation Bonds**

General obligation bonds outstanding as of June 30, 2018 consisted of the following:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2018</u>
Garage - GO	2005	2018	3.00-5.50	\$ 9,180	\$ 290
Garage - GO	2015	2030	3.00-5.00	2,259	1,984
					<u>\$ 2,274</u>
Stadium - Lease Revenue A	2015	2025	3.00-5.00	\$ 39,055	\$ 37,425
Stadium - Lease Revenue B	2015	2042	5.375	23,395	22,505
Stadium - Lease Revenue	2016	2042	2.25-3.00	6,195	6,030
					<u>\$ 65,960</u>

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The annual requirements to amortize all bonded debt outstanding as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,969	\$ 3,118	\$ 5,087
2020	1,687	3,043	4,730
2021	1,772	2,965	4,737
2022	1,862	2,883	4,745
2023	2,066	2,797	4,863
2024-2028	11,633	12,703	24,336
2029-2033	13,565	9,886	23,451
2034-2038	17,015	6,207	23,222
2039-2043	16,665	1,913	18,578
	<u>\$ 68,234</u>	<u>\$ 45,515</u>	<u>\$ 113,749</u>

**Tax Anticipation Notes**

Tax anticipation note activity was as follows:

Beginning balance, July 1, 2017	\$ 20,165
Issuances	
Retirements	<u>(20,165)</u>
Ending Balance, June 30, 2018	<u>\$ -</u>

**Legal Debt Limit**

The City's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 578,489	\$ 537,739	\$ 40,750
Schools	1,156,977	383,983	772,994
Sewers	964,148	259,292	704,856
Urban renewal	835,595		835,595
Pension deficit	771,318		771,318

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$1.7 billion.

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**Overlapping Debt**

The City is a member of the Metropolitan District (MDC) (a quasi-municipal corporation that provides water supply, sewerage collection and disposal facilities for members). Member towns are assessed a percentage of MDC's net outstanding debt. As such, the City's overlapping share of debt issued by the MDC is \$249,763 as of June 30, 2018.

**Bonds Authorized but Unissued**

As of June 30, 2018, the City had \$335,577 of authorized but unissued debt.

**9. FUND BALANCE**

The components of fund balance for the governmental funds as of June 30, 2018 are as follows:

	General Fund	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total
Nonspendable:							
Permanent funds	\$	\$	\$	\$	\$	8,358	\$ 8,358
Inventories						464	464
Total nonspendable	-	-	-	-	-	8,822	8,822
Restricted for:							
Development and community affairs			2,415			4,804	7,219
Debt service				40,917			40,917
Recreation and culture						17,514	17,514
Public safety					8,097	1	8,098
Human services						4,914	4,914
Education						4,218	4,218
Total restricted	-	-	2,415	40,917	8,097	31,451	82,880
Committed to:							
Debt Service				238			238
Capital projects		654,000				2,243	2,897
Total committed	-	654,000	-	238	-	2,243	3,135
Assigned to:							
Education						603	603
Unassigned	4,884	-				(3,220)	1,664
Total Fund Balances	\$ 4,884	\$ 654	\$ 2,415	\$ 41,155	\$ 8,097	\$ 39,899	\$ 97,104

## **10. TAX ABATEMENTS**

As of June 30, 2018, the City provides tax abatements in accordance with Section 8-215 of the Connecticut General Statutes (CGS) and Section 32-12 of the Hartford Municipal Code. The City is authorized to enter into contracts for the abatement of real property taxes for residential properties when such housing is to be occupied solely by low or moderate-income persons or families as defined in Section 8-202 of the CGS or elderly or disabled.

A tax abatement agreement is a contractual agreement between the City and the owner of a rental property that fixes taxes on an annual basis at a rate less than the full tax amount. Typically, the term of the abatement is ten years and may be renewed by the contracted property with City approval after a minimum of a one-year lapse between abatements, in which case the owner is expected to pay full tax.

For the fiscal year ended June 30, 2018, taxes abated through this program total \$3,800. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients participating in this program.

## **11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Defined Benefit Pension Plans**

#### **Description of Plans**

There are four defined benefit pension plans for employees of the City of Hartford:

- The City Municipal Employees' Retirement Fund (City MERF), a contributory, single-employer defined benefit plan. The City provides retirement benefits for employees hired since 1947, through the City MERF Plan
- The Retirement Allowance Fund/Police Benevolent Fund/Firemen's Relief Fund Plan (RAF/PBF/FRF), an unfunded, single-employer plan. Employees hired before May 1, 1947 are paid from the RAF/PBF/FRF Plan. There are no remaining active members and the unfunded liability is decreasing rapidly.
- The State of Connecticut Municipal Employee Retirement System (CMERS), a cost sharing multiple-employer plan with the State of Connecticut.
- The State of Connecticut Teachers Retirement System (CTTRS), 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. Administrative fees are paid through the plans.

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)).



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An actuarial valuation survey is made annually on the City MERF and the Section 415 Plan, and at least every five years for the RAF/PBF/FRF Plan.

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

**Plan description**

The City MERF was established as part of the City Charter. The city provides retirement benefits for employees hired since May 1, 1947, through the City MERF, a single-employer contributory defined benefit plan.

**Management of the City MERF**

The City's charter mandates that there shall be a pension commission of three (3) members, none of whom shall hold any other office in the City government and one (1) of whom shall be a fellow or associate of either the Actuarial Society of America or the American Institute of Actuaries, appointed by the Mayor, one (1) each year for a term of three (3) years commencing on the first Monday of February. Vacancies shall be filled by the Mayor for the unexpired portion of the term. The City Treasurer shall act as secretary of the pension commission and the personnel director shall attend all meetings of the pension commission but neither shall have a vote. The pension commission shall continue to administer the retirement system for City employees as provided in Section 233 of "An Act Revising the Charter of the city of Hartford," approved June 24, 1941, as amended, and shall succeed to all the powers and duties of the board of police commissioners as trustees of the police benefit fund and of the board of fire commissioners as member of the board of trustees of the firemen's relief fund. The pension commission shall administer the municipal employees' retirement fund as hereinafter established. In addition to the three (3) voting members, there shall be one (1) nonvoting member of the pension commission elected by members of the municipal employees' retirement fund.

**Actuarial Assumptions and Benefits Provided**

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions that were projected forward to the measurement date of June 30, 2018:

Actuarial method used:	Entry age normal cost method			
Mortality basis:	RP-2014, fully projected (projected to the year of decrement), with separate male and female tables and separate rates for annuitants and non-annuitants, with occupational adjustment.			
Mortality improvement:	Pre and post-retirement: projected to date of decrement using Scale MP-2017 (generational mortality).			
Investment return:	7.50% per year, net of investment expenses.			
Salary scale:	2.75% for inflationary salary increases plus a percentage for promotion or merit increases as follows:			

Age	Police	Fire	BOE	Muni Svc and Lib
25	5.25%	4.0%	3.50%	5.15%
30	4.35%	2.25%	3.00%	3.85%

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35	2.79%	1.75%	2.50%	2.25%
40	1.76%	1.25%	1.50%	2.00%
45	1.35%	0.75%	1.00%	1.65%
50	1.10%	0.50%	0.75%	1.25%
55+	1.00%	0.50%	0.50%	1.00%

Salaries are adjusted for groups by 2.75% per year and 0% for City groups for the period of each open contract, for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in the projections.

**Salary scale:** For Police, final average pay is loaded by a percentage for assumed private duty and overtime as follows: Pre-7/1/1999 hires, 42%; Post 7/1/1999 hires, 19%; for employees remaining in the pre-2012 plan, 27%; for employees moving to the 7/1/2012 plan.

The salary scale assumptions above are based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

**Retirement dates:** Police: 100% retire at age 60, regardless of service, must be age 40 to retire.  
Fire: 100% retire at 30 years of service for all ages.  
Board of Education: 100% retire at age 75.  
Municipal Services and Library: 100% retire at age 75 with less than 20 years of service; or if under age 65, with 35 years of service.

**Disability:** Benefits were explicitly valued using the DP-85 Class 1 male and female disability incidence rate table increased 150% for the police, 200% for fire, 10% for all other groups.

**Social security:** Future tax wage bases are developed by projecting the 2017 base of \$127 forward at 4% per year.

## **Plan Changes**

There were changes to mortality since the last valuation.

## **Funding Policy**

The obligations of the plan members, employers and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rate of the employer and the members varies depending on the applicable agreement. The City's funding policy is to contribute the actuarial recommended contribution each year. Each year the plan sponsor pays the normal cost plus an amortization of the plan's unfunded actuarial liability. The unfunded liability developed with the July 1, 2016 valuation is amortized over a 25-year closed level dollar period. As of July 1, 2107, there are 24 years remaining.

## **B. RAF/PBF/FRF Plan**

### **Plan Description**

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

### **Actuarial Assumptions and Benefits Provided**

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions that were projected forward to the measurement date of June 30, 2018:

Investment rate of return:	3.87%
Mortality basis:	RP-2014 fully projected (projected to the year of decrement), with separate male and female tables and separate rates for annuitants and non-annuitants, with occupational adjustment.
	Mortality improvement based on MP-2017 scale.
Assumed retirement:	Immediate as all are retired
Survivors benefits:	The actuarial liability and projected pension payments include provision for these benefits based on actual spouse ages and benefit form elected. It was assumed that all policemen without wives will name beneficiaries for special 10-year annuity benefits.
Escalation:	To adjust for the PBF and FRF escalation provisions, the projected figures include estimated annual increases for pensioners (excluding survivors) based on plan provisions and an assumed active pay increase of 2.5% per year. For RAF, the table of projected annual benefits makes no provision for future escalation.

### **Plan Changes**

There were changes to mortality from the previous valuation.

### **Funding Policy**

The City's funding policy is to make contributions equal to the benefit payments for the year. The Plan is unfunded.

### **C. City of Hartford 415(m) Fund**

#### **Plan Description**

The Plan is administered by the City and was adopted by the Court of Common Council on March 24, 1997. The Plan was established to fund that portion of certain retirees' pension benefits that exceeded the limits permitted under Section 415 of the Federal Internal Revenue Code.

#### **Actuarial Assumptions and Benefits Provided**

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions that were projected forward to the measurement date of June 30, 2018:

Investment rate of return:	3.87%
Inflation:	2.75%
Mortality basis:	RP-2014 fully projected (projected to the year of decrement), with separate male and female tables and separate rates for annuitants and non-annuitants, with occupational adjustment.
	Mortality improvement based on MP-2017 scale.
Assumed retirement	Immediate as all are retired

#### **Plan Changes**

There were no significant plan changes since the last valuation.

#### **Funding Policy**

The City's funding policy is to make contributions equal to the benefit payments for the year. The Plan is unfunded.

### **D. City Pension Plans - Combining Information and Financial Statements**

The City MERF, RAF/PBF/FRF and 415(m) Plan 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.

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As of the actuarial valuation date, July 1, 2017, membership in the City pension plans consisted of:

	<b>(not rounded)</b>		
	<b>City MERF</b>	<b>RAF/PBF/FRF</b>	<b>415(m)</b>
Retirees and beneficiaries currently receiving benefits	3,120	47	7
Active members	2,007		
Inactive plan members entitled to but not yet receiving benefits	262		
Total	<u>5,389</u>	<u>47</u>	<u>7</u>

### **Summary of Significant Accounting Policies**

#### **Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### **Method Used to Value Investments**

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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**Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation is established and may be amended by the City Retirement Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. See allocation below:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and the best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighted</u>
Large cap equities	10.00 %	4.50 %	0.45 %
Small/mid cap equities	5.00	4.75	0.24
Int'l equities (unhedged)	11.00	5.00	0.55
Emerging int'l equities	6.00	6.50	0.39
Core bonds	5.00	3.89	0.19
High-yield bonds	4.00	2.75	0.11
Unconstrained fixed income	5.00	-0.25	-0.01
EMD (external)	3.00	3.00	0.09
EMD (local currency)	3.00	3.50	0.11
Global TIPS	4.00	1.00	0.04
Long govt/credit	6.50	2.00	0.13
Private equity	5.00	6.50	0.33
Private debt	3.00	5.00	0.15
Real estate (core)	8.00	3.50	0.28
Hedge funds	10.00	3.50	0.35
Global asset allocation	7.00	3.61	0.25
Private real assets	3.00	2.75	0.08
Cash	1.50	0.00	0.00
Total Allocation	<u>100.00 %</u>		3.73 %
Long-term inflation expectation			<u>2.75 %</u>
Long-term expected normal return			<u>6.48 %</u>

**Money-Weighted Rate of Return**

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changes in amounts actually invested.

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**Discount Rate Calculation**

The discount rate used to measure the total pension liability at June 30, 2018 was as follows:

	<b>City MERF</b>	<b>RAF/PBF/FRF</b>	<b>415(m)</b>
Discount Rate	7.50%	3.87%	3.87%

The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2018, are as follows:

	<b>City MERF</b>	<b>RAF/PBF/FRF</b>	<b>415(m)</b>
Total pension liability	\$ 1,453,091	\$ 1,930	\$ 246
Fund fiduciary net position	<u>1,043,875</u>		
Net Pension Liability	<u>\$ 409,216</u>	<u>\$ 1,930</u>	<u>\$ 246</u>

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**Changes in Net Pension Liability**

	<b>City MERF</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2017	\$ <u>1,442,387</u>	\$ <u>1,040,757</u>	\$ <u>401,630</u>
Changes for the year:			
Service cost	21,250		21,250
Interest on total pension liability	105,620		105,620
Change in benefit terms	(627)		(627)
Differences between expected and actual experience	4,786		4,786
Changes in assumptions	(7,557)		(7,557)
Employer contributions		44,574	(44,574)
Member contributions		14,355	(14,355)
Net investment income (loss)		59,906	(59,906)
Benefit payments, including refund to employee contributions	(112,768)	(112,768)	-
Administrative expenses		(2,958)	2,958
Other changes		9	(9)
Net Changes	<u>10,704</u>	<u>3,118</u>	<u>7,586</u>
Balances as of June 30, 2018	\$ <u><u>1,453,091</u></u>	\$ <u><u>1,043,875</u></u>	\$ <u><u>409,216</u></u>



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	<b>RAF/PBF/FRF</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2017	\$ <u>3,641</u>	\$ <u>-</u>	\$ <u>3,641</u>
Changes for the year:			
Interest on total pension liability	122		122
Differences between expected and actual experience	(1,264)		(1,264)
Changes in assumptions	(117)		(117)
Employer contributions		452	(452)
Benefit payments, including refund to employee contributions	(452)	(452)	-
Other changes			-
Net Changes	<u>(1,711)</u>	<u>-</u>	<u>(1,711)</u>
Balances as of June 30, 2018	\$ <u><u>1,930</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,930</u></u>

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	<b>415(m)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of July 1, 2017	\$ 297	\$ -	\$ 297
Changes for the year:			
Interest on total pension liability	10		10
Changes in assumptions	(3)		(3)
Employer contributions		58	(58)
Benefit payments, including refund to employee contributions	(58)	(58)	-
Net Changes	(51)	-	(51)
Balances as of June 30, 2018	\$ 246	\$ -	\$ 246

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	<b>City MERF</b>		
	<b>1% Decrease to 6.5%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase to 8.5%</b>
Net Pension Liability	\$ 435,064	\$ 409,216	\$ 384,367

	<b>RAF/PBF/FRF</b>		
	<b>1% Decrease 2.87%</b>	<b>Rate 3.87%</b>	<b>1% Increase 4.87%</b>
Net Pension Liability	\$ 2,045	\$ 1,930	\$ 1,829

	<b>415(m)</b>		
	<b>1% Decrease to 2.87%</b>	<b>Current Discount Rate 3.87%</b>	<b>1% Increase to 4.87%</b>
Net Pension Liability	\$ 254	\$ 246	\$ 238

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

For the year ended June 30, 2018, the City recognized pension expense (revenue) as follows:

City MERF	\$	75,942
RAF/PBF/FRF		(1,258)
415(m)		<u>7</u>
Total	\$	<u><u>74,691</u></u>

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>City MERF</u>	<u>RAF/PBF/FRF</u>	<u>415(m)</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$ 12,755	\$	\$	\$ 12,755
Changes of assumptions	17,661			17,661
Net difference between projected and actual earning on pension plan investments	<u>35,325</u>			<u>35,325</u>
Total	<u>\$ 65,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,741</u>
	<u>City MERF</u>	<u>RAF/PBF/FRF</u>	<u>415(m)</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ 2,156	\$	\$	\$ 2,156
Changes of assumptions	5,567			5,567
Net difference between projected and actual earning on pension plan investments				-
Total	<u>\$ 7,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,723</u>

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>City MERF</u>	<u>RAF/PBF/FRF</u>	<u>415(m)</u>	<u>Total</u>
2019	\$ 36,879	\$	\$	\$ 36,879
2020	21,125			21,125
2021	(3,198)			(3,198)
2022	3,212			3,212
	<u>\$ 58,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,018</u>

The combining financial statements for the City pension plans are as follows:

<u>Pension Trust Funds</u>					
	<u>Municipal Employees' Retirement Fund</u>	<u>Retirement Allowance Fund</u>	<u>Fireman's Relief Fund</u>	<u>Police Benevolent Fund</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 45,128	\$	\$	\$	\$ 45,128
Investments, at fair value:					
U.S. government agencies	16,057				16,057
U.S. government securities	79,667				79,667
Corporate bonds	145,769				145,769
Foreign bonds	67,703				67,703
Mutual funds	30,367				30,367
Alternative investments	230,071				230,071
Forward currency contracts	163				163
Land	5,000				5,000
Real Estate Funds	67,386				67,386
Equities	381,976				381,976
Total investments	<u>1,024,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024,159</u>
Receivables					
Accounts	<u>20,885</u>				<u>20,885</u>
Accrued interest and dividends	<u>-</u>				<u>-</u>
Total assets	<u>1,090,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,090,172</u>
Liabilities:					
Accounts payable	<u>46,297</u>				<u>46,297</u>
Net Position:					
Restricted for Pension Benefits	<u>\$ 1,043,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,875</u>

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	<b>Pension Trust Funds</b>				
	<b>Municipal Employees' Retirement Fund</b>	<b>Retirement Allowance Fund</b>	<b>Fireman's Relief Fund</b>	<b>Police Benevolent Fund</b>	<b>Total</b>
Additions:					
Contributions:					
Employer - ARC	\$ 44,574	\$ 32	\$ 135	\$ 284	\$ 45,025
Other	9				9
Plan members	14,355			1	14,356
Total contributions	<u>58,938</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>59,390</u>
Investment earnings:					
Net increase in fair value of investments	51,234				51,234
Interest and dividends	<u>20,062</u>				<u>20,062</u>
Total investment earnings	71,296	-	-	-	71,296
Less investment expenses:					
Investment management fees	<u>11,390</u>				<u>11,390</u>
Net investment income	<u>59,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,906</u>
Total additions	<u>118,844</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>119,296</u>
Deductions:					
Benefits	112,768	32	135	285	113,220
Administration	2,958				2,958
Other	<u>-</u>				<u>-</u>
Total deductions	<u>115,726</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>116,178</u>
Change in net position	3,118	-	-	-	3,118
Net Position at Beginning of Year	<u>1,040,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,040,757</u>
Net Position at End of Year	<u>\$ 1,043,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,043,875</u>

**E. Pension Plan - State of Connecticut Municipal Employees' Retirement System (CMERS)**

**Plan Description**

All full-time employees except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement System (CMERS). CMERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes CMERS benefits, member contribution rates and other plan provisions. CMERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15-year of active non-continuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

**Normal Retirement (not rounded)**

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

**Early Retirement**

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Disability Retirement - Service Connected**

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement - Non-Service Connected**

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Death Benefit**

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

**Contributions**

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer - Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of CMERS not met by member contributions.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the City reports a total liability of \$17,468 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined.

At June 30, 2018, the City's proportion was 7.04%. The decrease in proportion from June 30, 2017 is .81%.

