

**Comprehensive
Annual
Financial Report**

**City of Hartford, Connecticut
Mayor-Council Form of Government**

For the Fiscal Year

July 1, 2015 to June 30, 2016

PREPARED BY:

Department of Finance

**Darrell V. Hill
Chief Financial Officer & Director of Finance**

ACKNOWLEDGEMENTS

This report has been prepared by a team of dedicated City employees that on a daily basis provides support throughout the organization on all financial matters and annually undertakes the significant task of developing a concise presentation of the City's finances in an efficient and effective manner. The Department of Finance with the assistance of our external auditors, RSM US LLP, has accomplished the production of the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. The credit belongs with the team whose collective experience allows us to achieve our goals and objectives. The contributions of the entire team at the City of Hartford are sincerely appreciated.

Controller: Leigh Ann Ralls, CPA

CAFR Team: Rajpaul Singh, Ellen McCreery, CPA, Patricia Beaudry, CPA, Robert Faircloth, Asha Stapleton and Dalia Ajodhi.

Staff Support: Padma Patel and Daniel Bonilla.

Technical Assistance: Tomek Furtak, John Philip, CCMA II, Nancy Raich, Esq., CCMC, Marlene Fleeting, Anouphin Hasler, Aleyda Armstrong and Tina Chokas.

Gratitude is extended to the Mayor, the Court of Common Council, and the Treasurer for their leadership of our great City!

Contents

I. Introductory Section - unaudited	Page
Letter of Transmittal	i-viii
GFOA Certificate of Achievement	ix
Organizational Chart	x
List of Elected and Principal Officials	xi
 II. Financial Section	
Independent Auditor's Report	1-3
Management's Discussion and Analysis - unaudited	5-12

Basic Financial Statements

<u>Exhibit</u>	Government-Wide Financial Statements:	
I	Statement of net position	13
II	Statement of activities	14
	Fund Financial Statements:	
III	Balance sheet – governmental funds and reconciliation of fund balance to net position of governmental activities	15-16
IV	Statement of revenues, expenditures and changes in fund balances – governmental funds and reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	17-18
	Proprietary Funds:	
V	Statement of net position (deficit) – proprietary funds	19
VI	Statement of revenues, expenses and changes in net position – proprietary funds	20
VII	Statement of cash flows – proprietary funds	21
	Fiduciary Funds:	
VIII	Statement of fiduciary net position	22
IX	Statement of changes in plan net position – pension trust funds	23
	Notes to financial statements	24-81

Contents

II. Financial Section (Continued)		Page
Required Supplementary Information - Unaudited		
<u>Exhibit</u>		
RSI-1	Schedule of general fund revenues and other financing sources – budget and actual (non-GAAP budgetary basis) – general fund	83-85
RSI-2	Schedule of general fund expenditures, encumbrances and other financing uses – (non-GAAP budgetary basis) – budget and actual	86-87
RSI-3	Schedule of funding progress and employer contributions – other post-retirement benefits	88
RSI-4	Schedule of changes in the City's net pension liability and related ratios - MERF	89
RSI-5	Schedule of changes in the City's net pension liability and related ratios – RAF/PBF/FRF plan	90
RSI-6	Schedule of changes in the City's net pension liability and related ratios – 415(m)	91
RSI-7	Schedule of contributions – pension plans	92
RSI-8	Schedule of contributions – MERS	93
RSI-9	Schedule of the City's proportionate share of the net pension liability - MERF	94
RSI-10	Schedule of the City's proportionate share of the net pension liability – teachers' retirement system	95
	Note to required supplementary information	96-97
 Combining and Individual Fund Financial Statements and Other Schedules		
General Fund		
A-1	Balance sheet – by account – general fund	99
A-2	Schedule of revenues, expenditures and changes in fund balance – by account – general fund	100
A-3	Report of the Tax Collector	102-103
Nonmajor Governmental Funds		
B-1	Combining balance sheet	106-109
B-2	Combining statement of revenues, expenditures and changes in fund balances (deficits)	110-113
Capital Improvement Fund		
C	Schedule of expenditures and encumbrances compared with appropriations, etc. – capital improvement fund	115-128

Contents

II. Financial Section (Continued)		Page
Combining and Individual Fund Financial Statements and Other Schedules (Continued)		
<u>Exhibit</u>	Nonmajor Enterprise Funds	
D-1	Statement of net position	129
D-2	Statement of revenues expenses and changes in net position	130
D-3	Statement of cash flows	131
	Internal Service Funds	
E-1	Combining statement of net position (deficit)	134-135
E-2	Combining statement of revenues, expenses and changes in net position (deficit)	136-137
E-3	Combining statement of cash flows	138-139
	Agency Funds	
F-1	Combining balance sheet	141
F-2	Combining statement of changes in assets and liabilities	142
	Capital Assets Used in the Operation of Governmental Funds	
F-1	Comparative schedule by source	143
III. Statistical Section - Unaudited		
<u>Table</u>	Financial Trends	
1	Net position by component	146-147
2	Changes in net position	148-151
3	Fund balances of governmental funds	152-153
4	Changes in fund balances of governmental funds	154-155
	Revenue Capacity	
5	Assessed value and estimated actual value of taxable property	156
6	Principal taxpayers	157
7	Property tax levies and collections	158

Contents

III. Statistical Section – Unaudited (Continued)		Page
Debt Capacity		
8	Ratios of outstanding debt by type	159
9	Statement of debt limitation	160
10	Legal debt margin information	161
11	Statement of direct and overlapping debt	162
Demographics and Employment Statistics		
12	Demographic and employment statistics	163
13	Principal employers – Hartford’s major employers	164
Operating Information		
14	Budgeted full-time equivalent employees	165
15	Operating indicators by function	166-168
16	Capital asset statistics by function/program	169-170

Introductory Section



CITY OF HARTFORD

DEPARTMENT OF FINANCE
550 Main Street, Suite 303
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LUKE A. BRONIN
Mayor

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DARRELL V. HILL
Chief Financial Officer
& Director of Finance

December 30, 2016

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

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, 2016. 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, 2016. 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 FY2016 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. We believe this report presents fairly and accurately the financial position of the City and the results of its operations during FY2016. 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.

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 and the employment and cultural core of a metropolitan area with a population of over one million people. Hartford has an estimated 125,017 residents in its 18.4 square mile area. 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, although the overall general fund budget for the Hartford public school system must be approved by the Council as part of the annual City budget. 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), 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:

<i>Mayor’s Office</i>	<i>Court of Common Council</i>
<i>City Treasurer</i>	<i>Registrar of Voters</i>
<i>Hartford Public Schools</i>	<i>Hartford Public Library</i>
<i>Corporation Counsel</i>	<i>Town and City Clerk</i>
<i>Office of the Chief Operating Officer</i>	<i>Internal Audit</i>
<i>Public Works</i>	<i>Families, Children, Youth & Recreation</i>
<i>Development Services</i>	<i>Health & Human Services</i>
<i>Police</i>	<i>Fire</i>
<i>Emergency Services & Telecommunications</i>	<i>Human Resources</i>
<i>Finance</i>	<i>Management, Budget & Grants</i>
<i>Metro Hartford Innovation Services</i>	<i>Communication & New Media</i>

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.

ECONOMIC CONDITION AND OUTLOOK

The City's Department of Development Services (DDS), which includes the following four (4) divisions:

Planning & Economic Development

Housing

Community & Small Business Development

Licenses & Inspections

continues to promote efforts that create jobs and improve Hartford's economy, enhance the cityscape, and expand and diversify the housing stock. In addition to its diverse functional portfolio, the DDS acts as a liaison and facilitator for residents and businesses in support of their endeavors. The DDS's two service counters assist an average of 100 "walk-in" customers per day, who seek guidance and assistance with zoning issues, building permits, housing assistance programs, and a variety of other service areas.

The DDS also functions as the single point of contact with the City for commercial and residential development projects. As public resources are limited, the DDS works closely with federal and state agencies, such as the United States Department of Housing & Urban Development (HUD), Connecticut's Capital Region Development Authority (CRDA) and Connecticut's Department of Economic & Community Development (DECD) to leverage scarce local resources through interagency partnerships on significant development projects. Examples of these projects include the conversion of downtown office buildings to residential units and the construction of the new Front Street theater and entertainment district.

At the direction of the Mayor, the DDS has focused its economic development efforts on three major priorities:

- Strengthen investment in Hartford's neighborhoods by targeting strategic locations, including primary commercial corridors such as Albany and Franklin Avenues;
- Continue the momentum of commercial and residential development Downtown, in partnership with the Capital Region Development Authority (CRDA), and leverage the approaching completion of the improved vehicular and pedestrian connectivity achieved by the Intermodal Triangle project, significant expansion of the University of Connecticut into the downtown core, and new transit options that include CT Fastrak and the "Hartford Line" commuter rail; and
- Develop and implement an effective and efficient anti-blight and rehabilitation program to restore damaged and neglected residential and commercial properties into productive community assets.

ECONOMIC DEVELOPMENT

- **Broadened Economic Development Focus** - In January 2016, the DDS was reorganized to better align core functions and provide for more efficient and effective management of the DDS's initiatives. A new division - Community & Small Business Development - was created to achieve a new focus on economic development throughout the City, in businesses both large and small. This new approach combined the functions of two predecessor divisions, which had separately

focused on small business development in neighborhoods and cultural events. In addition, the Planning Division—charged with administering the City’s land-use regulations and optimizing its cityscape – combined with the previously separate division that was responsible for major economic development projects citywide, promoting effective oversight of all aspects of these projects as well as a more agile and responsive approach to emerging opportunities.

- **New “Form-Based” Zoning Code** - Hartford’s Planning & Zoning Commission enacted a new, form-based Zoning Code for the City in January 2016. This significant endeavor followed a three-year research and development effort. The new Zoning Code, which streamlines the approval process for development consistent with the City’s guidelines in various areas and facilitates transit-oriented development, has since garnered numerous awards for its ease of use, progressive approach, and focus on promoting a more livable and workable City.
- **Front Street District** - The HB Nitkin Group was selected by the Capital City Economic Development Authority, the predecessor agency to CRDA, as the developer for this project, which includes 60,000 square feet of retail, restaurant and entertainment space and a 286 space garage in its initial phase. Several high profile tenants including The Capital Grille, Ted’s Montana Grill, Nix’s, Infinity Music Hall & Bistro, Spotlight Theaters, Front Street Bistro, Qdoba Mexican Grill, and Bear’s Smokehouse BBQ have opened. In the spring of 2016, 115 residential units (the “Front Street Lofts”) were completed with approximately 5,000 square feet of new commercial space. The HB Nitkin Group has recently approached the City and CRDA with a proposal for the final phase of this development, which is proposed to include a 54-unit apartment building with 11,000 square feet of commercial space to be constructed on Arch Street adjacent to the Front Street complex.
- **UConn Downtown Relocation** - The University of Connecticut’s new Downtown Hartford Campus will be centered in the historic Hartford Times Building located on Prospect Street, across from City Hall. The Downtown Hartford Campus will bring approximately 2,500 undergraduate and graduate students, and 250 faculty to Hartford’s center beginning in 2017. The new campus will connect the Front Street District to the heart of Downtown. In addition to its new campus center, UConn will also utilize space at the adjacent main branch of the Hartford Public Library system and has decided to retain its Business School location at Constitution Plaza, which is a short walk from the new main campus on Prospect Street.
- **TIGER/Intermodal Triangle** - This federally-funded, \$35 million project is nearing completion. The goal of this project is to strengthen the Capital Region’s economic and employment core by improving downtown intermodal connections within the Union Station-Bushnell Park-State House Square triangle by creating transit hubs, complete green streets, and the innovative iQuilt pedestrian network. As part of the City’s TIGER Intermodal Triangle project, the following initiatives will be undertaken:
 - Narrowing of Ford, Jewell, and Wells streets to create a promenade along Bushnell Park North;
 - Improvements to Union Station and Union Place to accommodate increased transit;
 - Streetscape improvements along Asylum and Pearl Streets; and
 - Plaza improvements around State House Square.

In addition to these improvements, the newly-configured Gold Street, and its adjacent green space, together with the recent improvement and reopening of Atheneum Square to the east, are major steps toward completing a pedestrian-friendly corridor from Riverfront Park located on the Connecticut River to Bushnell Park at the center of the City.

- **Dunkin' Donuts Park and Downtown North Development** - The construction of Dunkin' Donuts Park (home of MiLB's Hartford Yard Goats) and planned mixed-use development of six adjacent parcels located in the Downtown North section of the City stalled in the Winter of FY2016. The construction of Dunkin' Donuts Park has resumed and is scheduled to be completed in time for the opening of the 2017 baseball season. The City is continuing to pursue the planned mixed-use development of the six adjacent parcels.

HOUSING

The City is committed to continuing to enhance our livable and sustainable capital city and has experienced tremendous progress in the last two decades in the area of residential development. Ongoing efforts range from the expansion of residential conversions and construction of new living space in the City's Downtown and adjacent neighborhoods, new home ownership opportunities throughout the City, and the rebuilding of the City's two largest housing developments.

Notable initiatives include:

- **Expansion of Residential Conversions** - Building on the successful program of residential conversions in the Downtown area, which has brought 650 new apartment units to the City over the past five years, the DDS is working with the CRDA on several new projects on the periphery of the Downtown area including: the 72 unit Capewell Lofts in a fully renovated former horse nail factory located on Charter Oak Avenue, the 112 unit former Hartford Office Supply building on Capital Avenue, and the 60 unit Teacher's Corner building on Asylum Avenue near Union Station.
- **Bracket Knoll** - The six homes built in Phase I are complete. Phase II of this residential development will add 14 new two-family homes. This residential development is designed to provide the owner-occupants with a rentable second unit.
- **Chester A. Bowles Park & Westbrook Village Redevelopments** - The DDS is working with the Hartford Housing Authority and a number of state agencies to redevelop these two residential communities located in the Blue Hills neighborhood. The new communities are being developed for mixed-income residents offering rental and home-ownership opportunities. Chester A. Bowles Park, now named Willow Creek, will be the first to be redeveloped. Demolition of the existing structures at Chester A. Bowles Park is expected to commence in 2017.

NEIGHBORHOOD

- **Coltsville** - In July 2010, Colt Gateway LLC gained control of the site as the developer to reclaim the historic Colt firearms factory and adjacent buildings located south of downtown. All 50 fully renovated residential units are now leased. In addition, the campus is home to two Capital Region

Education Council (CREC) regional magnet schools and Insurity, a software company. In the summer of 2012, Insurity extended the term of its lease by seven years. Environmental remediation of the courtyard is scheduled and a new streetscape will continue the redevelopment of this area. The National Trust Community Investment Corporation provided a portion of its New Market Tax Credit (“NMTC”) allocation to Chevron TCI, the historic tax credit investor, resulting in a combined \$23 million historic NMTC investment. The City also committed \$5 million in funding to assist with the ongoing renovation of 79 apartments within this complex. In December 2016, the City entered into an agreement with the United States National Park Service creating the Coltsville National Historical Park, pursuant to an authorization from the United States Congress.

- **Swift Factory** - Revitalization of the former Swift Factory gold leafing complex north of downtown is underway. The property consists of a 65,000 square foot manufacturing factory, two houses and vacant land. The project will offer workspaces for small manufacturing enterprises and an urban farm.
- **Albany Avenue Streetscape and Safety Improvements Project** - This project consists of a 1.1-mile arterial street (State Route 44) project involving one of the City’s primary commercial corridors. The project includes roadway safety improvements, streetscape and pedestrian amenities including sidewalk repairs, curb bump-outs, crosswalks, and traffic signal equipment from Westbourne Parkway to Bedford Street. This project is in the design phase. Construction on this project is anticipated to begin in the summer of 2017.
- **Expanded Blight-Remediation Program** - The City has reorganized its approach to remediating blight. The Director of Blight Remediation will lead the interdepartmental efforts coordinating all City employees engaged in the City’s blight remediation efforts. In addition, the City in 2016 obtained \$5 million of State funding to create an anti-blight “land bank” to assist in gaining control, remediating, and re-selling blighted properties.

LONG TERM FINANCIAL PLANNING

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>

Capital planning and debt planning are naturally coordinated with the timing of future infrastructure maintenance and enhancements and ongoing construction providing the most significant inputs for the debt planning process. Bricks and mortar and longer lived projects are identified and tracked using a five-year Capital Improvement Plan. Project requests are received and reviewed by a capital planning committee led by the Chief Financial Officer and comprised of the Director of Planning & Economic Development and various department heads or their designees. The five-year Capital Improvement Plan, including each individual project, is adopted annually upon the recommendation of the Mayor and approval by Council. The first year of the five-year Capital Improvement Plan 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.

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 as bonding and cash contributions. Based upon the cumulative capital expenditure projections including previously authorized projects and new authorization, bond issuances are planned and debt service requirements quantified.

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, capital leases and/or bonding.

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 by the City's core goals and objectives to maintain its infrastructure, provide essential services that support a safe and health 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. The City is working closely with its advisors and consultants on a plan to improve its bond rating over the near-term and long-term horizons and has contracted with actuarial firms to assist in benefits and pension planning.

RELEVANT FINANCIAL POLICIES

The Department of Finance encompasses seven divisions: Administration, Accounting & Control, Procurement, Revenue Management, 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, revenue management, the procurement of goods and services, and payroll and revenue budget preparation in conjunction with the Office of Management, Budget & Grants. The Chief Financial Officer & 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 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.

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. 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 three risk management programs and funding is received from the participating funds and functions of the City. Settlement claims have not exceeded either the self-insured retention or the commercial coverage in any of the past three fiscal years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2015. 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 Leigh Ann Ralls, CPA, Controller, and 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 the City Treasurer; Hartford Public Schools; Hartford Public Library; Hartford Parking Authority; Office of Management, Budget, & Grants; and the Department of Development Services.

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

Respectfully submitted,



Darrell V. Hill



Government Finance Officers Association

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

Presented to

**City of Hartford
Connecticut**

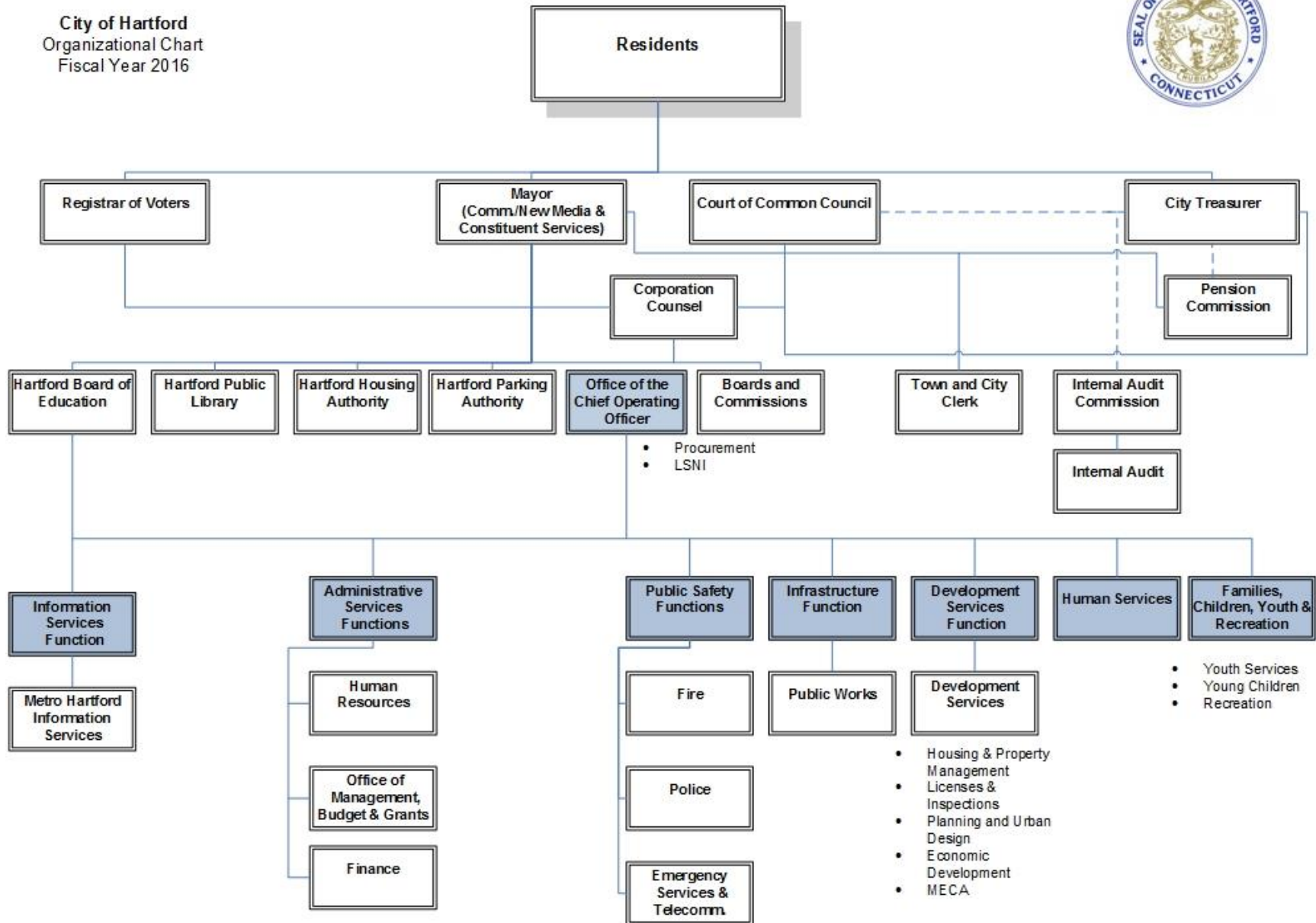
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

City of Hartford
Organizational Chart
Fiscal Year 2016



CITY OF HARTFORD, CONNECTICUT
Mayor - Council Form of Government
List of Elected and Principal Officials - As of June 30, 2016

THE HONORABLE LUKE A. BRONIN, MAYOR

The Honorable Court of Common Council

Council President – Thomas J. Clarke II

Julio A. Concepción, Majority Leader
John Q. Gale, Assistant Majority Leader
Wildaliz Bermudez, Minority Leader
Larry Deutsch, M.D., M.P.H.

Cynthia R. Jennings, Esq.
Glendowlyn L. H. Thames
James B. Sánchez
Rosezina J. Winch

THE HONORABLE ADAM M. CLOUD, TREASURER

The Honorable Registrars of Voters

Olga I. Vazquez (D)

Sheila N. Hall (R)

Shari Williams (WF)

Appointed and Other Municipal Officials

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

Darrell V. Hill
Howard G. Rifkin, Esq.
John V. Bazzano
 Darrell V. Hill
 Leigh Ann Ralls, CPA
 John A. Phillip, CCMA
 Marc S. Nelson, CCMC
Domenico E. Greco, CPA
 Tomek P. Furtak
Tara C. Washington
Sean M. Fitzpatrick
Melissa N. McCaw
James C. Rovella
Reginald D. Freeman
Gary A. Rhule, M.D.
Debra C. Carabillo
Marilynn Cruz-Aponte

Board of Education

Richard F. Wareing, Chairman

Craig Stallings, Secretary
Michael Brescia
Robert Cotto, Jr

Julio Flores
Tiffany Glanville
Karen Taylor

Hartford Public Schools

Beth Schiavino-Narvaez, Ed.D., Superintendent of Schools

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Financial Section

Independent Auditor's 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 (the City) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Hartford Parking Authority, a component unit of the City, which represents 100 percent of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hartford Parking Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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, based on our audit and the report of other auditors, 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, 2016, 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

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, the pension and other post-employment 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.

Supplementary and 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, the individual and combining fund financial statements and other 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 fund financial statements and other schedules are the responsibility of management and were derived from and relates 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 fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we 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 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
December 30, 2016

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**City of Hartford, Connecticut
Management's Discussion and Analysis - Unaudited
June 30, 2016**

Financial Highlights

- The City's total net position decreased \$113.3 million as a result of this year's operations. The net position of our governmental activities decreased by \$112.9 million, or nearly 20%. The net position of our business-type activities decreased by \$0.4 million.
- The City received \$36.5 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 \$1,008.7 million.
- The General Fund reported a fund balance this year of \$14.1 million including an assignment of \$8.7 million.
- The revenues available for appropriation and other financing sources were \$3.7 million less than budgeted for the General Fund and expenditures and other financing sources were \$5.9 million less than budgeted amount of \$539.7 million. The total fund balance decreased \$5.9 million in the current year on a budget basis.
- Major items that contributed to the revenue shortfall are: rent payments and sale of City property did not materialize. If these shortfalls did not occur, revenues would have been a budget surplus.
- Major items that contributed to the negative expenditure budget variance of \$5.9 are public safety overtime and benefits and insurance.

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 Court of Common Council 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 at the bottom of 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 decreased from a year ago by \$113.3 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.

Summary Schedule of Net Position

TABLE 1 SUMMARY SCHEDULE OF NET POSITION (In Thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 482,803	\$ 467,261	\$ 8,432	\$ 57,216	\$ 491,235	\$ 524,477
Capital assets, net of accumulated depreciation	1,512,808	1,472,899	80,216	27,444	1,593,024	1,500,343
Total assets	1,995,611	1,940,160	88,648	84,660	2,084,259	2,024,820
Deferred outflows of resources	128,053	70,851	-	-	128,053	70,851
Long-term liabilities outstanding	1,263,307	1,049,475	70,973	66,477	1,334,280	1,115,952
Other liabilities	197,245	180,354	3,304	3,444	200,549	183,798
Total liabilities	1,460,552	1,229,829	74,277	69,921	1,534,829	1,299,750
Deferred inflows of resources	8,227	13,400	-	-	8,227	13,400
Net Position:						
Net investment in capital assets	898,847	939,951	15,923	15,316	914,770	955,267
Restricted	73,285	75,640	-	-	73,285	75,640
Unrestricted	(317,247)	(247,809)	(1,552)	(577)	(318,799)	(248,386)
Total net position	\$ 654,885	\$ 767,782	\$ 14,371	\$ 14,739	\$ 669,256	\$ 782,521

The City's government-wide net position of \$669.3 million represents a decrease of \$113.3 million over last year's net position of \$782.5 million. This decrease was largely due to an increase in long-term liabilities outstanding. 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 - is \$(318.8) million at the end of this year as compared with a \$(248.4) million at the end of last year. Government activities unrestricted net position decreased \$69.4 million while the unrestricted net position of the City's business-type activities decreased \$0.975 million in 2016.

TABLE 2

SUMMARY STATEMENT OF ACTIVITIES						
(In Thousands)						
	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charge for services	\$ 27,262	\$ 28,618	\$ 4,014	\$ 4,181	\$ 31,276	\$ 32,799
Operating grants and contributions	505,894	503,376	-	-	505,894	503,376
Capital grants and contributions	36,508	35,013	-	-	36,508	35,013
General Revenues:						
Property taxes	269,989	260,063	-	-	269,989	260,063
Grants and contributions not restricted to specific programs	50,758	56,484	-	-	50,758	56,484
Unrestricted investment earnings	847	948	66	4	913	952
Other general revenues	109	128	-	-	109	128
Gain of sale of assets	-	-	-	3,345	-	3,345
Total revenues	891,367	884,630	4,080	7,530	895,447	892,160
Expenses						
General government	101,834	86,715	-	-	101,834	86,715
Public safety	118,433	114,610	-	-	118,433	114,610
Public works	70,219	62,095	-	-	70,219	62,095
Development and community affairs	58,474	58,001	-	-	58,474	58,001
Human services	31,142	30,652	-	-	31,142	30,652
Education	571,999	563,815	-	-	571,999	563,815
Recreation and culture	11,858	12,135	-	-	11,858	12,135
Interest on long-term debt	41,613	20,850	-	-	41,613	20,850
Hartford Parking Facilities	-	-	998	1,850	998	1,850
Hartford Stadium Authority	-	-	332	846	332	846
Golf Course	-	-	1,810	893	1,810	893
Total expenses	1,005,572	948,873	3,140	3,589	1,008,712	952,462
Excess (deficiency) of revenues over expenditures	(114,205)	(64,243)	940	3,941	(113,265)	(60,302)
Transfers	1,308	16,754	(1,308)	(16,754)	-	-
Change in net position	(112,897)	(47,489)	(368)	(12,813)	(113,265)	(60,302)
Net Position, beginning	767,782	815,271	14,739	27,552	782,521	842,823
Net Position, ending	\$ 654,885	\$ 767,782	\$ 14,371	\$ 14,739	\$ 669,256	\$ 782,521

The City's total revenue in 2016 of \$895.4 million represents an increase of \$3.3 million over last year. Capital grants and contributions increased \$1.5 million as capital expenses subject to reimbursement from the State for the school renovation and construction capital program increased compared with the previous year. Operating grants and contributions increased \$2.5 million due to additional grants for various purposes and charges for services decreased \$1.5 million.

The City's total program expenses of \$1,008.7 million represent an increase of \$56.3 million over last year. The increase in General Government, Public Works, Public Safety, Education, and interest on long-term debt is related to the receipt of different grants than prior year, overtime and bonded projects.

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

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General government	\$ 101,834	\$ 86,715	\$ 75,648	\$ 57,541
Public safety	118,433	114,610	102,636	97,594
Development and community affairs	58,474	58,001	3,150	3,875
Human services	31,142	30,652	6,655	3,593
Education	571,999	563,815	144,941	142,174
All other	123,690	95,080	102,878	77,089
Total	\$ 1,005,572	\$ 948,873	\$ 435,908	\$ 381,866

Business-Type Activities

Revenues from the Hartford Parking Authority provided to the Hartford Parking Facilities Fund to finance debt service and capital improvement, as well as revenues to the City's General Fund, remained relatively consistent at approximately \$4.0 million. Expenses (including debt service and depreciation) for the City's dedicated parking facilities remained consistent with the prior year. Net transfers to the City's governmental activities decreased from the \$2.2 million in 2013; \$5.0 million in 2014; \$16.8 million in 2015 due to the transfer of proceeds of the Church Street Garage sale; to \$1.3 million in 2016. The Golf Courses net position of \$0.1 million was a result of operations. The Hartford Stadium Authority had a deficit of \$0.3 million due to bond issuance costs.

CITY FUNDS FINANCIAL ANALYSIS

Governmental Funds

The City's combined General Fund reported a fund balance decrease of \$7.8 million during 2016 as compared with an increase of \$5.0 million in 2015. This decrease is mainly due to higher than budgeted expenses for public safety overtime and benefits and insurance in General Fund expenditures. The General Fund's unassigned fund balance at June 30, 2016, is \$5.5 million representing 1.1 percent of the General Fund's 2016 amended budgetary appropriations. Actual revenues were \$3.9 million below the amended budgetary revenue estimate. Expenditures were consistent with the final budgeted appropriation of \$539.6 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 \$2.6 million. The departments of public works and development services have made efforts in FY 2016 to complete and close prior years authorized projects.

The Debt Service Fund had a fund balance as of June 30, 2016, of \$127.4 million which represents an increase due to restricted cash and investments escrowed to pay down the existing restructured debt.

The Education Grant Fund had a decrease in fund balance of \$2.0 million due to an increase in expenditures.

The Community Development Loan and Grant Fund had a decrease in fund balance of \$0.4 million due to increased financing of more loans in fiscal year 2016.

The City's other governmental funds reported a decrease of \$1.4 million in fund balance for the year, mainly due to recreation and culture.

Internal Service Funds

The net position of the City's self-insurance programs decreased \$36.8 million, decreasing the total net position of the City's internal service programs from \$18.8 million to an \$(18.0) million deficit. The City used \$14.2 million of net position to fund current year claims and \$19.2 million to fund post-retirement benefits for the Board of Education. The City will continue its efforts to develop a funding plan for its post-retirement benefits liabilities based on the actuaries' estimates.

General Fund Budgetary Highlights

There were two supplemental appropriations for the use of FY2015 unassigned fund balance of \$5.9 million, which is reflected in RSI-2.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2016, 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 \$82.7 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 AT YEAR-END (Net of Depreciation)
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 62.4	\$ 63.2	\$ 6.1	\$ 6.1	\$ 68.5	\$ 69.3
Land improvements	22.3	15.1	-	-	22.3	15.1
Buildings	864.8	886.4	(0.3)	0.2	864.6	886.6
Other structures	22.2	21.7	12.8	12.7	35.1	34.4
Furniture and equipment	4.5	4.9	0.3	0.3	4.8	5.2
Rolling equipment	17.4	15.5	-	-	17.4	15.5
Infrastructure	210.7	210.4	-	-	210.7	210.4
Construction in progress	308.5	255.7	-	-	308.5	255.7
	\$ 1,512.8	\$ 1,472.9	\$ 19.0	\$ 19.3	\$ 1,531.8	\$ 1,492.2

There are 337 active projects in the City's Capital Improvement Fund with appropriations of \$1,777.2 million, cumulative active project expenditures of \$1,306.6 million and outstanding encumbrances of \$7.4 million, resulting in an unencumbered balance of \$389.1 million. Total expenditures for all projects during the fiscal year amounted to \$106.2 million. New and supplemental appropriations are reflected in the FY2017 adopted budget.

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

Long-term debt

The City issued \$78.1 million of general obligation refunding bonds in July of 2015, and \$26.8 million of general obligation refunding bonds in April of 2016.

At June 30, 2016, the City had \$686.3 million in bonds outstanding versus \$516.9 million last year - an increase of 32.3% - as shown in Table 5. The City has approximately \$127.4 million of restricted cash and investments to offset this debt.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 683.2	\$ 512.9	\$ 3.1	\$ 4.0	\$ 686.3	\$ 516.9
Serial notes payable	1.1	1.2	-	-	1.1	1.2
Total	\$ 684.3	\$ 514.1	\$ 3.1	\$ 4.0	\$ 687.4	\$ 518.1

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 significantly below the formulaic \$2.1 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 reported by the Connecticut Department of Labor to be 4.7% for November 2016 (seasonally adjusted). This is 0.4% lower than the 5.1% reported for October 2016 and 0.7% lower than the November 2015 rate, which was 5.4%. The October unemployment rate for Hartford, East Hartford and West Hartford was 4.5%, which is 0.5% lower than the 5.0% reported by the U.S. Bureau of Labor Statistics for October of 2015. The Consumer Price Index rose 1.7 percent (unadjusted – all items) for the 12-months ended November 2016.

The \$552.9 million adopted FY2017 budget closed a projected deficit of \$48.5 million by eliminating \$18.6 million from department budgets (including the elimination of approximately 100 positions citywide), \$16.5 million of labor concessions, utilizing \$8.4 million of fund balance; and transferring \$5 million of land value to the municipal employee's retirement fund. The Mayor is required to submit the recommended budget to the Court of Common Council no later than the third Monday in April, and the Court of Common Council is required to adopt the budget by the end of May. The upcoming FY2018 budget process is faced with a projected \$51 million funding gap that will require the identification and implementation of a variety of legislative, financial and operational solutions. The Mayor and Court of Common Council are working together to address the City's structural imbalance and achieve a fiscally sound future for Connecticut's Capital City.

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) 757-9606.

Basic Financial Statements

Statement of Net Position
June 30, 2016
(In Thousands)

	Primary Government			Component Unit
	Governmental Type Activities	Business-Type Activities	Total	Hartford Parking Authority
Assets				
Cash and cash equivalents	\$ 113,842	\$ 10,280	\$ 124,122	\$ 934
Investments	25,495	-	25,495	-
Receivables, net	196,611	23	196,634	1,577
Internal balances	2,405	(2,405)	-	-
Due from component unit	-	534	534	-
Other assets	612	-	612	-
Restricted cash	28,035	-	28,035	-
Restricted investments	115,803	-	115,803	-
Capital assets:				
Assets not being depreciated	370,933	67,302	438,235	-
Assets being depreciated, net	1,141,875	12,914	1,154,789	-
Total assets	1,995,611	88,648	2,084,259	2,511
Deferred outflows of resources:				
Deferred pension expense	123,094	-	123,094	-
Deferred amounts on refundings	4,959	-	4,959	-
Total deferred outflows of resources	128,053	-	128,053	-
Liabilities				
Accounts payable and accrued expenses	119,218	1,683	120,901	1,977
Due to primary government	-	-	-	534
Unearned revenue	20,772	-	20,772	-
Noncurrent liabilities:				
Due within one year	57,255	1,621	58,876	-
Due in more than one year	1,263,307	70,973	1,334,280	-
Total liabilities	1,460,552	74,277	1,534,829	2,511
Deferred inflows of resources:				
Deferred pension credit	8,227	-	8,227	-
Total deferred inflows of resources	8,227	-	8,227	-
Net position:				
Net investment in capital assets	898,847	15,923	914,770	-
Restricted for:				
Housing loans and grants	46,897	-	46,897	-
Trust purposes:				
Expendable	17,418	-	17,418	-
Nonexpendable	8,970	-	8,970	-
Unrestricted (deficit)	(317,247)	(1,552)	(318,799)	-
Total net position	\$ 654,885	\$ 14,371	\$ 669,256	\$ -

See notes to financial statements.

Statement of Activities
For the Year Ended June 30, 2016
(In Thousands)

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position						
		Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Hartford Parking Authority
Primary government:								
Governmental activities:								
General government	\$ (101,834)	\$ 7,568	\$ 18,618	\$ -	\$ (75,648)	\$ -	\$ (75,648)	\$ -
Public safety	(118,433)	2,977	12,820	-	(102,636)	-	(102,636)	-
Public works	(70,219)	9,353	1,568	8,169	(51,129)	-	(51,129)	-
Development and community affairs	(58,474)	-	55,324	-	(3,150)	-	(3,150)	-
Human services	(31,142)	2,941	21,546	-	(6,655)	-	(6,655)	-
Education	(571,999)	4,293	394,426	28,339	(144,941)	-	(144,941)	-
Recreation and culture	(11,858)	130	1,592	-	(10,136)	-	(10,136)	-
Interest on long-term debt	(41,613)	-	-	-	(41,613)	-	(41,613)	-
Total governmental activities	(1,005,572)	27,262	505,894	36,508	(435,908)	-	(435,908)	-
Business-type activities:								
Hartford parking facilities	(998)	2,561	-	-	-	1,563	1,563	-
Golf course	(1,810)	1,453	-	-	-	(357)	(357)	-
Stadium authority	(332)	-	-	-	-	(332)	(332)	-
Total business-type activities	(3,140)	4,014	-	-	-	874	874	-
Total primary government	\$ (1,008,712)	\$ 31,276	\$ 505,894	\$ 36,508	(435,908)	874	(435,034)	-
Component units:								
Hartford Parking Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues:								
Property taxes					269,989	-	269,989	-
Grants and contributions not restricted to specific programs					50,758	-	50,758	-
Unrestricted investment earnings					847	66	913	-
Miscellaneous					109	-	109	-
Transfers					1,308	(1,308)	-	-
Total general revenues and transfers					323,011	(1,242)	321,769	-
Change in net position					(112,897)	(368)	(113,265)	-
Net position - beginning					767,782	14,739	782,521	-
Net position - ending					\$ 654,885	\$ 14,371	\$ 669,256	\$ -

See notes to financial statements.

Balance Sheet - Governmental Funds
June 30, 2016
(In Thousands)

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 60,524	\$ 16,446	\$ 884	\$ -	\$ 23,985	\$ 11,365	\$ 113,204
Restricted cash	-	-	-	11,589	-	-	11,589
Investments	-	-	-	-	-	25,495	25,495
Restricted investments	-	-	-	115,803	-	-	115,803
Receivables, net	81,349	57,074	35,201	-	3,700	18,127	195,451
Due from other funds	2,983	310	-	828	-	-	4,121
Inventories and other assets	-	-	-	-	-	612	612
Total assets	\$ 144,856	\$ 73,830	\$ 36,085	\$ 128,220	\$ 27,685	\$ 55,599	\$ 466,275
Liabilities							
Accounts payable and accrued liabilities	55,007	19,089	201	-	16,453	5,770	96,520
Due to other funds	-	828	-	828	-	2,465	4,121
Unearned revenue	-	3,740	-	-	7,273	9,759	20,772
Total liabilities	55,007	23,657	201	828	23,726	17,994	121,413
Deferred inflows of resources:							
Unavailable revenue	75,718	41,392	35,188	-	707	7,845	160,850
Total deferred inflows of resources	75,718	41,392	35,188	-	707	7,845	160,850
Fund balances:							
Nonspendable	-	-	-	-	-	8,970	8,970
Restricted	-	8,781	696	127,392	3,252	25,166	165,287
Committed	-	-	-	-	-	1,867	1,867
Assigned	8,663	-	-	-	-	-	8,663
Unassigned (deficits)	5,468	-	-	-	-	(6,243)	(775)
Total fund balances (deficits)	14,131	8,781	696	127,392	3,252	29,760	184,012
Total liabilities, deferred inflows of resources and fund balances	\$ 144,856	\$ 73,830	\$ 36,085	\$ 128,220	\$ 27,685	\$ 55,599	\$ 466,275

(Continued)

Reconciliation of Fund Balance to Net Position of Governmental Activities
June 30, 2016
(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)	\$	184,012
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	2,293,421
Less accumulated depreciation		(780,613)
Net capital assets		1,512,808
Assets not available to pay for current-period expenditures and, therefore, are recorded as unavailable revenue in the funds:		
Property tax receivables		46,129
Interest receivable on property taxes		20,149
Housing loans		35,188
Other receivables		59,384
Deferred pension expense - MERF		118,770
Deferred pension expense - MERS		4,324
Deferred pension credit - MERF		(6,947)
Deferred pension credit - MERS		(1,280)
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.		(17,963)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds and notes payable		(683,176)
Interest payable on bonds and notes		(17,486)
Compensated absences		(34,670)
HUD loans		(6,865)
Capital leases		(7,444)
Clean water fund serial note		(1,140)
Net OPEB obligation		(71,969)
Net pension liability - MERF		(390,004)
Net pension liability - MERS		(16,869)
Net pension liability - 415(m)		(280)
Net pension liability - RAF/PBF/FRF		(4,851)
Claims and other		(5,000)
Bond premium		(64,894)
Deferred charges on refunding		4,959
Net position of governmental activities (Exhibit I)	\$	654,885

See notes to financial statements.

**Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016
(In Thousands)**

	General	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 266,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,870
Licenses, permits, and other charges	7,613	-	-	-	-	-	7,613
Intergovernmental revenues	282,708	36,399	-	-	125,615	122,023	566,745
Charges for services	2,235	-	-	-	-	10,667	12,902
Use of property	2,265	-	-	-	-	-	2,265
Investment income	301	-	110	-	-	436	847
Miscellaneous	3,588	109	2,147	-	10,662	1,874	18,380
Total revenues	565,580	36,508	2,257	-	136,277	135,000	875,622
Expenditures:							
Current:							
General government	19,251	-	-	-	-	22,687	41,938
Public safety	82,680	-	-	-	-	11,157	93,837
Public works	13,162	19,709	-	-	-	34	32,905
Development and community affairs	3,629	-	2,665	-	-	50,323	56,617
Human services	4,438	-	-	-	-	25,147	29,585
Education	323,155	-	-	-	140,275	18,682	482,112
Recreation and culture	8,215	-	-	-	-	3,486	11,701
Benefits and insurance	81,255	-	-	-	-	-	81,255
Other	29,969	-	-	-	-	-	29,969
Capital outlay	-	86,565	-	-	-	6,912	93,477
Debt service	-	1,735	-	72,734	-	3,035	77,504
Total expenditures	565,754	108,009	2,665	72,734	140,275	141,463	1,030,900
Excess (deficiency) of revenues over expenditures	(174)	(71,501)	(408)	(72,734)	(3,998)	(6,463)	(155,278)
Other financing sources (uses):							
Transfers in	5,438	2,531	-	9,302	2,027	2,981	22,279
Transfers out	(13,059)	-	-	(1,706)	-	(6,206)	(20,971)
Lease proceeds	-	-	-	-	-	5,917	5,917
Payment to escrow	-	-	-	(27,653)	-	-	(27,653)
Issuance of bonds	-	71,577	-	129,055	-	2,378	203,010
Issuance of refunding bonds	-	-	-	24,596	-	-	24,596
Payment of bond anticipation notes	-	-	-	(50,000)	-	-	(50,000)
Bond premium	-	-	-	19,358	-	-	19,358
Total other financing sources (uses)	(7,621)	74,108	-	102,952	2,027	5,070	176,536
net change in fund balances	(7,795)	2,607	(408)	30,218	(1,971)	(1,393)	21,258
Fund balances, beginning or year	21,926	6,174	1,104	97,174	5,223	31,153	162,754
Fund balances, end of year	\$ 14,131	\$ 8,781	\$ 696	\$ 127,392	\$ 3,252	\$ 29,760	\$ 184,012

(Continued)

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016
(In Thousands)**

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	21,258
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		82,684
Loss on disposal		(1,905)
Depreciation expense		(40,882)
Changes in some revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
School building grant		(5,645)
Property tax receivable		438
Property tax interest and lien revenue		1,035
Housing loans		3,176
Intergovernmental revenue on school bonds and other		16,773
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities.		
Bond anticipation note paydown		50,000
Principal paid		57,315
Issuance of refunding bonds		(24,596)
Issuance of bonds		(203,010)
Amortization of bond premium		(13,924)
Payment to escrow		27,653
Capital lease payments		2,112
Accrued interest on bonds - accrual basis change		(10,397)
HUD loan principal payments		555
CWF serial note		92
Amortization of deferred charge on refunding		2,516
Payment to escrow agent		(27,653)
Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Claims and other		(3,400)
Compensated absences		3,437
Change in other postemployment benefit liabilities		9,056
Change in net pension liabilities		(22,790)
Internal service funds are used by management to charge costs to individual funds. The net expenses of certain activities of internal services funds is reported with governmental activities.		(36,795)
Change in net position of governmental activities (Exhibit II)	\$	(112,897)

See notes to financial statements.

Statement of Net Position (Deficit) - Proprietary Funds
June 30, 2016
(In Thousands)

	Business-Type Activities			Governmental Activities
	Hartford Stadium Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,463	\$ 1,817	\$ 10,280	\$ 17,084
Receivables, net	-	23	23	1,160
Due from component unit	-	534	534	-
Total current assets	8,463	2,374	10,837	18,244
Capital assets, net	61,215	\$ 19,001	80,216	-
Total assets	69,678	21,375	91,053	18,244
Liabilities				
Current liabilities:				
Accounts payable and other payables	1,270	413	1,683	2,807
Due to other funds	-	2,405	2,405	-
Risk management claims	-	-	-	21,100
Bonds payable	1,230	391	1,621	-
Total current liabilities	2,500	3,209	5,709	23,907
Noncurrent liabilities:				
Risk management claims	-	-	-	12,300
Bonds payable	68,286	2,687	70,973	-
Total noncurrent liabilities	68,286	2,687	70,973	12,300
Total liabilities	70,786	5,896	76,682	36,207
Net position (deficit):				
Net investment in capital assets	-	15,923	15,923	-
Unrestricted (deficit)	(1,108)	(444)	(1,552)	(17,963)
Total net position (deficit)	\$ (1,108)	\$ 15,479	\$ 14,371	\$ (17,963)

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended June 30, 2016
(In Thousands)**

	Business-Type Activities			Governmental Activities
	Hartford Stadium Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ 58,143
Employee and pensioners charges for insurance	-	-	-	24,525
Hartford Parking Authority fees	-	2,506	2,506	-
Golf course fees	-	1,453	1,453	-
Other	-	55	55	3,188
Total operating revenues	-	4,014	4,014	85,856
Operating expenses:				
Administrative	1	953	954	10,570
Operations	-	927	927	5,863
Insurance benefits and claims	-	-	-	106,218
Depreciation and amortization	-	852	852	-
Total operating expenses	1	2,732	2,733	122,651
Operating income (loss)	(1)	1,282	1,281	(36,795)
Nonoperating income (expense):				
Interest earnings	66	-	66	-
Interest expense	-	(76)	(76)	-
Debt service	(331)	-	(331)	-
Total nonoperating income (expense)	(265)	(76)	(341)	-
Net income (loss) before transfers	(266)	1,206	940	(36,795)
Transfers in	-	987	987	-
Transfers out	-	(2,295)	(2,295)	-
Change in net position (deficit)	(266)	(102)	(368)	(36,795)
Fund net position (deficit), beginning	(842)	15,581	14,739	18,832
Fund net position (deficit), ending	<u>\$ (1,108)</u>	<u>\$ 15,479</u>	<u>\$ 14,371</u>	<u>\$ (17,963)</u>

See notes to financial statements.

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016
(In Thousands)

	Business-Type Activities			Governmental Activities
	Hartford Stadium Authority	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:				
City's contribution	\$ -	\$ -	\$ -	\$ 58,143
Cash paid by participants	-	-	-	27,713
Cash received from Hartford Parking Authority	-	4,414	4,414	-
Cash from customers and users	-	1,476	1,476	-
Cash paid for salaries and benefits	-	-	-	(10,908)
Cash paid to suppliers	(1,158)	(2,342)	(3,500)	-
Cash paid for claims and operations	-	-	-	(108,197)
Net cash provided by (used in) operating activities	(1,158)	3,548	2,390	(33,249)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(53,057)	(536)	(53,593)	-
Transfer out	-	(2,295)	(2,295)	(14,238)
Transfer in	-	987	-	14,238
Contributed Capital	-	(32)	(32)	-
Issuance of debt	6,195	2,259	8,454	-
Bond issue costs	(331)	-	(331)	-
Principal paid on bonds	-	(3,150)	(3,150)	-
Interest paid on bonds	-	(76)	(76)	-
Net cash provided by (used in) capital and related financing activities	(47,193)	(2,843)	(50,036)	-
Cash flows from investing activities:				
Income on investments	66	-	66	-
Net cash provided by investing activities	66	-	66	-
Net increase (decrease) in cash and cash equivalents	(48,285)	705	(47,580)	(33,249)
Cash and cash equivalents, beginning of year	56,748	1,112	57,860	50,333
Cash and cash equivalents, end of year	<u>\$ 8,463</u>	<u>\$ 1,817</u>	<u>\$ 10,280</u>	<u>\$ 17,084</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (1)	\$ 1,282	1,281	\$ (36,795)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	(50)	852	802	-
(Increase) in other receivables	-	-	-	(721)
Increase (decrease) in accounts payable and accrued liabilities	(1,107)	210	(897)	313
Decrease in due from other funds	-	1,875	1,875	-
(Decrease) in due to other funds	-	(671)	(671)	-
Increase in insurance claims payable	-	-	-	3,954
(Increase) in due from component unit	-	-	-	-
Net cash provided by (used in) operating activities	\$ (1,158)	\$ 3,548	\$ 2,390	\$ (33,249)

See notes to financial statements

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund	School Agency Funds
Assets			
Cash and cash equivalents	\$ 61,512	\$ 19,209	\$ 967
Investments:			
U.S. government agencies	45,538	-	-
U.S. Treasury	57,514	-	-
Corporate bonds	72,467	-	-
Foreign bonds	1,399	-	-
Common trusts	101,277	-	-
Alternative investments	227,406	-	-
Common stock	200,763	-	-
Equity index funds	238,331	-	-
Total investments	944,695	-	-
Due from other funds	-	-	-
Accrued investment earnings	21,799	-	-
Total assets	1,028,006	19,209	967
Liabilities			
Accounts payable and accrued liabilities	166	-	-
Net settlement due on investments purchased/sold	28,176	-	-
Due to student groups and other	-	-	967
Total liabilities	28,342	-	967
Net position restricted for benefits	\$ 999,664	\$ 19,209	\$ -

See notes to financial statements.

Statement of Changes in Plan Net Position - Fiduciary Funds
For the Year Ended June 30, 2016
(In Thousands)

	Pension Trust Funds	OPEB Trust Fund
Additions:		
Contributions:		
Employer	\$ 43,891	\$ 19,200
Plan members	13,042	-
Other	660	-
Total contributions	57,593	19,200
Investment income:		
Net depreciation in fair value of investments	(2,196)	-
Interest and dividends	17,445	9
Total investment income	15,249	
Less investment expense	6,552	-
Net investment income	8,697	19,209
Deductions:		
Benefits	102,438	-
Administration	2,283	-
Other	151	-
Total deductions	104,872	-
Increase (decrease) in net position	(38,582)	19,209
Net position held in trust for benefits:		
Beginning of year	1,038,246	-
End of year	\$ 999,664	\$ 19,209

See notes to financial statements.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies

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

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

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Codification 2100 have been considered, as a result, the component unit discussed below is included in the City's reporting entity because of its operational significance or financial relationship with the City.

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

Discretely presented component unit: The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the 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. For the discretely presented component unit included in the City's financial statements, the City, generally acting through the Mayor, appoints a voting majority of the component unit's governing boards. The Hartford Parking Authority (the Authority) was created pursuant to Chapter 100 of the General Statutes of Connecticut and is governed by five members appointed by the Mayor. The purpose of the Authority is to create, establish, finance, maintain, and operate the City of Hartford's dedicated parking facilities, and regulate the uses and parking rates to be charged at other regulated parking facilities. The Authority is reported as a component unit as the Mayor appoints and the City Council approves its governing board of 5 members. Separately issued financial statements are available at available at www.hartfordparkingauthority.com.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting standards adopted in the current year:

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement added additional disclosures to Note 2.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*. This statement completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statement Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the City's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. The implementation of this statement had no impact on the City's financial statements.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the City is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental funds: Governmental funds are those through which most governmental functions typically are financed.

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

Special Revenue Funds: accounts for specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service of capital projects.

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

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

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

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

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

Internal Service Funds: account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The reported internal service funds of the City include self-insured funds for Employee Benefits, Workers' Compensation, and Liability and Property Damage and a fund used to account for the centralized operations of the Metro Hartford Information Services.