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For the year ended June 30, 2018, the City recognized pension expense of \$4,065 in Exhibit II. At June 30, 2018, the City reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 332	\$
Changes of assumptions		
Change in proportionate share	180	330
City contributions after the measurement date	2,851	
Net difference between projected and actual earning on pension plan investments	1,399	
	<u>1,399</u>	<u>330</u>
Total	<u>\$ 4,762</u>	<u>\$ 330</u>

Amounts reported as deferred outflows of resources related to City contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ 3,370
2020	1,389
2021	462
2022	(789)
	<u>4,432</u>
	<u>\$ 4,432</u>

### **Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.



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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (Non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's proportionate share of the net pension liability	\$ 34,765	\$ 17,621	\$ 3,201

**Payable to MERS**

The City has also recorded \$1,107 as a long-term payable to CMERS at June 30, 2018.

**F. Pension Plan - State of Connecticut Teachers Retirement**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

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**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>528,969</u>
Total	\$	<u><u>528,969</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the City recognized pension expense and revenue of \$61,186 in Exhibit II for on-behalf amounts for the benefits provided by the State.

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

### **Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The City's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

### **Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

### **Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

## **12. OTHER POST-EMPLOYMENT BENEFITS**

### **A. City and Board of Education Plans**

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

The number of participants as of June 30, 2018 was as follows:

	<b>(not rounded)</b>		
	<b>City</b>	<b>Board of Education</b>	<b>Total</b>
Active Employees	1,312	2,994	4,306
Retired Employees	1,287	247	1,534
	<u>2,599</u>	<u>3,241</u>	<u>5,840</u>

### **Investments**

#### **Investment Policy**

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Committee which is comprised of the voting members of the Pension Commission together with the City Treasurer, who serves as Secretary, as well as the Mayor and the Superintendent or their designees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

#### **Funding Policy**

The City continues the commitment to meet its obligations for post-employment benefits for retirees entitled to receive benefits through the annual General Fund budget process. The obligations of the plan members are established pursuant to applicable collective bargaining and employment agreements. The City currently contributes to the plan on a pay-as-you-go basis to satisfy current obligations and, when able, contributes to future benefits. The costs of administering the plan are paid by the City.

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**Money-weighted rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was as follows:

City	0.00%
Board of Education	3.64%

**Net OPEB Liability of the City**

The City's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the City at June 30, 2018, were as follows:

	<u>City</u>	<u>Education</u>	<u>Total</u>
Total OPEB liability	\$ 404,184	\$ 40,284	\$ 444,468
Plan fiduciary net position	<u>2,381</u>	<u>18,824</u>	<u>21,205</u>
Net OPEB Liability	<u>\$ 401,803</u>	<u>\$ 21,460</u>	<u>\$ 423,263</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.59%	46.73%	4.77%
Covered payroll	90,726	197,486	288,212
Net OPEB Liability	442.88%	10.87%	146.86%

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**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	7/1/2017
Actuarial cost method:	Entry age normal (level percentage of salary)
Investment rate of return	City - 3.87%, net of investment related expense BOE - 7.50%, net of investment related expense
Inflation:	2.75%
Mortality:	City Plan - Fire and Police - RP-2014 adjusted to 2006 blue collar mortality table projected to valuation date with scale MP-2017 All Others - RP-2014 Adjusted to 2006 total dataset mortality table projected to valuation date with scale MP-2017
Disabled Mortality	City Plan - Fire and Police - RP-2014 Adjusted to 2006 disabled retiree mortality table with scale MP-2017 All Others - N/A
Mortality Improvement:	Projected to date of decrement using Scale MP-2017 (generational).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015 for all groups except Local 1716, Local 566 and BOE Certified. The actuarial assumptions used in the valuation for Local 1716, Local 566 and BOE Certified were based on assumptions used by the State of Connecticut Municipal Employee Retirement System actuaries, the Connecticut State Teachers' Retirement System actuaries, where applicable and input from the plan sponsor.

There were no significant changes in actuarial assumptions for the City Plan. For the BOE Plan, the July 1, 2017 valuation reflects changes in assumptions related to mortality, retirement, withdrawal and healthcare cost trend rates.



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**Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimated of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018, and the final investments return assumption for the BOE plan, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Weighting</b>
U.S. Large Cap Equity	17.00 %	4.75 %	0.80
U.S. Mid/Small Cap Equity	8.00	5.00	0.40
International Developed Equity	10.00	5.00	0.50
Emerging Markets Equity	5.00	6.75	0.30
Core Bond Fixed Income	20.00	1.25	0.30
High Yield Fixed Income	5.00	3.00	0.20
Emerging Markets Local Fixed Income	2.50	3.75	0.10
Emerging Markets External Fixed Income	2.50	3.00	0.10
REITs	5.00	3.75	0.20
Cash	25.00	0.25	0.10
Total Allocation	100.00 %		3.00
Long Term Inflation Expectation			2.75
			<u>5.75</u>

**Discount Rate**

The discount rate used to measure the total OPEB liability for the City and the BOE was 3.87% and 7.50%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City/BOE contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
<b>City Plan</b>	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of July 1, 2017	\$ 373,114	\$ 36	\$ 373,078
Changes for the year:			
Service cost	12,913		12,913
Interest on total OPEB liability	13,535		13,535
Change in benefit terms	(96,632)		(96,632)
Differences between expected and actual experience	131,191		131,191
Changes in assumptions	(13,956)		(13,956)
Employer contributions		18,156	(18,156)
Member contributions		170	(170)
Benefit payments	(15,981)	(15,981)	-
Net Changes	31,070	2,345	28,725
Balances as of June 30, 2018	\$ 404,184	\$ 2,381	\$ 401,803

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<b>BOE Plan</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension</b>	<b>Plan Fiduciary</b>	<b>Net Pension</b>
	<b>Liability</b>	<b>Net Position</b>	<b>Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of July 1, 2017	\$ 38,468	\$ 18,187	\$ 20,281
Changes for the year:			
Service cost	464		464
Interest on total OPEB liability	2,832		2,832
Change in benefit terms	(2,223)		(2,223)
Differences between expected and actual experience	2,662		2,662
Changes in assumptions	478		478
Employer contributions		1,853	(1,853)
Contributions - TRB subsidy		544	(544)
Net investment income (loss)		662	(662)
Benefit payments	(2,397)	(2,397)	-
Administrative expenses		(25)	25
Net Changes	1,816	637	1,179
Balances as of June 30, 2018	\$ 40,284	\$ 18,824	\$ 21,460

Changes in assumptions within the fiscal year were attributable to a change in the discount rate from 4.50% to 3.58%, refined census data and other assumptions including mortality, retirement, withdrawal disability and healthcare cost trend rates.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City and the BOE, as well as what the City's and the BOE's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>2.87%</b>	<b>Rate</b>	<b>4.87%</b>
		<b>3.87%</b>	
Net OPEB Liability - City	\$ 463,665	\$ 401,803	\$ 352,041
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>6.50%</b>	<b>Rate</b>	<b>8.50%</b>
		<b>7.50%</b>	
Net OPEB Liability - BOE	\$ 25,611	\$ 21,460	\$ 17,834

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**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the City and the BOE, as well as what the City's and the BOE's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease (6.75% Decreasing to 3.75%)</b>	<b>Healthcare Cost Trend Rates (7.75% Decreasing to 4.75%)</b>	<b>1% Increase (8.75% Decreasing to 5.75%)</b>
Net OPEB Liability - City	\$ <u>348,204</u>	\$ <u>401,803</u>	\$ <u>468,179</u>
	<b>1% Decrease (6.75% Decreasing to 3.75%)</b>	<b>Healthcare Cost Trend Rates (7.75% Decreasing to 4.75%)</b>	<b>1% Increase (8.75% Decreasing to 5.75%)</b>
Net OPEB Liability - BOE	\$ <u>17,481</u>	\$ <u>21,460</u>	\$ <u>26,064</u>

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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense (revenue) of (\$50,969), (\$50,517) for the City Plan and (\$452) for the BOE Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>City Plan:</b>		
Differences between expected and actual experience	\$ 108,956	\$
Changes of assumptions		11,591
Net difference between projected and actual earnings on OPEB plan investments	34	
<b>BOE Plan:</b>		
Differences between expected and actual experience	2,455	
Changes of assumptions	441	
Net difference between projected and actual earnings on OPEB plan investments	<u>562</u>	<u></u>
Total	\$ <u>112,448</u>	\$ <u>11,591</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>City Plan</u>	<u>BOE Plan</u>
2019	\$ 19,879	\$ 384
2020	19,879	384
2021	19,879	384
2022	19,879	384
2023	17,883	243
Thereafter		1,679

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The following schedules present the net position held in trust for OPEB benefits at June 30, 2018 and the changes in net position for the year ended:

	<b>Statement of Net Position</b>
Assets:	
Cash and cash equivalents	\$ 3,580
Investments, at fair value:	
Mutual funds	12,691
Equities	4,959
Total investments	<u>17,650</u>
Total assets	<u>21,230</u>
Liabilities:	
Accounts payable	<u>25</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u>21,205</u></u>

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	<b>Statement of Changes in Net Position</b>
Additions:	
Contributions:	
Employer	\$ 20,009
Plan members	<u>714</u>
Total contributions	<u>20,723</u>
Investment earnings:	
Net increase in fair value of investments	345
Interest and dividends	<u>336</u>
Total investment earnings	681
Less investment expenses:	
Investment management fees	<u>7</u>
Net investment income	674
Total additions	<u>21,397</u>
Deductions:	
Benefits	18,379
Administration	<u>36</u>
Total deductions	<u>18,415</u>
Change in net position	2,982
Net Position at Beginning of Year	<u>18,223</u>
Net Position at End of Year	<u>\$ 21,205</u>

## **B. State Teachers Retirement Plan**

### **Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

### **Benefit Provisions (not in thousands)**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.



### **Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

### **Eligibility (not in thousands)**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

### **Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

### **Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

### **Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

### **Proratable Retirement**

Age 60 with 10 years of Credited Service.

### **Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

### **Termination of Employment**

Ten or more years of Credited Service.

### **Contributions (not in thousands)**

#### *State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

#### *Employer (School Districts)*

School District employers are not required to make contributions to the plan.

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*Employees*

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the City reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the City		<u>136,151</u>
Total	\$	<u><u>136,151</u></u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the City recognized OPEB expense and revenue of \$6,310 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

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The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

#### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

#### **Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

#### **Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

### **13. CONTINGENCIES, COMMITMENTS AND RISK MANAGEMENT**

#### **A. Litigation**

The City, its officers and employees, are defendants in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. The city is insured for damages (see section C. below). Judgments or settlements for less than the deductible are paid from the General Fund. Corporation Counsel expects that none of the cases currently in litigation, if adversely decided would have a material negative impact on the finances of the City. The City has recorded \$4.0 million in the government-wide financial statement to cover probable claims.

**B. Contingencies**

The City participates in various federal and state grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

**C. Contractual Commitments**

On July 1, 2017, the City extended an existing service agreement with the Materials Innovation and Recycling Authority (MIRA), for which there is an estimated service fee of \$2.1 million per year for ten years of solid waste processing. The service fee is subject to annual revision based on the net cost of operating the facility.

**D. Risk Management**

The City has established a risk management program to account for and finance its uninsured risk of loss for employee benefits (including comprehensive life, hospital and major medical benefits), workers' compensation, and liability and property damage. Under this program, primary coverage is provided by the city up to a maximum of \$500,000 in health insurance claims for each individual per claim year, a \$2.0 million self-insurance retention for workers' compensation claims for the City (\$1.0 million for the BOE and Library), \$500,000 self-insurance retention for auto and general liability claims, \$250,000 self-insurance retention for property damage claims, and \$500,000 for public officials' claims. Each of these self-insurance programs was established by Council Ordinance and accounted for in an Internal Service Fund to account for and report on the City's total costs associated with risk management. The General Fund makes monthly payments to the Internal Service Fund based on amounts budgeted as necessary to meet all current and a portion of future claims and administrative expenses. In addition, the City Treasurer and Pension Commission are covered by fiduciary liability insurance.

The City purchases insurance for all legal liabilities in excess of a \$500,000 (not rounded) self-insured retention and public officials' liability in excess of a \$500,000 (not rounded) deductible. All City property is insured for fire and extended coverage with a \$100,000 (not rounded) deductible. Certain settled claims have exceeded the self-insured retention amounts in any one year, but no claims have exceeded the commercial coverage in the past three years.

Workers' compensation salary continuation, if applicable, is initially paid from the employee's respective department budget after which statutory compensation payment is administered by PMA Companies, the City's workers' compensation third-party administrator.

**CITY OF HARTFORD, CONNECTICUT**  
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*(in thousands)*

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**Claims Payable**

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, additional estimated losses on current claims, and amount to cover incurred but not reported claims and administrative expenses. The claims liability of \$37,443, reported in the fund at June 30, 2018, 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 2018 and 2017 were:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
Self -Insurance Fund				
2016-2017	\$ 33,400	\$ 118,946	\$ 115,235	\$ 37,111
2017-2018	37,111	110,188	109,856	37,443

**14. FISCAL AGENT AGREEMENT**

During the year, three major taxpayers in the City entered into an agreement with the City, (the Agreement), dated June 12, 2018, whereby they committed to contribute \$50,000,000 over a period of five years, as part of a comprehensive sustainable response to the City's fiscal challenges for the purpose of supporting the City's public libraries, public safety, and public recreation.

A public foundation will act as the City's fiscal agent to receive and hold the contributed funds and to disburse such funds to the City, consistent with the charitable purposes of the foundation and the terms of the agreement.

The agreement is subject to certain terms and conditions and may be terminated should the foundation deem that the funds are for any purpose other than the purposes as described above.

Subsequent to June 30, 2018, the City has received \$6,667 under this agreement, the remaining \$3,333 to equal \$10,000 for fiscal 2019 is being held at the public foundation to be distributed during the fiscal year ending June 30, 2019.

## **15. CONTRACT ASSISTANCE AND MUNICIPAL OVERSIGHT**

In December 2017, the City of Hartford requested Tier III designation under the State of Connecticut Municipal Accountability Review Board (MARB) in order to access additional tools in achieving long term fiscal sustainability in exchange for significant accountability and oversight. The City was approved as a Tier III municipality in 2018. As a Tier III municipality under MARB oversight, the City of Hartford is required to submit and present at a public meeting monthly financial reports to ensure the City is operating with fiscal diligence in conformity with the annual budget and broader financial plan. The City's General Fund recommended budget must be reviewed by the MARB on an annual basis and the revenue assumptions must be approved by the MARB. Any union tentative agreements must also be reviewed by the MARB.

In addition, during March 2018 the City entered into a Contract Assistance Agreement with the State of Connecticut to service the approximately \$540 million in current general obligation debt service until such debt was retired. This agreement is backed by the full faith and credit of the State of Connecticut. As part of this agreement, the City of Hartford is subject to considerable financial oversight and is precluded from going into the bond market for at least the next five years. There are also limitations on the issuance of new debt for a ten-year period following the end of MARB oversight. Under the contract assistance agreement, the City must fully fund the Municipal Employee Retirement Fund (MERF) actuarially determined employer contribution (ADEC), is precluded from accumulating general fund operating deficits above 1% or more of general fund revenue per the most recently completed fiscal year's independent audit or has an operating general fund deficit 1.5% or greater of average general fund revenue over two consecutive years, or has a cumulative unassigned fund balance deficit of 1.5% or more of its general fund revenues and operating transfers in. Lack of compliance with such requirements would trigger a default, thus placing the City in Tier IV full oversight.

The City of Hartford provided a 5-year Municipal Recovery Plan to the MARB in March 2018, comprised of revenue and expenditures assumptions, contract assistance for debt service, labor concessions, economic development goals and initiatives to generate grand list growth, as well as revenue and expenditure initiatives, the combination of which provided a pathway to fiscal balance. Such plan required the City to shift to a Pay-As-You-Go Capital Improvement Program, whereby the capital expenditure program is funded primarily from the General Fund. Such plan was reviewed in detail by the full MARB and a subcommittee thereof and approved in June 2018. The City will resubmit an updated Municipal Recovery Plan annually in concert with the Mayor's Recommended General Fund Budget.

**CITY OF HARTFORD, CONNECTICUT**  
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**16. PRIOR PERIOD ADJUSTMENT AND RESTATEMENTS**

The following restatements were recorded to the beginning net position/fund balance as a result of the following:

Implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and the reclassification of a fund:

	<u>Government Activities</u>	<u>General Fund</u>	<u>Nonmajor Funds</u>
Net position at June 30, 2017, as previously reported	\$ 602,439	\$ 5,093	\$ 37,818
Adjustment:			
Eliminate net OPEB obligation as reported per GASB No. 45	84,709		
Record net OPEB liability per GASB No. 75	(393,359)		
Reclassification of fund type	<u>                    </u>	<u>(583)</u>	<u>583</u>
Net Position at July 1, 2017, as Restated	\$ <u>293,789</u>	\$ <u>4,510</u>	\$ <u>38,401</u>



**Required Supplementary Information**



**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(In Thousands)

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
General Property Tax:				
Current year's levy	\$ 266,698	\$ 266,698	\$ 270,362	\$ 3,664
Levy of prior years	7,517	7,517	6,809	(708)
Interest and liens	4,450	4,450	3,709	(741)
Proceeds from lien sales	1,500	1,500	1,576	76
Total general property tax	280,165	280,165	282,456	2,291
Other Local Taxes:				
Current year's levy	1,100	1,100	1,302	202
Licenses, Permits, Fees and Other:				
Street use	17	17	19	2
Business Licenses:				
Health licenses	312	312	440	128
Police and protection licenses	73	73	54	(19)
Professional and occupational licenses	7	7	4	(3)
Total business licenses	392	392	498	106
Non-Business Licenses and Permits:				
Building structure and equipment permits	5,428	5,428	5,329	(99)
Other non-business licenses and permits	134	134	222	88
Total business licenses	5,562	5,562	5,551	(11)
Total licenses, permits, fees and other	5,971	5,971	6,068	97
Fines, Forfeits and Penalties	190	190	150	(40)
Revenue From Use of Money and Property:				
Income from investments	252	252	1,403	1,151
Income from use of property	462	462	517	55
Income from development properties	599	599	462	(137)
Total revenue from use of money and property	1,313	1,313	2,382	1,069
Intergovernmental Revenue:				
State of Connecticut:				
Education	188,969	188,969	189,147	178
Housing	5	5	3	(2)
Public works	1,202	1,202	1,195	(7)
Payment in lieu of taxes	67,451	67,451	78,247	10,796
Shared taxes	250	250	215	(35)
Other	7,759	7,759	24,097	16,338
Total intergovernmental revenue	265,636	265,636	292,904	27,268
Charges for Services:				
General government:				
Recording legal instruments	334	334	350	16
All other	983	983	1,717	734
Total general government	1,317	1,317	2,067	750
Public Safety:				
Police charges:	10	10	8	(2)
Fire protection services	267	267	135	(132)
Total public safety	277	277	143	(134)

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Public Works:				
Highways and streets	\$ 1	\$ 1	\$ 1	\$ -
Sanitation	89	89	84	(5)
Total public works	90	90	85	(5)
Other:				
Health	19	19	8	(11)
Recreation	6	6		(6)
Miscellaneous	35	35	41	6
Total other	60	60	49	(11)
Total charges for services	1,744	1,744	2,344	600
Reimbursements:				
Other	61	61	42	(19)
Reimbursements from other funds	92	92	93	1
Total reimbursements	153	153	135	(18)
Other Revenues:				
Settlements	3	3	870	867
Miscellaneous	236	236	442	206
Total other revenues	239	239	1,312	1,073
Other Financing Sources:				
Transfers in from other funds:				
Capital improvement fund	115	115	90	(25)
Revenue from hartford parking authority	2,425	2,425	2,367	(58)
Downtown North (DONO)	1,488	1,488	934	(554)
Special police services	2,750	2,750	2,153	(597)
Total other financing sources	6,778	6,778	5,544	(1,234)
Total	\$ 563,289	\$ 563,289	594,597	\$ 31,308
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf pension contributions to the State Teachers' Retirement System for City teachers are not budgeted			61,186	
State of Connecticut on-behalf OPEB contributions to the State Teachers' Retirement System for City teachers are not budgeted			6,310	
Effect of GASB Statement No. 54			8,100	
Amount Available from Current Year Operations			\$ 670,193	