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

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

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (generally 60 days). A 90 day period is used for construction grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension liabilities, other post-employment obligations, and claims and judgments, are recorded only when payment is due (matured).

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

The City reports the following major governmental funds:

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

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

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

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

The **Hartford Stadium Authority Fund** accounts for the operations of the City's Dillon Stadium currently in construction. It is a blended component unit of the City.

Additionally, the City reports the following fund types:

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

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services in the government-wide financial statements. Provided and used have not been eliminated in the process of consolidation.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund is net revenues from operations of the parking facilities and of the City's internal service funds are charges from participants and premiums from the City. Operating expenses for the enterprise fund include operating expenses, administrative expenses, and depreciation on capital assets. For the internal service funds, expenses represent claims paid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Accounting estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosures in the financial statements. Actual results could differ from those estimates.

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

Restricted cash and investments: Certain assets are classified as restricted because their use is limited. Restricted asset cash and investments are to be used for construction purposes and the repayment of the 2013, 2014, 2015, and 2016 Refunded Bonds.

Investments: Investments are stated at fair value.

The pension fund allows 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.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

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 in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

Fair value: The City uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

The three categories within the hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

Level 3: Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement.

See Note 2 for additional information regarding fair value.

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables: All trade and property tax receivables, including those for component units, are reported net of an allowance for uncollectibles. The property tax receivable allowance of \$7.827 million is equal to approximately 18% of outstanding property taxes at June 30, 2016.

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

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

All other receivables, including intergovernmental receivables, are reported net of an allowance for uncollectibles.

Allowances for doubtful accounts: Accounts including property taxes and notes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and analysis of creditor's ability to pay. The majority of amount relates to taxes receivable, housing loans (for which the City develops an allowance for uncollectible amounts on a loan-by-loan basis) and police special duty charges for services.

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

Capital assets: Capital assets, which include land, buildings, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized in accordance with related guidance on enterprise and business-type capital assets.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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. The net pension liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

Note 1. Summary of Significant Accounting Policies (Continued)

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 deferred outflows related to pension in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 plan (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 a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 plan (active employees and inactive employees).

The governmental funds report unavailable revenues from 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 during which the amounts become available, in accordance with the modified accrual basis of accounting.

Fund equity and net position: In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net investment in capital assets: The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (net of unspent bond proceeds) of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

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

Unrestricted net position or (deficit): This category represents the net position of the City, not included in the other two categories, which are not restricted. A deficit will require future funding.

In the fund financial statements, the City reported the following governmental fund balance categories:

Nonspendable fund balance: These amounts cannot be spent because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 1. Summary of Significant Accounting Policies (Continued)

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

Committed fund balance: 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 Common Council and finance department, who have been delegated to assign amounts by the City Charter.

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

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

Other post-employment obligations (OPEB) accounting:

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2007, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation is recorded as a noncurrent liability in the government-wide financial statements.

Funding policy: The City makes annual contributions based on the Common Council's decisions using the actuaries' recommendation. The post-employment benefits are paid from the City's internal service funds.

Note 2. Cash, Cash Equivalents and Investments

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). The investment pool is under 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 Accountants. 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.

The City's MERF Plan has additional commitments to invest in certain alternative investments of approximately \$57 million at June 30, 2016.

Deposits:

City:

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy includes policies on the safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. As of June 30, 2016, \$173.5 of the City's bank balance of \$195.9 was uninsured and uncollateralized.

Hartford Parking Authority:

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority follows the City's deposit policies which include policies on the safety of principal, prudence, and financial dealings with institutions to mitigate custodial credit risk. As of June 30, 2016, \$1,209 of the Authority's bank balance of \$1,959 was uninsured and uncollateralized.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the City consist of the following at June 30, 2016:

Cash and cash equivalents:

Deposits with financial institutions	\$ 190,979
State of Connecticut Short-Term Investment Fund	43,800
Total cash and cash equivalents	<u>234,779</u>

Investments:

Debt Service Fund:

U.S. government agencies	115,803	*
Total debt service fund	<u>115,803</u>	

Non-Major Funds:

U.S. government agencies	295	*
U.S. treasury	140	*
Corporate bonds	1,181	*
Common stock	2,663	*
Mutual funds	1,453	
Common trusts	19,503	
Index funds	260	
Total non-major funds	<u>25,495</u>	

Pension Trust Funds:

U.S. government agencies	45,538	*
U.S. treasury	57,514	*
Corporate bonds	72,467	*
Foreign bonds	1,399	*
Common trusts	101,277	
Alternative investments	227,406	
Common stock	200,763	*
Equity index funds	238,331	
Total pension trust funds	<u>944,695</u>	

Total investments	<u>1,085,993</u>
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Total cash, cash equivalents and investments	<u>\$ 1,320,772</u>
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*These investments are uninsured and registered, with securities held by the counterparty, in the City's or the pension trust's name.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

Statement of net position:	
Cash and cash equivalents	\$ 125,056
Restricted cash	28,035
Investments	25,495
Restricted investments	115,803
Total statement of net position	<u>294,389</u>
Fiduciary Funds	
Cash and cash equivalents	81,688
Investments	944,695
	<u>1,026,383</u>
Total cash, cash equivalents and investments	<u>\$ 1,320,772</u>

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

Foreign currency risk: The MERF Plan's formal investment policy limits at any point in time, the exact level of investment in international equities to between seventeen percent and twenty-one percent of the total MERF portfolio. The Plan's exposure to foreign currency risk related to equities and fixed income securities as of June 30, 2016, is as follows:

	Currency	Fair Value
Fixed income securities:	Canadian dollar	73
	British pound sterling	106
	Singapore dollar	468
	Mexican peso	710
	Indonesian Rupiah	42
Equities:	Euro currency unit	8,866
	British pound sterling	2,628
	Mexican Peso	176
	Canadian dollar	1,123
	Singapore dollar	1,020

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

Summary of Investments and Interest Rate Risk	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Greater Than 10 Years
Foreign bonds	\$ 1,399	\$ 110	\$ 802	\$ 42	\$ 445
U.S. government agencies	161,636	2,383	121,461	13,165	24,627
U.S. treasury	57,654	2,396	11,723	29,526	14,009
Corporate bonds	73,648	2,452	11,553	27,714	31,929
Common trusts	120,780	31,040	24,784	32,810	32,146
Pooled fixed income	43,800	43,800	-	-	-
Total	<u>\$ 458,917</u>	<u>\$ 82,181</u>	<u>\$ 170,323</u>	<u>\$ 103,257</u>	<u>\$ 103,156</u>

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

Actual Rating	Foreign Bonds	U.S. Gov't Agencies	Common Trusts	Corporate Bonds	Pooled Fixed Income
AAA	\$ 73	\$ 1,060	\$ 11,661	\$ 696	\$ -
AAAm	-	-	-	-	43,800
AA+	503	77,629	-	2,653	-
AA	-	1,184	2,428	1,504	-
AA-	-	1,323	1,370	1,345	-
A+	-	1,375	129	1,739	-
A	-	1,690	6,306	3,475	-
A-	-	1,432	2,126	5,298	-
BBB+	-	1,226	4,491	12,621	-
BBB	-	2,827	11,531	6,951	-
BBB-	-	2,775	5,026	5,143	-
BB+	-	1,702	16,196	3,685	-
BB	-	2,349	5,581	7,011	-
BB-	-	2,332	3,874	5,702	-
B+	-	1,692	5,386	5,865	-
B	-	1,238	2,473	4,071	-
B-	-	2,635	3,465	1,775	-
CC	-	1,259	9	952	-
CCC+	-	-	2,398	202	-
CCC	-	-	48	-	-
CCC-	-	-	616	-	-
D	-	-	15	389	-
Unrated	823	55,908	35,651	2,571	-
	<u>\$ 1,399</u>	<u>\$ 161,636</u>	<u>\$ 120,780</u>	<u>\$ 73,648</u>	<u>\$ 43,800</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

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

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.

The following represents the investments in the pension plans that represent more than 5% of the plan's net position as of June 30, 2016:

Prudential Institutional Emerging Market Mutual Fund	\$61,952
Walter Scott & Partners Equity Index Fund	\$57,704

Custodial credit risk: Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's individual investments in 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 are in the City's or Pension Plan's name. The City's other investments are held in common trusts and alternative investments which, because they are evidenced by contracts rather than by securities, are not subject to custodial credit risk determination.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

Fair value: The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2016:

Investment Instruments Measured at Fair Value

	June 30, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
U.S. Treasury	\$ 57,654	\$ 57,654	\$ -	\$ -
Corporate bonds	73,648	-	73,648	-
U.S. government agencies	161,636	-	161,636	-
Foreign Bonds	1,399	-	1,399	-
Common Trusts	120,780		120,780	-
Equity securities:				
Index funds	238,591	260	238,331	-
Mutual funds	1,453	1,453	-	-
Common stock	203,426	203,426	-	-
Total investments by fair value level	858,587	262,793	595,794	-
Investments measured at the net asset value (NAV):				
Equity hedge funds	26,967			
Multi-strategy hedge funds	105,260			
Private Equity	37,718			
Real estate funds	57,461			
Total investments measured at the NAV	227,406			
Total investments	\$ 1,085,993			

Debt and equity securities: 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.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

Investments Measured at the NAV

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured at the NAV:				
Equity hedge funds	\$ 26,967	\$ 3,773	Various	Various
Multi-strategy hedge funds	105,260	15,626	Various	Various
Private Equity	37,718	34,237	*	N/A
Real estate funds	57,461	3,703	*	N/A
Total Investments Measured at the NAV	<u>\$ 227,406</u>			

* Upon sale of investments

Equity long/short hedge funds: This type includes investments in 4 hedge funds that invest both long and short, primarily in U.S. common stocks. Management of each hedge fund has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 15 percent of the value of the investments in this type cannot be redeemed because the investments include restrictions that do not allow for redemption in the first 12 to 18 months after acquisition. The remaining restriction period for these investments ranged from three to seven months at June 30, 2016.

Multi-strategy hedge funds: This type invests in 16 hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in approximately 25 percent U.S. common stocks/debt securities, 25 percent global real estate projects, and 50 percent arbitrage investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments representing approximately 10 percent of the value of the investments in this type cannot be redeemed because the investments include restrictions that do not allow for redemption in the first year after acquisition. The remaining restriction period for these investments ranged from four to six months at June 30, 2016.

Real estate funds: This type includes 8 real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 7 to 10 years. 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.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 2. Cash, Cash Equivalents and Investments (Continued)

Private equity funds: This type includes 6 private equity funds that invest primarily in domestic middle market companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are 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).

Note 3. Receivables

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

	General	Capital Improvement Fund	Community Development Loan and Grant Fund	Educational Grants	Nonmajor and Other Funds	Internal Service Fund	Total Governmental Funds
Receivables:							
Taxes	\$ 54,814	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,814
Accrued interest on taxes	26,520	-	-	-	-	-	26,520
Intergovernmental	5,944	62,751	-	2,311	4,364	-	75,370
Accounts	15,098	-	-	1,519	11,697	1,160	29,474
Housing loans	-	-	69,819	-	-	-	69,819
Section 108-business loans	-	-	-	-	6,865	-	6,865
Gross receivables	<u>102,376</u>	<u>62,751</u>	<u>69,819</u>	<u>3,830</u>	<u>22,926</u>	<u>1,160</u>	<u>262,862</u>
Less:							
Allowance for uncollectibles:							
Taxes	(7,827)	-	-	-	-	-	(7,827)
Accrued interest on taxes	(6,371)	-	-	-	-	-	(6,371)
Intergovernmental	-	(5,677)	-	-	(1,799)	-	(7,476)
Accounts	(6,829)	-	-	(130)	-	-	(6,959)
Housing loans	-	-	(34,618)	-	(3,000)	-	(37,618)
Section 108-business loans	-	-	-	-	-	-	-
Total allowance	<u>(21,027)</u>	<u>(5,677)</u>	<u>(34,618)</u>	<u>(130)</u>	<u>(4,799)</u>	<u>-</u>	<u>(66,251)</u>
Net total receivables	<u>\$ 81,349</u>	<u>\$ 57,074</u>	<u>\$ 35,201</u>	<u>\$ 3,700</u>	<u>\$ 18,127</u>	<u>\$ 1,160</u>	<u>\$ 196,611</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 4. Deferred Inflows of Resources/Unearned Revenue

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

Primary Government	Deferred Inflows	Unearned	Total
General Fund:			
Delinquent property taxes	\$ 46,129	\$ -	\$ 46,129
Accrued interest on delinquent property taxes	20,149	-	20,149
Other receivables	9,440	-	9,440
Capital Improvement Fund:			
Intergovernmental grants receivable and other	41,392	3,740	45,132
Community Development loan and grant housing loans and interest	35,188	-	35,188
Educational grants:			
Intergovernmental grants receivable and other	707	7,273	7,980
Nonmajor and other funds:			
Intergovernmental grants receivable and other	7845	9759	17,604
Total deferred inflows/unearned revenue for governmental funds and/or governmental activities	\$ 160,850	\$ 20,772	\$ 181,622

Note 5. Interfund Receivables, Payables and Transfers

A summary of interfund balances as of June 30, 2016 is presented below:

	Due From Other Funds	Due To Other Funds
Capital improvement	\$ 310	\$ 828
General fund	2,983	-
Debt service fund	828	828
Nonmajor governmental and other funds	-	4,870
	\$ 4,121	\$ 6,526

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 scheduled to be collected in the subsequent year.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 5. Interfund Receivables, Payables and Transfers (Continued)

A summary of interfund transfers is presented below:

	Transfers From Other Funds	Transfers To Other Funds
General fund	\$ 5,438	\$ 13,059
Debt service fund	9,302	1,706
Capital improvement fund	2,531	-
Educational grants	2,027	-
Nonmajor and other funds	2,981	6,206
Hartford parking facilities	987	2,295
Total	<u>\$ 23,266</u>	<u>\$ 23,266</u>

Transfers from the General Fund to the Debt Service Fund represent the City's payment toward debt service on bonds outstanding. Transfers from the Hartford Parking Facilities enterprise fund to the General Fund represents a portion of net activity derived from the City's parking facilities. Transfers from the Nonmajor Governmental Funds to the General Fund primarily include net income derived from the City's police private duty services program. Transfers from Nonmajor Governmental Funds to the Educational Grants Fund represent monies collected on behalf of the Educational Grants Fund. Transfers to the Capital Improvement Fund are for projects not paid for with bond proceeds.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 63,210	\$ 12	\$ (1,143)	\$ 360	\$ 62,439
Construction in progress	255,674	69,120	-	(16,300)	308,494
Total capital assets, not being depreciated	318,884	69,132	(1,143)	(15,940)	370,933
Capital assets, being depreciated:					
Land improvements	35,053	668	-	7,309	43,030
Buildings	1,254,626	1,985	(1,006)	6,158	1,261,763
Other structures	38,090	326	-	666	39,082
Furniture and equipment	48,948	839	(378)	-	49,409
Rolling equipment	44,505	4,969	(21)	-	49,453
Infrastructure	473,167	4,777	-	1,807	479,751
Total capital assets being depreciated	1,894,389	13,564	(1,405)	15,940	1,922,488
Less accumulated depreciation for:					
Land improvements	(19,974)	(794)	-	-	(20,768)
Buildings	(368,207)	(29,192)	485	-	(396,914)
Other structures	(16,412)	(423)	-	-	(16,835)
Furniture and equipment	(44,065)	(1,040)	158	-	(44,947)
Rolling equipment	(28,965)	(3,111)	-	-	(32,076)
Infrastructure	(262,751)	(6,322)	-	-	(269,073)
Total accumulated depreciation	(740,374)	(40,882)	643	-	(780,613)
Total capital assets, being depreciated, net	1,154,015	(27,318)	(762)	15,940	1,141,875
Governmental activities capital assets, net	\$ 1,472,899	\$ 41,814	\$ (1,905)	\$ -	\$ 1,512,808

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 6. Capital Assets (Continued)

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 6,087	\$ -	\$ -	\$ -	\$ 6,087
Construction in progress	8,158	53,057	-	-	61,215
Total capital assets, not being depreciated	14,245	53,057	-	-	\$ 67,302
Capital assets, being depreciated:					
Land improvements	29	-	-	-	29
Buildings and improvements	543	-	99	-	642
Parking garages	20,686	-	-	-	20,686
Other structures	3,202	479	-	-	3,681
Furniture, fixtures and equipment	585	56	-	-	641
Total capital assets, being depreciated	25,045	535	99	-	25,679
Less accumulated depreciation for:					
Land improvements	(14)	(2)	-	-	(16)
Buildings and improvements	(347)	(483)	(67)	-	(897)
Parking garages	(9,112)	(287)	-	-	(9,399)
Other structures	(2,076)	(79)	-	-	(2,155)
Furniture, fixtures and equipment	(297)	(1)	-	-	(298)
Total accumulated depreciation	(11,846)	(852)	(67)	-	(12,765)
Total capital assets, being depreciated, net	13,199	(317)	32	-	12,914
Business-type activities capital assets, net	\$ 27,444	\$ 52,740	\$ 32	\$ -	\$ 80,216

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

Governmental activities:	
General government	\$ 6,197
Public safety	3,532
Public works	18,744
Development and community affairs	273
Education	11,897
Recreation and culture	239
Total depreciation expense – governmental activities	<u>\$ 40,882</u>
Business-type activities:	
Golf Course	\$ 91
Hartford parking facilities	761
Total depreciation expense – business-type activities	<u>\$ 852</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 6. Capital Assets (Continued)

Construction commitments: The City has various authorized construction projects in the Capital Improvement Fund as of June 30, 2016. The projects include building construction and facility improvements, land and structure improvements to parks and cultural facilities, transportation improvement projects, and other capital improvement projects. At year-end, the City had outstanding commitments of approximately \$308.4 million. The commitments are being financed with general obligation bonds and state and federal grants.

Note 7. Leases

Operating leases:

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

The total rental income from operating leases during 2016 amounted to \$2.3 million. The cost of the buildings and land associated with these rental income amounts is estimated at \$115.8 million with a carrying value of \$94.5 million. Depreciation expense related to these properties was \$1.8 million during the year.

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

2017	\$	1,377
2018		-

In addition to the base rent of \$1,377, the City pays a proportionate share of the landlord's operating expenses and real estate taxes. During the fiscal year ended June 30, 2016, base rent and additional rent amounted to \$1.4 million.

The City also has various other lease agreements relating to administrative buildings and parking lots. The table below represents all other future lease obligations:

2017	\$	4,957
2018		2,217
2019		1,096
Thereafter		1,057

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities

Governmental activities:

Changes in long-term liabilities: Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 512,885	\$ 227,606	\$ (57,315)	\$ 683,176	\$ 34,909
Bond anticipation notes	50,000	-	(50,000)	-	-
Premium on bonds	50,970	19,358	(5,434)	64,894	-
Total bonds payable	613,855	246,964	(112,749)	748,070	34,909
Other long-term liabilities:					
Compensated absences	38,107	7,788	(11,225)	34,670	-
HUD Section 108 loans	7,420	-	(555)	6,865	350
Capital leases	9,556	-	(2,112)	7,444	893
CWF Serial Note	1,232	-	(92)	1,140	-
Net OPEB obligation	81,025	-	(9,056)	71,969	-
Net pension liability - MERS	12,675	4,194	-	16,869	-
Net pension liability - MERF	310,401	79,603	-	390,004	-
Net pension liability - 415(m)	273	7	-	280	-
Net pension liability - RAF/PBF/FRF	5,994	-	(1,143)	4,851	-
Claim and other	1,600	3,400	-	5,000	-
Risk management claims	29,446	110,172	(106,218)	33,400	21,103
Total other long-term liabilities	497,729	205,164	(130,401)	572,492	22,346
Total governmental activities long-term liabilities	\$ 1,111,584	\$ 452,128	\$ (243,150)	\$ 1,320,562	\$ 57,255

2013 general obligation refunding bonds: On April 11, 2013, the City issued \$124,605 of general obligation refunding bonds with interest rates ranging from 2.5% to 5.0%. Of the net proceeds of \$140,177 (after payment of \$956 in underwriters fees and other costs), \$139,221 was placed in an irrevocable trust fund under an Escrow Agreement dated April 11, 2013 between the City and the Escrow Holder. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations") and other Government Agencies. This transaction qualifies as a statutory defeasance of debt, however, it does not meet the generally accepted accounting principal definition of an in-substance defeasement due to the portfolio consisting of mostly Government Agency Securities. As such, the general obligation bonds remain in long-term debt. The bonds were issued with the intent to refund several issuances ranging from 2004-2012. The balance in the escrow fund was approximately \$62,858,200 at June 30, 2016 and is restricted as it is to be used to pay down the bonds.

2014 general obligation refunding bonds: On November 18, 2014, the City issued \$36,385 of general obligation refunding bonds with interest rates ranging from 2.0% to 5.0%. Of the net proceeds of \$40,529 (after payment of \$360 in underwriters fees and other costs), \$40,169 was placed in an irrevocable trust fund under an Escrow Agreement dated November 18, 2014 between the City and the Escrow Holder. These bonds advance refunded all or any portion of the aggregate principal amounts outstanding of certain of the City's outstanding general obligation bonds totaling \$35,900. The bonds mature through 2021, with interest from 1.0% to 5.0%. The transaction produced a present value gain of \$1,334 and a cash savings of \$1,487.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

2015 general obligation bonds: On October 7, 2015, the City issued \$125,000 of general obligation bonds. The bonds mature through 2035, with interest from 3.0% to 5.0%.

2015 general obligation refunding bonds: On July 8, 2015, the City issued \$78,060 of general obligation refunding bonds with interest rates ranging from 3.0% to 5.0%. Of the net proceeds of \$83,603 (after payment of \$976 in underwriters fees and other costs), \$82,627 was placed in an irrevocable trust fund under an Escrow Agreement dated July 8, 2015 between the City and the Escrow Holder. The transaction produced a present value loss of \$6,346. The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations") and other Government Agencies. This transaction qualifies as a statutory defeasance of debt, however, it does not meet the generally accepted accounting principal definition of an in-substance defeasement due to the portfolio consisting of mostly Government Agency Securities. As such, the general obligation bonds remain in long-term debt. The balance in the escrow fund was approximately \$64,534 at June 30, 2016 and is restricted as it is to be used to pay down the bonds.

2016 general obligation refunding bonds: On April 28, 2016, the City issued \$26,805 of general obligation refunding bonds with interest rates ranging from 2.0% to 5.0%. Of the net proceeds of \$30,657 (after payment of \$460 in underwriters fees and other costs), \$30,197 was placed in an irrevocable trust fund under an Escrow Agreement dated April 28, 2016 between the City and the Escrow Holder. These bonds advance refunded all or any portion of the aggregate principal amounts outstanding of certain of the City's outstanding general obligation bonds totaling \$24,546, with the remaining \$2,259 within the Hartford Parking Facilities fund. The bonds mature through 2034, with interest from 3.0% to 5.0%. The transaction produced a present value gain of \$509 and cash savings of \$719.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

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

Date of Issue	Interest Rate (%)	Original Amounts	Maturity Dates	Annual Payment	Balance June 30, 2016
June 2005	4.50-5.00	\$ 29,510	2020	1,050-3,600	\$ 12,430
June 2005	3.00-5.00	32,300	2024	1,700	15,300
June 2006	4.00-5.00	70,000	2025	3,685	36,850
June 2007	4.00-5.25	70,000	2026	3,680-3,685	8,305
February 2009	2.50-5.00	40,225	2022	2,115-2,120	27,505
September 2009	2.00-5.00	12,150	2018	1,325-1,435	3,975
April 2010	2.00-4.30	14,000	2029	735-740	10,300
April 2011	3.00-5.25	25,000	2024	1300-1325	9,200
April 2012	2.00-5.00	50,000	2032	2,500	35,000
April 2012	2.00-5.00	21,280	2023	100-1,895	14,595
April 2013	4.00-5.00	48,160	2033	1,800-3,825	46,360
March 2013	4.00-5.00	124,605	2032	4,960-10,420	119,645
March 2013	2.66	10,250	2024	1,020-1,265	-
November 2014	2.00-5.00	36,385	2026	1,230-3,670	82,000
October 2014	3.00-5.00	82,000	2034	2,690-6,355	34,105
July 2015	3.00-5.00	20,845	2030	1210-5395	57,215
July 2015	4.00-5.00	57,215	2034	325-6485	20,845
October 2015	3.00-5.00	125,000	2035	4560-9765	125,000
April 2016	2.00-5.00	26,805	2029	1320-3930	24,546
					<u>\$ 683,176</u>

The annual requirements to amortize all bonded debt outstanding as of June 30, 2016 are as follows:

<u>Year Ended June 30,</u>	Principal	Interest	Total
2017	\$ 34,909	\$ 34,623	\$ 69,532
2018	34,251	31,878	66,129
2019	41,136	30,061	71,197
2020	39,933	27,968	67,901
2021	39,848	25,863	65,711
2022-2026	202,870	97,138	300,008
2027-2031	177,039	38,923	215,962
2032-2036	113,190	5,954	119,144
	<u>\$ 683,176</u>	<u>\$ 292,408</u>	<u>\$ 975,584</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

Clean Water Fund - serial notes payable: The City has entered into a Clean Water Fund serial note payable to the State of Connecticut as part of a tower brook conduit extension project administered by the Metropolitan District. Principal in the amount of \$91,778 and interest in the amount of \$23,805 was paid in the 2015-16 fiscal year. Future annual requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 94	\$ 22	\$ 116
2018	96	20	116
2019	97	18	115
2020	99	16	115
2021	101	14	115
2022-2026	539	40	579
2027-2031	114	1	115
	<u>\$ 1,140</u>	<u>\$ 131</u>	<u>\$ 1,271</u>

The City's indebtedness (\$859 million) does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 602,876	\$ 497,573	\$ 105,303
Schools	1,205,753	172,527	1,033,226
Sewer	1,004,794	189,343	815,451
Urban renewal	870,821	-	870,821
Pension deficit	803,835	-	803,835

The total overall statutory debt limitation for the City is equal to seven times annual receipts from taxation (\$1,875 million).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued. School building grants totaling \$15.3 million are applicable to outstanding bond issues.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

Housing and Urban Development (HUD) Section 108 loans and subsequent event: The future annual requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 565	\$ 187	\$ 752
2018	350	177	527
2019	350	171	521
2020	350	165	515
2021	350	157	507
2022-2026	1,750	643	2,393
2027-2031	1,750	357	2,107
2032-2036	1,400	-	1,400
	<u>\$ 6,865</u>	<u>\$ 1,857</u>	<u>\$ 8,722</u>

Capital leases: The City has entered into multi-year capital leases for the purchase of various vehicles and equipment. Principal payments for 2016 were \$2,112. The following is a summary of capital lease commitments as of June 30, 2016:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017	\$ 2,281
2018	1,828
2019	1,375
2020	1,092
2021	893
Thereafter	361
Total lease payments	7,830
Less: amount representing interest	(386)
Present value of minimum lease payments	<u>\$ 7,444</u>

The City issues capital lease financing agreements to purchase vehicle and equipment capital assets. The net undepreciated book value of \$5.942 million is less than the principal balance payable of \$7.4 million due to amounts held in escrow at June 30, 2016.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

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

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

	June 30, 2016
<u>Board of Education</u>	
Sick	\$ 12,866
Vacation	2,330
<u>City</u>	
Sick	13,714
Vacation	5,760
Total	<u>\$ 34,670</u>

Business-type activities:

Changes in long-term liabilities: Long-term liabilities for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 3,970	\$ 2,259	\$ (3,150)	\$ 3,079	\$ 391
Lease revenue bonds	62,450	6,195	-	68,645	1,230
Premium on bonds	922	-	(52)	870	-
Total bonds payable	<u>\$ 67,342</u>	<u>\$ 8,454</u>	<u>\$ (3,202)</u>	<u>\$ 72,594</u>	<u>\$ 1,621</u>

The annual requirements to amortize all general obligation and lease revenue bonded debt outstanding as of June 30, 2016 are as follows:

<u>Year Ended June 30,</u>	Principal	Interest	Total
2017	\$ 1,621	\$ 3,137	\$ 4,758
2018	1,869	3,286	5,155
2019	1,969	3,207	5,176
2020	1,687	3,127	4,814
2021	1,772	3,044	4,816
2022-2026	10,630	13,861	24,491
2027-2031	12,766	11,164	23,930
2032-2036	15,450	7,777	23,227
2037-2041	19,515	3,703	23,218
2042-2046	4,445	200	4,645
	<u>\$ 71,724</u>	<u>\$ 52,506</u>	<u>\$ 124,230</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 8. Long-Term Liabilities (Continued)

Parking facility bonds and Stadium Lease revenue bonds are recorded in the business-type activities consist of the following:

Garage - GO Refunding bonds issued 2005; final maturity August 1, 2018; interest at 3.0% to 5.5%	\$ 820
Garage - GO Refunding bonds issued 2015; final maturity July 1, 2030; interest at 3.0% to 5.0%	2,259
Stadium - Lease revenue bonds issued 2015; final maturity February 1, 2025; interest at 3.0% to 5.0%	39,055
Stadium - Lease revenue bonds issued 2015; final maturity February 1, 2042; interest at 5.625%	23,395
Stadium - Lease revenue bonds issued 2016; final maturity February 1, 2042; interest at 2.25% to 3.0%	6,195
	<u>\$ 71,724</u>

The City issued \$6,195 lease revenue bonds in the current year.

Bond anticipation notes: Bond anticipation notes activity was as follows:

Beginning balance, July 1, 2015	\$ 50,000
Issuances	-
Retired/Matured	(50,000)
Ending balance, June 30, 2016	<u>\$ -</u>

Note 9. Deficit Fund Equity

Nonmajor funds:	
Miscellaneous grants	\$ 2,529
Health grants	105
Capital lease	3,608
Internal service funds:	
Workers' compensation	17,256
Liability and property damage	4,769
Enterprise funds:	
Hartford Stadium Authority	1,108

The City anticipates financing the vehicle equipment and technology and capital lease deficits through future operations and lease proceeds. The Internal Service Funds deficit will be covered through future charges for services from the General Fund, with the deficits being eliminated in the next five years. The Capital Improvement Fund and 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.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 10. Risk Management

The City has established a risk management program to account for and finance its uninsured risks 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 million self-insurance retention for workers' compensation claims for the City (\$1 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 self-insured retention and public officials' liability in excess of a \$500,000 deductible. All City property is insured for fire and extended coverage with a \$100,000 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.

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, an amount to cover incurred but not reported claims and administrative expenses. The claims liability of \$30,400 million, reported in the fund at June 30, 2016, 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 2016 and 2015 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Fiscal Year Liability
Self-Insurance Fund:				
2014-2015	\$ 26,859	\$ 99,506	\$ 96,919	\$ 29,446
2015-2016	29,446	110,172	106,218	33,400

Note 11. Commitments and Contingencies

Contractual commitments: On November 20, 2012, the City entered into a service agreement with the Connecticut Resources Recovery Authority (CRRA) for which there is an estimated service fee of \$2.1 million per year for five years of solid waste for processing. The service fee is subject to annual revision based on the net cost of operating the facility. The service agreement expires in 2017.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 11. Commitments and Contingencies (Continued)

Contingencies: The City, its officers and employees, are defendants in numerous lawsuits. The City is insured for damages (see Note 10). Judgments or settlements for less than the deductible are paid from the General Fund. Corporation Counsel expects that none of the cases currently in litigation, if adversely decided, would have a negative impact on the finances of the City. The City has recorded \$2 million in the government-wide financial statements to cover probable claims.

Note 12. Other Postemployment Benefits

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

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

The following is the current census of City benefit participants as of July 1, 2013:

	City (not rounded)	Board of Education (not rounded)
Active members	1,551	3,186
Retirees	1,301	499
Total	2,852	3,685

Postemployment retiree benefit payments for the year ended June 30, 2016, net of retiree and other contributions, amounted to \$33,683.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 12. Other Postemployment Benefits (Continued)

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

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

	Other Post- Employment Benefits (OPEB)
Annual required contribution (ARC)	\$ 24,394
Interest on net OPEB obligation	3,646
Adjustment for Net OPEB obligation	(3,413)
Annual OPEB cost	24,627
Contributions made	(33,683)
Decrease in net OPEB obligation	(9,056)
Net OPEB obligation, beginning of year	81,025
Net OPEB obligation, end of year	\$ 71,969

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal years ended June 30, 2014, 2015 and 2016 is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/14	\$ 20,144	\$ 11,650	57.8%	\$ 81,025
6/30/15	21,128	12,995	61.5%	81,025
6/30/16	24,394	33,683	138.1%	71,969

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 12. Other Postemployment Benefits (Continued)

Actuarial Assumptions - OPEB

Valuation date	July 1, 2013
Actuarial cost method	Projected unit credit
Asset valuation method	N/A
Amortization method	Level percent, closed
Remaining amortization period	Open 30 year period
Actuarial assumptions	
Discount rate	4.5% per annum
Projected salary increase	3.0%
Inflation rate	3.5%
Drug and medical cost trend rate	7.0% graded to 5.0% over 9 years
Administrative fee trend rate	4.0%
Dental trend rate	5.0%

The schedule of funding progress is as follows:

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 17,868	\$ 313,061	\$ 295,193	6.0%	N/A	N/A

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

Note 13. Employee Retirement Systems and Pension Plans

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

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

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

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Connecticut Municipal Employees' Retirement System:

Plan description: Certain employees of the City participate in a cost-sharing multiple-employer defined benefit pension plan administered by the State of Connecticut Municipal Employees' Retirement System (MERS). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at www.ct.gov.

Benefit provisions: Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

Average final compensation: Average of the three highest paid years of service.

Normal form of benefit: Life annuity.

Service retirement allowance:

Condition for allowance: Age 55 and 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Compulsory retirement at age 65 for police and fire members.

Amount of allowance: For members not covered by Social Security: 2% of average final compensation times years of service. For members covered by Social Security: 1-1/2% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include Workers Compensation and Social Security benefits. If any member covered by Social Security retires before age 62, his/her benefit until he/she reaches age 62 or receives a Social Security disability award is computed as if he/she were not under Social Security.

Disability retirement allowance:

Condition for allowance: 10 years of service and permanently and totally disabled from engaging in any gainful employment in the service of the Municipality.

Amount of allowance: Calculated as a service retirement allowance based on compensation and service to the date of the disability.

Service connected disability:

Condition for allowance: Totally and permanently disabled from engaging in any gainful employment in the service of the Municipality provided such disability has arisen out of and in the course of his/her employment with the Municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty.

Amount of allowance: 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 the disability.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Vesting retirement allowance:

Condition for allowance: 5 years of continuous or 15 years of active aggregate service.

Amount of allowance: Calculated as a service retirement allowance on the basis of average final compensation and service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Death benefit:

Condition for benefit: Eligible for service, disability retirement, or vested allowance, and married for at least 12 months preceding death.

Amount of benefit: Computed on the basis of the member's average final compensation 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 the reduced 50% joint and survivor allowance.

Return of deductions: Upon the withdrawal of a member the amount of their accumulated deductions is payable to him/her on demand, with 5% interest from July 1, 1983.

Optional benefits: Prior to the retirement, a member may elect to convert his retirement allowance into a benefit of equivalent actuarial value in accordance with one of the optional forms described below: 1. A reduced retirement allowance payable during his life with the provision that after his death the beneficiary designated by him at the time of his retirement; or 2. A reduced retirement allowance payable during his life with the provision that after his death an allowance of one half of his reduced allowance will be continued for life to the beneficiary designated by him at the time of his retirement; 3. A reduced retirement allowance payable during his life with a guarantee of 120 or 240 monthly payments to the member or his designated beneficiary.

Cost-of-living adjustment: For those retired prior to January 1, 2002: (i) the benefits of disabled retirees, service retirees who have reached age 65, and beneficiaries of deceased retirees who would have reached age 65 are adjusted each July 1. The difference between the actual annual yield of the actuarial value of assets on a calendar year basis to a 6% yield is calculated. This difference is the adjustment applied the following July 1. The minimum adjustment is 3% and the maximum is 5%. (ii) The benefits for all others on the roll are adjusted on January 1, 2002 and on each subsequent July 1. The amount of each adjustment is 2.5%. For those retiring in or after January 1, 2002, benefits are adjusted each July 1.

The adjustment is 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

Contributions - by members: For members not covered by Social Security: 5% of compensation. For members covered by the Social Security: 2-1/4% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Contributions - by municipalities: Participating Municipalities 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 the system not met by member contributions.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Assumptions: The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date:	7/1/2015
Actuarial cost method:	Entry Age Normal
Amortization method:	Level dollar, closed
Remaining amortization period:	27 years
Asset valuation method:	5-year smoothed market with 20% recognition of investment gains and losses
Investment rate return*:	8.00%, net of investment related expense
Projected salary increases*:	4.25-11.00%

Social Security Wage Base:	3.50%
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* Includes inflation at 3.25%

Mortality	The RP2000 Mortality Table for Annuitants and Non-Annuitants (set forward one year for males and set back one year for females). For disabled retirees, the same table is used, adjusted with the male table set forward five years and the female table set forward one year
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Summary of significant accounting policies: The schedules of employer allocations, schedules of pension amounts by employer and schedules of sensitivity analysis and deferred inflow amounts by employer (the Schedules) are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Contributions from employers are recognized when legally due, based upon statutory requirements.

Payable to MERS: The City has recorded \$3,000 as a long-term payable (claims and other) to MERS at June 30, 2016. This amount represents prior service costs when the City entered the Plan.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

The long-term expected rate of return: the long-term expected rate of return on pension plan investments was determined using a lognormal 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 most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan. The annual money weighted rate of return net of investment expenses measured on monthly inputs was 7.32%.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large cap U.S. equities	16.00%	5.80%
Developed non- U.S. equities	14.00%	6.60%
Emerging markets (non- U.S.)	7.00%	8.30%
Core fixed income	8.00%	1.30%
Inflation linked bond fund	5.00%	1.00%
Emerging market bond	8.00%	3.70%
High yield bonds	14.00%	3.90%
Real estate	7.00%	5.10%
Private equity	10.00%	7.60%
Alternative investments	8.00%	4.10%
Liquidity fund	3.00%	0.40%
	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.00 percent. 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 rates in 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 following presents the net pension liability of the System, calculated using the discount rate of 8.00 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate (\$ thousands):

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Net pension liability	\$ 30,370	\$ 16,869	\$ 5,431

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources: At June 30, 2016, the City reported a liability of \$16,869 for its proportionate share of the net pension liability related to its participation in MERS. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014.. The City's proportion of the net pension liability was based on its share of contributions to the MERS for fiscal year 2015 relative to the total contributions of all participating employers for that fiscal year. At June 30, 2015, the City's proportion was 12.38%. The increase in the City's proportion from June 30, 2015 was .06%

For the year ended June 30, 2016, the City recognized pension expense of \$3,119. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to MERS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ (3,043)
City contributions made subsequent to the measurement date	1,280	-
Total	<u>\$ 1,280</u>	<u>\$ (3,043)</u>

\$1,280 reported as deferred outflows of resources related to pensions resulting from the City's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,

2017	\$ 1,015
2018	1,015
2019	1,013
Total	<u>\$ 3,043</u>

Connecticut State Teachers' Retirement System:

All certified personnel participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. These employees are eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are serviced in the public schools of Connecticut.

Description of system: Eligible employees within the City's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the System) is a cost sharing multiple employer defined benefit pension system with a special funding situation. As such, the City does not have a liability.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

The System is considered a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained at www.ct.gov.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Summary of significant accounting policies: For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$38,781,000 as payments made by the State of Connecticut on-behalf of the City. The City does not have any liability for teacher pensions.

Benefits provided: The benefits provided to participants by the System are as follows:

Normal benefit: A member 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 is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

Minimum benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Contribution requirements: The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Employees are required to contribute 6.0% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2015/2016 school year, \$11,508 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the City is \$158,736.

Employers are not required to make contributions to the Plan.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The long-term expected rate of return on pension 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 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 asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap U.S. Equities	21%	7.3%
Developed Non-U.S.	18%	7.5%
Emerging Markets (non-U.S.)	9%	8.6%
Core Fixed Income	7%	1.7%
Inflation Linked Bond Fund	3%	1.0%
Emerging Market Bond	5%	4.8%
High Yield Bonds	5%	3.7%
Real Estate	7%	1.3%
Private Equity	11%	0.7%
Alternative Investments	8%	5.9%
Cash	6%	10.9%
	<u>100%</u>	

Discount rate: The discount rate used to measure the total pension liability was 8.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Sensitivity of the proportionate share of the net pension liability (NPL) to changes in the discount rate: The following presents the State's proportionate share of the net pension liability associated with the City, calculated using the discount rate of 8.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.50 percent) or 1-percentage-point higher (9.50 percent) than the current rate.

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
State's proportionate share of the NPL associated with the City	\$ 548,753	\$ 435,145	\$ 338,577

Pension liabilities, pension expense, and deferred inflows/outflows of resources: The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the City. The portion of the State net pension liability that was associated with the City was \$435,145 and 100% of the collective net pension liability is allocated to the State. The City has no proportionate share of the liability.

The net pension liability was measured as of June 30, 2015, which was rolled forward from a June 30, 2014 actuarial valuation.

The City recognized the total pension expense associated with the City as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the City. For the fiscal year ended June 30, 2016, the City recognized \$34,866 as the amount expended by the State on behalf of the City to meet the State's funding requirements in the statement of activities.

Other information: Additional information is included in the required supplementary section of the financial statements.

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

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

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

As of the actuarial valuation date, July 1, 2014, City MERF membership consisted of:

	<i>(not rounded)</i>
Retirees and beneficiaries currently receiving benefits	2,966
Terminated employees entitled to benefits but not yet receiving them	173
Active plan members	2,370
Total	5,509

Summary of significant accounting policies, plan changes and plan asset matters:

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

Governmental funds and governmental activities: In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plans and additions to/deductions from the Retirement Plans' fiduciary net position have been determined on the same basis as they are reported by the Retirement Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

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

Benefits provided: The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions that were projected forward to the measurement date of June 30, 2016:

Actuarial method used:	Entry age normal cost method
Mortality basis:	For Police, Fire, Board of Education Corridor Supervisors and Building and Grounds Supervisors:
	• Pre-retirement: RP2000 Employees Table – male and female rates, projected by Scale MP to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. • Post-retirement: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale MP to valuation date with occupational (i.e., non-office worker, blue collar) adjustment. No adjustment reflected for assumed future beneficiaries. • Disability: RP2000 Disabled Table – male and female rates.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

For all other groups:

- **Pre-retirement:** RP2000 Employees Table – male and female rates, set forward one year, projected by Scale MP to valuation date with no adjustment.
- **Post-retirement:** RP2000 Healthy Annuitants Table – male and female rates, set forward one year, projected by Scale MP to valuation date with no adjustment.
- **Disability:** RP2000 Disabled Table – male and female rates.

Mortality improvement: Pre and post-retirement: projected to date of decrement using Scale MP (generational mortality).

Investment return: 7.75% per year, net of investment expenses. (Prior valuation: 7.75%)

Salary scale: 3% for inflationary salary increases plus a percentage for promotion or merit increases as follows:

Yearly Rates of Increases for Promotion or Merit

<u>Age</u>	<u>Police</u>	<u>Fire</u>	<u>Bd of Ed</u>	<u>Munic. Svc. & Lib.</u>
25	6.60%	4.5%	4.40%	6.40%
30	4.80%	2.63%	3.70%	4.78%
35	2.65%	1.25%	3.35%	2.75%
40	1.45%	0.85%	2.50%	2.21%
45	1.10%	0.75%	1.40%	2.00%
50	1.00%	0.75%	0.85%	1.55%
55+	1.00%	0.75%	0.75%	1.25%

Salaries are adjusted for groups in negotiations by 3% per year for the period of each open contract, and non-bargaining groups by 3% per year for one full fiscal year from the measurement date. Any wage increases negotiated beyond the valuation date have been reflected in our projections.*

* The following groups have future salary increases that have been negotiated and are reflected in this valuation:

Firefighters
Police
Corridor Supervisors
CHPEA

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: 43%; Post 7/1/1999 hires: 19% for employees remaining in the pre-2013 plan; 25% for employees moving to the 7/1/2013 plan. Disability: None.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Retirement rates:	Police: 100% retire at age 65, 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 70.
Disability:	Benefits were explicitly valued using the DP85 Class 1 male and female disability incidence rate table increased 150% for the police, 250% for fire, 10% for board of education and 10% for municipal services and library groups.
Social Security:	Future tax wage bases are developed by projecting the 2014 base of \$118,500 forward at 4% per year.

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. The contribution is calculated as the normal cost under the projected unit credit funding method, plus an amortization of the plan's unfunded liability over 15 years from July 1, 2015, as a level percentage of pay.

Net pension liability: The components of the net pension liability of the City at June 30, 2016 were as follows:

MERF	
Net Pension Liability	2016
Total pension liability	\$ 1,389,617
Plan fiduciary net position	999,613
Net pension liability	<u>\$ 390,004</u>
Plan fiduciary net position as a percentage of total pension liability	71.93%

Money-weighted rate of return: For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was .86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments: 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.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Assumed rate of return: 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 are developed. Best estimates of the real rates of returns for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2015, and the final investment return assumption, are summarized in the following table:

Asset Class	Long-Term Expected		
	Pension Funds Allocation %	Real Return - Portfolio	Weighted
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%	6.25%	0.38%
Core bonds	5.00%	1.21%	0.06%
High-yield bonds	4.00%	2.75%	0.11%
Unconstrained fixed income	5.00%	-0.25%	-0.01%
EMD (external)	3.00%	3.75%	0.11%
EMD (local currency)	3.00%	4.00%	0.12%
Global TIPS	4.00%	1.25%	0.05%
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%	3.25%	0.26%
Hedge funds	10.00%	3.75%	0.38%
Global asset allocation	7.00%	3.61%	0.25%
Private real assets	3.00%	2.75%	0.08%
Cash	1.50%	0.50%	0.01%
Total weighted average real return			3.64%
Long-term inflation expectation			3.25%
Long-term expected normal return			6.89%

Discount Rate Calculation: 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. Professional judgment should be applied to the projections of contributions in circumstances where (a) contributions amounts are established by statute or contract or (b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments and administrative expenses.

Plans that are projected to have sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 7.75% interest rate assumption to discount the plan liabilities.

Discount rate: The discount rate used to measure the total pension liability was 7.75%. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity analysis: The following table presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate.

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net pension liability	\$ 540,952	\$ 390,004	\$ 263,105

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 1,348,595	\$ 1,038,194	\$ 310,401
Changes for the year:			
Service cost	21,995	-	21,995
Interest	102,350	-	102,350
Differences between expected and actual experience	18,454	-	18,454
Contributions - employer	-	43,891	(43,891)
Contributions - member	-	13,042	(13,042)
Net investment income (including investment expenses)	-	8,697	(8,697)
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(101,778)	(101,778)	-
Administrative expense	-	(2,434)	2,434
Net changes	41,021	(38,582)	79,603
Balances at June 30, 2016	\$ 1,389,616	\$ 999,612	\$ 390,004

For the year ended June 30, 2016, the City recognized pension expense of \$67,065. As of June 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions in the statement of net position from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,353	\$ (6,947)
Changes of assumptions	12,533	-
Net difference between projected and actual earnings on pension plan investments	91,884	-
Total	\$ 118,770	\$ (6,947)

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

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

Year Ended June 30,

2017	\$	31,991
2018		31,991
2019		31,797
2020		16,044
Total	\$	<u>111,823</u>

RAF/PBF/FRF Plan:

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

There are eighty-seven 87 (not rounded) retirees covered by this plan as of the actuarial valuation dated July 1, 2014.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, that was projected forward to the measurement date of June 30, 2016:

Investment rate of return:	3.80%
Inflation:	3.0%
Mortality basis:	Police/Fire: RP2000 Healthy Annuitants Table – male and female rates, projected by a Scale MP to valuation date with occupational adjustment. For all other groups: RP2000 Healthy Annuitants Table – male and female rates, projected by Scale MP to valuation date with no adjustment.
Survivor's benefits:	The actuarial liability and projected pension payments include provision for these benefit 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. For RAF, the table of projected annual benefits makes no provision for future escalation.

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

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

Net pension liability of the city: The components of the net pension liability of the City at June 30, 2016 were as follows:

RAF/PBF/FRF	
Net Pension Liability	2016
Total pension liability	\$ 4,851
Plan fiduciary net position	-
Net pension liability	<u>\$ 4,851</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 5,994	\$ -	\$ 5,994
Changes for the year:			
Service cost	-	-	-
Interest	228	-	228
Differences between expected and actual experience	(1,124)	-	(1,124)
Contributions - employer	-	660	(660)
Contributions - member	-	-	-
Net investment income (including investment expenses)	-	-	-
Changes of assumptions	413	-	413
Benefit payments, including refunds of employee contributions	(660)	(660)	-
Administrative expense	-	-	-
Net changes	<u>(1,143)</u>	<u>-</u>	<u>(1,143)</u>
Balances at June 30, 2016	<u>\$ 4,851</u>	<u>\$ -</u>	<u>\$ 4,851</u>

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Sensitivity analysis: The following table presents the net pension liability of the City, calculated using the discount rate of 2.60%, 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 (1.60%) or 1 percentage point higher (3.60%) than the current rate.

	1% Decrease 1.60%	Current Discount Rate 2.60%	1% Increase 3.60%
Net pension liability	\$ 5,262	\$ 4,851	\$ 4,502

City of Hartford 415 (m) Fund:

Plan description: This plan currently covers nine (9) retirees and no active employees as of June 30, 2016, and is administered by the City. This unfunded plan is an excess benefit plan and was adopted by the Common Council on March 24, 1997. The plan was established to fund that portion of certain retirees' pension benefits that exceed the limits permitted under Section 415 of the Federal Internal Revenue Code (IRC).

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions that were projected forward to the measurement date of June 30, 2016:

Investment rate of return:	3.80%
Inflation:	3.0%
Mortality basis:	RP2000 Healthy Annuitants Table – male and female rates.
Mortality improvement:	Projected to date of decrement using Scale AA (generational mortality).
Investment return:	3.75% per year, net of investment expenses.
Assumed retirement:	Immediate as all are retired.
Escalation:	3% per year.

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

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Net pension liability of the city: The components of the net pension liability of the City at June 30, 2016 were as follows:

415(m)	
Net Pension Liability	2016
Total pension liability	\$ 280
Plan fiduciary net position	-
Net pension liability	\$ 280
Plan fiduciary net position as a percentage of total pension liability	0.00%

	Changes in the Net Pension Liability		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 273	\$ -	\$ 273
Changes for the year:			
Service cost	-	-	-
Interest	9	-	9
Differences between expected and actual experience	66	-	66
Contributions - employer	-	79	(79)
Contributions - member	-	-	-
Net investment income (including investment expenses)	-	-	-
Changes of assumptions	11	-	11
Benefit payments, including refunds of employee contributions	(79)	(79)	-
Administrative expense	-	-	-
Net changes	7	-	7
Balances at June 30, 2016	\$ 280	\$ -	\$ 280

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

Sensitivity analysis: The following table presents the net pension liability of the City, calculated using the discount rate of 2.60%, 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 (1.60%) or 1 percentage point higher (3.60%) than the current rate.