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -**  
**BUDGET AND ACTUAL - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
General Government:				
Mayor	\$ 796	\$ 796	\$ 690	\$ 106
Court of Common Council	506	506	481	25
City Treasurer	446	446	398	48
Registrars of Voters	378	577	458	119
Corporation Counsel	1,540	1,540	1,440	100
Town and City Clerk	777	777	708	69
Internal Audit	491	491	464	27
Chief Operating Officer	807	807	775	32
Metro Hartford Information	2,996	2,996	2,996	-
Finance	3,737	3,737	3,284	453
Personnel	1,247	1,247	1,008	239
Office of Management and Budget	764	764	666	98
Office of Young Children	3,259	3,259	3,079	180
Total general government	<u>17,744</u>	<u>17,943</u>	<u>16,447</u>	<u>1,496</u>
Public Safety:				
Fire	37,901	38,444	38,444	-
Police	43,967	43,967	39,179	4,788
Emergency services and telecommunications	3,683	3,683	3,614	69
Total public safety	<u>85,551</u>	<u>86,094</u>	<u>81,237</u>	<u>4,857</u>
Infrastructure and Leisure Services:				
Public works	<u>12,266</u>	<u>12,502</u>	<u>12,502</u>	<u>-</u>
Development and Community Affairs:				
Development services	<u>3,157</u>	<u>3,380</u>	<u>3,380</u>	<u>-</u>
Human Services:				
Health and human services	<u>4,767</u>	<u>4,767</u>	<u>4,103</u>	<u>664</u>
Education:				
Education	<u>284,008</u>	<u>284,008</u>	<u>283,943</u>	<u>65</u>
Benefits and Insurance				
Benefits and insurance	<u>96,230</u>	<u>95,228</u>	<u>90,370</u>	<u>4,858</u>
Sundry:				
Debt service	58,591	58,591	58,011	580
Hartford public library	8,100	8,100	8,100	-
Other sundry items	42,509	42,310	36,139	6,171
Total sundry	<u>109,200</u>	<u>109,001</u>	<u>102,250</u>	<u>6,751</u>
Total	<u>\$ 612,923</u>	<u>\$ 612,923</u>	594,232	<u>\$ 18,691</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf pension contributions to the State Teachers' Retirement  
System for City teachers are not budgeted

61,186

State of Connecticut on-behalf OPEB contributions to the State Teachers' Retirement  
System for City teachers are not budgeted

6,310

Encumbrances for purchases and commitments ordered but not received are reported in the  
in the year the order is placed for budgetary purposes, but in the year received for financial  
reporting purposes

(9)

Effect of GASB Statement No. 54

8,100

Amount Available from Current Year Operations

\$ 669,819

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**CITY OF HARTFORD MUNICIPAL EMPLOYEES' RETIREMENT FUND (CITY MERF) Plan**  
**LAST FIVE FISCAL YEARS\***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 21,250	\$ 21,934	\$ 21,995	\$ 22,612	\$ 21,954
Interest	105,620	105,283	102,350	99,934	98,033
Change in benefit terms	(627)				
Differences between expected and actual experience	4,786	6,155	18,454	(11,737)	
Changes of assumptions	(7,557)	27,543		21,176	
Benefit payments, including refunds of member contributions	(112,768)	(108,145)	(101,778)	(98,654)	(93,683)
Net change in total pension liability	10,704	52,770	41,021	33,331	26,304
Total pension liability - beginning	1,442,387	1,389,617	1,348,596	1,315,265	1,288,961
Total pension liability - ending	1,453,091	1,442,387	1,389,617	1,348,596	1,315,265
Plan fiduciary net position:					
Contributions - employer	44,574	37,650	43,891	42,874	42,710
Contributions - member	14,355	13,175	13,042	13,360	12,816
Net investment income	59,906	104,204	8,696	20,779	133,645
Benefit payments, including refunds of member contributions	(112,768)	(108,145)	(101,778)	(98,654)	(93,683)
Administrative expense	(2,958)	(2,653)	(2,433)	(2,715)	(2,774)
Other	9	(3,087)			
Net change in plan fiduciary net position	3,118	41,144	(38,582)	(24,356)	92,714
Plan fiduciary net position - beginning	1,040,757	999,613	1,038,195	1,062,551	969,837
Plan fiduciary net position - ending	1,043,875	1,040,757	999,613	1,038,195	1,062,551
Net Pension Liability - Ending	\$ <u>409,216</u>	\$ <u>401,630</u>	\$ <u>390,004</u>	\$ <u>310,401</u>	\$ <u>252,714</u>
Plan fiduciary net position as a percentage of the total pension liability	71.84%	72.16%	71.93%	76.98%	80.79%
Covered payroll	\$ 141,067	\$ 144,122	\$ 151,305	\$ 144,227	\$ 144,648
Net pension liability as a percentage of covered payroll	290.09%	278.67%	257.76%	215.22%	174.71%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

Notes to Schedule:

Assumption Changes:

**2018:**

Mortality improvement is based on the Scale MP-2017; Prior Valuation: Scale MP-2016

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**RAF/PBF/FRF Plan**  
**LAST FIVE FISCAL YEARS\***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$	\$	\$	\$	\$
Interest	122	119	228	218	238
Change in benefit terms					
Differences between expected and actual experience	(1,264)	(134)	(1,124)	(229)	
Changes of assumptions	(117)	(671)	414	587	
Benefit payments, including refunds of member contributions	<u>(452)</u>	<u>(525)</u>	<u>(660)</u>	<u>(755)</u>	<u>(837)</u>
Net change in total pension liability	<u>(1,711)</u>	<u>(1,211)</u>	<u>(1,142)</u>	<u>(179)</u>	<u>(599)</u>
Total pension liability - beginning	<u>3,641</u>	<u>4,852</u>	<u>5,994</u>	<u>6,173</u>	<u>6,772</u>
Total pension liability - ending	<u>1,930</u>	<u>3,641</u>	<u>4,852</u>	<u>5,994</u>	<u>6,173</u>
Plan fiduciary net position:					
Contributions - employer	452	525	660	755	837
Benefit payments, including refunds of member contributions	<u>(452)</u>	<u>(525)</u>	<u>(660)</u>	<u>(755)</u>	<u>(837)</u>
Net change in plan fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Pension Liability - Ending	<u>\$ 1,930</u>	<u>\$ 3,641</u>	<u>\$ 4,852</u>	<u>\$ 5,994</u>	<u>\$ 6,173</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

Notes to Schedule:

Assumption Changes:

**2018:**

Investment rate of return - 3.87%, net of investment-related expenses; Prior Valuation: 3.58%, net of investment-related expenses

Mortality improvement - MP-2017 scale; Prior Valuation - MP-2014 scale

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**415(m) Plan**  
**LAST FIVE FISCAL YEARS\***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$	\$	\$	\$	\$
Interest	10	6	9	11	14
Differences between expected and actual experience		67	66	4	
Changes of assumptions	(3)	17	11	(1)	
Benefit payments, including refunds of member contributions	(58)	(73)	(79)	(79)	(87)
Net change in total pension liability	(51)	17	7	(65)	(73)
Total pension liability - beginning	297	280	273	338	411
Total pension liability - ending	246	297	280	273	338
Plan fiduciary net position:					
Contributions - employer	58	73	79	79	87
Benefit payments, including refunds of member contributions	(58)	(73)	(79)	(79)	(87)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning					
Plan fiduciary net position - ending	-	-	-	-	-
Net Pension Liability - Ending	\$ <u>246</u>	\$ <u>297</u>	\$ <u>280</u>	\$ <u>273</u>	\$ <u>338</u>
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

Notes to Schedule:  
Assumption Changes:

**2018:**

Mortality improvement is based on the Scale MP-2017; Prior Valuation: Scale MP-2016

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CITY OF HARTFORD PENSION PLANS  
LAST TEN FISCAL YEARS  
(In Thousands)**

<b>City of Hartford Municipal Employees' Retirement Fund (City MERF)</b>										
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 44,574	\$ 37,650	\$ 43,891	\$ 42,874	\$ 42,710	\$ 34,338	\$ 27,600	\$ 18,846	\$ 9,602	\$ 11,797
Contributions in relation to the actuarially determined contribution	<u>44,574</u>	<u>37,650</u>	<u>43,891</u>	<u>42,874</u>	<u>42,710</u>	<u>34,338</u>	<u>27,600</u>	<u>18,846</u>	<u>10,840</u>	<u>12,829</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(1,238)</u>	\$ <u>(1,032)</u>
Covered payroll	\$ 141,067	\$ 144,122	\$ 151,305	\$ 144,227	\$ 144,648	\$ 137,919	\$ 136,555	\$ 132,529	\$ 134,143	\$ 139,243
Contributions as a percentage of covered payroll	31.60%	26.12%	29.01%	29.73%	29.53%	24.90%	20.21%	14.22%	8.08%	9.21%

<b>City of Hartford RAF/PBF/FRF Plan</b>										
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 452	\$ 525	\$ 659	\$ 755	\$ 837	\$ 992	\$ 1,097	\$ 1,354	\$ 1,521	\$ 1,700
Contributions in relation to the actuarially determined contribution	<u>452</u>	<u>525</u>	<u>659</u>	<u>755</u>	<u>837</u>	<u>992</u>	<u>1,097</u>	<u>1,354</u>	<u>1,521</u>	<u>1,700</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<b>City of Hartford 415(m) Plan</b>										
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Actuarially determined contribution	\$ 58	\$ 73	\$ 79	\$ 79	\$ 87	\$ 102	\$ 121	\$ 84	\$ 43	\$ 50
Contributions in relation to the actuarially determined contribution	<u>58</u>	<u>73</u>	<u>79</u>	<u>79</u>	<u>87</u>	<u>102</u>	<u>121</u>	<u>84</u>	<u>43</u>	<u>50</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Valuation date: July 1, 2017  
Measurement date: June 30, 2018  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Remaining amortization period	25 years, level dollar, closed
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	2.75% for inflationary salary increases
Investment rate of return	7.5%, net of investment-related and administrative expenses
Retirement age	Police - 100% retire at 60, regardless of service and must be age 40 to retire; Fire - 100% retire at 30 years of service for all ages; BOE 100% retire at age 75; Municipal Services and Library - If less than 20 years of service, 100% retire at 75 or retire at 35 years of service.
Mortality	RP-2014 fully projected with separate male and female tables and separate rates for annuitants and non-annuitants with occupational adjustment

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
CITY OF HARTFORD PENSION PLANS  
LAST FIVE FISCAL YEARS\***

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense					
City of Hartford MERF	5.97%	10.44%	.86%	2.00%	14.05%
City of Hartford RAF/PBF/FRF Plan	0.00%	0.00%	0.00%	0.00%	0.00%
City of Hartford 415(m) Plan	0.00%	0.00%	0.00%	0.00%	0.00%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available



**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (CMERS)**  
**LAST FOUR FISCAL YEARS\***  
**(In Thousands)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	4.00%	7.80%	6.23%	7.04%
City's proportionate share of the net pension liability	\$ 10,678	\$ 15,062	\$ 20,742	\$ 17,468
City's covered payroll	\$ 27,342	\$ 27,342	\$ 27,342	\$ 27,785
City's proportionate share of the net pension liability as a percentage of its covered payroll	39.05%	55.09%	75.86%	62.87%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market

\*Note: This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (CMERS)**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 2,851	\$ 3,162	\$ 3,681	\$ 3,681	\$ 3,539	\$ 3,126	\$ 2,585	\$ 2,116	\$ 1,716	\$ 1,753
Contributions in relation to the actuarially determined contribution	2,851	3,162	3,681	3,681	3,539	3,126	2,585	2,116	1,716	1,753
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,156	\$ 27,785	\$ 27,342	\$ 27,342	\$ 27,342	\$ 26,464	\$ 22,952	\$ 19,374	\$ 18,512	\$ 19,324
Contributions as a percentage of covered payroll	11.33%	11.38%	13.46%	13.46%	12.94%	11.81%	11.26%	10.92%	9.27%	9.07%

**Notes to Schedule**

Valuation date: July 1, 2016  
Measurement date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method      Entry Age  
Amortization method      Level dollar, closed  
Single equivalent amortization period      24 years  
Asset valuation method      5 years smoothed market (20% write up)  
Inflation      3.25%  
Salary increases      4.25% - 11%, including inflation  
Investment rate of return      8%, net of investment related expense  
Changes in assumptions:      In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST FOUR FISCAL YEARS\***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>528,969</u>	<u>558,067</u>	<u>435,145</u>	<u>401,684</u>
Total	<u>\$ 528,969</u>	<u>\$ 558,067</u>	<u>\$ 435,145</u>	<u>\$ 401,684</u>
City's covered payroll	\$ 157,332	\$ 161,604	\$ 158,736	\$ 156,312
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Plan Information**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CITY PLAN**  
**LAST TWO FISCAL YEARS \***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	\$ 12,913	\$ 9,297
Interest	13,535	14,072
Changes in benefit terms	(96,632)	
Differences between expected and actual experience	131,191	4,640
Changes of assumptions	(13,956)	51,221
Benefit payments, including refunds of member contributions	(15,981)	(14,303)
Net change in total OPEB liability	<u>31,070</u>	<u>64,927</u>
Total OPEB liability - beginning	<u>373,114</u>	<u>308,187</u>
Total OPEB liability - ending	<u>404,184</u>	<u>373,114</u>
Plan fiduciary net position:		
Contributions - employer	18,156	14,303
Contributions - member	170	36
Benefit payments, including refunds of member contributions	(15,981)	(14,303)
Net change in plan fiduciary net position	<u>2,345</u>	<u>36</u>
Plan fiduciary net position - beginning	<u>36</u>	<u>36</u>
Plan fiduciary net position - ending	<u>2,381</u>	<u>36</u>
Net OPEB Liability - Ending	<u>\$ 401,803</u>	<u>\$ 373,078</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.59%	0.01%
Covered payroll	\$ 90,726	\$ 115,952
Net OPEB liability as a percentage of covered payroll	442.88%	321.75%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - BOE PLAN**  
**LAST TWO FISCAL YEARS \***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Total OPEB liability:		
Service cost	464 \$	435
Interest	2,832	2,753
Changes in benefit terms	(2,223)	
Differences between expected and actual experience	2,662	333
Changes of assumptions	478	
Benefit payments, including refunds of member contributions	(2,397)	(2,310)
Net change in total OPEB liability	<u>1,816</u>	<u>1,211</u>
Total OPEB liability - beginning	<u>38,468</u>	<u>37,257</u>
Total OPEB liability - ending	<u>40,284</u>	<u>38,468</u>
Plan fiduciary net position:		
Contributions - employer	1,853	556
TRB subsidy	544	621
Net investment income	662	112
Benefit payments, including refunds of member contributions	(2,397)	(2,310)
Administrative expense	(25)	
Net change in plan fiduciary net position	<u>637</u>	<u>(1,021)</u>
Plan fiduciary net position - beginning	<u>18,187</u>	<u>19,208</u>
Plan fiduciary net position - ending	<u>18,824</u>	<u>18,187</u>
Net OPEB Liability - Ending	<u>21,460</u> \$	<u>20,281</u>
Plan fiduciary net position as a percentage of the total OPEB liability	46.73%	47.28%
Covered payroll	\$ 197,486	\$ 213,458
Net OPEB liability as a percentage of covered payroll	10.87%	9.50%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - CITY PLAN**  
**LAST TWO FISCAL YEARS \***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 27,025	\$ 26,583
Contributions in relation to the actuarially determined contribution	<u>18,156</u>	<u>14,303</u>
Contribution Deficiency (Excess)	<u>\$ 8,869</u>	<u>\$ 12,280</u>
Covered payroll	\$ 90,726	\$ 115,952
Contributions as a percentage of covered payroll	20.01%	12.34%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

Measurement date: June 30, 2018

Valuation date: July 1, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	28 years, closed
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	7.5% for 2017, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later
Salary increases	2.75%
Investment rate of return	3.87%
Retirement age	Aged Base Table
Mortality	
Fire and Police	RP-2014 Mortality Table adjusted to 2006 BlueCollar projected to valuation date with Scale MP-2017.
All others	RP-2014 Mortality Table adjusted to 2006 Total Dataset projected to valuation date with Scale MP-2017.

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFITS TRUST FUND - BOE PLAN**  
**LAST TWO FISCAL YEARS \***  
**(In Thousands)**

	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,973	\$ 1,928
Contributions in relation to the actuarially determined contribution	<u>1,853</u>	<u>556</u>
Contribution Deficiency (Excess)	\$ <u>120</u>	\$ <u>1,372</u>
Covered payroll	\$ 197,486	\$ 213,458
Contributions as a percentage of covered payroll	0.94%	0.26%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available

**Notes to Schedule**

Measurement date:

June 30, 2018

Valuation date:

July 1, 2017

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	28 years, closed
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	7.5% for 2017, decreasing .5% per year, to an ultimate rate of 4.75% for 2023 and later
Salary increases	2.75%
Investment rate of return	3.87%
Retirement age	Aged Base Table
Mortality	RP-2014 Mortality Table adjusted to 2006 Total Dataset projected to valuation date with Scale MP-2017.

**CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND  
LAST TWO FISCAL YEARS \***

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	<u>2018</u>	<u>2017</u>
<b>City Plan:</b>		
Annual money-weighted rate of return, net of investment expense	0.00%	0.00%
<b>BOE Plan:</b>		
Annual money-weighted rate of return, net of investment expense	3.64%	0.59%

\* Schedule is intended to show information for 10 years - additional years will be displayed as they become available



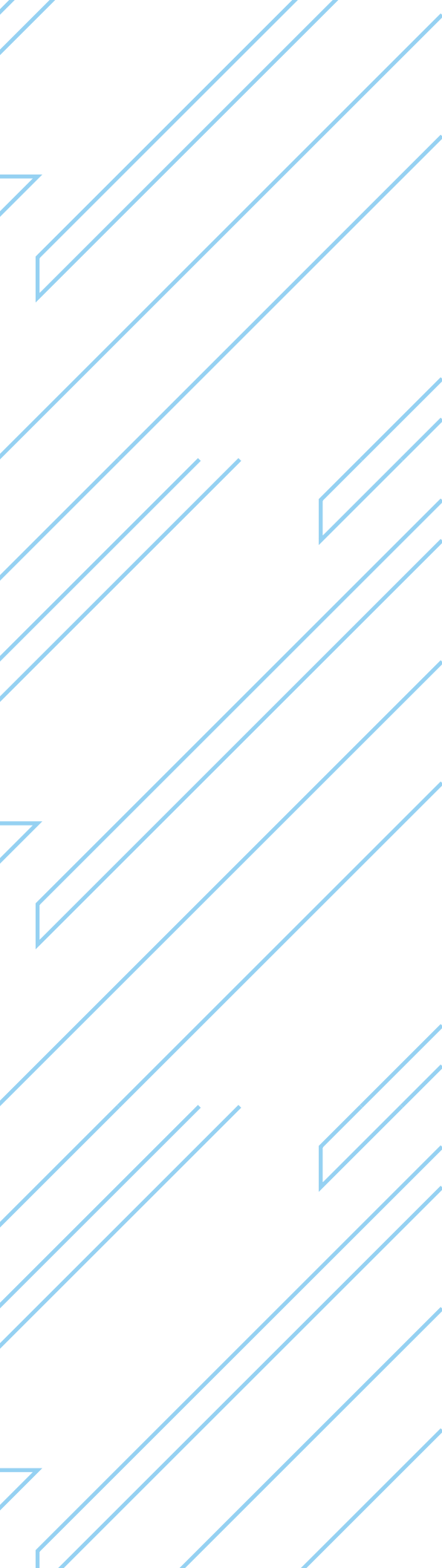
**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST FISCAL YEAR\***

	<b>2018</b>
City's proportion of the net OPEB liability	0.00%
City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	136,151
Total	\$ 136,151
City's covered payroll	\$ 157,332
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

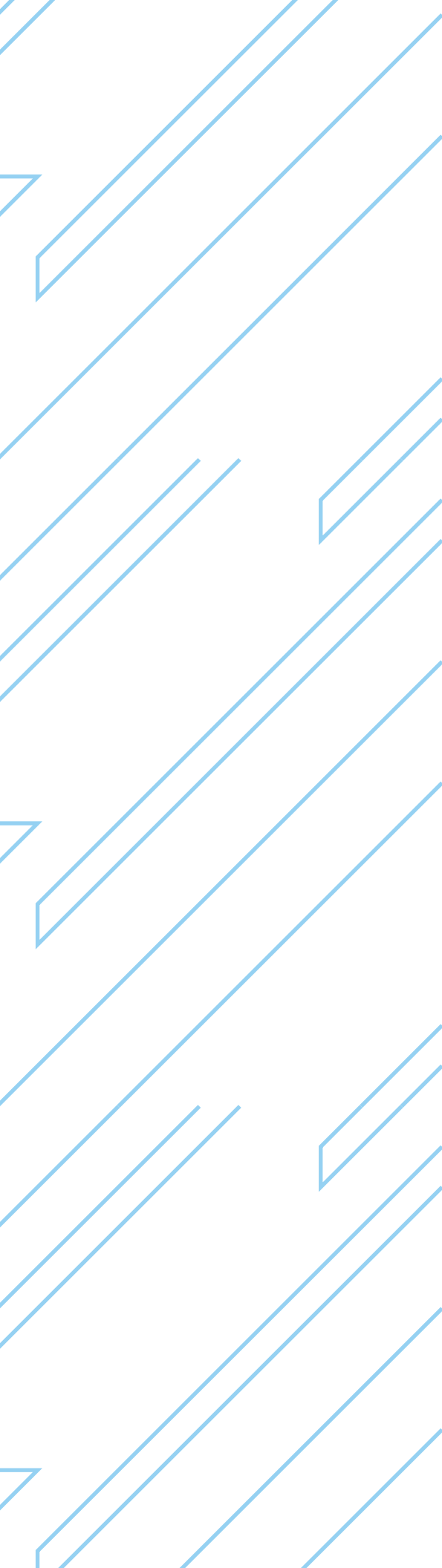
**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	<p>The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations.</p> <p>As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



## **Combining and Individual Fund Statements and Schedules**



**General Fund**

## **GENERAL FUND**

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

**CITY OF HARTFORD, CONNECTICUT**  
**GENERAL FUND COMBINING BALANCE SHEET SCHEDULE**  
**JUNE 30, 2018**  
**(In Thousands)**

	<b>General Fund</b>	<b>Hartford Public Library</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 41,974	\$ 178	\$ 42,152
Receivables, net	89,960		89,960
Due from other funds	3,539		3,539
Total Assets	<u>135,473</u>	<u>178</u>	<u>135,651</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts and other payables	43,022	171	43,193
Unearned revenue	207		207
Total liabilities	<u>43,229</u>	<u>171</u>	<u>43,400</u>
Deferred inflows of resources:			
Unavailable revenue	87,367		87,367
Total deferred inflows of resources	<u>87,367</u>	<u>-</u>	<u>87,367</u>
Fund balances:			
Unassigned	4,877	7	4,884
Total fund balances	<u>4,877</u>	<u>7</u>	<u>4,884</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 135,473</u>	<u>\$ 178</u>	<u>\$ 135,651</u>

**CITY OF HARTFORD, CONNECTICUT**  
**GENERAL FUND COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<u>General Fund</u>	<u>Hartford Public Library</u>	<u>Eliminate Interfund Transfers</u>	<u>Total</u>
Revenues:				
Property taxes	\$ 283,758	\$	\$	\$ 283,758
Licenses and permits	6,218			6,218
Intergovernmental	360,400			360,400
Charges for services	2,344			2,344
Use of property	979			979
Investment income	1,403			1,403
Miscellaneous	1,447			1,447
Total revenues	<u>656,549</u>	<u>-</u>	<u>-</u>	<u>656,549</u>
Expenditures:				
Current:				
General government	13,334			13,334
Public safety	81,237			81,237
Public works	12,212			12,212
Development and community affairs	3,380			3,380
Human services	3,800			3,800
Education	351,430			351,430
Recreation and culture	1,099	8,100		9,199
Benefits and insurance	93,366			93,366
Other	31,286			31,286
Debt service	398			398
Total expenditures	<u>591,542</u>	<u>8,100</u>	<u>-</u>	<u>599,642</u>
Revenues over (under) Expenditures	<u>65,007</u>	<u>(8,100)</u>	<u>-</u>	<u>56,907</u>
Other Financing Sources (uses):				
Transfers in	5,544	8,100	(8,100)	13,644
Transfers out	(70,177)		8,100	(70,177)
Total other financing sources (uses)	<u>(64,633)</u>	<u>8,100</u>	<u>-</u>	<u>(56,533)</u>
Net Change in Fund Balances	374	-	-	374
Fund Balances at Beginning of Year	<u>4,503</u>	<u>7</u>		<u>4,510</u>
Fund Balances at End of Year	<u>\$ 4,877</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 4,884</u>

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
(In Thousands)

Grand List Year	Taxes Receivable June 30, 2017	Current Levy	Lawful Corrections		Other Adjustments	Adjusted Tax Levy	Collections				Taxes Receivable June 30, 2018
			Additions	Deletions			Taxes	Interest	Liens	Total	
2016	\$	\$ 292,215	\$ 2,476	\$ 12,225	\$ (18)	\$ 282,448	\$ 269,045	\$ 1,294	\$ 214	\$ 270,553	\$ 13,403
2015	11,208		122	294	(98)	10,938	3,808	750	256	4,814	7,130
2014	7,022		190	256	(159)	6,797	1,235	435	142	1,812	5,562
2013	5,219		451	34	(234)	5,402	708	282	51	1,041	4,694
2012	3,984		661	26	(195)	4,424	422	152	31	605	4,002
2011	3,920		615	19	(177)	4,339	552	134	22	708	3,787
2010	3,735		494	18	(230)	3,981	215	158	18	391	3,766
2009	3,698		6	15	(387)	3,302	95	116	15	226	3,207
2008	3,020		5	14	(211)	2,800	47	66	14	127	2,753
2007	2,068		38	16		2,090	29	46	9	84	2,061
2006	1,994		2	7	(62)	1,927	29	54	11	94	1,898
2005	1,663		9	18	(14)	1,640	17	27	6	50	1,623
2004	11		3	10		4		(3)		(3)	4
2003	3		1	3		1	1	(1)		-	-
2002	1		2	3		-		(2)		(2)	-
<hr/>											
	\$ 47,546	\$ 292,215	\$ 5,075	\$ 12,958	\$ (1,785)	\$ 330,093	\$ 276,203	\$ 3,508	\$ 789	\$ 280,500	\$ 53,890



**Capital Improvement Fund**



## **CAPITAL IMPROVEMENT FUND**

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

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
D1363	TIGER GRANT - PROJ MGMT/A&E	\$ 422,959	\$ 422,959	\$	\$ 422,959
D1364	TIGER GRANT - UNION STATION HUB	1,035,078	959,614	75,464	1,035,078
D1365	TIGER GRANT - BUSHNELL PARK NORTH	5,984,286	5,547,639	436,647	5,984,286
D1366	TIGER GRANT - ASYLUM/PEARL TRANSIT	1,539,804	1,619,616	(79,811)	1,539,804
D1368	BUS LIVABILITY GRANT (GHTD)	1,990,048	1,949,883	40,166	1,990,048
D1390	JOHN E ROGERS - STATE URBAN ACT GRA	1,000,000	751,906		751,906
D1584	STP - ASYLUM ST/SOLDIERS	4,887,521	4,714,351	173,170	4,887,521
D1632	TIGER GRANT - SPRUCE & ASYLUM	625,134	609,644	15,490	625,134
W1418	Cemetery Beautification and Improv.	200,000	122,826		122,826
W1433	Vehicles, Computers and Other Equip	3,905,698	3,905,698		3,905,698
W1505	Urban Forestry	497,635	497,635		497,635
W1508	Paving	3,000,000	2,945,005	54,995	3,000,000
W1510	Albany Avenue Reconstruc	14,000,000			-
W1522	CL&P Incentive Program	311,685	311,685		311,685
W1542	PARKS BUILD COMMUNITY GR	60,000	40,000	20,000	60,000
W1557	Repairs at 275 Pearl Str	205,062	205,062		205,062
W1628	Milling and Paving	2,000,000	2,000,000		2,000,000
W1633	Streetscapes	2,250,000	11,660	108,100	119,760
W1645	COVENTRY STREET SUBSTATION (D	1,500,000			-
W1646	BROAD STREET RECONSTRUCTION	2,956,100	2,205,764	339,296	2,545,060
W1706	Neighborhood Environmental Im	500,000	446,616	39,384	486,000
W1707	Milling and Paving FY2017	(145,394)	145,394	(110,051)	35,343
W1710	Street Light Conversion to LED	5,000,000			-
W1723	Emerald Ash Borer Initiative	200,000		61,501	61,501
W1740	DEEP COLT PARK IMPROVEMENTS	450,000	15,000	4,000	19,000
W1741	DEEP Walter: Doc Hurley Memor	250,000	54,013	96,501	150,514
W1745	INTERSECTION IMPROVEMENTS-MAP	1,406,088		69,890	69,890
W1811	Citywide Park Signage	2,000,000		43,000	43,000
W1812	Sidewalks- Elizabeth/Co	300,000		10,688	10,688
W1813	Lighting & Sidewalks-Bu	1,000,000			-
W1814	Pope Park Baseball Field	750,000			-
W1815	Goodwin Park Tennis Court	200,000		8,500	8,500
W1816	Keney Park ADA Improv -	250,000			-
W1817	Pond Dredging - Goodwin	2,500,000			-
W1818	Replace Playscapes (6)	2,000,000		239,579	239,579
W1819	Keney Park Gates and Fe	100,000		78,861	78,861

(Continued on next page)

CITY OF HARTFORD, CONNECTICUT  
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2018

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
W1820	Goodwin Park Golf Course	\$ 2,500,000	\$	2,500	\$ 2,500
W1821	Park Lighting (6)	1,100,000			-
W1822	Security Cameras (7)	600,000		581,822	581,822
W1823	Basketball Courts (6)	450,000		10,500	10,500
W1824	Auto.Spray-Pads (13) Ir	200,000		290	290
W1825	Park Concessions Improv	600,000			-
W1826	Hyland Park "Cal Ripken	500,000			-
W1827	Forest Sustainability	100,000			-
W1828	Hiking Trails - Keney &	400,000			-
W1829	Goodwin Park Entrance	150,000			-
W1830	Park Beautification	250,000			-
W1850	PARK STREET BRANCH LIBRARY	10,700,000			-
W1858	DESIGN OF COMM NETWORK	84,656		52,707	52,707
W1859	TRAFFIC CONTROLS SIGNAL	336,696		181,624	181,624
W1860	AID FLOOD CONTROL ( SOU	5,000,000		34,444	34,444
W1861	QUALITY OF LIFE INITIAT	2,500,000		395,257	395,257
W1862	Body Worn Cameras and Fleet Cameras	750,501			-
D1862	BARTHOLOMEW AV/ STORM -MDC	1,600,000			-
D1863	BARTHOLOMEW AVE STORM-OPM	2,000,000			-
W9900	TOWN CLERK'S LOCIP ACCOUNT	186,782		186,782	186,782
W9910	INTEREST INCOME ON CIP INVESTMENTS	89,896		89,896	89,896
W9995	YEAR END GAAP			(255,564)	
TOTAL FUND 4029 - Capital Grant Fund		95,230,235	\$ 29,481,969	\$ 3,005,626	\$ 32,743,159
Education Projects:					
QB534	Renovation of Hartford High School Project	114,500,000	114,328,570	78,953	114,407,522
QB537	Renovations of Various Hartford Schools	27,000,000	26,831,181		26,831,181
QB546	Renovations and Construction Improvements to Hartford Public Schools	129,590,000	131,604,523	266,355	131,870,878
QB548	Breakthrough Academy Interdistrict Magnet School	30,500,000	32,185,851		32,185,851
QB549	Sports Science Academy Magnet High School	67,648,775	64,655,953	77,165	64,733,118
QB550	Greater Hartford Classical Magnet School	37,950,000	38,014,853	49,069	38,063,922
QB551	Pathways to Technology Magnet School	36,950,400	6,821,115	9,550	6,830,665
QB553	University High School for Science	43,000,000	42,002,954	65,865	42,068,820
QB554	Capital College Preparatory Magnet	45,650,000	41,093,870	125,345	41,219,216
QB556	Annie Fisher Magnet School	45,500,000	44,395,525	133,130	44,528,655

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
QB557	Richard B. Kinsella, Magnet School of Arts	\$ 38,015,000	\$ 37,974,716	\$ 82,367	\$ 38,006,297
QB559	Mary M. Hooker Environment Studies Magnet School	43,500,000	39,245,532	(887,799)	38,408,520
Q8416	Weaver High School Renovations	940,000			-
Q8417	Bulkeley High School Improvements to Air Handling System	240,000			-
Q8418	Betances Elementary School Replacement of Five Rear Staircases	45,000			-
Q1564	Journalism & New Media High School	37,450,000	31,205,878		31,205,878
Q1565	Dwight Bellizzi Middle School	13,000,000	12,299,048		12,299,048
Q1566	International Baccalaureate School	55,050,000	50,425,226		50,425,226
Q9553	Transitional Classroom University of Science 064-0297	1,650,000	1,295,237		1,295,237
QB901	MD Fox Elementary School comb w/@9430	56,400,000	46,485,767		46,485,767
Q9902	Student Bathrooms - Bulkeley	700,000	518,387		518,387
Q0904	Roofs/Masonry, Intrusion Alarms	4,069,031	4,656,548	174,005	4,830,552
Q0906	Burns (Language Lab)	700,000	615,248		615,248
Q2907	West Middle School	54,600,000	52,168,846	1,622,627	53,791,473
Q2908	Hartford Middle Magnet School	29,440,000	27,660,393		27,660,393
Q2909	Parkville School HVAC Units	1,425,000	818,785		818,785
Q2910	Fox Middle School Cooling Tower Unit	270,500	162,200		162,200
Q2911	Kinsella High School	70,000	49,851		49,851
Q1301	Quirk Renovation	2,500,000			-
Q1302	Burns Masonry	300,000	300,000		300,000
Q1303	Bellizzi Air Conditioning	1,500,000	856,967	42,250	899,217
Q1304	Sprinklers at Clark	1,000,000	575,584	1,638	577,222
Q1305	Sprinklers at S. Waverly	1,000,000	40,056		40,056
Q1309 Q1509	Kinsella Magnet School FY13	36,952,000	3,006,968	1,008,157	4,015,125
Q1401	Public Safety Academy	5,000,000			-
Q1402 Q1308 Q1502	Weaver High School Renovations FY14	106,564,000	21,397,581	26,720,432	48,118,012
Q1403	School Facilities Capital Improvement	4,300,000	3,403,740	249,934	3,653,673
Q1404	Vehicles, Computers, & Other	1,000,000	995,000		995,000
Q1405	Mark Twain School Sprinklers	1,000,000	4,210		4,210
Q1600	Clark School - PCB Abatement	4,000,000	111		111
Q1601	Replac. & Upgrades to Various Schools	1,240,000	334,080	1,823	335,902
Q1602	Renov. of Martin Luther King School	68,000,000		1,019,760	1,019,760
Q1603 (New)	Sands School Roof Renovation	1,000,000			-
Q1700 (New)	Replace & Upgrades Various Schools	5,057,500			-
Q1800 (New)	Replace & Upgrades Various Schools	1,923,000			-

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
Total Education Projects		\$ 1,158,190,206	\$ 878,430,350	\$ 30,840,624	\$ 909,270,977
Other	Q2905 (QB904) Milner Academy Roof project	1,480,000	1,492,701		1,492,701
	Q2906 (QB904) Batchelder School Roof project	1,820,000	1,709,143		1,709,143
	Q1300 Public Safety	3,000,000	59,657		4,210
	Q1306 Parking Lot	200,000	196,888		196,888
	Q1306 Parking Lot		20		20
	QB537 Renovation Various		74,353		74,353
	QB553 University High School		1		1
	QB554 Capital College		1		1
	QB557 R. Kinsella		(50,786)		(50,786)
	QB559 Mary Hooker		(0)		(0)
	no project - misc expense			884,491	884,491
	no project - misc state receipts				
		6,500,000	3,481,978	884,491	4,311,022
GAAP ADJUSTMENTS	W9995 Year End GAAP Adj			(137,649)	(137,649)
	W9997 2009 GANS			(2,333)	(2,333)
	W9998 Cost of Issuance			(4,325)	(4,325)
TOTAL FUND 4030 - Capital Grant Fund		\$ 1,164,690,206	\$ 881,912,328	\$ 31,580,809	\$ 913,437,693
Facility Services					
Public Works Projects:					
W6264	City Buildings Energy Conservation, Security, Technology and Communication	600,000	599,610		599,610
A6501	Church Street Façade Restoration	1,810,000	1,428,823		1,428,823
A6505	Remainder of Repairs Contracts at Church St Garage	1,000,000	855,413		855,413
A6507	Streetscape Improvements at Church St Garage	280,000	257,357		257,357
W8262	City Buildings ADA Modifications FYE 2008 Appropriation	950,000	948,120		948,120
W8279	525 Main St. Building Renovations	550,000	302,170		302,170
W8202	Energy Projects	2,000,000	1,942,051		1,942,051
D8576	Economic Development Site Acquisition, FYE 2008 Appropriation	750,000	750,000		750,000
D9514	Acquisition of Property for Development	1,000,000	998,974		998,974

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
D9584	Neighborhood Development Fund	\$ 4,000,000	\$ 3,989,985	\$ 473	\$ 3,990,459
W9262	City Buildings ADA Modifications FYE 2009 Appropriation	1,450,000	1,378,205	71,372	1,449,576
W9263	City Buildings Environmental Compliance FYE2009 Appropriation	500,000	495,027		495,027
W9264	City Buildings Energy Conservation, Security, Technology and Communication FYE2009 Appropriation	300,000	283,482		283,482
W9269	Municipal Facility Renovations	750,000	733,542		733,542
W9587	Bulky Waste Recycling Center	1,100,000	1,091,888		1,091,888
D2637	Former Lyric Theater Building	750,000	368,415	309,732	678,147
D2638	Proj. Initiation & Development	150,000	147,558		147,558
D2639	Federal/State Matching Fund	200,000	163,099		163,099
W1303	Municipal Facility Renovations	900,000	899,551		899,551
W1322	Citywide Streetscapes	1,000,000	1,000,000		1,000,000
D1379	State/Federal Matching Fund	900,000	365,214	(43,899)	321,315
D1370	Citywide Streetscapes	250,000	249,959	41	250,000
D1371	Project Initiation & Development	500,000			-
D1470	Lyric Theater-Library and Cultural Center	990,000	190,968	9,052	200,020
D1471	Project Initiation for Commercial Revitalization	350,000	127,342	102,117	229,459
D1472	Redevelopment Plan Implementation	2,686,169	2,654,042	32,127	2,686,169
D1476	Neighborhood Development & Housing	2,970,000	2,635,045	334,955	2,970,000
D1477	NRZ Improvements	2,722,500	610,348	423,275	1,033,623
D1478	State/Federal Matching Fund	500,000	214,568	(21,425)	193,142
D1479	iQuilt Improvement Fund	990,000	556,194	24,391	580,585
D1480	Small Business Loan Fund	500,000			-
D1481	Façade Program	495,000			-
D1482	Bowles & Westbrook Village Site Preparation	990,000			-
D1515	Neighborhood Devel. & Ho	2,970,000	348,440	665,000	1,013,440
D1645	Neighborhood Dev. Housing Rev	1,000,000	310,255		310,255
D1646	Redevelopment and Implementat	2,888,805	2,648,102	240,703	2,888,805
D1649	Emergency Demolition Funds	200,000	58,475		58,475
D1650	Document Conversion	300,000	242,525	55,961	298,485
D1651	Growing Hartford Businesses	2,500,000			-
D1652	Planning and Economic Develop	500,000	110,289	21,903	132,191
D1653	World War I Plaque Installation	50,000			-
D1725	Redevelopment and Implementation	2,000,000		72,728	72,728
D1727	Document Conversion	300,000			-
D1728	Participatory Budget	1,000,000		240,912	240,912