	1% Decrease 1.60%	Current Discount Rate 2.60%	1% Increase 3.60%
Net pension liability	\$ 290	\$ 280	\$ 271

	Municipal Employees' Retirement Fund	RAF/PBF FRF Plan	Total Trust Funds
Assets			
Cash and cash equivalents	\$ 61,512	\$ -	\$ 61,512
Investments:			
U.S. treasury	57,514	-	57,514
Alternative investments	227,406	-	227,406
Common stock	200,763	-	200,763
Equity index funds	238,331	-	238,331
Corporate bonds	72,467	-	72,467
Foreign bonds	1,399	-	1,399
Common trust	101,277	-	101,277
U.S. government agencies	45,538	-	45,538
Due from other funds	-	-	-
Accrued investment earnings	21,799	-	21,799
Total assets	1,028,006	-	1,028,006
Liabilities			
Accounts payable and accrued liabilities	166	-	166
Net settlement due on investments purchased/sold	28,176	-	28,176
Total liabilities	28,342	-	28,342
Net position restricted for pension benefits	\$ 999,664	\$ -	\$ 999,664

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 13. Employee Retirement Systems and Pension Plans (Continued)

	Municipal Employees' Retirement Fund	RAF/PBF/FRF Plan	Total Trust Funds
Additions:			
Contributions:			
Employer - ARC	\$ 43,891	\$ -	\$ 43,891
Employer - other	-	660	660
Plan members	13,042	-	13,042
Total contributions	56,933	660	57,593
Investment Income:			
Net depreciation in fair value of investments	(2,196)	-	(2,196)
Interest and dividends	17,445	-	17,445
Total investment income	15,249	-	15,249
Less investment expense	6,552	-	6,552
Net investment income	8,697	-	8,697
Deductions:			
Benefits	101,778	660	102,438
Administration	2,283	-	2,283
Other	151	-	151
Total deductions	104,212	660	104,872
Net decrease	(38,582)	-	(38,582)
Net position restricted for pension benefits:			
Beginning of year	1,038,246	-	1,038,246
End of year	\$ 999,664	\$ -	\$ 999,664

City of Hartford, Connecticut

Notes to Financial Statements, in thousands (000's)

Note 14. Governmental Funds – Fund Balance (Deficit)

Below is a table of fund balance categories and classifications at June 30, 2016 for the City governmental funds:

	General Fund	Capital Improvement Fund	Community Development Loan and Grant	Debt Service	Educational Grants	Nonmajor Governmental Funds
Fund Balances						
Non-spendable:						
Permanent funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,358
Inventory	-	-	-	-	-	612
Total non-spendable	-	-	-	-	-	8,970
Restricted:						
Development and community affairs	-	-	696	-	-	334
Debt service	-	-	-	127,392	-	-
Recreation and Culture	-	-	-	-	-	13,261
Human Services	-	-	-	-	-	4,402
Education	-	-	-	-	3,252	3,304
Capital projects	-	8,781	-	-	-	3,865
Total restricted	-	8,781	696	127,392	3,252	25,166
Committed:						
Capital projects	-	-	-	-	-	1,867
Debt service	-	-	-	-	-	-
Total committed	-	-	-	-	-	1,867
Assigned:						
Other	8,394	-	-	-	-	-
Public safety	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Education	269	-	-	-	-	-
Total assigned	8,663	-	-	-	-	-
Unassigned (deficit):	5,468	-	-	-	-	(6,243)
Total unassigned (deficit)	5,468	-	-	-	-	(6,243)
Total fund balance (deficit)	\$ 14,131	\$ 8,781	\$ 696	\$ 127,392	\$ 3,252	\$ 29,760

Notes to Financial Statements, in thousands (000's)

Note 15. Governmental Accounting Standards Board (GASB) Statements

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

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements, except for GASB 75, which will most likely have a material impact, though the amount has not yet been determined:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting for defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

Notes to Financial Statements, in thousands (000's)

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:
 - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
 - The gross dollar amount of taxes abated during the period
 - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard narrows the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Notes to Financial Statements, in thousands (000's)

Note 15. Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. 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 agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.
- GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.
- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

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**Required Supplementary
Information - Unaudited**

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
General Property Tax				
Current year's levy	\$ 249,237	\$ 249,237	\$ 254,421	\$ 5,184
Levy of prior years	7,195	7,195	4,725	(2,470)
Interest and liens	4,250	4,250	4,318	68
Proceeds from lien sales	5,000	5,000	3,406	(1,594)
Total general property tax	265,682	265,682	266,870	1,188
Other Local Taxes				
Business taxes	1,100	1,100	1,646	546
Licenses, Permits, Fees and Other				
Street use	28	28	25	(3)
Business licenses:				
Health licenses	360	360	345	(15)
Police and protection licenses	57	57	71	14
Professional and occupational licenses	5	5	5	-
Total business licenses	422	422	421	(1)
Non-business licenses and permits:				
Building structure and equipment permits	5,665	5,665	6,849	1,184
Other non-business licenses and permits	99	99	105	6
Total non-business licenses and permits	5,764	5,764	6,954	1,190
Total licenses and permits	6,214	6,214	7,400	1,186
Fines, Forfeits and Penalties	168	168	213	45
Revenue From Use of Money and Property				
Income from investments	380	380	300	(80)
Income from use of property	439	439	869	430
Income from development properties	3,993	3,993	1,396	(2,597)
Total revenue from use of money and property	4,812	4,812	2,565	(2,247)

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Intergovernmental Revenue				
Federal government	\$ 60	\$ 60	\$ 50	\$ (10)
State of Connecticut:				
Education	191,796	191,796	191,611	(185)
Housing	5	5	7	2
Public works	1,202	1,202	1,202	-
Elderly services	284	284	300	16
Mashantucket Pequot Fund	6,432	6,432	6,627	195
Payment in lieu of taxes	42,700	42,700	42,378	(322)
Shared taxes	260	260	245	(15)
Other	1,491	1,491	1,508	17
Total State of Connecticut	244,170	244,170	243,878	(292)
Total intergovernmental revenue	244,230	244,230	243,928	(302)
Charges for Services				
General government:				
Recording legal instruments	328	328	330	2
All other	1,171	1,171	1,257	86
Total general government	1,499	1,499	1,587	88
Public safety:				
Police charges	15	15	14	(1)
Fire protection services	181	181	221	40
Total public safety	196	196	235	39
Public works:				
Highways and streets	1	1	2	1
Sanitation	89	89	94	5
Total public works	90	90	96	6
Other:				
Health	23	23	14	(9)
Recreation	7	7	5	(2)
Miscellaneous	35	35	65	30
Total other	65	65	84	19
Total charges for services	1,850	1,850	2,002	152

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Revenues and Other Financing Sources - Budget and Actual
(Non-GAAP Budgetary Basis) - General Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Reimbursements				
Other	\$ 68	\$ 68	\$ 70	\$ 2
Reimbursements from other funds	50	50	87	37
Total reimbursements	<u>118</u>	<u>118</u>	<u>157</u>	<u>39</u>
Other Revenues				
Settlements	5	5	621	616
Miscellaneous	3,023	3,023	1,049	(1,974)
Total other revenues	<u>3,028</u>	<u>3,028</u>	<u>1,670</u>	<u>(1,358)</u>
Other Financing Sources				
Transfers in from other funds:				
Hartford Parking Facilities fund	1,896	1,896	2,045	149
Capital Improvement Fund	217	217	202	(15)
Special Police services	4,500	4,500	3,393	(1,107)
Total other financing sources	<u>6,613</u>	<u>6,613</u>	<u>5,640</u>	<u>(973)</u>
Total	<u>\$ 533,815</u>	<u>\$ 533,815</u>	<u>532,091</u>	<u>\$ (1,724)</u>

Budgetary revenues are different than GAAP revenues because:

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

Retirement System for City teachers are not budgeted

38,781

Effect of GASB No. 54.

233

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

(87)

Total revenues and other financing sources as reported on the statement
of revenues, expenditures and changes in fund balances -
governmental funds

\$ 571,018

See note to required supplementary information.

Required Supplementary Information - Unaudited
Schedule of General Fund Expenditures, Encumbrances and Other Financing Uses
(Non-GAAP Budgetary Basis) - Budget and Actual
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
General Government				
Mayor	\$ 675	\$ 665	\$ 665	\$ -
Court of Common Council	689	687	686	1
City Treasurer	438	435	435	-
Registrars of Voters	520	821	821	-
Corporation Counsel	1,715	1,695	1,695	-
Town and City Clerk	822	810	810	-
Internal audit	487	490	490	-
Chief Operating Officer	1,078	990	990	-
Communications and new media	695	672	672	-
Metro Hartford information	2,289	2,289	2,289	-
Finance	3,348	3,011	3,011	-
Human Resources	1,440	1,214	1,214	-
Office of Management and Budget	800	766	766	-
Office of Young Children	4,900	4,720	4,720	-
Total general government	19,896	19,265	19,264	1
Public Safety				
Fire	32,309	34,794	34,794	-
Police	38,011	44,248	44,248	-
Emergency services and telecommunications	3,839	3,638	3,638	-
Total public safety	74,159	82,680	82,680	-
Infrastructure and Leisure Services				
Public works	13,188	13,156	13,156	-
Development and Community Affairs				
Development services	4,163	3,624	3,624	-
Human Services				
Health and Human Services	5,100	4,914	4,914	-
Education				
Board of Education	284,008	284,008	283,994	14
Benefits and Insurance				
Benefits and insurance	65,693	81,231	81,231	-

(Continued)

Required Supplementary Information - Unaudited
Schedule of General Fund Expenditures, Encumbrances and Other Financing Uses
(Non-GAAP Budgetary Basis) - Budget and Actual (Continued)
For the Year Ended June 30, 2016
(In Thousands)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Sundry				
Debt service	\$ 23,365	\$ 10,444	\$ 10,444	\$ -
Hartford Public Library	8,215	8,215	8,215	-
Other sundry items	36,028	32,180	32,180	-
Total sundry	<u>67,608</u>	<u>50,839</u>	<u>50,839</u>	<u>-</u>
Total	<u>\$ 533,815</u>	<u>\$ 539,717</u>	539,702	<u>\$ 15</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teacher's
Retirement System for City teachers are not budgeted.

38,781

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

(87)

Effect of GASB No. 54.

366

Encumbrances

June 30, 2015

(13)

June 30, 2016

64

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

\$ 578,813

See note to required supplementary information.

Required Supplementary Information - Unaudited
Other Post Retirement Benefits
Schedule of Funding Progress and Employer Contributions
Last Eight Fiscal Years
(In Thousands)

OPEB							UAAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll		
07/01/08	\$ -	\$ 302,988	\$ 302,988	0.0%	N/A	N/A	
07/01/09	-	241,511	241,511	0.0%	307,857	78.4%	
07/01/10	-	247,852	247,852	0.0%	307,857	81.0%	
07/01/11	-	261,782	261,782	0.0%	326,820	80.1%	
07/01/12	-	273,326	273,326	0.0%	338,608	80.7%	
07/01/13	-	262,716	262,716	0.0%	356,877	73.6%	
07/01/14	-	262,716	262,716	0.0%	356,877	73.6%	
07/01/15	17,868	313,061	295,193	6%	N/A	N/A	

<i>OPEB</i>		
Year Ended	Annual Required Contribution	Percentage Contributed
06/30/2009	\$ 24,500	52.8%
06/30/2010	24,744	41.8%
06/30/2011	15,759	70.3%
06/30/2012	18,322	58.6%
06/30/2013	18,937	54.6%
06/30/2014	19,991	74.7%
06/30/2015	20,955	62.0%

Required Supplementary Information - Unaudited
Schedule of Changes in the City's Net Pension Liability and Related Ratios - MERF
Last Three Fiscal Years*

(In Thousands)

Changes in Net Pension - MERF	2016	2015	2014
Total pension liability:			
Service cost	\$ 21,995	\$ 22,612	\$ 21,954
Interest on total pension liability	102,350	99,934	98,033
Differences between expected and actual experience	18,454	(11,737)	-
Changes of assumptions	-	21,176	-
Benefit payments	(101,778)	(98,654)	(93,683)
Net change in total pension liability	41,021	33,331	26,304
Total pension liability, beginning	1,348,596	1,315,265	1,288,961
Total pension liability, ending (a)	1,389,617	1,348,596	1,315,265
Fiduciary net position:			
Employer contributions	43,891	42,874	42,710
Member contributions	13,042	13,360	12,816
Investment income net of investment expenses	8,696	20,779	133,645
Benefit payments	(101,778)	(98,654)	(93,683)
Administrative expenses	(2,433)	(2,715)	(2,774)
Net change in plan fiduciary net position	(38,582)	(24,356)	92,714
Fiduciary net position, beginning	1,038,195	1,062,551	969,837
Fiduciary net position, ending (b)	999,613	1,038,195	1,062,551
Net pension liability, ending = (a) - (b)	\$ 390,004	\$ 310,401	\$ 252,714
Fiduciary net position as a % of total pension liability	71.93%	76.98%	80.79%
Covered payroll	\$ 151,305	\$ 144,227	\$ 144,648
Net pension liability as a % of covered payroll	257.76%	215.22%	174.71%

Required Supplementary Information - Unaudited
Schedule of Investment Returns
Last Three Fiscal Years*
June 30, 2015

	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	0.86%	2.00%	14.05%

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

Required Supplementary Information - Unaudited
Schedule of Changes in the City's Net Pension Liability and Related Ratios (RAF/PBF/FRF Plan)
Last Three Fiscal Years*

(In Thousands)

Changes in Net Pension - RAF/PBF/FRF Plan	2016	2015	2014
Total pension liability:			
Service cost	\$ -	\$ -	\$ -
Interest on total pension liability	228	218	238
Differences between expected and actual experience	(1,124)	(229)	-
Changes of assumptions	414	587	-
Benefit payments	(660)	(755)	(837)
Net change in total pension liability	(1,142)	(179)	(599)
Total pension liability, beginning	5,994	6,173	6,772
Total pension liability, ending (a)	4,852	5,994	6,173
Fiduciary net position:			
Employer contributions	660	755	837
Member contributions	-	-	-
Investment income net of investment expenses	-	-	-
Benefit payments	(660)	(755)	(837)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	-	-	-
Fiduciary net position, beginning	-	-	-
Fiduciary net position, ending (b)	-	-	-
Net pension liability, ending = (a) - (b)	\$ 4,852	\$ 5,994	\$ 6,173
Fiduciary net position as a % of total pension liability	0.00%	0.00%	0.00%
Covered payroll	N/A	N/A	N/A
Net pension liability as a % of covered payroll	N/A	N/A	N/A

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

Required Supplementary Information - Unaudited
Schedule of Changes in the City's Net Pension Liability and Related Ratios - 415(m)
Last Three Fiscal Years*

(In Thousands)

Changes in Net Pension - 415(m)	2016	2015	2014
Total pension liability:			
Service cost	\$ -	\$ -	\$ -
Interest on total pension liability	9	11	14
Differences between expected and actual experience	66	4	-
Changes of assumptions	11	(1)	-
Benefit payments	(79)	(79)	(87)
Net change in total pension liability	7	(65)	(73)
Total pension liability, beginning	273	338	411
Total pension liability, ending (a)	280	273	338
Fiduciary net position:			
Employer contributions	79	79	87
Member contributions	-	-	-
Investment income net of investment expenses	-	-	-
Benefit payments	(79)	(79)	(87)
Administrative expenses	-	-	-
Net change in plan fiduciary net position	-	-	-
Fiduciary net position, beginning	-	-	-
Fiduciary net position, ending (b)	-	-	-
Net pension liability, ending = (a) - (b)	\$ 280	\$ 273	\$ 338
Fiduciary net position as a % of total pension liability	0.00%	0.00%	0.00%
Covered payroll	N/A	N/A	N/A
Net pension liability as a % of covered payroll	N/A	N/A	N/A

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

Required Supplementary Information - Unaudited
Pension Plans
Schedule of Contributions
Last Ten Fiscal Years
(In Thousands)

City of Hartford Municipal Employees' Retirement Fund (City MERF)						
Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll	
06/30/07	\$ 15,463	\$ 16,481	\$ (1,018)	\$ 124,837	13.20%	
06/30/08	13,253	16,584	(3,331)	133,280	12.44%	
06/30/09	11,797	12,829	(1,032)	139,243	9.21%	
06/30/10	9,602	10,840	(1,238)	134,143	8.08%	
06/30/11	18,846	18,846	-	132,529	14.22%	
06/30/12	27,600	27,600	-	136,555	20.21%	
06/30/13	34,338	34,338	-	137,919	24.90%	
06/30/14	42,710	42,710	-	144,648	29.53%	
06/30/15	42,874	42,874	-	144,227	29.73%	
06/30/16	43,891	43,891	-	151,305	29.01%	

RAF/PBF/FRF Plan						
Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll	
06/30/07	\$ 1,757	\$ 1,757	\$ -	N/A	N/A	
06/30/08	1,967	1,967	-	N/A	N/A	
06/30/09	1,700	1,700	-	N/A	N/A	
06/30/10	1,521	1,521	-	N/A	N/A	
06/30/11	1,354	1,354	-	N/A	N/A	
06/30/12	1,097	1,097	-	N/A	N/A	
06/30/13	992	992	-	N/A	N/A	
06/30/14	837	837	-	N/A	N/A	
06/30/15	755	755	-	N/A	N/A	
06/30/16	659	659	-	N/A	N/A	

City of Hartford 415(M) Fund						
Year Ended	Actuarially Determined Contribution	Actual Contribution	(Excess) Deficiency	Covered Payroll	Contributions as a percentage of covered payroll	
06/30/07	\$ 53	\$ 53	\$ -	N/A	N/A	
06/30/08	61	61	-	N/A	N/A	
06/30/09	50	50	-	N/A	N/A	
06/30/10	43	43	-	N/A	N/A	
06/30/11	84	84	-	N/A	N/A	
06/30/12	121	121	-	N/A	N/A	
06/30/13	102	102	-	N/A	N/A	
06/30/14	87	87	-	N/A	N/A	
06/30/15	79	79	-	N/A	N/A	
06/30/16	79	79	-	N/A	N/A	

Notes to schedule:

Valuation date: July 1, 2015
Actuarial cost method: Entry age
Amortization method: Level percentage of payroll, closed
Remaining amortization period: 29 years
Asset valuation method: 5-year smoothed
Inflation: 3%
Salary increases: 3%
Investment rate of return: 7.75%
Retirement age: Police: 100% retire at age 65, regardless of service, must be age 40 to retire.
Fire: 100% retire at 30 years of service for all ages.
Mortality: Pre-Retirement: RP-2000 Employees Table projected by Scale MP
Post-Retirement: RP-2000 Healthy Annuitant projected by Scale MP

Required Supplementary Information - unaudited
Schedule of Contributions - Municipal Employees' Retirement System (MERS)
Last Three Fiscal Years*
(In Thousands)

	2016	2015	2014
Actuarially determined contribution	\$ 1,280	\$ 3,681	\$ 3,539
Contribution in relation to the actuarially determined contribution	1,280	3,681	3,539
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	<u>\$ 27,342</u>	<u>\$ 27,342</u>	<u>\$ 27,342</u>
Contributions as a percentage of covered employee payroll	4.68%	13.46%	12.94%

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

Required Supplementary Information - unaudited
Schedule of the City's Proportionate Share of the Net Pension Liability -
Municipal Employees' Retirement System (MERS)
Last Two Fiscal Years*
(In Thousands)

	2016	2015
City's proportion of the net pension liability	12.32145%	12.32145%
City's proportionate share of the net pension liability	\$ 16,869	\$ 12,675
City's covered-employee payroll	\$ 27,342	\$ 27,342
City's proportionate share of the net pension liability as a percentage of its covered payroll	61.70%	46.36%
System fiduciary net position as a percentage of the total pension liability	92.72%	90.48%

Notes to schedule:

Valuation date:	June 30, 2014
Actuarial cost method:	Entry age
Investment rate of return:	8.00%
Salary increases:	4.25% - 11:00%, including inflation
Amortization method:	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method:	5-year smoothed market (20% write up)
Assumption changes	None
Benefit changes	None

*Note: This schedule is intended to show information for ten y ears. Additional information will be added when it becomes available.

Required Supplementary Information - unaudited
Schedule of the City's Proportionate Share of the Net Pension Liability -
Teachers' Retirement System
Last Two Fiscal Years*
(In Thousands)

	2016	2015
City's proportion of the net pension liability	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	435,145	401,684
Total	\$ 435,145	\$ 401,684
City's covered employee payroll	\$ 158,736	\$ 156,312
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%
System fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Schedule

Change in benefit terms:	None
Changes of assumptions:	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:	22.4 years
Asset valuation method:	4-year smoothed market

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

City of Hartford, Connecticut

Required Supplementary Information - Unaudited Note to Required Supplementary Information (In Thousands)

Note 1. Stewardship, Compliance and Accountability

Budgetary information: The City adopted the legal budget for the 2015-2016 General Fund in accordance with the procedures summarized below:

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

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

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

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

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

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

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

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

Budgets for General Fund are presented on a basis consistent with generally accepted accounting principles except that encumbrances and transfers out are shown as budgetary obligations, transfers in are shown as revenues, State of Connecticut on-behalf contributions are shown as revenues and expenses, and reimbursements to and from other funds are shown as reductions of revenues and expenses.

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

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

City of Hartford, Connecticut

**Required Supplementary Information - Unaudited
Note to Required Supplementary Information
(In Thousands)**

Note 1. Stewardship, Compliance and Accountability (Continued)

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

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

During the fiscal year ended June 30, 2016, there were no supplemental budget appropriations and two additional appropriations \$5.7 and \$.117 against fund balance

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

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**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

General Fund

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

Balance Sheet - By Account - General Fund
June 30, 2016
(In Thousands)

	General Fund	Hartford Public Library	Special Activities	General Fund Totals
Assets				
Cash and cash equivalents	\$ 60,138	\$ 117	\$ 269	\$ 60,524
Receivables, net	81,191	-	158	81,349
Due from other funds	2,983	-	-	2,983
Total assets	\$ 144,312	\$ 117	\$ 427	\$ 144,856
Liabilities				
Accounts and other payables	\$ 54,890	\$ 117	\$ -	\$ 55,007
Total liabilities	54,890	117	-	55,007
Deferred inflows of resources:				
Unavailable revenue	75,560	-	158	75,718
Total deferred inflows of resources	75,560	-	158	75,718
Fund balances:				
Assigned	8,394	-	269	8,663
Unassigned	5,468	-	-	5,468
Total fund balances	13,862	-	269	14,131
Total liabilities, deferred inflows of resources and fund balances	\$ 144,312	\$ 117	\$ 427	\$ 144,856

Schedule of Revenues, Expenditures and Changes in Fund Balance - By Account - General Fund
For the Year Ended June 30, 2016
(In Thousands)

	General Fund	Hartford Public Library	Special Activities	Eliminate Interfund Transfers	Totals
Revenues:					
Property taxes	\$ 266,870	\$ -	\$ -	\$ -	\$ 266,870
Licenses and permits	7,613	-	-	-	7,613
Intergovernmental	282,708	-	-	-	282,708
Charges for services	2,003	-	232	-	2,235
Use of property	2,265	-	-	-	2,265
Investment income	300	-	1	-	301
Miscellaneous	3,588	-	-	-	3,588
Total revenues	565,347	-	233	-	565,580
Expenditures:					
Current:					
General government	19,251	-	-	-	19,251
Public safety	82,680	-	-	-	82,680
Public works	13,162	-	-	-	13,162
Development and community affairs	3,629	-	-	-	3,629
Human services	4,438	-	-	-	4,438
Education	322,789	-	366	-	323,155
Recreation and culture	-	8,215	-	-	8,215
Benefits and insurance	81,255	-	-	-	81,255
Other	29,969	-	-	-	29,969
Total expenditures	557,173	8,215	366	-	565,754
Revenues over (under) expenditures	8,174	(8,215)	(133)	-	(174)
Other financing sources (uses):					
Transfers in	5,438	8,215	-	(8,215)	5,438
Transfers out	(21,274)	-	-	8,215	(13,059)
Net other financing sources (uses)	(15,836)	8,215	-	-	(7,621)
Net change in fund balances	(7,662)	-	(133)	-	(7,795)
Fund balances, beginning of year	21,524	-	402	-	21,926
Fund balances, end of year	\$ 13,862	\$ -	\$ 269	\$ -	\$ 14,131

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City of Hartford, Connecticut

Report of Tax Collector
General Fund
For the Year Ended June 30, 2016
(In Thousands)

Grand List Year	Taxes Collectible July 1, 2015	Lawful Corrections		Suspense Transfers
		Additions	Deletions	
1999	\$ -	\$ -	\$ -	\$ -
2000	-	-	-	-
2001	-	-	-	-
2002	3	-	1	-
2003	11	-	6	-
2004	25	4	13	-
2005	1,708	7	10	-
2006	2,049	29	16	-
2007	3,736	10	20	1,541
2008	3,566	8	385	-
2009	4,283	44	344	-
2010	4,992	9	406	-
2011	5,559	13	524	-
2012	7,851	414	2,392	-
2013	10,025	922	967	-
Prior Years	43,808	1,460	5,084	1,541
2014	271,647	803	9,562	-
Total grand list	\$ 315,455	\$ 2,263	\$ 14,646	\$ 1,541

Lien Sales
Suspense

Total tax collections

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

EXHIBIT A-3

Adjusted Tax Levy	Collections				Overpayments/ Refunds	Taxes Receivable June 30, 2016
	Taxes	Interest	Liens	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2	2	2	-	4	-	-
5	-	1	-	1	-	5
16	2	3	-	5	1	13
1,705	24	40	6	70	1	1,680
2,062	28	44	6	78	3	2,031
2,185	45	64	8	117	8	2,132
3,189	53	83	9	145	4	3,132
3,983	239	227	15	481	9	3,735
4,595	604	425	29	1,058	11	3,980
5,047	800	471	31	1,302	(30)	4,277
5,873	935	548	87	1,570	527	4,411
9,980	2,753	772	323	3,848	996	6,231
38,643	5,485	2,680	514	8,679	1,530	31,628
262,887	253,206	1,368	461	255,035	(1,671)	11,352
<u>\$ 301,531</u>	258,691	4,048	975	263,714		<u>\$ 42,980</u>
	-	-	-	-		
	110	209	29	348		
	<u>\$ 258,801</u>	<u>\$ 4,257</u>	<u>\$ 1,004</u>	<u>\$ 264,062</u>		

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**Nonmajor
Governmental Funds**

Nonmajor Governmental Funds

Special Revenue Funds

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

Fund	Funding source	Function
Section 8	Federal grants	Housing assistance
Miscellaneous grants	State, federal, other grants	Various programs
Food Services Program	State and federal grants, and sales of food	School lunch and breakfast programs
Health grants	State and federal grants	Health and human Services
Library grants	Grants & contributions	Public library system
Community Development	Federal block grants	Housing and development
Home Program	Federal grants	Affordable housing
Parks & Recreation trusts	Donation & trust income	Parks and recreation
ARRA capital grants	Federal grants	Public works
Great Path Academy	Grants and fees	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 four nonmajor capital projects funds include the Vehicle Equipment and Technology Fund, Redevelopment Fund, Capital Leases and HUD Special Projects Fund. The Vehicle Equipment and Technology Fund accounts for the acquisition and financing of public safety and public works vehicles and heavy equipment as well as technology purchases. The Redevelopment Fund accounts for the acquisition and improvement of properties for future development. The Capital Leases Fund accounts for the financing and acquisition of city vehicles and heavy equipment. The HUD Special Projects Fund accounts for special project funding used for urban development.