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
D1852	Redevelopment and Implementation	\$ 2,000,000	\$	\$	-
D1853	Emergency Demolition Funds	200,000			-
D1854	Document Conversion	300,000		22,415	22,415
D1857	Participatory Budget	500,000		37,500	37,500
W0592	South End Senior Center Improvements	682,500	681,750	750	682,500
W1405	DOJ ADA Improvements	491,321	44,577	446,744	491,321
W1406	Municipal Facilities Renovations	3,149,303	3,148,513	790	3,149,303
W1408	Energy Projects	594,000	478,266	24,633	502,899
W1507	Citywide Fencing	432,721	432,446	275	432,721
W1636	Refuse Carts	500,000	318,960	162,120	481,080
W1637	Flood Control	20,045,000	2,210,580	2,549,677	4,760,256
W1639	Roof Replacement	500,000	159,310	37,164	196,474
W1640	Municipal Facilities Renovation	950,000	930,461	10,223	940,684
W1643	Building Demolition	250,000	11,216	12,600	23,816
W1644	Library Renov. - Various Bran	150,836	140,642	10,194	150,836
W1710	Street Light Conversion to LED				-
W1711	Traffic Calming	200,000			-
W1714	Bridge Repairs	200,000		19,988	19,988
W1716	Oil Tanks	250,000	251	10,738	10,989
W1719	Municipal Facilities Renovations	1,998,278	179,249	862,212	1,041,462
W1808	Neighborhood Environmental Improv	1,000,000		329,203	329,203
W1836	Street Lights	300,000		240,447	240,447
W1846	Municipal Facilities Renovations	1,400,000			-
W1831	City-Wide ADA Improvements	2,000,000			-
W1832	City-wide Fencing	150,000			-
W1833	Milling and Paving	2,000,000			-
W1834	Sidewalks	500,000			-
W1835	Street Signage	350,000			-
W1837	Traffic Calming	250,000			-
W1838	Streetscapes	1,250,000			-
W1839	Street Signalization	1,200,000			-
W1840	Bridge Repairs	500,000			-
W1841	Refuse Carts	250,000			-
W1842	Flood Control	1,000,000			-
W1843	Oil Tanks	250,000			-
W1844	City-wide Security	250,000			-

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
W1845	Roof Replacement	\$ 500,000	\$	\$	\$ -
W1847	Energy Projects	1,250,000			-
W1848	Building Demolition	250,000			-
W1849	Library Reno, Improv, & Upgrades	1,500,000			-
Total Public Works Projects		98,136,433	38,691,254	7,317,089	46,008,343
Public Safety Projects:					
W1115	Construction of a Public Safety Complex	75,831,252	75,793,442	37,810	75,831,252
W1433	Vehicles, Computers and Other Equipment	2,001,063	1,528,858	472,205	2,001,064
W1502	Public Safety Complex Ga	1,485,000			-
W1624	Police Camera Systems and Related Equipment	1,328,937	1,163,574	165,363	1,328,937
W1801	Citywide Radio System Improvements	1,000,000			-
W1802	Police Camera Systems and Related Equipment	98,270			-
W1803	Vehicles, Technology & Other Equip.	2,819,000			-
W1804	Firing Range Renov. & Safety Enhanc	100,000			-
Total Public Safety Projects		84,663,522	78,485,874	675,378	79,161,252
Recreation and Culture Projects:					
W7243	Central (Main)Library Renovations/Improvements	38,849,084	38,849,081		38,849,081
W3010	Pope Park Pool Replacement	1,581,070	1,492,908		1,492,908
W7307	Colt Park and Coltsville Park Planning	1,500,000	1,005,997		1,005,997
W7306	Pope Park Pool/ Master Plan Work	400,000	380,950		380,950
W7399	Kelvin Anderson Recreation Center Renovation and Expansion	16,200,000	16,199,613		16,199,613
W7305	Blue Hills Recreation Center	150,000	75,122		75,122
W8272	Central and Branch Library Dwight	2,000,000	2,031,025		2,031,025
W8201	Citywide Day Care and Park Enhancements	600,000	591,875		591,875
W0595	Keney Park Pavilion	50,000	43,505		43,505
W0596	Goodwin Park Pond House Improvement	450,000	439,984		439,984
W1604	Batterson Park Infrastructure Improvements	1,000,000	989,607		989,607
W1605	I-Quilt/Bushnell Park	100,000	81,126		81,126
W2302	Batterson Park Infrastruccion - Hartford Parks Trust Fund	450,000	449,500	500	450,000

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
W2622	Park Improvements & Playground	\$ 2,250,000	\$ 2,246,704	\$	\$ 2,246,704
W2623	Urban Forestry Mgmt & Planning	900,000	898,531		898,531
W2627	Pulaski Mall Improvements	250,000	241,377		241,377
W1310	Cemetery Beautification/Improvements	500,000	499,707	293	500,000
W1334	Bushnell Park Carousel Study	150,000	153,366	(3,366)	150,000
W1335	Goodwin Park Spray Pool	150,000	139,989		139,989
W1336	Park Projects Design	200,000	198,111		198,111
W1416	ADA Park Improvements	495,000	345,052	149,947	495,000
W1418	Cemetery Beautification and Improvements	51,934	51,014	920	51,934
W1419	Urban Forestry Management and Planning	990,000	986,793		986,793
W1420	Greenways, and Connections to Regional, National and Multiuse Trails	495,000			-
W1422	Monument Study	50,000			-
W1434	Bushnell Park Carousel Improvements	1,000,000	1,000,000		1,000,000
W1503	Park Improvements & Play	2,475,000	2,463,550	4,875	2,468,425
W1506	Dillon Stadium Improvement	8,910,000	1,374,979	(113,921)	1,261,059
W1625	Park Improv. & Playground Enh	4,737,736	4,459,445	278,291	4,737,736
W1626	Golf Courses	4,000,000	3,993,838	5,436	3,999,274
W1627	Urban Forestry	993,630	992,462	1,168	993,630
W1705	Park Improvement & Playground Enhancement	400,000	129,344	162,740	292,084
W1706	Neighborhood Environmental Improv.	200,000	92,979	105,060	198,039
W1805	Citywide Bathroom Buildings - Parks	250,000			-
W1806	Colt Park Improvements	450,000			-
W1807	Walter "Doc" Hurley Statue	250,000			-
W1809	Riverfront Park Walk and Bike Path	1,500,000			-
W1810	Colt Park Athletic Fields	1,500,000			-
Total Recreation and Culture Projects		96,478,454	82,897,535	591,944	83,489,479
Total Facility Services		279,278,409	200,074,663	8,584,412	208,659,074

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
Engineering Services					
Public Works Projects:					
W9519	Road Improvement Program	\$ 12,364,503	\$ 12,364,170	\$ 333	\$ 12,364,503
W1519	Streetscape Improvements	15,795,713	15,630,555	165,158	15,795,713
W4548	Riverwalk North Project	4,686,025	4,685,762		4,685,762
W6522	Trumbull Street Streetscapes	5,000,000	4,586,581		4,586,581
W7574	School Area Pedestrian Routes Safety Enhancements	300,000	220,516		220,516
W8562	Match Funds for State/Federal Infrastructure Grants FYE2008 Appropriation	1,190,000	1,165,585	24,146	1,189,731
W8510	Reconstruction of Asylum St. from Main St to Trumbull St CFDA20.205 - State 63-570	1,266,300	1,066,519		1,066,519
W8556	Street Rehabilitation FYE 2008 Appropriation	4,000,000	3,980,589		3,980,589
W8577	Main Street Streetscapes	475,000	412,937		412,937
W8523	Extension of Mark Twain Dr.	2,728,000	2,667,798		2,667,798
W9511	Streetscape Projects - North & South	2,000,000	1,273,770	21,360	1,295,130
W9512	Flood Control Infrastructure Improvements	1,600,000	1,595,331		1,595,331
W9562	Match Funds for State/Federal Infrastructure Grants FYE 2009	1,500,000	1,343,257	50,598	1,393,855
W9586	Clean Water Related Infrastructure Supplemental Funding	1,500,000	348,567		348,567
W1606	Repair of 12 City Bridges	900,000	171,176	(27,227)	143,949
W1609	Street Paving	3,000,000	2,997,250		2,997,250
W1613	Farmington/Broad/Asylum Intersection	3,500,000	13,362		13,362
W1615	Traffic Calming	500,000	464,407	2,688	467,095
W1616	Coltsville Streetscape	849,656	781,683	238	781,921
W2629	Flood Control Design & Improvements	3,000,000	2,666,036		2,666,036
W2630	Traffic Calming	250,000	228,806		228,806
W1316	Flood Control Design and Improvements	2,500,000	2,417,971	41,938	2,459,909
W1320	Colt Gateway Streetscape Phase 1	13,900,000	4,476,128	92,981	4,569,109
W1321	Pedestrian Wayfinding Signage Program	300,000	69,750		69,750
W1315	Traffic Calming	246,616	237,048	9,568	246,616
W1425	Flood Control Design and Improvements	4,200,000	2,671,014	1,337,772	4,008,786
Total Engineering Services		87,551,813	68,536,568	1,719,553	70,256,122

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
Transportation Services					
Public Works Projects:					
D2636	Citywide Streetscapes - Planning	\$ 250,000	\$ 247,079	\$	\$ 247,079
W0511	Upgrade of Hartford Traffic Signals	1,860,500	1,798,247		1,798,247
W7564	City Sidewalk Replacements	300,000	296,595		296,595
W1323	Street Design and Recons	167,266	137,266	30,000	167,266
W1339	CMAQ-TRAFFIC CONTROL SYSTEM	3,000,000	153,888	82,057	235,946
W1424	Traffic Signalization	1,386,923	1,249,070	137,853	1,386,923
W1427	Complete Streets	989,650	975,256	14,394	989,650
W1429	Complete Streets - Streetscape	14,900,000	13,594,591	163,675	13,758,266
W1430	Brookfield Street Reconstruction	247,500			-
W1431	Street Light Replacement Program	247,500	247,500		247,500
W1509	Sidewalks	828,444	357,407	157,994	515,401
W1628	Milling and Paving	1,000,000	1,000,000		1,000,000
W1633	Streetscapes	1,750,000	291,568	158,809	450,377
W1634	Street Signalization	1,800,000	1,596,442	74,285	1,670,727
W1707	Milling and Paving FY2017		4,208	(4,208)	-
W1709	Streetlights	430,000	218,210	31,078	249,289
W1713	Street Signalization	430,000	102,694	155,457	258,151
Total Transportation Services		29,587,783	22,270,021	1,001,394	23,271,415
Development Services					
D1850	Neighborhood Anti-Blight & Housing	2,000,000			-
D1851	Federal/State Grant Matching Funds	225,000			-
D1855	Growing Hartford Businesses	1,500,000			-
D1856	Planning and Economic Development	350,000			-
Total Development Services		4,075,000			-

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**CITY OF HARTFORD, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

PROJECT NUMBER	DESCRIPTION	Total Budget	Expenditures		
			Prior to July 1, 2017	Current Period	Cumulative Total
Local Capital Improvement Program					
Public Works Projects:					
W4203	Installation of Automated Fuel Control and Accounting System for Vehicle Fueling System - LOCIP Project #561	\$ 132,356	\$ 132,296	\$ 61	\$ 132,356
W5268	City Hall Fourth Floor Improvements - LOCIP Project #260	374,727	374,726		374,727
W6572	Plan of Conservation and Development LOCIP Project #572	434,779	496,438	(61,659)	434,779
W7265	Roof Replacement at various City Buildings Project #265	723,864	742,245	(18,381)	723,864
W7266	Boiler Replacement at various City Buildings Project #266	243,627	250,000	(6,373)	243,627
W0521	STP Federal Road Reconstruction Match - 064-99-030	390,590	387,742	2,848	390,590
W1608	Traffic Signals & Cameras	1,500,000	433,785	92,029	525,814
W2628	Traffic Signalization	750,000	563,137	58,417	621,553
W2633	Street Design & Reconstruction	900,000	900,000		900,000
Total Local Capital Improvement Program		5,449,943	4,280,369	66,942	4,347,311
Other:					
W9913	2013 BOND and BAN Sale		1,172,900		1,172,900
W9916	2016 BOND/BAN SALE		1,016,283		1,016,283
W9992	2014 BOND/BAN SALE		1,065,310		1,065,310
W9993	2012A Bond and BAN Sale	466,110	466,110		466,110
W9995	Year End GAAP Adjustments			828,545	828,545
W9999	Cost of Issuance - 2009A Bonds	1,357,246	1,356,480	766	1,357,246
W0000	Other			3,379,118	
	Other - Reverse Bad Debt	79,459,313	36,232,954	(3,674,891)	38,379,870
Total Other		81,282,669	41,310,038	533,537	44,286,264
TOTAL FUND 4031 - Capital Grant Fund		\$ 487,225,618	\$ 336,471,659	\$ 11,905,838	\$ 350,820,186
TOTAL CIP (FUNDS 4029-4031)		\$ 1,747,146,059	\$ 1,247,865,957	\$ 46,492,273	\$ 1,297,001,038



## **Nonmajor Governmental Funds**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

Fund	Funding Source	Function
Section 8	Federal grants	Housing assistance
Miscellaneous Grants	State, federal, other grants	Various programs
Food Services Program	State and federal grants, and sales of food	School lunch and breakfast programs
Health Grants	State and federal grants	Health and human services
Library Grants	Grants & contributions	Public library system
Community Development	Federal block grants	Housing and development
Home Program	Federal grants	Affordable housing
Great Path Academy	State grants	Education
Parks & Recreation Trusts	Donation & trust income	Park and recreation
Special Activities	Fees for community use of schools	Education

### **Capital Projects Funds**

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

### **Permanent Funds**

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

CITY OF HARTFORD, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018  
 (In Thousands)

	Special Revenue Funds									
	Section 8	Misc- ellaneous Grants	Food Service Program	Health Grants	Community Development Act	HOME Program	Library Grants	Parks and Rec- reation Trusts	Great Path Academy	Special Activities
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,299	\$ 391	\$ 1,292	\$	\$ 167	\$	\$ 773	\$	\$ 1,132	\$ 509
Investments								401		
Intergovernmental receivable	19	3,324	2,499	1,518	775	39	63		42	
Other receivables, net		7,691		284			1			155
Inventories and other assets			464							
Total Assets	<u>\$ 1,318</u>	<u>\$ 11,406</u>	<u>\$ 4,255</u>	<u>\$ 1,802</u>	<u>\$ 942</u>	<u>\$ 39</u>	<u>\$ 837</u>	<u>\$ 401</u>	<u>\$ 1,174</u>	<u>\$ 664</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
Liabilities:										
Bank overdraft	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	14	2,906	502	763	601	4	216		391	
Due to other funds				696		35				
Unearned revenue	1,304	8,138		343			621			
Total liabilities	<u>1,318</u>	<u>11,044</u>	<u>502</u>	<u>1,802</u>	<u>601</u>	<u>39</u>	<u>837</u>	<u>-</u>	<u>391</u>	<u>-</u>
Deferred inflows of resources:										
Unavailable revenue		3,333		249						61
Total deferred inflows of resources	<u>-</u>	<u>3,333</u>	<u>-</u>	<u>249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61</u>
Fund Balances:										
Nonspendable			464							
Restricted			3,289		341			401	783	
Committed										
Assigned										603
Unassigned		(2,971)		(249)						
Total fund balances	<u>-</u>	<u>(2,971)</u>	<u>3,753</u>	<u>(249)</u>	<u>341</u>	<u>-</u>	<u>-</u>	<u>401</u>	<u>783</u>	<u>603</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,318</u>	<u>\$ 11,406</u>	<u>\$ 4,255</u>	<u>\$ 1,802</u>	<u>\$ 942</u>	<u>\$ 39</u>	<u>\$ 837</u>	<u>\$ 401</u>	<u>\$ 1,174</u>	<u>\$ 664</u>

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CITY OF HARTFORD, CONNECTICUT  
 COMBINING BALANCE SHEET (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018  
 (In Thousands)

	Capital Project Funds			Permanent Funds					
	Capital Leases	Redevelopment Fund	HUD Special Projects Fund	Public Safety	Parks and Recreation Trusts	Human Services Trusts	Education Trusts	Eliminations	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 357	\$ 3,548	\$	\$	\$	\$	\$	\$	9,468
Investments				1	25,263	5,111	157		30,933
Intergovernmental receivable									8,279
Other receivables, net			4,463						12,594
Inventories and other assets									464
Total Assets	<u>\$ 357</u>	<u>\$ 3,548</u>	<u>\$ 4,463</u>	<u>\$ 1</u>	<u>\$ 25,263</u>	<u>\$ 5,111</u>	<u>\$ 157</u>	<u>\$ -</u>	<u>\$ 61,738</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Bank overdraft	\$	\$	\$	\$	\$	\$	\$	\$	
Accounts payable and accrued liabilities	61								5,458
Due to other funds									731
Unearned revenue									10,406
Total liabilities	<u>61</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,595</u>
Deferred inflows of resources:									
Unavailable revenue		1,601							5,244
Total deferred inflows of resources	<u>-</u>	<u>1,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,244</u>
Fund Balances:									
Nonspendable					8,150	197	11		8,822
Restricted			4,463	1	17,113	4,914	146		31,451
Committed	296	1,947							2,243
Assigned									603
Unassigned									(3,220)
Total fund balances	<u>296</u>	<u>1,947</u>	<u>4,463</u>	<u>1</u>	<u>25,263</u>	<u>5,111</u>	<u>157</u>	<u>-</u>	<u>39,899</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 357</u>	<u>\$ 3,548</u>	<u>\$ 4,463</u>	<u>\$ 1</u>	<u>\$ 25,263</u>	<u>\$ 5,111</u>	<u>\$ 157</u>	<u>\$ -</u>	<u>\$ 61,738</u>



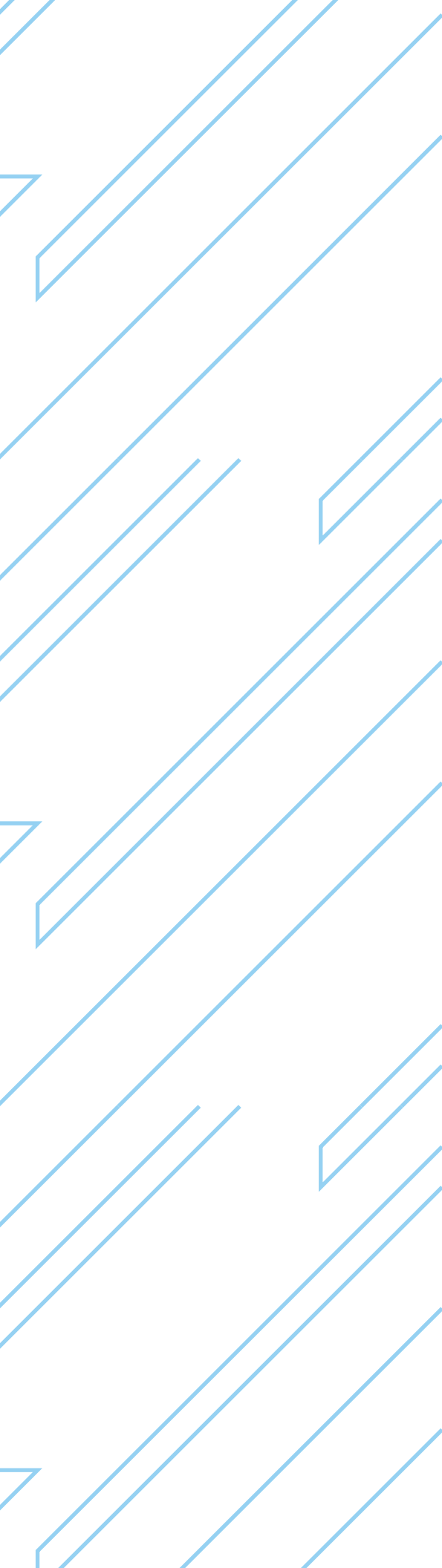
CITY OF HARTFORD, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (In Thousands)

	Special Revenue Funds									
	Section 8	Misc- ellaneous Grants	Food Service Program	Health Grants	Community Development Act	HOME Program	Library Grants	Parks and Rec- reation Trusts	Great Path Academy	Special Activities
Revenues:										
Intergovernmental	\$ 47,345	\$ 20,327	\$ 14,132	\$ 9,833	\$ 4,975	\$ 730	\$ 1,193	\$	\$ 4,225	\$
Charges for services		6,634	1,555				405	18		300
Investment income					5					3
Other revenues		6								
Total revenues	<u>47,345</u>	<u>26,967</u>	<u>15,687</u>	<u>9,833</u>	<u>4,980</u>	<u>730</u>	<u>1,598</u>	<u>18</u>	<u>4,225</u>	<u>303</u>
Expenditures:										
Current:										
General government		100			613					
Public safety		10,821			485					
Public works		24								
Department and community affairs	2,036	2,597			1,710	730	348			
Human services	45,309			10,100	1,787					
Education			16,095		223				3,816	283
Recreation and culture		11,572			157		1,247	5		
Capital outlay										
Debt service										
Total expenditures	<u>47,345</u>	<u>25,114</u>	<u>16,095</u>	<u>10,100</u>	<u>4,975</u>	<u>730</u>	<u>1,595</u>	<u>5</u>	<u>3,816</u>	<u>283</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>1,853</u>	<u>(408)</u>	<u>(267)</u>	<u>5</u>	<u>-</u>	<u>3</u>	<u>13</u>	<u>409</u>	<u>20</u>
Other Financing Sources (Uses):										
Transfers in		461		303						
Transfers out		(4,274)								
Total other financing sources (uses)	<u>-</u>	<u>(3,813)</u>	<u>-</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(1,960)	(408)	36	5	-	3	13	409	20
Fund Balances at Beginning of Year, as Restated	-	(1,011)	4,161	(285)	336	-	(3)	388	374	583
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ (2,971)</u>	<u>\$ 3,753</u>	<u>\$ (249)</u>	<u>\$ 341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401</u>	<u>\$ 783</u>	<u>\$ 603</u>

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CITY OF HARTFORD, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018  
 (In Thousands)

	Capital Project Funds			Permanent Funds				
	Capital Leases	Redevelopment Fund	HUD Special Projects Fund	Public Safety	Parks and Recreation Trusts	Human Services Trusts	Education Trusts	Total
Revenues:								
Intergovernmental	\$	\$	\$ 88	\$	\$	\$	\$	\$ 102,848
Charges for services		11						8,923
Investment income		24	177		1,958	348	13	2,528
Other revenues	2,290							2,290
Total revenues	2,290	35	265	-	1,958	348	13	116,595
Expenditures:								
Current:								
General government								713
Public safety								11,306
Public works								24
Department and community affairs								7,421
Human services						117		57,313
Education							4	20,421
Recreation and culture					(25)			12,956
Capital outlay	248							248
Debt service	3,468		527					3,995
Total expenditures	3,716	-	527	-	(25)	117	4	114,397
Excess (Deficiency) of Revenues over Expenditures	(1,426)	35	(262)	-	1,983	231	9	2,198
Other Financing Sources (Uses):								
Transfers in	3,724							4,488
Transfers out					(914)			(5,188)
Total other financing sources (uses)	3,724	-	-	-	(914)	-	-	(700)
Net Change in Fund Balances	2,298	35	(262)	-	1,069	231	9	1,498
Fund Balances at Beginning of Year, as Restated	(2,002)	1,912	4,725	1	24,194	4,880	148	38,401
Fund Balances at End of Year	\$ 296	\$ 1,947	\$ 4,463	\$ 1	\$ 25,263	\$ 5,111	\$ 157	\$ 39,899



## **Nonmajor Enterprise Funds**

## **NONMAJOR ENTERPRISE FUNDS**

Nonmajor Enterprise Funds are used to account for ongoing organizations and activities which are similar to those found in the private sector.

Hartford Parking Facilities – is used to account for revenues and expenditures related to the Parking Fund.

Golf Course – is used to account for revenues and expenditures related to the City's Golf Courses.

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS**  
**JUNE 30, 2018**  
**(In Thousands)**

	<b>Hartford Parking Facilities</b>	<b>Golf Course</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,631	\$ 412	\$ 2,043
Receivables, net		43	43
Due from component unit	962		962
Total current assets	<u>2,593</u>	<u>455</u>	<u>3,048</u>
Noncurrent assets:			
Capital assets:			
Not being depreciated	5,935	152	6,087
Being depreciated, net	10,588	5,139	15,727
Total noncurrent assets	<u>16,523</u>	<u>5,291</u>	<u>21,814</u>
Total assets	<u>19,116</u>	<u>5,746</u>	<u>24,862</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	136	350	486
Due to other funds	1,470	1,410	2,880
Current maturities of bonds payable	444		444
Total current liabilities	<u>2,050</u>	<u>1,760</u>	<u>3,810</u>
Noncurrent liabilities:			
Bonds payable	1,830		1,830
Total noncurrent liabilities	<u>1,830</u>	<u>-</u>	<u>1,830</u>
Total liabilities	<u>3,880</u>	<u>1,760</u>	<u>5,640</u>
<b>Net Position:</b>			
Net investment in capital assets	14,249	5,291	19,540
Restricted for debt services			-
Unrestricted	987	(1,305)	(318)
Total Net Position	<u>\$ 15,236</u>	<u>\$ 3,986</u>	<u>\$ 19,222</u>

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Hartford Parking Facilities</b>	<b>Golf Course</b>	<b>Total</b>
Operating Revenues:			
Charges for services	\$ 3,571	\$ 1,747	\$ 5,318
Miscellaneous	8		8
Total operating revenues	<u>3,579</u>	<u>1,747</u>	<u>5,326</u>
Operating Expenses:			
Operations	172	2,074	2,246
Depreciation and amortization	650	210	860
Total operating expenses	<u>822</u>	<u>2,284</u>	<u>3,106</u>
Operating Income (Loss)	<u>2,757</u>	<u>(537)</u>	<u>2,220</u>
Nonoperating Expenses:			
Interest expense	<u>(23)</u>		<u>(23)</u>
Total nonoperating expenses	<u>(23)</u>	<u>-</u>	<u>(23)</u>
Income (Loss) Before Capital Contributions and Transfers	2,734	(537)	2,197
Capital contributions - grants		4,541	4,541
Transfers in		250	250
Transfers out	<u>(2,701)</u>		<u>(2,701)</u>
Change in Net Position	33	4,254	4,287
Net Position at Beginning of Year	<u>15,203</u>	<u>(268)</u>	<u>14,935</u>
Net Position at End of Year	<u>\$ 15,236</u>	<u>\$ 3,986</u>	<u>\$ 19,222</u>

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<b>Hartford Parking Facilities</b>	<b>Golf Course</b>	<b>Total</b>
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 3,714	\$ 1,707	\$ 5,421
Payments to suppliers	(172)	(2,011)	(2,183)
Payments for interfund services used	197	300	497
Net cash provided by (used in) operating activities	<u>3,739</u>	<u>(4)</u>	<u>3,735</u>
Cash Flows from Capital and Related Financing Activities:			
Transfer in		250	250
Transfer to General Fund	(2,701)		(2,701)
Principal paid on bonds	(414)		(414)
Interest paid on bonds	(23)		(23)
Capital contributions		4,541	4,541
Purchase of capital assets		(4,541)	(4,541)
Net cash provided by (used in) noncapital financing activities	<u>(3,138)</u>	<u>250</u>	<u>(2,888)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	601	246	847
Cash and Cash Equivalents at Beginning of Year	<u>1,030</u>	<u>166</u>	<u>1,196</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,631</u>	<u>\$ 412</u>	<u>\$ 2,043</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 2,757	(537)	\$ 2,220
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	650	210	860
Change in assets and liabilities:			
(Increase) decrease in accounts receivable		(40)	(40)
(Increase) decrease in due from other funds	(534)		(534)
Increase (decrease) in accounts payable and accrued liabilities	135	63	198
Increase (decrease) in due to other funds	731	300	1,031
Total adjustments	<u>982</u>	<u>533</u>	<u>1,515</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 3,739</u>	<u>\$ (4)</u>	<u>\$ 3,735</u>



## **Internal Service Funds**



## **INTERNAL SERVICE FUNDS**

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

The City maintains five (5) internal service funds to account for the risk management program for employee benefits including retirees, actives, VEBA, workers' compensation, and general liability, including property damage.

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

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2018**  
**(In Thousands)**

	<u>Workers'</u> <u>Compensation</u>	<u>Liability and</u> <u>Property</u> <u>Damage</u>	<u>Metro Hartford</u> <u>Information</u> <u>Services</u>	<u>Retirees</u>	<u>Actives</u>	<u>VEBA</u>	<u>Total</u>
Assets:							
Current assets:							
Cash and cash equivalents	\$ 4,615	\$	\$ 773	\$ 2,273	\$ 9,799	\$	\$ 17,460
Accounts receivable, net				120	295		415
Total assets	<u>4,615</u>	<u>-</u>	<u>773</u>	<u>2,393</u>	<u>10,094</u>	<u>-</u>	<u>17,875</u>
Liabilities:							
Current liabilities:							
Accounts payable and accrued liabilities	571	20	474	556	1,982	-	3,603
Insurance claims payable	13,500	1,100					14,600
Claims incurred but not reported				1,837	5,706		7,543
Total current liabilities	<u>14,071</u>	<u>1,120</u>	<u>474</u>	<u>2,393</u>	<u>7,688</u>	<u>-</u>	<u>25,746</u>
Noncurrent liabilities:							
Claims incurred but not reported	<u>10,900</u>	<u>4,400</u>					<u>15,300</u>
Total liabilities	<u>24,971</u>	<u>5,520</u>	<u>474</u>	<u>2,393</u>	<u>7,688</u>	<u>-</u>	<u>41,046</u>
Net Position:							
Unrestricted	\$ <u>(20,356)</u>	\$ <u>(5,520)</u>	\$ <u>299</u>	\$ <u>-</u>	\$ <u>2,406</u>	\$ <u>-</u>	\$ <u>(23,171)</u>

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Workers'</u>	<u>Liability and</u>	<u>Metro Hartford</u>				
	<u>Compensation</u>	<u>Property</u>	<u>Information</u>	<u>Retirees</u>	<u>Actives</u>	<u>VEBA</u>	<u>Total</u>
		<u>Damage</u>	<u>Services</u>				
Operating Revenues:							
Charges for services - employer	\$ 8,371	\$ 2,683	\$ 5,561	\$	\$ 56,478	\$	\$ 73,093
Charges for services - employees				9,677	13,957		23,634
Other		1	10	551	4,556		5,118
Total operating revenues	<u>8,371</u>	<u>2,684</u>	<u>5,571</u>	<u>10,228</u>	<u>74,991</u>	<u>-</u>	<u>101,845</u>
Operating Expenses:							
Administrative		406		1,671	4,505	174	6,756
Operations			5,923				5,923
Insurance benefits claims paid	<u>7,571</u>	<u>3,327</u>		<u>8,093</u>	<u>72,486</u>		<u>91,477</u>
Total operating expenses	<u>7,571</u>	<u>3,733</u>	<u>5,923</u>	<u>9,764</u>	<u>76,991</u>	<u>174</u>	<u>104,156</u>
Change in Net Position	800	(1,049)	(352)	464	(2,000)	(174)	(2,311)
Net Position at Beginning of Year	<u>(21,156)</u>	<u>(4,471)</u>	<u>651</u>	<u>(464)</u>	<u>4,406</u>	<u>174</u>	<u>(20,860)</u>
Net Position at End of Year	\$ <u>(20,356)</u>	\$ <u>(5,520)</u>	\$ <u>299</u>	\$ <u>-</u>	\$ <u>2,406</u>	\$ <u>-</u>	\$ <u>(23,171)</u>

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Workers' Compensation</b>	<b>Liability and Property Damage</b>	<b>Metro Hartford Information Services</b>	<b>Retirees</b>	<b>Actives</b>	<b>VEBA</b>	<b>Total</b>
Cash Flows from Operating Activities:							
City's contribution	\$ 8,371	\$ 2,683	\$ 5,561	\$	\$ 56,478	\$	\$ 73,093
Cash received from other		1	10	589	4,690		5,290
Cash received from users				9,677	13,957	(174)	23,460
Cash payments for claims and operations	(7,921)	(2,854)	(5,635)	(9,534)	(77,323)		(103,267)
Net cash provided by (used in) operating activities	<u>450</u>	<u>(170)</u>	<u>(64)</u>	<u>732</u>	<u>(2,198)</u>	<u>(174)</u>	<u>(1,424)</u>
Net change in cash	450	(170)	(64)	732	(2,198)	(174)	(1,424)
Cash and Cash Equivalents at Beginning of Year	<u>4,165</u>	<u>170</u>	<u>837</u>	<u>1,541</u>	<u>11,997</u>	<u>174</u>	<u>18,884</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,615</u>	<u>\$ -</u>	<u>\$ 773</u>	<u>\$ 2,273</u>	<u>\$ 9,799</u>	<u>\$ -</u>	<u>\$ 17,460</u>
Reconciliation of Income (Loss) from Operations to Net Cash Provided by (Used in) Operating Activities:							
Income (loss) from operations	\$ 800	\$ (1,049)	\$ (352)	\$ 464	\$ (2,000)	\$ (174)	\$ (2,311)
Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable				38	134		172
Increase (decrease) in accounts payable	450	(221)	288	(29)	(105)		383
Increase (decrease) in claims payable	(800)	1,100	-	259	(227)		332
Net Cash Provided by (Used in) Operating Activities	<u>\$ 450</u>	<u>\$ (170)</u>	<u>\$ (64)</u>	<u>\$ 732</u>	<u>\$ (2,198)</u>	<u>\$ (174)</u>	<u>\$ (1,424)</u>



## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

### **Pension and Other Post-Employment Benefits Trust Funds**

The pension and other post-employment benefits (OPEB) trust funds are used to account for the activities of the Hartford Retirement System, which accumulates resources for pension benefit payments to qualified City employees and the activities of the OPEB trust fund, which accounts for the health and other post-employment benefits provided to eligible retirees and their spouses.

### **Agency Funds**

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

The City reports student activities, including class events and various other functions of the Hartford Public School System within the School Agency Funds. Additionally, the City collects funds in a custodial capacity through tax collection for Connecticut Green Bank (C-Pace), Park Street Special District Fund, and Downtown Business District Fund.

**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**TRUST FUNDS**  
**JUNE 30, 2018**

	Pension Trust Funds					Total
	Municipal Employees' Retirement Fund	Retirement Allowance Fund	Fireman's Relief Fund	Police Benevolent Fund	OPEB Trust Fund	
Assets:						
Cash and cash equivalents	\$ 45,128	\$	\$	\$	\$ 3,580	\$ 48,708
Investments, at fair value:						
U.S. government agencies	16,057					16,057
U.S. government securities	79,667					79,667
Corporate bonds	145,769					145,769
Foreign bonds	67,703					67,703
Mutual funds	30,367				12,691	43,058
Alternative investments	230,071					230,071
Forward currency contracts	163					163
Land	5,000					5,000
Real Estate Funds	67,386					67,386
Equities	381,976				4,959	386,935
Total investments	1,024,159	-	-	-	17,650	1,041,809
Receivables:						
Accounts receivable	20,885					20,885
Total assets	1,090,172	-	-	-	21,230	1,111,402
Liabilities:						
Accounts payable and accrued liabilities	46,297	-	-	-	25	46,322
Net Position:						
Restricted for Pension and OPEB Benefits	\$ 1,043,875	\$ -	\$ -	\$ -	\$ 21,205	\$ 1,065,080

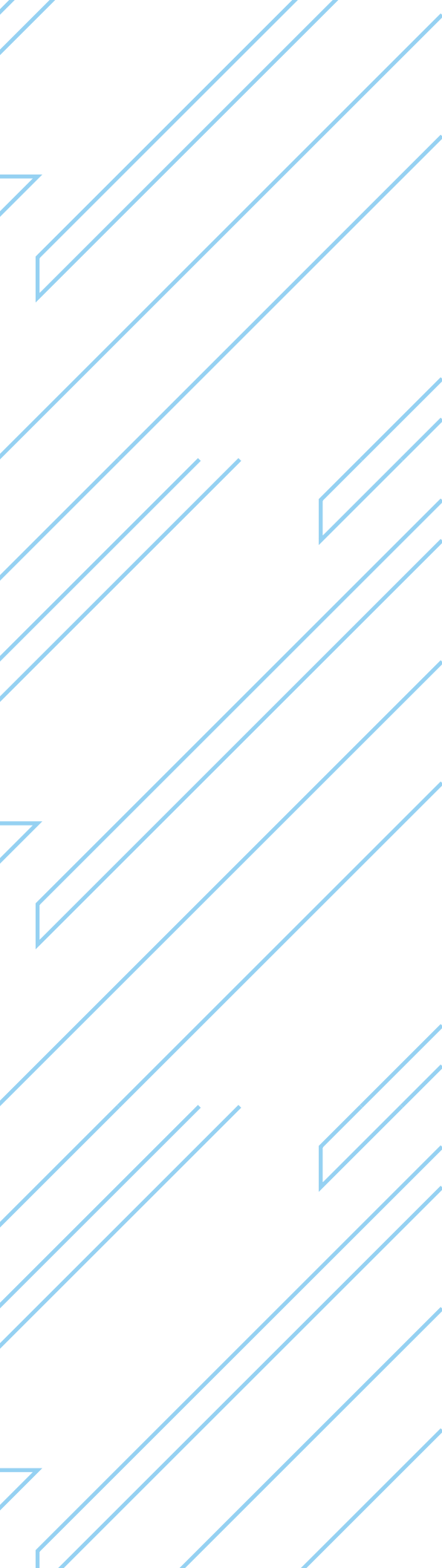
**CITY OF HARTFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION - TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Pension Trust Funds</b>					
	<b>Municipal Employees Retirement Fund</b>	<b>Retirement Allowance Fund</b>	<b>Firemans Relief Fund</b>	<b>Police Benevolent Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Additions:						
Contributions:						
Employer	\$ 44,574	\$ 32	\$ 135	\$ 284	\$ 20,009	\$ 65,034
Plan members	14,355			1	714	15,070
Other revenue	9					9
Total contributions and other revenue	<u>58,938</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>20,723</u>	<u>80,113</u>
Investment earnings:						
Net increase in fair value of investments	51,234				345	51,579
Interest and dividends	20,062				336	20,398
Total investment earnings	<u>71,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>681</u>	<u>71,977</u>
Less investment expenses:						
Investment management fees	11,390				7	11,397
Net investment income	<u>59,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>674</u>	<u>60,580</u>
Total additions	<u>118,844</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>21,397</u>	<u>140,693</u>
Deductions:						
Benefits	112,768	32	135	285	18,379	131,599
Administration	2,958				36	2,994
Total deductions	<u>115,726</u>	<u>32</u>	<u>135</u>	<u>285</u>	<u>18,415</u>	<u>134,593</u>
Change in net position	3,118	-	-	-	2,982	6,100
Net Position at Beginning of Year	<u>1,040,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,223</u>	<u>1,058,980</u>
Net Position at End of Year	<u>\$ 1,043,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,205</u>	<u>\$ 1,065,080</u>