Permanent Funds

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

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City of Hartford, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(In Thousands)

	Special Revenue Funds				
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants	Community Development Act
Assets					
Cash and cash equivalents	\$ 1,666	\$ 4,318	\$ 2,893	\$ (131)	\$ 21
Investments	-	-	-	-	-
Receivables:					
Intergovernmental receivable	218	9,634	1,938	1,217	999
Inventories and other assets	-	-	612	-	-
Total assets	\$ 1,884	\$ 13,952	\$ 5,443	\$ 1,086	\$ 1,020
Liabilities					
Accounts payable and accrued liabilities	\$ 317	\$ 269	\$ 1,853	\$ 713	\$ 686
Due to other funds	-	2,405	-	-	-
Unearned revenue	1,568	6,067	-	373	-
Total liabilities	1,885	8,741	1,853	1,086	686
Deferred Inflows of Resources					
Unavailable revenue	-	7,740	-	105	-
Total deferred inflows of resources	-	7,740	-	105	-
Fund Balances					
Nonspendable	-	-	612	-	-
Restricted	-	-	2,978	-	334
Committed	-	-	-	-	-
Unassigned	(1)	(2,529)	-	(105)	-
Total fund balances (deficits)	(1)	(2,529)	3,590	(105)	334
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,884	\$ 13,952	\$ 5,443	\$ 1,086	\$ 1,020

EXHIBIT B-1

Special Revenue Funds							Capital Projects Funds		
HOME Program	Library Grants	Parks and Recreation Trusts	ARRA Capital Grants	Great Path Academy	Total		Capital Lease	Vehicle Equipment & Technology	
\$ -	\$ -	\$ 191	\$ -	\$ 711	\$ 9,669		\$ (2,677)	\$ -	
-	-	181	-	-	181		-	-	
65	182	-	-	9	14,262		-	-	
-	-	-	-	-	612		-	-	
<u>\$ 65</u>	<u>\$ 182</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ 720</u>	<u>\$ 24,724</u>		<u>\$ (2,677)</u>	<u>\$ -</u>	
\$ 65	\$ (47)	\$ -	\$ -	\$ 521	4,377		\$ 1,181	\$ -	
-	-	-	-	-	2,405		(250)	-	
-	229	-	-	-	8,237		-	-	
<u>65</u>	<u>182</u>	<u>-</u>	<u>-</u>	<u>521</u>	<u>15,019</u>		<u>931</u>	<u>-</u>	
-	-	-	-	-	7,845		-	-	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,845</u>		<u>-</u>	<u>-</u>	
-	-	-	-	-	612		-	-	
-	-	372	-	199	3,883		-	-	
-	-	-	-	-	-		-	-	
-	-	-	-	-	(2,635)		(3,608)	-	
<u>-</u>	<u>-</u>	<u>372</u>	<u>-</u>	<u>199</u>	<u>1,860</u>		<u>(3,608)</u>	<u>-</u>	
<u>\$ 65</u>	<u>\$ 182</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ 720</u>	<u>\$ 24,724</u>		<u>\$ (2,677)</u>	<u>\$ -</u>	

(Continued)

City of Hartford, Connecticut

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2016
(In Thousands)

	Capital Projects Funds		
	Redevelop- ment	HUD Special Projects	Total
Assets			
Cash and cash equivalents	\$ 3,389	\$ 212	\$ 924
Investments	-	-	-
Receivables:			
Intergovernmental receivable	-	3,865	3,865
Inventories and other assets	-	-	-
Total assets	\$ 3,389	\$ 4,077	\$ 4,789
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 212	\$ 1,393
Due to other funds	-	-	(250)
Unearned revenue	1,522	-	1,522
Total liabilities	1,522	212	2,665
Deferred Inflows of Resources			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted	-	3,865	3,865
Committed	1,867	-	1,867
Unassigned	-	-	(3,608)
Total fund balances (deficits)	1,867	3,865	2,124
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 3,389	\$ 4,077	\$ 4,789

EXHIBIT B-1

Permanent Funds							
Public Safety	Parks and Recreation Trusts	Human Services Trusts	Education Trusts	Total	Total		
\$ -	\$ 611	\$ 161	\$ -	\$ 772	\$ 11,365		
-	20,738	4,438	138	25,314	25,495		
-	-	-	-	-	18,127		
-	-	-	-	-	612		
\$ -	\$ 21,349	\$ 4,599	\$ 138	\$ 26,086	\$ 55,599		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,770		
-	310	-	-	310	2,465		
-	-	-	-	-	9,759		
-	310	-	-	310	17,994		
-	-	-	-	-	7,845		
-	-	-	-	-	7,845		
-	8,150	197	11	8,358	8,970		
-	12,889	4,402	127	17,418	25,166		
-	-	-	-	-	1,867		
-	-	-	-	-	(6,243)		
-	21,039	4,599	138	25,776	29,760		
\$ -	\$ 21,349	\$ 4,599	\$ 138	\$ 26,086	\$ 55,599		

City of Hartford, Connecticut

**Combining Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficits) - Nonmajor Governmental Funds
For the Year Ended June 30, 2016
(In Thousands)**

	Special Revenue Funds				
	Section 8	Miscellaneous Grants	Food Service Program	Health Grants	Community Development Act
Revenues:					
Intergovernmental revenues	\$ 46,914	\$ 42,341	\$ 14,306	\$ 9,032	\$ 4,537
Charges for services	18	9,225	269	-	-
Investment income (loss)	5	-	-	-	-
Other revenues	-	13	488	237	5
Total revenues	46,937	51,579	15,063	9,269	4,542
Expenditures:					
General government	-	21,740	-	-	737
Public safety	-	10,606	-	-	67
Public works	-	24	-	-	-
Development and community affairs	46,938	-	-	-	1,718
Human services	-	13,730	-	9,664	1,753
Education	-	-	14,782	-	187
Recreation and culture	-	-	-	-	253
Capital outlay	-	782	-	-	-
Debt service	-	-	-	-	-
Total expenditures	46,938	46,882	14,782	9,664	4,715
Excess (deficiency) of revenues over expenditures	(1)	4,697	281	(395)	(173)
Other financing sources (uses):					
Transfers in	-	125	-	325	-
Transfers out	-	(5,420)	-	-	-
Bond proceeds	-	-	-	-	-
Lease proceeds	-	-	-	-	-
Total other financing sources (uses)	-	(5,295)	-	325	-
Changes in fund balance (deficits)	(1)	(598)	281	(70)	(173)
Fund balance (deficits), beginning	-	(1,931)	3,309	(35)	507
Fund balance (deficits), ending	\$ (1)	\$ (2,529)	\$ 3,590	\$ (105)	\$ 334

EXHIBIT B-2

Special Revenue Funds						Capital Projects Funds		
HOME Program	Library Grants	Parks and Recreation Trusts	ARRA Capital Grants	Great Path Academy	Total	Capital Lease	Vehicle Equipment & Technology	
\$ 1,683	\$ 402	\$ -	\$ 10	\$ 2,798	\$ 122,023	\$ -	\$ -	
-	131	-	-	1,032	10,675	-	-	
-	-	31	-	-	36	-	-	
-	1,131	-	-	-	1,874	-	-	
1,683	1,664	31	10	3,830	134,608	-	-	
-	-	-	-	-	22,477	81	-	
-	-	-	-	-	10,673	483	-	
-	-	-	10	-	34	-	-	
1,683	-	-	-	-	50,339	-	-	
-	-	-	-	-	25,147	-	-	
-	-	-	-	3,711	18,680	-	-	
-	1,664	5	-	-	1,922	-	-	
-	-	-	-	-	782	6,099	31	
-	-	-	-	-	-	2,281	-	
1,683	1,664	5	10	3,711	130,054	8,944	31	
-	-	26	-	119	4,554	(8,944)	(31)	
-	-	-	-	-	450	2,531	-	
-	-	-	-	-	(5,420)	-	-	
-	-	-	-	-	-	-	2,378	
-	-	-	-	-	-	5,917	-	
-	-	-	-	-	(4,970)	8,448	2,378	
-	-	26	-	119	(416)	(496)	2,347	
-	-	346	-	80	2,276	(3,112)	(2,347)	
\$ -	\$ -	\$ 372	\$ -	\$ 199	\$ 1,860	\$ (3,608)	\$ -	

(Continued)

City of Hartford, Connecticut

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances (Deficits) - Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2016
(In Thousands)

	Capital Projects Funds		
	Redevelop- ment	HUD Special Projects	Total
Revenues:			
Intergovernmental revenues	\$ -	\$ -	\$ -
Charges for services	(8)	-	(8)
Investment income (loss)	2	199	201
Other revenues	-	-	-
Total revenues	(6)	199	193
Expenditures:			
General government	-	-	81
Public safety	-	-	483
Public works	-	-	-
Development and community affairs	(16)	-	(16)
Human services	-	-	-
Education	-	-	-
Recreation and culture	-	-	-
Capital outlay	-	-	6,130
Debt service	-	754	3,035
Total expenditures	(16)	754	9,713
Excess (deficiency) of revenues over expenditures	10	(555)	(9,520)
Other financing sources (uses):			
Transfers in	-	-	2,531
Transfers out	-	-	-
Bond proceeds	-	-	2,378
Lease proceeds	-	-	5,917
Total other financing sources (uses)	-	-	10,826
Changes in fund balance (deficits)	10	(555)	1,306
Fund balance (deficits), beginning	1,857	4,420	818
Fund balance (deficits), ending	\$ 1,867	\$ 3,865	\$ 2,124

EXHIBIT B-2

Permanent Funds									
	Public Safety		Parks and Recreation Trusts		Human Services Trusts		Education Trusts		Total
									Total
\$	-	\$	-	\$	-	\$	-	\$	122,023
	-		-		-		-		10,667
	-		-		194		5		436
	-		-		-		-		1,874
	-		-		194		5		135,000
	-		22		107		-		22,687
	1		-		-		-		11,157
	-		-		-		-		34
	-		-		-		-		50,323
	-		-		-		-		25,147
	-		-		-		2		18,682
	-		1,564		-		-		3,486
	-		-		-		-		6,912
	-		-		-		-		3,035
	1		1,586		107		2		141,463
	(1)		(1,586)		87		3		(6,463)
	-		-		-		-		2,981
	-		(786)		-		-		(6,206)
	-		-		-		-		2,378
	-		-		-		-		5,917
	-		(786)		-		-		5,070
	(1)		(2,372)		87		3		(1,393)
	1		23,411		4,512		135		31,153
\$	-	\$	21,039	\$	4,599	\$	138	\$	29,760

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Capital Improvement Fund

Capital Improvement Fund

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

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance	
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total			
<u>Facility Services</u>											
<u>Public Works Projects:</u>											
W6264	City Buildings Energy Conservation, Security Technology and Communication	11/12/2005	\$ 600	\$ -	\$ 600	\$ 600	\$ -	\$ 600	\$ -	\$ -	
W6269	Municipal Facility Renovations and Consolidation Study	11/12/2005	1,800	-	1,800	1,800	-	1,800	-	-	
A6500	Church Street Garage Structural Repairs	1/12/2005	3,000	-	3,000	2,989	-	2,989	-	11	
A6501	Church Street Façade Restoration	1/12/2005	1,810	-	1,810	1,429	-	1,429	-	381	
A6502	MAT Street Garage Façade Restoration	1/12/2005	2,300	-	2,300	1,820	113	1,933	29	338	
A6503	Remainder of Construction Contract at Morgan St Garage	1/12/2005	1,590	-	1,590	1,524	-	1,524	-	66	
A6504	Remainder of Repair Contracts at MAT Garage	1/12/2005	500	-	500	304	-	304	-	196	
A6505	Remainder of Repairs Contracts at Church St Garage	1/12/2005	1,000	-	1,000	856	-	856	4	140	
A6507	Streetscape Improvements at Church St Garage	1/12/2005	280	-	280	258	-	258	10	12	
A6508	Landscaping/Lighting Improve-ments opposite Morgan St Garage	1/12/2005	432	-	432	263	-	263	9	160	
W7268	Long Term Document Archive and Storage	7/1/2006	200	-	200	198	2	200	-	-	
D6576	Acquisition of Land Woodland St./Albany Avenue	11/29/2005	1,325	-	1,325	1,320	-	1,320	-	5	
D7576	Economic Development Site Acquisition	7/1/2006	1,450	-	1,450	698	-	698	2	750	
W8262	City Buildings ADA Modifications FYE 2008 Appropriation	8/14/2007	950	-	950	948	-	948	-	2	
W8270	Salt, Sand & Truck Wash at 40 Jennings Road	8/14/2007	500	-	500	305	-	305	-	195	
W8279	525 Main St. Building Renovations	8/14/2007	550	-	550	302	-	302	-	248	
W8281	City Hall Entrance Plaza Improvements	8/14/2007	950	-	950	919	-	919	-	31	
W8282	Burgdorf Environmental Clean-up & Campus Planning	8/14/2007	250	-	250	180	-	180	-	70	
W8202	Energy Projects	11/27/2007	2,000	-	2,000	1,940	1	1,941	-	59	

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
D8576	Economic Development Site Acquisition, FYE 2008 Appropriation	8/14/2007	750	-	750	750	-	750	-	-
D9514	Acquisition of Property for Development	5/29/2008	1,000	-	1,000	999	-	999	1	-
D9515	Downtown North/West Redevelopment	5/29/2008	-	-	-	-	-	-	-	-
D9584	Neighborhood Development Fund	5/29/2008	4,250	-	4,250	4,123	101	4,224	21	5
W9262	City Buildings ADA Modifications FYE 2009 Appropriation	5/29/2008	4,000	-	4,000	3,865	123	3,988	253	(241)
W9263	City Buildings Environmental Compliance FYE 2009 Appropriation	5/29/2008	1,450	-	1,450	537	514	1,051	-	399
W9264	City Buildings Energy Conservation, Security Technology and Communication FYE 2009 Appropriation	5/29/2008	500	-	500	414	80	494	-	6
W9269	Municipal Facility Renovations	5/29/2008	300	-	300	283	-	283	-	17
W9276	Albany Avenue Library	5/29/2008	750	-	750	734	-	734	-	16
W9282	Burgdorf Environmental Clean-up & Campus Planning FYE 2009 Appropriation	5/29/2008	2,165	-	2,165	2,160	-	2,160	-	5
W9587	Bulky Waste Recycling Center	5/29/2008	2,400	-	2,400	523	-	523	-	1,877
A9510	Parking Authority Capital Improvements	5/29/2008	1,100	-	1,100	1,082	12	1,094	-	6
W0592	South End Senior Center Improvements	6/23/2008	2,000	-	2,000	363	-	363	81	1,556
D1616	Enhance Founder Bridge Gateway	9/22/2009	683	-	683	682	-	682	-	1
D1617	Federal/State Matching Fund	6/1/2010	2,700	-	2,700	393	29	422	76	2,202
W2617	DOJ ADA Improv Municipal Facility	6/1/2010	250	-	250	250	-	250	28	(28)
W2618	Municipal Facility Renovations & Energy	6/1/2011	500	-	500	498	-	498	-	2
W2619	Northend Senior Center Renovations	6/1/2011	750	-	750	750	-	750	-	-
W2620	Central Library - Auditorium	6/1/2011	200	-	200	200	-	200	-	-
D2637	Former Lyric Theater Building	6/1/2011	2,035	-	2,035	2,034	-	2,034	-	1
D2638	Proj. Initiation & Development	6/1/2011	750	-	750	232	137	369	73	308
D2639	Federal/State Matching Fund	6/1/2011	150	-	150	148	-	148	2	-
D2640	Facility Planning & Decommission	6/1/2011	200	-	200	138	-	138	-	62
W1302	DOJ ADA Improvements	6/1/2011	250	-	250	174	1	175	45	30
W1303	Municipal Facility Renovations	4/16/2012	500	-	500	31	121	152	3	345
W1304	North End Senior Center	4/16/2012	900	-	900	900	-	900	-	-
W1306	Keney Clock Tower	4/16/2012	1,517	-	1,517	1,460	-	1,460	40	17
W1307	Library Renovations and Improvement	4/16/2012	100	-	100	40	60	100	-	-
			605	-	605	604	-	604	3	(2)

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W1308	Dillon Stadium	4/16/2012	1,000	-	1,000	335	18	353	-	647
W1305	Energy Projects	4/16/2012	100	-	100	100	-	100	-	-
W1322	Citywide Streetscapes	4/16/2012	1,000	-	1,000	25	975	1,000	-	-
W1324	Sidewalk Repair	4/16/2012	500	-	500	425	50	475	-	25
W1327	Bridge Repairs	4/16/2012	250	-	250	6	-	6	-	244
W1331	Parkville Parking Lot	4/16/2012	250	-	250	250	33	283	-	(33)
D1372	Proj. Initiation & Development	4/16/2012	250	-	250	211	72	283	6	(39)
D1373	Facility Planning & Decommission	4/16/2012	900	-	900	824	-	824	122	(46)
D1378	Economic Site Acquisition	4/16/2012	450	-	450	315	83	398	-	52
D1379	State/Federal Matching Fund	4/16/2012	900	-	900	304	911	1,215	2,970	(3,285)
D1380	iQuilt	4/16/2012	5,000	-	5,000	2,336	18	2,354	80	2,566
D1381	Document Conversion	4/16/2012	300	-	300	281	-	281	3	16
D1382	Homestead Ave Redevelopment	4/16/2012	500	-	500	-	-	-	-	500
D1370	Citywide Streetscapes	4/16/2012	250	-	250	50	112	162	-	88
D1371	Project Initiation & Development	4/16/2012	500	-	500	-	-	-	-	500
D1374	Parkville Municipal Development	4/16/2012	500	-	500	-	-	-	-	500
D1375	Redevelopment	4/16/2012	500	-	500	355	27	382	-	118
D1376	Neighborhood Development	4/16/2012	500	-	500	8	299	307	-	193
D1377	Pedestrian and Traffic Circulation	4/16/2012	1,959	-	1,959	-	-	-	-	1,959
D1470	Lyric Theater-Library and Cultural Center	7/1/2013	990	-	990	-	92	92	-	898
D1471	Project Initiation for Commercial Revitalization	7/1/2013	350	-	350	29	66	95	-	255
D1472	Redevelopment Plan Implementation	7/1/2013	2,970	-	2,970	1,848	749	2,597	74	299
D1473	Economic Incentive Fund	7/1/2013	1,980	-	1,980	-	1,000	1,000	-	980
D1474	Economic Site Acquisition	7/1/2013	4,750	-	4,750	4,374	68	4,442	-	308
D1475	Economic Development Site Analysis	7/1/2013	500	-	500	374	58	432	219	(151)
D1476	Neighborhood Development & Housing	7/1/2013	2,970	-	2,970	333	889	1,222	-	1,748
D1477	NRZ Improvements	7/1/2013	2,723	-	2,723	47	223	270	-	2,453
D1478	State/Federal Matching Fund	7/1/2013	500	-	500	-	93	93	-	407
D1479	iQuilt Improvement Fund	7/1/2013	990	-	990	53	228	281	-	709
D1480	Small Business Loan Fund	7/1/2013	500	-	500	-	-	-	-	500
D1481	Façade Program	7/1/2013	495	-	495	-	-	-	-	495
D1482	Bowles & Westbrook Village Site Preparation	7/1/2013	990	-	990	-	-	-	-	990
D1483	1% for the Arts - CIP FY14	7/1/2013	664	-	664	-	-	-	-	664
D1514	Streetscape - Various St	7/1/2014	2,475	-	2,475	1,398	1,077	2,475	-	-
D1515	Neighborhood Devel. & Ho	7/1/2014	2,970	-	2,970	348	-	348	-	2,622
D1516	Redevelopment - Various	7/1/2014	2,970	-	2,970	2,326	618	2,944	-	26
D1645	Neighborhood Dev. Housing Rev	7/1/2015	-	1,000	1,000	-	-	-	-	1,000
D1646	Redevelopment and Implementation	7/1/2015	-	3,000	3,000	-	793	793	-	2,207
D1647	Park Branch Library	7/1/2015	-	6,500	6,500	-	2	2	-	6,498
D1648	John E. Rogers	7/1/2015	-	2,000	2,000	-	-	-	-	2,000
D1649	Emergency Demolition Funds	7/1/2015	-	200	200	-	-	-	-	200

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
D1650	Document Conversion	7/1/2015	-	300	300		126	126		174
D1651	Growing Hartford Businesses	7/1/2015	-	2,500	2,500			-		2,500
D1652	Planning and Economic Develop	7/1/2015	-	500	500		54	54		446
D1653	World War I Plaque Installation	7/1/2015	-	50	50			-		50
W1405	DOJ ADA Improvements	7/1/2013	495	-	495	1	44	45	-	450
W1406	Municipal Facilities Renovations	7/1/2013	3,218	-	3,218	2,270	865	3,135	-	83
W1407	Facility Planning & Design	7/1/2013	1,485	-	1,485	551	1	552	-	933
W1408	Energy Projects	7/1/2013	594	-	594	286	194	480	-	114
W1409	Library Renovations and Improvements	7/1/2013	792	-	792	705	7	712	-	80
W1410	Citywide Security Improvements	7/1/2013	495	-	495	400	77	477	-	18
W1411	Parkville Senior Center Improvements	7/1/2013	248	-	248	180	68	248	-	-
W1412	Roof Replacement	7/1/2013	495	-	495	393	88	481	-	14
W1413	Electronic Documentation Preservation	7/1/2013	1,500	-	1,500	818	226	1,044	-	456
W1414	Quirk West	7/1/2013	7,920	-	7,920	376	326	702	-	7,218
W1415	Match Funds -Cal Ripken @ A.	7/1/2013	1,700	-	1,700	1,700	-	1,700	-	-
W1507	Citywide Fencing	7/1/2014	500	-	500	93	326	419	-	81
W1512	City Hall & Municipal Fa	7/1/2014	990	-	990	7	912	919	-	71
W1513	40 Jennings Fuel Deliver	7/1/2014	200	-	200	-	12	12	-	188
W1636	Refuse Carts	7/1/2015	-	500	500	-	157	157	-	343
W1637	Flood Control	7/1/2015	-	20,045	20,045	-	426	426	-	19,619
W1638	Citywide Security	7/1/2015	-	500	500	-	458	458	-	42
W1639	Roof Replacement	7/1/2015	-	500	500	-	138	138	-	362
W1640	Municipal Facilities Renovation	7/1/2015	-	950	950	-	486	486	-	464
W1641	Scale House	7/1/2015	-	250	250	-		-	-	250
W1642	Energy Projects	7/1/2015	-	500	500	-	39	39	-	461
W1643	Building Demolition	7/1/2015	-	250	250	-	1	1	-	249
W1644	Library Renovation	7/1/2015	-	1,000	1,000	-	56	56	-	944
Total Public Works Projects			120,270	40,545	160,815	67,755	14,935	82,690	4,154	73,971
Public Safety Projects:										
W1115	Construction of a Public Safety Complex	11/7/2000	77,000	-	77,000	75,707	73	75,780	557	663
W7101	Firearms, Equipment Leasing and Transmitter Equipment	6/26/2007	650	-	650	527	-	527	-	123
W9120	50 Jennings Rd Interior Mechanical Renovations	5/29/2008	200	-	200	187	9	196	-	4
W1401	Public Safety Complex Parking Garage	7/1/2013	2,475	-	2,475	2	-	2	-	2,473
W1402	Renovation of Fire Station #11	7/1/2013	500	-	500	41	19	60	-	440
W1403	Fire Training Facility	7/1/2013	800	-	800	93	591	684	-	116
W1404	Veeder Building Improvements	7/1/2013	150	-	150	78	-	78	-	72
W1433	Vehicles, Computers and Other Equipment	7/2/2013	2,138	-	2,138	395	871	1,266	-	872

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W1501	Coventry Street Police S	7/1/2014	1,485	-	1,485	1	90	91	-	1,394
W1502	Public Safety Complex Ga	7/1/2014	1,485	-	1,485	-	-	-	-	1,485
W1623	Public Safety-Police Emergency Response Apparatus Facility	7/1/2015	-	100	100	-	2	2	-	98
W1624	Public Camera Systems and Related Equipment	7/1/2015	-	3,421	3,421	-	103	103	-	3,318
Total Public Safety Projects			86,883	3,521	90,404	77,031	1,758	78,789	557	11,058
<u>Recreation and Culture Projects:</u>										
W7243	Central (Main)Library									
	Renovations/Improvements	8/12/1996	38,849	-	38,849	38,849	-	38,849	-	-
W3010	Pope Park Pool Replacement	5/26/2000	1,581	-	1,581	1,493	-	1,493	-	88
W2302	Batterson Park Infrastructure - Hartford									
	Parks Trust Fund	5/24/2002	450	-	450	450	-	450	-	-
W2341	Park Ponds Restoration - Hartford Parks Trust Fund	5/24/2002	800	-	800	522	88	610	-	190
W6306	Pope Park Indoor Pool Repairs	11/12/2005	250	-	250	249	-	249	-	1
W7307	Colt Park and Coltsville Park Planning	7/1/2006	1,500	-	1,500	1,006	-	1,006	-	494
W7306	Pope Park Pool/ Master Plan Work	10/11/2006	400	-	400	381	50	431	-	(31)
W7399	Kelvin Anderson Recreation Center Renovation and Expansion	10/11/2006	16,200	-	16,200	16,149	-	16,149	-	51
W7305	Blue Hills Recreation Center	1/9/2007	150	-	150	75	-	75	-	75
W8383	City Wide Pool Enhancements	8/14/2007	800	-	800	798	-	798	-	2
W8272	Central and Branch Library Dwight	8/14/2007	2,000	-	2,000	2,031	-	2,031	-	(31)
W8351	Park Monuments, Pond House & Spray Pools Renovation & Improvements	8/14/2007	500	-	500	496	-	496	-	4
W8201	Citywide Day Care and Park Enhancements	11/15/2007	600	-	600	592	-	592	-	8
W9398	Playground & Building Improvements	6/23/2008	1,000	-	1,000	977	14	991	-	9
W9589	Levee System Improvements	5/12/2009	5,000	-	5,000	5,000	-	5,000	-	-
W0591	Hyland Park Improvements & Renovations	9/11/2009	500	-	500	489	6	495	11	(6)
W0593	Improvements to Pope Park West	6/2/2009	139	-	139	139	-	139	-	-
W0594	North Cemetery	6/2/2009	1,000	-	1,000	1,000	-	1,000	9	(9)

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W0595	Keney Park Pavilion	6/2/2009	50	-	50	44	-	44	-	6
W0596	Goodwin Park Pond House									
	Improvement	6/2/2009	450	-	450	426	14	440	-	10
W1604	Batterson Park Infrastructure	6/2/2009								
	Improvements	6/1/2010	1,000	-	1,000	824	165	989	-	11
W1605	I-Quilt/Bushnell Park	6/1/2010	100	-	100	81	-	81	-	19
W1610	Connect Regional, Nat'l Trails	6/1/2010	200	-	200	-	-	-	-	200
W2621	DOJ ADA Park Improvements	6/1/2011	500	-	500	487	12	499	-	1
W2622	Park Improvements & Playground	6/1/2011	2,250	-	2,250	2,247	-	2,247	-	3
W2623	Urban Forestry Mgmt & Planning	6/1/2011	900	-	900	892	3	895	-	5
W2627	Pulaski Mall Improvements	6/1/2011	250	-	250	246	-	246	-	4
W1309	DOJ ADA Park Improvements	4/16/2012	500	-	500	423	53	476	-	24
W1310	Cemetery Beautification/Improvements	4/16/2012	750	-	750	480	19	499	-	251
W1311	Pulaski Mall Improvements	4/16/2012	600	-	600	579	4	583	-	17
W1313	Greening America's Capital	4/16/2012	500	-	500	212	86	298	-	202
W1332	Cronin Park Improvements	4/16/2012	700	-	700	178	6	184	-	516
W1333	Day Park Improvements	4/16/2012	800	-	800	799	-	799	-	1
W1334	Bushnell Park Carousel Study	4/16/2012	150	-	150	118	35	153	-	(3)
W1335	Goodwin Park Spray Pool	4/16/2012	150	-	150	140	-	140	-	10
W1336	Park Projects Design	4/16/2012	200	-	200	196	2	198	-	2
W1338	Cal Ripken Playing Fields	4/16/2012	2,750	-	2,750	2,711	-	2,711	-	39
W2636	Batterson Park Improvements	4/11/2011	139	-	139	82	57	139	-	-
W2638	Cronin Park (Ruby Long Park)	4/11/2011	400	-	400	400	-	400	-	-
W2624	Park Master Plan Update	6/1/2011	350	-	350	348	-	348	-	2
W1416	ADA Park Improvements	7/1/2013	495	-	495	75	57	132	-	363
W1417	Park Improvements and Playground Enhancements	7/1/2013	2,100	-	2,100	1,659	422	2,081	-	19
W1418	Cemetery Beautification and Improvements	7/1/2013	200	-	200	15	30	45	-	155
W1419	Urban Forestry Management and Planning	7/1/2013	990	-	990	888	99	987	-	3
W1420	Greenways, and Connections to Regional, National and N	7/1/2013	495	-	495	-	-	-	-	495
W1421	Dillon Stadium Improvements	7/1/2013	1,980	-	1,980	261	46	307	-	1,673
W1422	Monument Study	7/1/2013	50	-	50	-	-	-	-	50
W1423	Keney & Goodwin Golf Course Improvements	7/1/2013	4,950	-	4,950	4,891	48	4,939	-	11
W1434	Bushnell Park Carousel Improvements	5/12/2014	1,000	-	1,000	666	326	992	-	8
W1503	Park Improvements & Play	7/1/2014	2,475	-	2,475	1,130	1,273	2,403	-	72
W1504	Keney & Goodwin Golf Course Improvements	7/1/2014	2,970	-	2,970	2,456	514	2,970	-	-
W1506	Dillon Stadium Improvement	7/1/2014	8,910	-	8,910	1,169	206	1,375	-	7,535
W1625	Park Improv. & Playground Enhancement	7/1/2015		4,850	4,850	-	2,258	2,258	-	2,592
W1626	Golf Courses	7/1/2015		4,000	4,000	-	1,489	1,489	-	2,511
W1627	Urban Forestry	7/1/2015		1,000	1,000	-	879	879	-	121
Total Recreation and Culture Projects			112,023	9,850	121,873	95,819	8,261	104,080	20	17,773

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
<u>Education Projects:</u>										
QB534	Renovation of Hartford High School Project	9/23/1997	114,500	-	114,500	114,329	-	114,329	-	171
QB537	Renovations of Various Hartford Schools	8/11/1998	27,000	-	27,000	26,831	-	26,831	-	169
QB546	Renovations and Construction Improvements to Hartford Public Schools	11/7/2000	129,590		129,590	131,605	-	131,605	-	(2,015)
QB548	Breakthrough Academy Interdistrict Magnet School	10/28/2002	30,500	-	30,500	32,186	-	32,186	-	(1,686)
QB549	Sports Science Academy Magnet High School	5/12/2003	67,649	-	67,649	64,656	-	64,656	-	2,993
QB550	Greater Hartford Classical Magnet School	11/13/2003	37,950	-	37,950	38,015	-	38,015	-	(65)
QB551	Pathways to Technology Magnet School	11/13/2003	36,950	-	36,950	6,821	-	6,821	-	30,129
QB553	University High School for Science	8/11/2004	43,000	-	43,000	42,001	2	42,003	-	997
QB554	Capital College Preparatory Magnet	8/11/2004	45,650	-	45,650	41,001	93	41,094	-	4,556
QB556	Annie Fisher Magnet School	7/12/2005	45,500	-	45,500	44,396	-	44,396	-	1,104
QB557	Richard B. Kinsella, Magnet School of Arts	7/12/2005	38,015	-	38,015	37,924	-	37,924	-	91
QB559	Mary M. Hooker Environment Studies Magnet School	7/11/2006	43,500	-	43,500	39,222	24	39,246	-	4,254
Q8416	Weaver High School Renovations	8/14/2007	940	-	940	-	-	-	-	940
Q8417	Bulkeley High School Improvements to Air Handling System	8/14/2007	240	-	240	-	-	-	-	240
Q8418	Betances Elementary School Replacement of Five Rear Staircases	8/14/2007	45	-	45	-	-	-	-	45
Q1564	Journalism & New Media High School	6/9/2008	37,450	-	37,450	31,205	1	31,206	-	6,244
Q1565	Dwight Bellizzi Middle School	6/9/2008	13,000	-	13,000	12,299	-	12,299	-	701
Q1566	International Baccalaureate School	6/9/2008	55,050	-	55,050	50,425	-	50,425	-	4,625
Q9553	Transitional Classroom University of Science 064-0297	1/12/2009	1,650	-	1,650	1,295	-	1,295	-	355
QB901	MD Fox Elementary School comb w/@9430	1/12/2009	56,400	-	56,400	46,468	18	46,486	-	9,914
Q9902	Student Bathrooms - Bulkeley	10/27/2008	700	-	700	518	-	518	-	182
Q9912	Opportunity High School	5/28/2009	700	-	700	645	55	700	-	-

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
Q0903	Burns Roof & Asbestos Abatement	6/2/2009	865	-	865	865	-	865	-	-
Q0904	Roofs/Masonry, Intrusion Alarms	6/2/2009	4,069	-	4,069	3,911	356	4,267	-	(198)
Q0905	M.L.King (Gifted & Talented)	6/2/2009	100	-	100	100	-	100	-	-
Q0906	Burns (Language Lab)	6/2/2009	700	-	700	615	-	615	-	85
Q2907	West Middle School	7/1/2011	54,600	-	54,600	21,942	25,223	47,165	-	7,435
Q2908	Hartford Middle Magnet School	7/1/2011	29,440	-	29,440	16,611	10,138	26,749	-	2,691
Q2909	Parkville School HVAC Units	7/1/2011	1,425	-	1,425	819	-	819	-	606
Q2910	Fox Middle School Cooling Tower Unit	7/1/2011	271	-	271	162	-	162	-	109
Q2911	Kinsella High School	7/1/2011	70	-	70	45	5	50	-	20
Q1301	Quirk Renovation	4/16/2012	2,500	-	2,500	-	-	-	-	2,500
Q1302	Burns Masonry	4/16/2012	300	-	300	300	-	300	-	-
Q1303	Bellizzi Air Conditioning	4/16/2012	1,500	-	1,500	141	50	191	-	1,309
Q1307	Milner School Renovations	4/16/2012	2,000	-	2,000	1,910	90	2,000	-	-
Q1304	Sprinklers at Clark	4/16/2012	1,000	-	1,000	210	329	539	-	461
Q1305	Sprinklers at S. Waverly	4/16/2012	1,000	-	1,000	40	-	40	-	960
Q1309	Kinsella Magnet School FY13	4/16/2012	36,952	-	36,952	1,029	990	2,019	-	34,933
Q1401	Public Safety Academy	7/1/2013	5,000	-	5,000	-	-	-	-	5,000
Q1402/Q1308	Weaver High School Renovations FY14	7/1/2013	106,564	-	106,564	2,807	12,681	15,488	-	91,076
Q1403	School Facilities Capital Improvement	7/1/2013	4,300	-	4,300	2,292	1,077	3,369	-	931
Q1404	Vehicles, Computers, & Other	7/1/2013	1,000	-	1,000	937	58	995	-	5
Q1405	Mark Twain School Sprinklers	7/1/2013	1,000	-	1,000	4	-	4	-	996
Q1501	Replac. & Upgrades Various School	7/1/2014	220	-	220	220	-	220	-	-
Q1600	Clark School - PCB Abatement	7/1/2015	-	4,000	4,000	-	-	-	-	-
Q1601	Replac. & Upgrades to Various School	7/1/2015	-	2,240	2,240	-	301	301	-	-
Q1602	Renov. of Martin Luther King School	7/1/2015	-	68,000	68,000	-	-	-	-	-
Total Education Projects			1,080,855	74,240	1,155,095	816,802	51,491	868,293	-	212,863
Other										
	Q2905 (QB904) Milner Academy Roof project		1,480	-	1,480	1,493	-	1,493	-	(13)
	Q2906 (QB904) Batchelder School Roof project		1,820	-	1,820	1,709	-	1,709	-	111
	Q1300 Public Safety	4/16/2012	3,000	-	3,000	60	-	60	-	2,940
	Q1306 Parking Lot	4/16/2012	200	-	200	197	-	197	-	3
Total Other			6,500	-	6,500	3,459	-	3,459	-	3,041
Total Facility Services			1,406,531	128,156	1,534,687	1,060,866	76,445	1,137,311	4,731	318,706
<u>Engineering Services</u>										
Public Works Projects:										
W9519	Road Improvement Program	8/11/1998	12,955	-	12,955	11,808	233	12,041	-	914
W1519	Streetscape Improvements	11/7/2000	16,700	-	16,700	13,092	1,624	14,716	-	1,984
W1534	Reconstruction of Woodland St.	6/11/2001	1,525	-	1,525	1,392	-	1,392	-	133

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W3560	Demolition of Mixmaster Temple Street	5/12/03	917	-	917	794	-	794	-	123
W3570	Trinity College Area Improvements	11/13/2003	4,565	-	4,565	4,542	-	4,542	-	23
W4548	Riverwalk North Project	11/9/2004	4,686	-	4,686	4,686	-	4,686	-	-
W1520	Flood Control System Improvements	11/7/2000	13,000	-	13,000	12,957	23	12,980	-	20
W5547	Streetscape Improvements on Huyshope Avenue	3/14/2006	948	-	948	914	-	914	-	34
W6522	Trumbull Street Streetscapes	7/1/2006	5,000	-	5,000	4,587	-	4,587	-	413
W7574	School Area Pedestrian Routes Safety Enhancements	7/1/2006	300	-	300	221	-	221	-	79
W8562	Match Funds for State/Federal Infrastructure Grants FYE 2008 Appropriation	8/14/2007	1,190	-	1,190	993	-	993	-	197
W8510	Reconstruction of Asylum St. from Main St to Trumbull St	7/10/2007	1,266	-	1,266	1,067	-	1,067	-	199
W8556	CFDA20.205 - State 63-570 Street Rehabilitation FYE 2008 Appropriation	8/14/2007	4,000	-	4,000	3,917	58	3,975	-	25
W8519	Streetscapes FYE 2008 Appropriation	8/14/2007	2,000	-	2,000	1,987	-	1,987	-	13
W8577	Main Street Streetscapes	8/14/2007	475	-	475	413	-	413	-	62
W8518	Streetscape Improvements along Park St. from Sisson Ave. to Prospect Ave.	10/11/2007	2,900	-	2,900	2,819	-	2,819	-	81
W8523	Extension of Mark Twain Dr.	4/28/2008	2,728	-	2,728	2,651	17	2,668	-	60
W9510	Street Rehabilitation & Road Improvements	5/29/2008	4,000	-	4,000	3,999	-	3,999	-	1
W9511	Streetscape Projects - North & South	6/23/2008	2,000	-	2,000	1,188	23	1,211	-	789
W9512	Flood Control Infrastructure Improvements	5/29/2008	1,600	-	1,600	1,595	-	1,595	-	5
W9562	Match Funds for State/Federal Infrastructure Grants FYE 2009	5/29/2008	1,500	-	1,500	203	341	544	-	956
W9586	Clean Water Related Infrastructure Supplemental Funding	5/29/2008	1,500	-	1,500	349	-	349	-	1,151
W0598	Citywide Decorative Light Replacement	6/2/2009	350	-	350	304	-	304	45	1

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W0599	Citywide Guide Rail & Traffic Island	6/2/2009	700	-	700	154	3	157	18	525
W1600	Park St./Pope Commons Streetscape Improvements	7/1/2010	95	-	95	95	49	144	-	(49)
W1606	Repair of 12 City Bridges	6/1/2010	900	-	900	95	-	95	-	805
W1609	Street Paving	6/1/2010	3,000	-	3,000	2,997	-	2,997	-	3
W1613	Farmington/Broad/Asylum Intersection	6/1/2010	3,500	-	3,500	110	5	115	-	3,385
W1614	South Green Ornamental Fence	6/1/2010	200	-	200	79	-	79	-	121
W1615	Traffic Calming	6/1/2010	500	-	500	355	109	464	-	36
W1616	Coltsville Streetscape	1/13/2011	850	-	850	781	-	781	-	69
W2629	Flood Control Design & Improvements	6/1/2011	3,000	-	3,000	2,496	170	2,666	-	334
W2630	Traffic Calming	6/1/2011	250	-	250	219	9	228	-	22
W2632	Streetlight Replacement Program	6/1/2011	500	-	500	485	9	494	-	6
D2649	Coit Gateway Project	6/1/2011	5,300	-	5,300	5,073	-	5,073	-	227
D1583	1% for the Arts - CIP FY15	7/1/2014	280	-	280	-	-	-	-	280
W1316	Flood Control Design and Improvements	4/16/2012	2,500	-	2,500	1,276	960	2,236	-	264
W1317	Aldany Ave Road Safety Improvements	4/16/2012	1,000	-	1,000	647	352	999	-	1
W1318	Traffic Calming	4/16/2012	250	-	250	191	2	193	-	57
W1320	Coit Gateway Streetscape Phase 1	4/16/2012	13,900	-	13,900	4,209	201	4,410	-	9,490
W1321	Pedestrian Wayfinding Signage Program	4/16/2012	300	-	300	70	-	70	-	230
W1326	City Records - Document Conversion	4/16/2012	300	-	300	220	-	220	-	80
W1329	Roof Replacement	4/16/2012	500	-	500	417	65	482	-	18
W1330	Street Light Replacement Program	4/16/2012	250	-	250	171	79	250	-	-
W1315	Traffic Calming	4/16/2012	250	-	250	4	45	49	-	201
W1425	Flood Control Design and Improvements	7/1/2013	4,200	-	4,200	731	978	1,709	-	2,491
W1432	Citywide Fencing	7/1/2013	495	-	495	337	145	482	-	13
W1301	Radio Communications Enhancements	4/16/2012	200	-	200	117	-	117	-	83
Total Engineering Services			129,325	-	129,325	97,807	5,500	103,307	63	25,955

Transportation Services

Public Works Projects:

D2636	Citywide Streetscapes - Planning	6/1/2011	250	-	250	51	196	247	-	3
W0511	Upgrade of Hartford Traffic Signals	11/23/1999	1,861	-	1,861	1,798	-	1,798	-	63
W6550	Safety Improvements to Franklin and Benton	8/16/2005	92	-	92	92	-	92	-	-
W7564	City Sidewalk Replacements	10/11/2006	300	-	300	297	-	297	-	3
W8550	Safety Improvements at the Intersection of New Britain Ave. and Henry St.	10/10/2007	87	-	87	25	-	25	-	62

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W8564	City-wide Sidewalk Replacements FYE 2008 Appropriation	8/14/2007	100	-	100	48	-	48	-	52
A8509	On-Street Parking Meters	2/13/2008	3,300	-	3,300	3,287	31	3,318	9	(27)
W1319	Citywide Bike Lanes	7/1/2013	300	-	300	2	80	82	-	218
W1323	Street Design and Recons	7/1/2013	1,000	-	1,000	54	-	54	-	946
W1339	CMAQ-TRAFFIC CONTROL SYSTEM	7/3/2013	3,000	-	3,000	-	5	5	-	2,995
W1424	Traffic Signalization	7/1/2013	1,485	-	1,485	-	1,249	1,249	-	236
W1426	Bridge Repairs	7/1/2013	495	-	495	-	-	-	-	495
W1427	Complete Streets	7/1/2013	990	-	990	672	292	964	-	26
W1428	Complete Streets - repave and repair	7/1/2013	8,637	-	8,637	4,003	-	4,003	-	4,634
W1429	Complete Streets - Streetscape	7/1/2013	14,900	-	14,900	8,525	3,235	11,760	-	3,140
W1430	Brookfield Street Reconstruction	7/1/2013	250	-	250	-	-	-	-	250
W1431	Street Light Replacement Program	7/1/2013	250	-	250	139	108	247	-	3
W1509	Sidewalks	7/1/2014	990	-	990	8	258	266	-	724
W1511	Street Light Repair and	7/1/2014	250	-	250	4	246	250	-	-
W1628	Milling and Paving	7/1/2015	-	1,000	1,000	-	992	992	-	8
W1629	Sidewalks	7/1/2015	-	1,000	1,000	-	1,000	1,000	-	-
W1630	Street Signage	7/1/2015	-	700	700	-	49	49	-	651
W1631	Street Lights	7/1/2015	-	1,200	1,200	-	1,196	1,196	-	4
W1632	Traffic Calming	7/1/2015	-	200	200	-	5	5	-	195
W1633	Streetscapes	7/1/2015	-	1,750	1,750	-	131	131	-	1,619
W1634	Street Signalization	7/1/2015	-	180	180	-	1,316	1,316	-	(1,136)
W1635	Bridge Repairs	7/1/2015	-	500	500	-	41	41	-	459
Total Transportation Services			38,537	6,530	45,067	19,005	10,430	29,435	9	15,623
Local Capital Improvement Program										
Public Works Projects:										
W7244	Library Renovations	9/11/1996	1,000	-	1,000	988	-	988	-	12
W0521	STP Federal Road Reconstruction Match - 064-99-030	10/27/1999	400	-	400	388	-	388	12	-
W4270	Truck Wash Facility - LOCIP Project #247 - 064-03-010	9/15/2003	75	-	75	75	(38)	37	-	38
W4271	Sand/Salt Storage Building - LOCIP Project #248 - 064-03-020	9/15/2003	750	-	750	678	17	695	-	55

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W4563	City Bridges Condition Study -									
	LOCIP Project #536 -									
	064-03-040	9/15/2003	125	-	125	77	-	77	-	48
W4556	Street Resurfacing and Repairs -									
	LOCIP Project #556 -									
	064-03-050,064-05-040&064-06-030	9/15/2003	3,850	-	3,850	3,848	-	3,848	-	2
W4203	Installation of Automated Fuel Control and Accounting System for Vehicle Fueling System -									
	LOCIP Project #561 -									
	064-03-090	9/15/2003	150	-	150	132	-	132	-	18
W5268	City Hall Fourth Floor Improvements -									
	LOCIP Project #260 -									
	064-04-040	10/13/2004	400	-	400	375	-	375	-	25
W5269	Central Business District Streetlight Replacement -									
	LOCIP Project #549									
	064-04-050	10/13/2004	500	-	500	500	-	500	-	-
W6572	Plan of Conservation and Development									
	LOCIP Project #572									
	064-05-050	11/29/2005	500	-	500	496	-	496	-	4
W7568	Citywide Neighborhood Traffic Calming Master Plan LOCIP									
	Project #568, 064-05-070	2/16/2006	250	-	250	141	(138)	3	-	247
W7265	Roof Replacement at various City Buildings									
	Project #265, 064-06-010	1/30/2007	750	-	750	734	9	743	-	7
W7266	Boiler Replacement at various City Buildings									
	Project #266, 064-06-020	1/30/2007	250	-	250	250	-	250	-	-
W6568	Citywide Neighborhood Traffic Calming									
	Project #568, 064-06-040	1/30/2007	250	-	250	248	(9)	239	-	11
W7575	Citywide Decorative Light Replacement									
	Project #575, 064-06-050	1/30/2007	225	-	225	146	-	146	-	79

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W1601	Pope Park Recreation Center									
	Building Shell	6/1/2010	1,200	-	1,200	1,200	-	1,200	-	-
W1607	Sidewalk Replacement	6/1/2010	200	-	200	128	-	128	-	72
W1608	Traffic Signals & Cameras	6/1/2010	1,500	-	1,500	273	72	345	-	1,155
W1612	Streetlight Replacement	6/1/2010	300	-	300	268	2	270	-	30
W2626	Ancient Burial Ground Improvements	6/1/2011	250	-	250	138	(2)	136	-	114
W2628	Traffic Signalization	6/1/2011	750	-	750	158	69	227	-	523
W2634	Sidewalk Replacement	6/1/2011	500	-	500	453	-	453	-	47
W2634	Sidewalk Replacement	6/1/2011	900	-	900	-	900	900	-	-
W1325	Street Repaving & Repair	4/16/2012	2,000	-	2,000	1,968	-	1,968	-	32
Total Local Capital Improvement Program			17,075	-	17,075	13,662	882	14,544	12	2,519
Non Bonded Projects										
D1363	TIGER GRANT - PROJ MGMT/A&E	07/01/13	568	-	568	511	-	511	7	50
D1364	TIGER GRANT - UNION STATION HUB	07/01/13	897	-	897	698	261	959	-	(62)
D1365	TIGER GRANT - BUSHNELL PARK NORTH	07/01/13	5,445	-	5,445	2,155	1,800	3,955	1,628	(138)
D1366	TIGER GRANT - ASYLUM/PEARL TRANSIT	07/01/13	2,437	-	2,437	807	746	1,553	588	296
D1368	BUS LIVABILITY GRANT (GHTD)	07/01/13	1,912	-	1,912	1,518	250	1,768	30	114
D1390	JOHN E ROGERS - STATE URBAN ACT GRA	07/01/13	1,000	-	1,000	679	3	682	230	88
D1584	STP - ASYLUM ST/SOLDIERS	08/05/14	4,004	-	4,004	1,853	2,219	4,072	-	(68)
W1310	Cemetery Beautification and Improve	04/16/12	250	-	250	250	487	737	-	(487)
W1318	Traffic Calming	04/16/12	56	-	56	56	-	56	-	-
W1332	Cronin Park Improvements	04/16/12	500	-	500	500	-	500	-	-
W1337	Citywide Bike Racks	04/16/12	18	-	18	18	-	18	-	-
W1417	Park Improv. & Playground Enhanc.	07/01/13	300	-	300	20	280	300	-	-
W1418	Cemetery Beautification and Improv.	07/01/13	-	-	-	123	-	123	-	(123)
W1433	Vehicles, Computers and Other Equip	07/01/13	3,930	-	3,930	3,905	-	3,905	-	25
W1440	MICROGRID PILOT PROGRAM-PARKVILLE	07/01/13	2,123	-	2,123	157	1,645	1,802	121	200
W1441	MICROGRID-JENNINGS RD PROPOSAL	07/01/13	58	-	58	58	-	58	-	-
W1615	W1615 Traffic Calming	10/17/25	76	-	76	76	-	76	-	-
W9900	TOWN CLERK'S LOCIP ACCOUNT	07/01/13	79	-	79	-	-	-	-	79
W1505	Urban Forestry	07/01/14	500	-	500	394	104	498	2	-
W1508	Paving	07/01/14	3,000	-	3,000	2,165	779	2,944	20	36
W1510	Albany Avenue Reconstruc	07/01/14	14,000	-	14,000	-	-	-	-	14,000
W1522	CL&P Incentive Program	07/01/14	315	-	315	207	-	207	-	108
W1540	ELIZABETH PARK EAST LAWN	10/01/14	100	-	100	17	81	98	2	-
W1541	CRONIN PARK IMPROVEMENTS	10/30/14	500	-	500	30	469	499	1	-
W1542	PARKS BUILD COMMUNITY GR	03/17/15	20	-	20	-	20	20	-	-
W1557	Repairs at 275 Pearl St.	04/04/15	162	43	205	123	82	205	-	-

**Schedule of Expenditures and Encumbrances Compared
With Appropriations, Etc. – Capital Improvement Fund (Continued)
For the Year Ended June 30, 2016
(In Thousands)**

Project Number	Description	Date Project Approved	Appropriations			Expenditures			Outstanding Encumbrances	Unencumbered Balance
			Prior to July 1, 2015	Current Period	Cumulative Total	Prior to July 1, 2015	Current Period	Cumulative Total		
W1628	Milling and Paving	07/01/15	-	2,000	2,000	-	2,000	2,000	-	-
W1633	Streetscapes	07/01/15	-	2,250	2,250	-	-	-	-	2,250
W1645	Coventry Street Substation	09/28/15	-	1,500	1,500	-	-	-	-	1,500
W1646	Broad Street Reconstruction	09/28/15	-	2,956	2,956	-	-	-	-	2,956
Total Non Bonded Projects			<u>42,250</u>	<u>8,749</u>	<u>50,999</u>	<u>16,320</u>	<u>11,226</u>	<u>27,546</u>	<u>2,629</u>	<u>20,824</u>
TOTAL CAPITAL IMPROVEMENT FUND			<u>\$ 1,633,718</u>	<u>\$ 143,435</u>	<u>\$ 1,777,153</u>	<u>\$ 1,207,660</u>	104,483	<u>\$ 1,312,143</u>	<u>\$ 7,444</u>	<u>\$ 383,627</u>
Conversion to GAAP based financial statement reporting:										
Previous year retainage and off system accrued payables							(3,334)		(3,334)	
Current year retainage and off system accrued payables							<u>5,092</u>		<u>5,092</u>	
TOTAL							<u>\$ 106,241</u>		<u>\$ 9,202</u>	

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 Golf Course.

Statement of Net Position - Nonmajor Enterprise Funds
June 30, 2016
(In Thousands)

	Hartford Parking Facilities	Golf Course	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,317	\$ 500	\$ 1,817
Receivables, net	-	23	23
Due from component unit	534	-	534
Total current assets	1,851	523	2,374
Capital assets, net	17,945	1,056	19,001
Total assets	19,796	1,579	21,375
Liabilities			
Current liabilities:			
Accounts payable and other payables	50	363	413
Due to other funds	1,295	1,110	2,405
Bonds payable	391	-	391
Total current liabilities	1,736	1,473	3,209
Noncurrent liabilities:			
Bonds payable	2,687	-	2,687
Total noncurrent liabilities	2,687	-	2,687
Total liabilities	4,423	1,473	5,896
Net position:			
Net investment in capital assets	14,867	1,056	15,923
Unrestricted (deficit)	506	(950)	(444)
Total net position	\$ 15,373	\$ 106	\$ 15,479

See notes to financial statements.

**Statement of Revenues, Expenses and Changes in
Net Position - Nonmajor Enterprise Funds
For the Year Ended June 30, 2016
(In Thousands)**

	Hartford Parking Facilities	Golf Course	Total
Operating revenues:			
Hartford Parking Authority fees	\$ 2,506	\$ -	\$ 2,506
Golf Course fees	-	1,453	1,453
Other	55	-	55
Total operating revenues	2,561	1,453	4,014
Operating expenses:			
Administrative	162	791	953
Operations	-	927	927
Depreciation and amortization	760	92	852
Total operating expenses	922	1,810	2,732
Operating income (loss)	1,639	(357)	1,282
Nonoperating income (expense):			
Interest expense	(76)	-	(76)
Total nonoperating income (expense)	(76)	-	(76)
Net income (loss) before transfers	1,563	(357)	1,206
Transfers in	987	-	987
Transfers out	(2,295)	-	(2,295)
Change in net position	255	(357)	(102)
Fund net position, beginning	15,118	463	15,581
Fund net position, ending	<u>\$ 15,373</u>	<u>\$ 106</u>	<u>\$ 15,479</u>

See notes to financial statements.