**CITY OF HARTFORD, CONNECTICUT**  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(In Thousands)**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>942</u>	\$ <u>938</u>	\$ <u>970</u>	\$ <u>910</u>
Liabilities:				
Due to student groups	\$ <u>942</u>	\$ <u>938</u>	\$ <u>970</u>	\$ <u>910</u>
<b>C-PACE Program Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>43</u>	\$ <u>1,127</u>	\$ <u>1,168</u>	\$ <u>2</u>
Liabilities:				
Fiduciary deposits	\$ <u>43</u>	\$ <u>1,127</u>	\$ <u>1,168</u>	\$ <u>2</u>
<b>Park Street Special District Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>87</u>	\$ <u>87</u>	\$ <u>-</u>
Liabilities:				
Fiduciary deposits	\$ <u>-</u>	\$ <u>87</u>	\$ <u>87</u>	\$ <u>-</u>
<b>Downtown Business District Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>980</u>	\$ <u>980</u>	\$ <u>-</u>
Liabilities:				
Fiduciary deposits	\$ <u>-</u>	\$ <u>980</u>	\$ <u>980</u>	\$ <u>-</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>985</u>	\$ <u>3,132</u>	\$ <u>3,205</u>	\$ <u>912</u>
Liabilities:				
Fiduciary deposits	\$ <u>985</u>	\$ <u>3,132</u>	\$ <u>3,205</u>	\$ <u>912</u>



**Statistical Section**

## STATISTICAL SECTION INFORMATION

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

**CITY OF HARTFORD, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(in Thousands)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014*	2013	2012	2011	2010	2009
Governmental Activities:										
Net investment in capital assets	\$ 896,914	\$ 903,318	\$ 898,847	\$ 939,951	\$ 983,461	\$ 1,006,633	\$ 966,580	\$ 954,780	\$ 956,310	\$ 910,440
Restricted	81,961	79,842	73,285	75,640	75,720	73,049	70,155	62,466	63,564	63,642
Unrestricted	(629,525)	(380,721)	(317,247)	(247,809)	25,662	36,029	50,814	47,155	36,231	12,324
Total Governmental Activities Net Position	<u>\$ 349,350</u>	<u>\$ 602,439</u>	<u>\$ 654,885</u>	<u>\$ 767,782</u>	<u>\$ 1,084,843</u>	<u>\$ 1,115,711</u>	<u>\$ 1,087,549</u>	<u>\$ 1,064,401</u>	<u>\$ 1,056,105</u>	<u>\$ 986,406</u>
Business-Type Activities:										
Net investment in capital assets	\$ 18,815	\$ 15,792	\$ 15,923	\$ 15,316	\$ 26,732	\$ 33,910	\$ 34,623	\$ 35,417	\$ 36,256	\$ 37,683
Restricted										
Unrestricted	819	(953)	(1,552)	(577)	820	1,799	2,400	1,678	684	
Total Business-Type Activities Net Position	<u>\$ 19,634</u>	<u>\$ 14,839</u>	<u>\$ 14,371</u>	<u>\$ 14,739</u>	<u>\$ 27,552</u>	<u>\$ 35,709</u>	<u>\$ 37,023</u>	<u>\$ 37,095</u>	<u>\$ 36,940</u>	<u>\$ 37,683</u>
Primary Government:										
Net investment in capital assets	\$ 915,729	\$ 919,110	\$ 914,770	\$ 955,267	\$ 1,010,193	\$ 1,040,543	\$ 1,001,203	\$ 990,197	\$ 992,566	\$ 948,123
Restricted	81,961	79,842	73,285	75,640	75,720	73,049	70,155	62,466	63,564	63,642
Unrestricted	(628,706)	(381,674)	(318,799)	(248,386)	26,482	37,828	53,214	48,833	36,915	12,324
Total Primary Government Net Position	<u>\$ 368,984</u>	<u>\$ 617,278</u>	<u>\$ 669,256</u>	<u>\$ 782,521</u>	<u>\$ 1,112,395</u>	<u>\$ 1,151,420</u>	<u>\$ 1,124,572</u>	<u>\$ 1,101,496</u>	<u>\$ 1,093,045</u>	<u>\$ 1,024,089</u>

\* 2014 amounts have been restated for GASB No. 68 implementation

**CITY OF HARTFORD, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(in Thousands)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 127,405	\$ 106,179	\$ 101,834	\$ 86,715	\$ 69,912	\$ 72,050	\$ 72,165	\$ 58,302	\$ 61,687	\$ 58,575
Public safety	72,492	110,468	118,433	114,610	119,995	106,619	101,603	99,448	98,563	95,466
Public works	35,350	42,650	70,219	62,095	37,310	44,280	42,428	37,698	38,215	30,290
Development and community affairs	12,471	56,504	58,474	58,001	61,626	61,652	63,779	61,408	63,475	56,269
Human services	61,015	30,581	31,142	30,652	29,697	27,561	30,146	28,574	31,799	34,601
Education	22,677	558,270	571,999	563,815	544,398	503,475	487,717	472,210	477,009	450,428
Recreation and culture	443,410	10,113	11,858	12,135	10,064	10,106	9,728	9,332	9,632	10,227
Interest on long term debt	24,218	18,733	41,613	20,850	20,665	21,358	14,743	15,322	19,125	17,169
Total governmental activities expenses	<u>799,038</u>	<u>933,498</u>	<u>1,005,572</u>	<u>948,873</u>	<u>893,667</u>	<u>847,101</u>	<u>822,309</u>	<u>782,294</u>	<u>799,505</u>	<u>753,025</u>
Business-type activities:										
Hartford Parking Facilities	822	933	998	1,850	8,640	3,669	3,729	4,096	4,185	3,760
Golf course	2,284	1,841	1,810	893	200					
Stadium Authority	1,730	2,153	332	846						
Total business-type activities expenses	<u>4,836</u>	<u>4,927</u>	<u>3,140</u>	<u>3,589</u>	<u>8,840</u>	<u>3,669</u>	<u>3,729</u>	<u>4,096</u>	<u>4,185</u>	<u>3,760</u>
Total Primary Government Expenses	<u>\$ 803,874</u>	<u>\$ 938,425</u>	<u>\$ 1,008,712</u>	<u>\$ 952,462</u>	<u>\$ 902,507</u>	<u>\$ 850,770</u>	<u>\$ 826,038</u>	<u>\$ 786,390</u>	<u>\$ 803,690</u>	<u>\$ 756,785</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,827	\$ 5,567	\$ 7,568	\$ 9,464	\$ 5,265	\$ 2,150	\$ 3,108	\$ 2,152	\$ 2,241	\$ 2,374
Public safety	7,097	2,601	2,977	3,761	6,132	9,119	1,772	2,472	1,739	2,053
Public works	195	7,157	9,353	9,257	9,289	7,464	10,378	10,770	10,089	14,715
Development and community affairs	9,066			127	861	529	886	1,417	1,633	957
Human services	464	56	2,941	3,669	3,953	501	2,706	3,709	2,315	3,611
Education	693	4,435	4,293	2,208	2,241	2,819	1,419	1,563	860	830
Recreation and culture	1,565	1,844	130	132	139	92	194	95	537	458
Operating grants and contributions:										
General government	5,291	7,595	18,618	19,710	7,854	6,849	6,406	1,475	1,439	2,338
Public safety	5,837	6,626	12,820	13,255	20,233	4,390	7,545	7,847	8,113	4,742
Public works		1,212	1,568	1,311	1,321	822	2,357	2,696	4,060	2,177
Development and community affairs	51,401	50,403	55,324	53,999	52,744	59,996	52,652	36,823	52,881	52,230
Human services	11,629	22,994	21,546	23,390	23,275	14,869	21,326	19,713	22,152	24,046
Education	14,530	398,812	394,426	389,889	375,369	377,585	353,704	338,665	331,517	305,442
Recreation and culture	301,130	1,861	1,592	1,822	1,952	1,407	1,178	1,398	720	944
Capital grants and contributions:										
Public works	17,291	11,452	8,169	5,469	7,053	2,302	4,118	6,665	6,369	4,683
Development and community affairs	247				3	2	18	2,997	5,538	1,685
Education	22,744	8,049	28,339	29,544	11,497	63,470	21,776	6,135	84,803	65,357
Recreation and culture									248	183
Total governmental activities program revenues	<u>451,007</u>	<u>530,664</u>	<u>569,664</u>	<u>567,007</u>	<u>529,181</u>	<u>554,366</u>	<u>491,543</u>	<u>446,592</u>	<u>537,254</u>	<u>488,825</u>

(Continued on next page)

**CITY OF HARTFORD, CONNECTICUT**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(in Thousands)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charges for Services:										
Parking facilities*	\$ 3,579	\$ 2,744	\$ 2,561	\$ 3,783	\$ 4,932	\$ 4,511	\$ 4,054	\$ 4,732	\$ 4,791	\$ 5,309
Golf course	6,288	2,220	1,453	398	758					
Stadium Authority	1,367									
Total business-type activities program revenues	11,234	4,964	4,014	4,181	5,690	4,511	4,054	4,732	4,791	5,309
Total Primary Government Program Revenues	462,241	535,628	573,678	571,188	534,871	558,877	495,597	451,324	542,045	494,134
Net revenues (expenses):										
Governmental activities	(348,031)	(402,834)	(435,908)	(381,866)	(364,486)	(292,735)	(330,766)	(335,702)	(262,251)	(264,200)
Business-type activities	6,398	37	874	592	(3,150)	842	325	636	606	1,549
Total Primary Government Net Expense	\$ (341,633)	\$ (402,797)	\$ (435,034)	\$ (381,274)	\$ (367,636)	\$ (291,893)	\$ (330,441)	\$ (335,066)	\$ (261,645)	\$ (262,651)
<b>General Revenues and Other:</b>										
Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 292,067	\$ 267,921	\$ 269,989	\$ 260,063	\$ 267,234	\$ 256,943	\$ 290,165	\$ 283,835	\$ 272,939	\$ 256,520
Grants and contributions not restricted to specific programs	98,102	75,852	50,758	56,484	55,364	56,696	58,767	55,207	51,975	53,234
Unrestricted investment earnings	4,136	6,854	847	948	5,512	2,781	2,205	3,079	3,319	(416)
Other general revenues	10,861	115	109	128	498	2,317	2,377	1,389	2,367	2,492
Transfers	(1,574)	(354)	1,308	16,754	5,010	2,160	400	488	1,350	3,061
Total governmental activities	403,592	350,388	323,011	334,377	333,618	320,897	353,914	343,998	331,950	314,891
Business-type activities:										
Unrestricted investment earnings	(3,177)	61	66	4	3	4	3	7	1	7
Other general revenues		16								
Transfers	1,574	354	(1,308)	(16,754)	(5,010)	(2,160)	(400)	(488)	(1,350)	(3,061)
Special Item - net loss on sale of property				3,345						
Total business-type activities	(1,603)	431	(1,242)	(13,405)	(5,007)	(2,156)	(397)	(481)	(1,349)	(3,054)
Total Primary Government General Revenues	\$ 401,989	\$ 350,819	\$ 321,769	\$ 320,972	\$ 328,611	\$ 318,741	\$ 353,517	\$ 343,517	\$ 330,601	\$ 311,837
Change in Net Position:										
Governmental activities	\$ 55,561	\$ (52,446)	\$ (112,897)	\$ (47,489)	\$ (30,868)	\$ 28,162	\$ 23,148	\$ 8,296	\$ 69,699	\$ 50,691
Business-type activities	4,795	468	(368)	(12,813)	(8,157)	(1,314)	(72)	155	(743)	(1,505)
Total Primary Government	\$ 60,356	\$ (51,978)	\$ (113,265)	\$ (60,302)	\$ (39,025)	\$ 26,848	\$ 23,076	\$ 8,451	\$ 68,956	\$ 49,186

TABLE 3

**CITY OF HARTFORD, CONNECTICUT  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(in Thousands)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011*	2010	2009
General fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 148	\$ 95
Unreserved									18,500	16,218
Nonspendable										
Restricted										
Committed										
Assigned		583	8,663	1,712	3,859	2,850	4,332	2,525		
Unassigned	4,884	4,510	5,468	20,214	13,022	27,528	25,781	22,561		
Total General Fund	\$ 4,884	\$ 5,093	\$ 14,131	\$ 21,926	\$ 16,881	\$ 30,378	\$ 30,113	\$ 25,086	\$ 18,648	\$ 16,313
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$	\$ 89,367	\$ 99,213
Unreserved, reported in:										
Special revenue funds									12,258	8,748
Debt service fund									146	146
Capital projects fund									(9,057)	(4,404)
Nonspendable	8,822	8,882	8,970	8,817	8,712	8,772	8,706	18,583		
Restricted	82,880	103,321	165,287	137,001	159,398	171,251	31,782	22,004		
Committed	3,135	2,150	1,867	2,435	2,352	2,620	7,663	31,020		
Assigned	603		8,663		3,198	9,467	9,585			
Unassigned	(3,220)	(10,669)	(775)	(7,425)	(8,495)	(14,379)	(7,522)	(202)		
Total All Other Governmental Funds	\$ 92,220	\$ 103,684	\$ 184,012	\$ 140,828	\$ 165,165	\$ 177,731	\$ 50,214	\$ 71,405	\$ 92,714	\$ 103,703
Total Governmental Funds	\$ 97,104	\$ 108,777	\$ 198,143	\$ 162,754	\$ 182,046	\$ 208,109	\$ 80,327	\$ 96,491	\$ 111,362	\$ 120,016

\* The City began to report new fund categories when it implemented GASB Statement No. 54 in fiscal year 2011

TABLE 4

**CITY OF HARTFORD, CONNECTICUT**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(in Thousands)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes, interest and liens, net	\$ 283,758	\$ 260,363	\$ 266,870	\$ 260,640	\$ 256,765	\$ 255,546	\$ 277,245	\$ 274,013	\$ 266,990	\$ 250,668
Licenses, permits, and other charges	6,218	5,376	7,613	7,778	6,555	5,661	6,299	4,891	5,608	8,155
Intergovernmental	623,695	579,357	566,745	572,213	539,420	571,249	509,770	475,622	556,756	505,062
Charges for services	11,267	13,013	12,902	17,826	17,827	14,538	9,427	10,742	8,777	9,353
Use of property	979	1,925	2,265	1,920	3,227	2,283	4,574	6,354	4,368	4,196
Investment income (loss)	4,305	6,840	847	948	5,512	2,781	2,204	3,079	3,319	(416)
Miscellaneous	10,708	18,325	18,380	18,238	15,293	15,927	15,867	13,860	17,449	16,733
Total revenues	940,930	885,199	875,622	879,563	844,599	867,985	825,386	788,561	863,267	793,751
Expenditures:										
Current:										
General government	14,047	22,574	41,938	38,877	27,846	40,237	30,021	21,547	21,642	23,739
Public safety	92,543	88,067	93,837	91,413	96,695	85,448	83,308	84,283	79,799	80,388
Public works	12,236	32,342	32,905	31,105	12,329	15,882	21,804	15,282	20,119	17,712
Development and community affairs	11,106	55,131	56,617	56,493	60,155	60,544	62,798	60,501	61,857	54,857
Human services	61,113	29,523	29,585	29,460	28,569	26,702	29,315	27,878	31,256	33,786
Education	497,749	496,259	482,112	488,221	470,445	447,244	435,301	419,099	421,032	400,535
Recreation and culture	22,155	9,901	11,701	10,961	10,127	9,852	9,483	9,477	9,145	9,234
Benefits and insurance	93,366	78,172	81,255	85,690	86,898	66,941	64,501	65,160	55,791	57,985
Other	31,286	33,121	29,969	32,403	21,019	17,858	29,445	26,637	31,042	28,955
Capital outlay	46,650	21,916	93,477	93,969	76,279	125,790	92,879	68,018	119,275	113,021
Debit service:										
Principal retirement	32,276	76,341	35,891	26,575	27,775	27,775	25,100	22,723	20,536	24,590
Interest	36,502	19,488	41,613	22,727	26,543	17,470	14,547	15,471	16,627	15,954
Total expenditures	951,029	962,835	1,030,900	1,007,894	944,680	941,743	898,502	836,076	888,121	860,756
Deficiency of Revenues over Expenditures	(10,099)	(77,636)	(155,278)	(128,331)	(100,081)	(73,758)	(73,116)	(47,515)	(24,854)	(67,005)
Other Financing Sources (Uses):										
Transfers in from other funds	73,881	40,499	22,279	35,918	38,972	48,277	44,203	43,780	52,233	56,633
Transfers out to other funds	(75,455)	(40,853)	(20,971)	(19,164)	(33,962)	(46,117)	(43,803)	(43,292)	(50,883)	(53,572)
Capital leases		2,634	5,917	2,090	2,758	3,990				1,700
Payment to refunded bond escrow agent			(27,653)	(40,169)			(22,493)		(13,244)	
Bonds issued			203,010	26,000	10,250	48,160	71,280	25,000	14,000	40,225
Refunding bonds issued			24,596	36,385		124,605			12,150	
Bond premium			19,358	17,979		22,625	7,765	304	1,796	1,357
Section 108 loans and CWF serial notes								7,000		
BANS			(50,000)	50,000	56,000					
Total other financing sources (uses)	(1,574)	2,280	176,536	109,039	74,018	201,540	56,952	32,792	16,052	46,343
Net Change in Fund Balances	\$ (11,673)	\$ (75,356)	\$ 21,258	\$ (19,292)	\$ (26,063)	\$ 127,782	\$ (16,164)	\$ (14,723)	\$ (8,802)	\$ (20,662)
Debt Service as a Percentage to Noncapital Expenditures	8.16%	11.52%	9.00%	5.69%	6.65%	5.83%	5.19%	5.26%	5.00%	5.75%



TABLE 5

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

(In Thousands)

<b>Fiscal Year</b>	<b>Grand List Year</b>	<b>Land and Buildings</b>	<b>Personal Property</b>	<b>Motor Vehicle</b>	<b>Gross Taxable Grand List</b>	<b>Less Tax Exempt Property</b>	<b>Net Taxable Grand List</b>	<b>Total Direct Tax Rate (in mils)</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual</b>
2018	2016	\$ 7,048,936	\$ 754,836	\$ 316,839	\$ 8,120,611	\$ 4,047,467	\$ 4,073,144	\$ 74.29	\$ 7,150,314	(3)
2017	2015	6,440,703	741,215	307,830	7,489,748	3,787,843	3,701,905	74.29	6,691,444	(3)
2016	2014	6,352,555	732,125	298,349	7,383,029	3,759,957	3,623,072	74.29	6,664,914	(3)
2015	2013	6,309,174	697,908	292,686	7,299,767	3,764,364	3,535,403	74.29	6,640,460	(3)
2014	2012	6,252,718	666,455	284,621	7,203,794	3,716,013	3,487,781	74.29	6,605,457	(3)
2013	2011	6,180,974	636,333	276,070	7,093,377	3,675,437	3,417,940	74.29	6,550,210	(3)
2012	2010	6,454,818	663,558	264,267	7,382,643	3,644,266	3,738,377	71.79	7,739,104	(3)
2011	2009	5,990,870	639,547	257,817	6,888,234	3,314,736	3,573,498	72.79	7,088,777	(3)
2010	2008	5,981,880	639,564	259,922	6,881,366	3,302,820	3,578,546	72.79	7,646,419	(3)
2009	2007	5,187,321	678,893	258,996	6,125,210	2,678,393	3,446,817	68.34	(3)	(3)

Source: City of Hartford, Assessor's Office

Notes:

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

TABLE 6

**CITY OF HARTFORD, CONNECTICUT**  
**PRINCIPAL TAXPAYERS**  
**Current Year and Nine Years Ago**  
*(In Thousands)*

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Eversource Energy Co.	\$ 174,675	1	4.29%	\$ 110,371	3	3.19%
Hartford Fire Ins. & Twin City Ins.	165,231	2	4.06%	141,236	1	4.08%
Travelers Indemnity Co. Affiliate	160,849	3	3.95%	128,411	2	3.71%
Aetna Life Ins. Co.	111,821	4	2.75%	87,313	4	2.52%
RP Asylum LLC	75,688	5	1.86%			
Mac-State Square LLC	54,052	6	1.33%	56,233	7	1.63%
Constitution Plaza Holding LLC	47,702	7	1.17%			
Talcott II Gold, LLC	44,916	8	1.10%	44,322	10	1.28%
Hartford Steam Boiler	38,062	9	0.93%	44,403	9	1.28%
Conn Natural Gas Corp.	34,854	10	0.86%			
City Place I LTD Ptnshp				58,120	6	1.68%
Bank Of America NA				55,276	8	1.60%
Northland Properties				85,701	5	2.48%
	<u>\$ 907,850</u>		<u>22.30%</u>	<u>811,386</u>		<u>23.45%</u>

Source: City of Hartford Assessor's Office

**CITY OF HARTFORD, CONNECTICUT**  
**PROPERTY TAX LEVIES & COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(In Thousands)*

TABLE 7  
4/17/2017

*Adjusted to reflect Actual Balances per the Tax Collector Reports for each Fiscal Year (State of CT Assessor's M-13)*

Fiscal Year Ended June 30	Grand List Year (1)	Adjusted Net Taxable Grand List	Mill Rates	Original Tax Levy	Adjusted Tax Levy	Collected Within the Fiscal Year of the Levy		Tax Collections in Subsequent Years	Total Collections To Date	
						Tax Collections First Year of Levy	Percentage of Adjusted Levy (2)		Total Collections to Date	Percentage of Adjusted Levy (3)
2018	2016	\$ 4,133,801	74.29&37.00	\$ 292,215	\$ 282,465	\$ 270,517	95.77%	\$ 5,787	\$ 276,304	97.82%
2017	2015	3,748,677	74.29	264,387	257,563	247,432	96.07%	5,238	252,670	98.10%
2016	2014	3,623,072	74.29	271,647	262,887	253,206	96.32%	5,595	258,801	98.45%
2015	2013	3,520,695	74.29	264,923	253,545	245,520	96.83%	4,881	250,401	98.76%
2014	2012	3,484,647	74.29	262,101	248,851	238,532	95.85%	7,636	246,168	98.92%
2013	2011	3,395,085	74.29	256,455	247,519	234,215	94.63%	12,696	246,911	99.75%
2012	2010	3,743,726	71.79	285,281	278,481	261,285	93.83%	7,680	268,965	96.58%
2011	2009	3,604,167	72.79	277,997	268,745	256,253	95.35%	7,104	263,357	98.00%
2010	2008	3,578,546	72.79	272,065	260,038	249,186	95.83%	7,358	256,544	98.66%
2009	2007	3,465,777	68.34	256,899	242,777	233,628	96.23%	5,184	238,812	98.37%

TABLE 8

**CITY OF HARTFORD, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE - UNAUDITED**  
**LAST TEN FISCAL YEARS**

*(In Thousands)*

<b>Fiscal Year</b>	<b>(1) General Obligation Bonds</b>	<b>(2) Hartford Parking Facilities</b>	<b>(3) Debt Payable from Enterprise Revenues</b>	<b>Total Net Primary Government General Obligation Debt</b>	<b>Ratio of Total Net General Bonded Debt to Taxable Grand List</b>	<b>Ratio of Total Net General Bonded Debt per Capita</b>	<b>Percentage of Personal Income</b>
2018	\$ 591,938	\$ 2,274	\$ 66,723	\$ 660,935	15.79%	5.356%	20.593%
2017	658,861	2,688	68,232	729,781	17.58%	5.921%	22.738%
2016	748,070	3,078	69,516	820,664	20.65%	6.618%	26.793%
2015	613,855	3,970	63,372	681,197	17.44%	5.462%	23.239%
2014	549,987	67,342		617,329	15.78%	4.938%	20.976%
2013	510,399	23,876		534,275	15.03%	4.278%	18.467%
2012	337,607	25,161		362,768	9.02%	2.905%	12.463%
2011	303,116	26,376		329,492	8.41%	2.641%	11.288%
2010	298,901	27,521		326,422	8.35%	2.631%	11.170%
2009	295,693	28,598		324,291	8.53%	2.604%	13.066%

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

(1) Revenue bonds refunded in 2005 with the issuance of general obligation refund bonds.

(2) These amounts are the general obligation bonds that are being repaid by the Parking Fund.

(3) These amounts are the general obligation bonds that are being repaid by the Stadium Fund.

**CITY OF HARTFORD**  
**STATEMENT OF DEBT LIMITATION - UNAUDITED**

**JUNE 30, 2018**

*(In Thousands)*

Total Fiscal Year 2017 Tax Collections (Taxes, Interest and Fees)	\$ 257,002
Tax Relief for the Elderly	<u>104</u>
Base for Establishing Debt Limit	<u>\$ 257,106</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>	<u>Total</u>
Debt Limitation by Purpose						
2.25xbase	\$ 578,489	\$	\$	\$	\$	\$ 578,489
4.50xbase		1,156,977				1,156,977
3.75xbase			964,148			964,148
3.25xbase				835,595		835,595
3.00xbase					771,318	771,318
Total Debt Limitation	<u>578,489</u>	<u>1,156,977</u>	<u>964,148</u>	<u>835,595</u>	<u>771,318</u>	<u>4,306,526</u>
Debt, as defined by statute:						
Bonds Payable	414,688	183,661				598,349
Bonds Authorized-Unissued	123,051	203,948	8578			335,577
Serial Notes Payable			951			951
Overlapping Debt			249,763			249,763
School Construction Grants Receivable		(3,626)				(3,626)
Total Indebtedness	<u>537,739</u>	<u>383,983</u>	<u>259,292</u>	<u>-</u>	<u>-</u>	<u>1,181,014</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 40,750</u>	<u>\$ 772,994</u>	<u>\$ 704,856</u>	<u>\$ 835,595</u>	<u>\$ 771,318</u>	<u>\$ 3,125,512</u>

TABLE 10

**CITY OF HARTFORD, CONNECTICUT**  
**LEGAL DEBT MARGIN INFORMATION - UNAUDITED**  
**LAST TEN FISCAL YEARS**

*(In Thousands)*

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 1,799,014	\$ 1,799,742	\$ 1,875,615	\$ 1,829,667	\$ 1,804,222	\$ 1,793,687	\$ 1,914,423	\$ 1,869,469	\$ 1,881,467	\$ 1,764,168
Total net debt applicable to limit	<u>1,181,014</u>	<u>846,864</u>	<u>859,443</u>	<u>1,168,278</u>	<u>976,059</u>	<u>800,206</u>	<u>722,204</u>	<u>605,267</u>	<u>588,156</u>	<u>503,253</u>
Legal Debt Margin	<u>\$ 618,000</u>	<u>\$ 952,878</u>	<u>\$ 1,016,172</u>	<u>\$ 661,389</u>	<u>\$ 828,163</u>	<u>\$ 993,481</u>	<u>\$ 1,192,219</u>	<u>\$ 1,264,202</u>	<u>\$ 1,293,311</u>	<u>\$ 1,260,915</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>65.65%</u>	<u>47.05%</u>	<u>45.82%</u>	<u>63.85%</u>	<u>54.10%</u>	<u>44.61%</u>	<u>37.72%</u>	<u>32.38%</u>	<u>31.26%</u>	<u>28.53%</u>

TABLE 11

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

(In Thousands)

<b>Fiscal Year</b>	<b>Governmental Activities Total Debt Outstanding</b>	<b>MDC Bonded Debt</b>	<b>MDC Self Funded Debt</b>	<b>MDC Overlapping Debt All Participating Governments</b>	<b>City's Percentage Share of MDC Debt</b>	<b>City's Share of MDC Debt</b>	<b>City's Total Direct Debt</b>	<b>City's Total Overlapping Debt</b>	<b>City's Total Direct and Overlapping Debt</b>	<b>Ratio of Debt to Taxable Assessed Value</b>	<b>Debt per Capita</b>
2018	\$ 591,938	\$ 1,084,327	\$ 526,010	\$ 972,976	26%	\$ 249,763	\$ 591,938	\$ 249,763	\$ 841,701	20.66%	6.821
2017	658,861	1,041,026	523,917	949,066	26%	249,699	658,861	249,699	908,560	24.54%	7.372
2016	748,070	904,360	497,737	914,104	26%	238,855	748,070	238,855	986,925	27.24%	7.959
2015	613,855	799,951	453,352	601,753	28%	165,482	613,855	165,482	779,337	22.04%	6.249
2014	549,987	493,066	309,625	650,055	29%	186,501	549,987	186,501	736,488	21.12%	5.891
2013	510,399	518,340	273,076	559,041	29%	159,942	510,399	159,942	670,341	19.61%	5.367
2012	337,607	320,803	121,821	419,411	28%	118,609	337,607	118,609	456,216	12.20%	3.654
2011	303,116	301,973	122,780	327,393	28%	91,539	303,116	91,539	394,655	11.04%	3.163
2010	298,901	299,391	92,930	206,461	28%	57,437	298,901	57,437	356,338	10.34%	2.861
2009	295,693	218,195	79,888	138,308	28%	38,187	295,693	38,187	333,880	9.69%	2.680

Notes:

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) MDC - Metropolitan District Commission
- (3) MDC's overlapping debt is the net direct debt, primarily sewer infrastructure, supported by the MDC's member municipalities taxing authority  
Each member municipality's share of the MDC's overlapping debt is based on percentage share of the overall annual town tax levy

TABLE 12

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

Fiscal 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 Market Area (LMA)	State of Connecticut	United States (1)
2018	123,400	20,142	30.6	\$ 32,095	2017	50,082	3,462	6.9%	3.8%	4.4%	4.0%
2017	123,243	20,891	30.6	32,095	2016	48,474	5,046	9.4%	5.1%	5.1%	4.7%
2016	124,006	21,463	30.3	30,630	2015	48,459	5,537	10.3%	6.0%	5.5%	5.3%
2015	124,705	21,487	30.1	29,313	2014	47,895	6,649	12.2%	6.6%	6.5%	6.1%
2014	125,017	21,390	29.8	29,430	2013	42,396	7,281	14.7%	7.8%	7.8%	7.4%
2013	124,893	20,879	29.7	28,931	2012	45,452	7,748	15.4%	8.2%	8.1%	7.4%
2012	124,867	20,899	29.7	29,107	2011	43,712	8,031	15.5%	8.5%	8.4%	8.2%
2011	124,775	20,953	29.8	29,190	2010	43,054	8,331	16.4%	9.2%	9.1%	9.2%
2010	124,060	22,069	30.1	29,224	2009	43,627	7,192	14.2%	8.3%	8.2%	9.3%
2009	124,512	22,360	30.4	24,820	2008	43,481	7,062	14.0%	8.0%	8.0%	8.9%

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

(2) Hartford Board of Education, FYs to 2005/State Department of Education, FY 2009 and forward.

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



TABLE 13

**CITY OF HARTFORD, CONNECTICUT  
PRINCIPAL EMPLOYERS  
HARTFORD'S MAJOR EMPLOYERS**

<b>Business Name</b>	<b>Nature of Business</b>	<b>Area</b>	<b>Employees</b>
Aetna Inc	Insurance	Hartford	1,000 - 4,999
Connecticut Children's Med Ctr	Hospitals	Hartford	1,000 - 4,999
St. Francis Hospital Medical Ctr	Hospitals	Hartford	1,000 - 4,999
Environmental Protection Dept	Government Offices	Hartford	1,000 - 4,999
Hartford Hospital	Hospitals	Hartford	5,000 - 9,999
Hartford Financial Svc Group	Insurance	Hartford	5,000 - 9,999
Bankboston	Banks	Hartford	1,000 - 4,999
Travelers Indemnity CO	Insurance	Hartford	1,000 - 4,999
Institute of Living	Mental Health Services	Hartford	1,000 - 4,999
The Hartford	Insurance	Hartford	5,000 - 9,999
The City of Hartford	Government Offices	Hartford	1,000 - 4,999

Source: Connecticut Department of Labor, 2016

TABLE 14

**CITY OF HARTFORD, CONNECTICUT  
BUDGETED FULL-TIME EQUIVALENT EMPLOYEES  
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Department:										
Mayor's Office	11	7	8	9	10	10	10	20	23	25
Court of Common Council	7	9	10	10	9	8	7	9	9	10
Treasurer	9	9	10	10	9	9	10	10	10	7
Registrars of Voters	6	6	6	6	5	8	8	8	8	8
Corporation Counsel	16	16	19	20	23	23	22	17	17	17
Town & City Clerk	11	11	13	13	13	15	15	14	15	18
Internal Audit	5	5	5	5	5	5	5	5	5	5
Office of Chief Operating Officer*	6	4	14	13	17	16	17			
Communications & New Media*		3	7	6	7	8	8			
Metro Hartford Information System	14	17	21	21	16	16	17	17	18	22
Finance	46	46	44	45	42	47	46	53	54	57
Human Resources	13	13	17	16	14	15	15	13	13	15
Office of Human Relations								8	9	11
Office of Management, Budget & Grants	8	9	8	8	10	11	12	12	11	13
Fire	372	340	361	389	373	393	377	407	391	399
Police	529	523	521	494	523	485	526	525	522	559
Emergency Services & Telecommunications	49	51	52	54	72	77	78	69	69	67
Public Works	178	177	207	209	238	234	232	196	198	233
Development Services	42	42	49	57	63	65	60	54	56	59
Health & Human Services	28	26	39	37	40	43	43	50	52	61
Office for Young Children *								3	3	3
Office for Youth Services								5	5	4
Families, Children, Youth and Recreation*	11	12	18	17	18	20	18			
Total	1,361	1,326	1,429	1,439	1,507	1,508	1,526	1,495	1,488	1,593
Board of Education:										
Teachers	1,616	1,570	1,700	1,786	1,709	1,633	1,680	1,658	1,639	1,790
Administrators	116	194	219	196	154	105	163	156	110	173
Paraprofessionals	101	494	496	473	471	525	380	370	384	213
Clerical	479	103	119	124	123	96	123	129	125	142
Nurses	85	55	55	60	60	48	54	50	49	40
Security	9	96	96	97	92	84	87	89	87	75
Custodial	65	207	207	209	184	156	195	197	202	207
Guidance Counselors	291	30	34	35	36	32	26	29	31	39
Social Workers	6	62	62	62	54	50	45	50	52	54
Psychologists	166	22	21	23	20	15	21	23	21	25
Support Staff	40	215	243	297	367	348	349	321	282	91
Others	130	187	214	129	210	163	1	1	11	156
Total	3,103	3,235	3,466	3,488	3,480	3,255	3,124	3,073	2,993	3,005
Grand Total	4,464	4,561	4,895	4,927	4,987	4,763	4,650	4,568	4,481	4,598

\* Office was established in First Year with reported #'s

**CITY OF HARTFORD, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION  
LAST FOUR FISCAL YEARS**

<b>General Government</b>	<b>FISCAL YEAR</b>			
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Finance</b>				
Number of bills mailed*	49,803	108,171	123,691	115,872
Number of invoices approved for payment	63,781	66,736	69,137	68,673
Number of internal control reviews performed	20	21	21	20
* excludes tax bills delivered electronically and second installment mailing				
<b>Assessor</b>				
Number of deeds processed	2,367	2,147	2,337	2,373
Number of veterans exemptions	1,385	1,303	1,185	1,137
Board of assessment appeals adjustments	\$ (8,876,090)	\$ (2,200,398)	\$ (3,728,457)	\$ (4,078,657)
<b>Personnel</b>				
Number of applications processed	2,517	1,114	1,838	1,650
Vacancies filled through promotion	130	118	124	102
Vacancies filled through new hires	232	39	61	110
<b>City Clerk</b>				
Land records recorded	14,562	13,968	13,105	12,791
Marriage licenses issued	1,166	*	*	*
Death certificates issued	10,814	*	*	*
Birth certificates issued	19,078	*	*	*
<b>Management Information Systems</b>				
Help desk calls:				
City	3,065	*	4,346	*
Schools	8,850	*	8,165	*
Availability, all systems	99%	*	1	*
Federal E-Rate Funds Received	1,134,345	*	2,774,811	*
<b>Election</b>				
Voters added	4,814	11,271	*	*
Voters removed	4,141	10,285	*	*
Voter changes	5,092	14,862	*	*
Total voters	69,563	68,958	*	*
<b>Public Safety</b>				
<b>Police</b>				
911 calls	33,627	31,807 (1)	4,492	3,723
Non-emergency calls	66,319	72,713	104,114	98,976
DWI Arrests	340	424	326	376
<b>Fire</b>				
Fire	568	642	731	635
No Fire	7	14	7	10
Rescue & Emergency Medical Services	21,454	20,175	18,110	15,696
Hazardous Conditions	609	541	633	611
Service Calls	3,675	2,719	2,390	2,236
Good Intent Calls	1,969	1,835	1,700	1,371
False Alarm & False Calls	1,948	1,912	1,900	1,833
Special Incident Type	422	301	68	60
<b>Public Works</b>				
<b>Engineering &amp; Administration</b>				
Lane miles paved	38	38	38	38
<b>Development and Community Affairs</b>				
<b>Development Services</b>				
Housing vouchers, residential assistance (families)	4,805	4,835	*	55,411
Zoning Board appeals	33	30	16	17
Code inspections	3,586	6,985	6,388	6,264
Citations issued	1,153	2,193	*	1,985
<b>Education</b>				
Average Class Size - Kindergarten	*	*	*	20.0
Average Class Size - Grade 2	*	*	*	18.6
Average Class Size - Grade 5	*	*	*	19.5
Average Class Size - Grade 7	*	*	*	19.4

(1) \*This does not reflect actual nature of event or method of receipt. It only captures the entry made by the call taker in dispatch. The Public Safety Dispatch Center has transitioned to the State's next generation 911 system. The new 911 system is not data logged by current CAD-Bill Hollman, IT Manager.

**CITY OF HARTFORD, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**

		Fiscal Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Function</b>											
<i>Public Safety</i>											
Police	Number of Stations	6	6	7	6	6	5	3	3	3	3
	Vehicles	263	269	287	295	312	275	280	283	257	235
Fire	Number of Stations	12	12	12	12	12	12	12	12	12	12
	Vehicles	95	81	95	83	87	88	88	89	81	84
<i>Public Works</i>											
Infrastructure											
Concrete road miles		63	63	63	63	63	63	63	63	63	63
Asphalt road miles		151	151	151	151	151	151	151	150	148	148
Bridges		9	9	9	9	9	9	9	9	8	8
Traffic lights		248	248	247	245	245	245	245	245	241	241
Conduit system (miles)		8	8	8	8	8	8	8	8	8	8
Street Maintenance Vehicles		38	38	38	40	53	66	56	55	38	38
Parks & Cemeteries											
Parks		29	29	29	29	29	29	29	29	29	29
Cemeteries		5	5	5	5	5	5	5	5	5	5
Building Maintenance											
Parking lots		3	3	3	3	3	3	3	3	1	1
Parking garages		2	2	2	2	2	2	3	3	3	3
<i>Education</i>											
Number of buildings		47	47	47	47	47	47	47	48	47	48
<i>Recreation and Culture</i>											
Recreation	Number of athletic fields	73	73	73	73	72	79	83	73	88	92
	Number of playscapes/grounds	22	22	22	22	22	29	28	27	27	28
	Number of Vehicles	77	77	77	77	75	75	77	75	75	82
Library											
Number of Branches		7	10	10	10	10	10	10	10	10	10