Statement of Cash Flows - Nonmajor Enterprise Funds
For the Year Ended June 30, 2016
(In Thousands)

	Hartford Parking Facilities	Golf Course	Total
Cash flows from operating activities:			
Cash received from Hartford Parking Authority	\$ 4,414	\$ -	\$ 4,414
Cash from customers and users	-	1,476	1,476
Cash paid to suppliers	(1,352)	(990)	(2,342)
Net cash provided by operating activities	3,062	486	3,548
Cash flows from capital and related financing activities:			
Purchase of capital assets	(57)	(479)	(536)
Transfer (to) from General Fund	(2,295)	-	(2,295)
Transfer in	987	-	987
Contributed Capital	-	(32)	(32)
Issuance of Debt	2,259		2,259
Principal paid on bonds	(3,150)	-	(3,150)
Interest paid on bonds	(76)	-	(76)
Net cash (used in) capital and related financing activities	(2,332)	(511)	(2,843)
Net increase (decrease) in cash and cash equivalents	730	(25)	705
Cash and cash equivalents, beginning of year	587	525	1,112
Cash and cash equivalents, end of year	<u>\$ 1,317</u>	<u>\$ 500</u>	<u>\$ 1,817</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 1,639	\$ (357)	\$ 1,282
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	761	91	852
Increase (decrease) in accounts payable and accrued liabilities	(99)	309	210
Decrease in due from other funds	1,852	23	1,875
(Decrease) in due to other funds	(1,091)	420	(671)
Net cash provided by operating activities	\$ 3,062	\$ 486	\$ 3,548

See notes to financial statements.

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Internal Service Funds

Internal Service Funds

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

The City maintains seven (7) internal service funds to account for the risk management program for employee benefits including retirees, municipal actives, BOE actives, new hires, VEBA, workers' compensation, and general liability, including property damage.

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

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City of Hartford, Connecticut

Combining Statement of Net Position (Deficit) - Internal Service Funds

June 30, 2016

(In Thousands)

	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
Assets			
Cash and cash equivalents	\$ 4,304	\$ (14)	\$ 497
Other receivables	-	-	-
Total assets	<u>4,304</u>	<u>(14)</u>	<u>497</u>
Liabilities			
Current:			
Accounts payable and accrued liabilities	260	55	300
Insurance claims payable	11,900	1,800	-
Claims incurred and not reported	-	-	-
Total current liabilities	<u>12,160</u>	<u>1,855</u>	<u>300</u>
Noncurrent:			
Claims incurred and not reported	9,400	2,900	-
Total noncurrent liabilities	<u>9,400</u>	<u>2,900</u>	<u>-</u>
Net position (deficit):			
Unrestricted	(17,256)	(4,769)	197
Total net position (deficit)	<u>\$ (17,256)</u>	<u>\$ (4,769)</u>	<u>\$ 197</u>

EXHIBIT E-1

Retirees	Municipal Actives	BOE Actives	New Hires	VEBA	Totals
\$ 781	\$ 2,629	\$ 3,450	\$ 5,263	\$ 174	\$ 17,084
762	-	136	262	-	1,160
1,543	2,629	3,586	5,525	174	18,244
412	591	1,067	122	-	2,807
-	-	-	-	-	13,700
1,131	2,037	2,468	1,764	-	7,400
1,543	2,628	3,535	1,886	-	23,907
-	-	-	-	-	12,300
-	-	-	-	-	12,300
-	1	51	3,639	174	(17,963)
\$ -	\$ 1	\$ 51	\$ 3,639	\$ 174	\$ (17,963)

City of Hartford, Connecticut

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (Deficit)

Internal Service Funds

For the Year Ended June 30, 2016

(In Thousands)

	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
Operating revenues:			
City's contribution	\$ 8,411	\$ 2,615	\$ 5,010
Pensioners contribution	-	-	-
Other	-	110	10
Total operating revenues	8,411	2,725	5,020
Operating expenses:			
Administrative	16	279	-
Operations	-	-	5,863
Insurance benefits and claims paid	11,095	2,445	-
Total operating expenses	11,111	2,724	5,863
Operating income (loss)	(2,700)	1	(843)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Changes in net position (deficit)	(2,700)	1	(843)
Net position (deficit), beginning of year	(14,556)	(4,770)	1,040
Net position (deficit), end of year	\$ (17,256)	\$ (4,769)	\$ 197

EXHIBIT E-2

Retirees	Municipal Actives	BOE Actives	New Hires	VEBA	Totals
\$ 8,940	\$ 6,822	\$ 8,555	\$ 17,790	\$ -	\$ 58,143
8,808	3,513	6,659	5,545	-	24,525
661	729	1,214	464	-	3,188
18,409	11,064	16,428	23,799	-	85,856
1,757	5,071	1,479	1,968	-	10,570
-	-	-	-	-	5,863
16,652	20,230	34,256	21,540	-	106,218
18,409	25,301	35,735	23,508	-	122,651
-	(14,237)	(19,307)	291	-	(36,795)
-	14,238	-	-	-	14,238
-	-	(12,900)	(1,338)	-	(14,238)
-	14,238	(12,900)	(1,338)	-	-
-	1	(32,207)	(1,047)	-	(36,795)
-	-	32,258	4,686	174	18,832
\$ -	\$ 1	\$ 51	\$ 3,639	\$ 174	\$ (17,963)

City of Hartford, Connecticut

Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2016
(In Thousands)

	Workers' Compensation	Liability and Property Damage	Metro Hartford Information Services
Cash flows from operating activities:			
City's contribution	\$ 8,411	\$ 2,615	\$ 5,010
Cash received from other	-	110	10
Cash received from users	-	-	-
Cash paid for salaries and benefits	-	-	(633)
Cash paid for claims and operations	(8,303)	(2,756)	(5,200)
Net cash provided by (used in) operating activities	108	(31)	(813)
Cash flows from capital and related financing activities:			
Transfer in	-	-	-
Transfer out	-	-	-
Net cash (used in) capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	108	(31)	(813)
Cash and cash equivalents, beginning of year	4,196	17	1,310
Cash and cash equivalents, end of year	<u>\$ 4,304</u>	<u>\$ (14)</u>	<u>\$ 497</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (2,700)	\$ 1	\$ (843)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in other receivables	-	-	-
(Decrease) increase in accounts payable	108	(32)	30
(Decrease) increase in insurance claims payable	4,500	(1,000)	-
(Decrease) increase in claims incurred but not reported	(1,800)	1,000	-
Net cash provided by (used in) operating activities	\$ 108	\$ (31)	\$ (813)

EXHIBIT E-3

Retirees	Municipal Actives	BOE Actives	New Hires	VEBA	Totals
\$ 8,940	\$ 6,822	\$ 8,555	\$ 17,790	\$ -	\$ 58,143
661	729	1,214	464	-	3,188
8,808	3,513	6,659	5,545	-	24,525
(1,757)	(5,071)	(1,479)	(1,968)	-	(10,908)
(17,074)	(19,512)	(34,212)	(21,140)	-	(108,197)
(422)	(13,519)	(19,263)	691	-	(33,249)
-	14,238	-	-	-	14,238
-	-	(12,900)	(1,338)	-	(14,238)
-	14,238	(12,900)	(1,338)	-	-
(422)	719	(32,163)	(647)	-	(33,249)
1,203	1,910	35,613	5,910	174	50,333
\$ 781	\$ 2,629	\$ 3,450	\$ 5,263	\$ 174	\$ 17,084
\$ -	\$ (14,237)	\$ (19,307)	\$ 291	\$ -	\$ (36,795)
(506)	-	47	(262)	-	(721)
(78)	142	143	-	-	313
-	-	-	-	-	3,500
162	576	(146)	662	-	454
\$ (422)	\$ (13,519)	\$ (19,263)	\$ 691	\$ -	\$ (33,249)

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Agency Funds

Agency Funds

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

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

Combining Balance Sheet - Agency Funds
June 30, 2016
(In Thousands)

	Student Activity Funds	Adult Education Book Fund	Totals
Assets			
Cash and cash equivalents	\$ 958	\$ 9	\$ 967
Liabilities			
Due to student groups and other	\$ 958	\$ 9	\$ 967

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds
For the Year Ended June 30, 2016
(In Thousands)**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 978	\$ 2,134	\$ 2,154	\$ 958
Liabilities				
Due to student groups	\$ 978	\$ 2,134	\$ 2,154	\$ 958
Adult Education Book Fund				
Assets				
Cash	\$ 9	\$ -	\$ -	\$ 9
Liabilities				
Due to other	\$ 9	\$ -	\$ -	\$ 9
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 987	\$ 2,134	\$ 2,154	\$ 967
Liabilities				
Due to student groups	\$ 978	\$ 2,134	\$ 2,154	\$ 958
Due to other	9	-	-	9
Total	\$ 987	\$ 2,134	\$ 2,154	\$ 967

**Capital Assets Used in the Operation
of Governmental Funds**

Capital Assets Used in the Operation
of Governmental Funds

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

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2016
(In Thousands)

Governmental funds capital assets:	
Land and land improvements	\$ 105,469
Buildings	1,261,763
Other structures	39,082
Furniture and equipment	49,409
Rolling equipment	49,453
Infrastructure	479,751
Construction in progress	308,494
Total	\$ 2,293,421
Investments in governmental funds capital assets	
Total governmental funds capital assets	\$ 2,293,421

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Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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City of Hartford, Connecticut

**Net Position by Component - Unaudited
Last Ten Fiscal Years
(In Thousands)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities:					
Net investment in capital assets	\$ 898,847	\$ 939,951	\$ 983,461	\$ 1,006,633	\$ 966,580
Restricted	73,285	75,640	75,720	73,049	70,155
Unrestricted	(317,247)	(247,809)	25,662	36,029	50,814
Total governmental activities net position	654,885	767,782	1,084,843	1,115,711	1,087,549
Business-type activities:					
Net investment in capital assets	15,923	15,316	26,732	33,910	34,623
Restricted	-	-	-	-	-
Unrestricted	(1,552)	(577)	820	1,799	2,400
Total business-type activities net position	14,371	14,739	27,552	35,709	37,023
Primary government:					
Net investment in capital assets	914,770	955,267	1,010,193	1,040,543	1,001,203
Restricted	73,285	75,640	75,720	73,049	70,155
Unrestricted	(318,799)	(248,386)	26,482	37,828	53,214
Total primary government net position	\$ 669,256	\$ 782,521	\$ 1,112,395	\$ 1,151,420	\$ 1,124,572

Notes:

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

TABLE 1

Fiscal Year				
2011	2010	2009	2008	2007
\$ 954,780	\$ 956,310	\$ 910,440	\$ 877,583	\$ 815,601
62,466	63,564	63,642	64,098	65,320
47,155	36,231	12,324	(5,966)	43,920
1,064,401	1,056,105	986,406	935,715	924,841
35,417	36,256	37,683	35,974	36,969
-	-	-	-	-
1,678	684	-	-	1,562
37,095	36,940	37,683	35,974	38,531
990,197	992,566	948,123	913,557	852,570
62,466	63,564	63,642	64,098	65,320
48,833	36,915	12,324	(5,966)	45,482
\$ 1,101,496	\$ 1,093,045	\$ 1,024,089	\$ 971,689	\$ 963,372

City of Hartford, Connecticut

**Changes in Net Position - Unaudited
Last Ten Fiscal Years
(In Thousands)**

	Fiscal Year				
	2016	2015	2014	2013	2012
Expenses:					
Governmental activities:					
General government	\$ 101,834	\$ 86,715	\$ 69,912	\$ 72,050	\$ 72,165
Public Safety	118,433	114,610	119,995	106,619	101,603
Public Works	70,219	62,095	37,310	44,280	42,428
Development and community affairs	58,474	58,001	61,626	61,652	63,779
Human Services	31,142	30,652	29,697	27,561	30,146
Education	571,999	563,815	544,398	503,475	487,717
Recreation and Culture	11,858	12,135	10,064	10,106	9,728
Interest on long-term debt	41,613	20,850	20,665	21,358	14,743
Total governmental activities expenses	1,005,572	948,873	893,667	847,101	822,309
Business-type activities:					
Hartford Parking Facilities	998	1,850	8,640	3,669	3,729
Golf course	1,810	893	200	-	-
Stadium Authority	332	846	-	-	-
Total business-type activities net position	3,140	3,589	8,840	3,669	3,729
Total primary government expenses	1,008,712	952,462	902,507	850,770	826,038
Program revenues:					
Governmental activities					
Charges for services:					
General government	7,568	9,464	5,265	2,150	3,108
Public Safety	2,977	3,761	6,132	9,119	1,772
Public Works	9,353	9,257	9,289	7,464	10,378
Recreation and Culture	130	132	139	92	194
Other	7,234	6,004	7,055	3,849	5,011
Operating grants and contributions	505,894	503,376	482,748	465,918	445,168
Capital grants and contributions	36,508	35,013	18,553	65,774	25,912
Total governmental activities program revenues	569,664	567,007	529,181	554,366	491,543

TABLE 2

Fiscal Year				
2011	2010	2009	2008	2007
\$ 58,302	\$ 61,687	\$ 58,575	\$ 115,504	\$ 97,524
99,448	98,563	95,466	83,414	77,513
37,698	38,215	30,290	29,127	23,821
61,408	63,475	56,269	51,777	47,702
28,574	31,799	34,601	30,042	30,755
472,210	477,009	450,428	496,857	397,355
9,332	9,632	10,227	10,338	10,231
15,322	19,125	17,169	13,723	11,045
782,294	799,505	753,025	830,782	695,946
4,096	4,185	3,760	3,897	3,768
-	-	-	-	-
-	-	-	-	-
4,096	4,185	3,760	3,897	3,768
786,390	803,690	756,785	834,679	699,714
2,152	2,241	2,374	2,907	4,324
2,472	1,739	2,053	4,696	5,439
10,770	10,089	14,715	14,224	12,155
95	537	458	2,514	2,383
6,689	4,808	5,398	1,340	1,434
408,617	420,882	391,919	466,397	382,080
15,797	96,958	71,908	58,545	73,070
446,592	537,254	488,825	550,623	480,885

(Continued)

City of Hartford, Connecticut

Changes in Net Position - Unaudited (Continued)
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Business-type activities:					
Charges for services:					
Parking facilities*	\$ 2,561	\$ 3,783	\$ 4,932	\$ 4,511	\$ 4,054
Other enterprise funds	1,453	398	758	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities					
program revenues	4,014	4,181	5,690	4,511	4,054
Total primary government					
Net (expense)/revenue:					
Governmental activities	(435,908)	(381,866)	(364,486)	(292,735)	(330,766)
Business-type activities	874	592	(3,150)	842	325
Total primary government net expense	(435,034)	(381,274)	(367,636)	(291,893)	(330,441)
General revenues and other changes in net expenses					
Governmental activities:					
Property taxes	269,989	260,063	267,234	256,943	290,165
Unrestricted grants and contributions	50,758	56,484	55,364	56,696	58,767
Investment earnings	847	948	5,512	2,781	2,205
Other general revenues	109	128	498	2,317	2,377
Transfers and other	1,308	16,754	5,010	2,160	400
Special item - net loss on sale of property	-	-	-	-	-
Total governmental activities	323,011	334,377	333,618	320,897	353,914
Business-type activities: (2)					
Investment earnings	66	4	3	4	3
Other general revenues	-	-	-	-	-
Special item - net loss on sale of property	-	3,345	-	-	-
Transfers and other	(1,308)	(16,754)	(5,010)	(2,160)	(400)
Total business-type activities	(1,242)	(13,405)	(5,007)	(2,156)	(397)
Total primary government	321,769	320,972	328,611	318,741	353,517
Changes in net position:					
Governmental activities	(112,897)	(47,489)	(30,868)	28,162	23,148
Business-type activities	(368)	(12,813)	(8,157)	(1,314)	(72)
Total primary government	<u>\$ (113,265)</u>	<u>\$ (60,302)</u>	<u>\$ (39,025)</u>	<u>\$ 26,848</u>	<u>\$ 23,076</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The City began the cost allocation of benefits, insurance and other indirect expenses within its governmental functions in 2006.

TABLE 2

Fiscal Year				
2011	2010	2009	2008	2007
\$ 4,732	\$ 4,791	\$ 5,309	\$ 6,724	\$ 6,337
-	-	-	-	-
-	-	3,214	167	-
4,732	4,791	8,523	6,891	6,337
(335,702)	(262,251)	(264,200)	(280,159)	(215,061)
636	606	4,763	2,994	2,569
(335,066)	(261,645)	(259,437)	(277,165)	(212,492)
283,835	272,939	256,520	229,500	229,734
55,207	51,975	53,234	47,698	49,262
3,079	3,319	(416)	3,692	8,519
1,389	2,367	2,492	4,581	3,920
488	1,350	3,061	5,562	1,753
-	-	-	-	-
343,998	331,950	314,891	291,033	293,188
7	1	7	11	41
-	-	-	-	-
-	-	-	-	-
(488)	(1,350)	(3,061)	(5,562)	(1,753)
(481)	(1,349)	(3,054)	(5,551)	(1,712)
343,517	330,601	311,837	285,482	291,476
8,296	69,699	50,691	10,874	78,127
155	(743)	1,709	(2,557)	857
\$ 8,451	\$ 68,956	\$ 52,400	\$ 8,317	\$ 78,984

City of Hartford, Connecticut

Fund Balances of Governmental Funds - Unaudited
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	8,663	1,712	3,859	2,850	4,332
Unassigned	5,468	20,214	13,022	27,528	25,781
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	\$ 14,131	\$ 21,926	\$ 16,881	\$ 30,378	\$ 30,113
All other governmental funds:					
Nonspendable	\$ 8,970	\$ 8,817	\$ 8,712	\$ 8,772	\$ 8,706
Restricted	165,287	137,001	159,398	171,251	31,782
Committed	1,867	2,435	2,352	2,620	7,663
Assigned	8,663	-	3,198	9,467	9,585
Unassigned	(775)	(7,425)	(8,495)	(14,379)	(7,522)
Reserved	-	-	-	-	-
Unreserved, reported in:					
Debt Service Funds	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Total all other governmental funds	\$ 184,012	\$ 140,828	\$ 165,165	\$ 177,731	\$ 50,214

Notes:

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

TABLE 3

Fiscal Year				
2011	2010	2009	2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
2,525	-	-	-	-
22,561	-	-	-	-
-	148	95	-	-
-	18,500	16,218	27,900	34,467
<u>\$ 25,086</u>	<u>\$ 18,648</u>	<u>\$ 16,313</u>	<u>\$ 27,900</u>	<u>\$ 34,467</u>
\$ 18,583	\$ -	\$ -	\$ -	\$ -
22,004	-	-	-	-
31,020	-	-	-	-
-	-	-	-	-
(202)	-	-	-	-
-	89,367	99,213	95,227	81,122
-	146	146	146	3,238
-	12,258	8,748	9,176	17,151
-	(9,057)	(4,404)	8,229	60,226
<u>\$ 71,405</u>	<u>\$ 92,714</u>	<u>\$ 103,703</u>	<u>\$ 112,778</u>	<u>\$ 161,737</u>

City of Hartford, Connecticut

Changes in Fund Balances of Governmental Funds - Unaudited Last Ten Fiscal Years (In Thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues:					
Property taxes	\$ 266,870	\$ 260,640	\$ 256,765	\$ 255,546	\$ 277,245
Licenses, permits, and other charges	7,613	7,778	6,555	5,661	6,299
Intergovernmental revenues	566,745	572,213	539,420	571,249	509,770
Charges for services	12,902	17,826	17,827	14,538	9,427
Use of property	2,265	1,920	3,227	2,283	4,574
Investment income	847	948	5,512	2,781	2,204
Miscellaneous	18,380	18,238	15,293	15,927	15,867
Total revenues	875,622	879,563	844,599	867,985	825,386
Expenditures:					
General government	41,938	38,877	27,846	40,237	30,021
Public safety	93,837	91,413	96,695	85,448	83,308
Public works	32,905	31,105	12,329	15,882	21,804
Development and community affairs	56,617	56,493	60,155	60,544	62,798
Human services	29,585	29,460	28,569	26,702	29,315
Education	482,112	488,221	470,445	447,244	435,301
Recreation and culture	11,701	10,961	10,127	9,852	9,483
Benefits and insurance	81,255	85,690	86,898	66,941	64,501
Other	29,969	32,403	21,019	17,858	29,445
Capital outlay	93,477	93,969	76,279	125,790	92,879
Debt service:					
Principal	-	26,575	27,775	27,775	25,100
Interest	77,504	22,727	26,543	17,470	14,547
Total expenditures	1,030,900	1,007,894	944,680	941,743	898,502
Excess of revenues over (under) expenditures	(155,278)	(128,331)	(100,081)	(73,758)	(73,116)
Other financing sources (uses):					
Transfers in	22,279	35,918	38,972	48,277	44,203
Transfers out	(20,971)	(19,164)	(33,962)	(46,117)	(43,803)
Capital leases	5,917	2,090	2,758	3,990	-
Payment to refunding bond escrow agent	(27,653)	(40,169)	-	-	(22,493)
Bonds issued	203,010	26,000	10,250	48,160	71,280
Refunding bonds issued	24,596	36,385	-	124,605	-
Sale of assets	-	-	-	-	-
Bond premium	19,358	17,979	-	22,625	7,765
Section 108 loans and CWF serial notes	-	-	-	-	-
BANS	(50,000)	50,000	56,000	-	-
Total other financing sources (uses)	176,536	109,039	74,018	201,540	56,952
Net change in fund balances	21,258	(19,292)	(26,063)	127,782	(16,164)
Fund balances, beginning of year	162,754	182,046	208,109	80,327	96,491
Fund balances, end of year	\$ 184,012	\$ 162,754	\$ 182,046	\$ 208,109	\$ 80,327
Debt service as a percentage of noncapital expenditures	8.17%	6.10%	6.10%	5.83%	4.94%

Notes:

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

TABLE 4

Fiscal Year									
2011		2010		2009		2008		2007	
\$	274,013	\$	266,990	\$	250,668	\$	232,955	\$	231,638
	4,891		5,608		8,155		9,850		8,594
	475,622		556,756		505,062		567,464		503,669
	10,742		8,777		9,353		7,531		8,184
	6,354		4,368		4,196		4,294		4,314
	3,079		3,319		(416)		3,653		8,452
	13,860		17,449		16,733		18,347		15,120
	788,561		863,267		793,751		844,094		779,971
	21,547		21,642		23,739		25,776		20,487
	84,283		79,799		80,388		79,424		77,898
	15,282		20,119		17,712		14,998		15,820
	60,501		61,857		54,857		52,876		53,441
	27,878		31,256		33,786		29,879		30,581
	419,099		421,032		400,535		479,031		391,131
	9,477		9,145		9,234		9,636		9,401
	65,160		55,791		57,985		57,012		54,754
	26,637		31,042		28,955		28,122		28,755
	68,018		119,275		113,021		101,332		106,647
	22,723		20,536		24,590		19,838		16,810
	15,471		16,627		15,954		13,063		9,965
	836,076		888,121		860,756		910,987		815,690
	(47,515)		(24,854)		(67,005)		(66,893)		(35,719)
	43,780		52,233		56,633		55,761		53,222
	(43,292)		(50,883)		(53,572)		(50,199)		(51,469)
	-		-		1,700		3,883		3,164
	-		(13,244)		-		-		-
	25,000		14,000		40,225		-		70,000
	-		12,150		-		-		-
	-		-		-		-		-
	304		1,796		1,357		-		2,283
	7,000		-		-		1,922		-
	-		-		-		-		-
	32,792		16,052		46,343		11,367		77,200
	(14,723)		(8,802)		(20,662)		(55,526)		41,481
	111,214		120,016		140,678		196,204		154,723
\$	96,491	\$	111,214	\$	120,016	\$	140,678	\$	196,204
	5.40%		5.40%		5.40%		4.06%		3.79%

**Assessed Value and Estimated Actual Value of Taxable Property - Unaudited
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	Year	Buildings	Property	Motor Vehicle	Gross Taxable	Exempt	Grand List	Tax Rate	Actual Taxable	Assessed
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	3,302,820	3,585,414	71.79%	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)
2008	2006	4,751,126	672,107	268,835	5,692,068	2,355,636	3,336,432	63.39%	(2)	(2)
2007	2005	4,602,272	695,752	265,073	5,563,097	1,952,351	3,610,746	64.82%	5,158,209	70.00%

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%

City of Hartford, Connecticut

TABLE 6

**Principal Taxpayers - Unaudited
Current Year and Nine Years Ago
(In Thousands)**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Connecticut Light & Power	\$ 166,181	1	5%	\$ 104,030	3	2.93%
Hartford Fire Ins. & Twin City Ins.	125,000	2	3%	130,400	1	3.72%
Travelers Indemnity Co. Affiliate	119,991	3	3%	112,082	2	3.16%
Aetna Life Ins. Co.	108,230	4	3%	93,129	4	2.62%
HUB Properties Trust	48,978	5	1%	-	-	-
Talcott II Gold, LLC	45,398	6	1%	38,129	10	1.07%
Mac-State Square LLC	44,450	7	1%	-	-	-
Hartford Hospital & HHMOB Corp.	34,853	8	1%	-	-	-
Conn Natural Gas Corp.	33,439	9	1%	-	-	-
Hartford Steam Boiler	32,592	10	1%	43,476	9	1.23%
City Place I LTD Ptnshp	-	-	-	65,165	5	1.84%
Fleet Bank NA	-	-	-	-	-	0.00%
State House Financial	-	-	-	53,142	7	1.50%
Bank of Boston, CT	-	-	-	45,181	8	1.27%
Northland Properties	-	-	-	60,799	6	1.71%
	<u>\$ 759,112</u>		<u>20.95%</u>	<u>\$ 745,533</u>		<u>21.05%</u>

Source: City of Hartford Assessor's Office

Property Tax Levies and Collections - Unaudited
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Grand List	Mill Rate	Original Tax Levy	Adjusted Tax Levy	Amount	Percentage of Levy	Tax Collections in Subsequent Years	Amount	Percentage of Levy
2016	2014	\$ 3,623,072	74.29	\$ 271,647	\$ 262,887	\$ 255,035	97.01%	\$ 9,026	\$ 264,061	97.21% *
2015	2013	3,520,695	74.29	264,923	253,545	247,414	93.39%	8,568	255,982	96.63% *
2014	2012	3,484,647	74.29	262,101	250,935	253,206	96.61%	7,533	260,739	99.48% *
2013	2011	3,395,085	74.29	256,455	247,519	234,215	91.33%	11,103	245,318	95.66% **
2012	2010	3,743,726	71.79	285,281	278,481	261,285	91.59%	7,680	268,965	94.28%
2011	2009	3,604,167	72.79	277,997	268,745	256,253	92.18%	7,104	263,357	94.73%
2010	2008	3,578,546	72.79	252,509	262,987	241,828	95.77%	7,358	249,186	98.68%
2009	2007	3,465,777	68.34	244,858	242,777	233,628	95.41%	5,184	238,812	97.53%
2008	2006	3,704,353	63.39	233,705	221,445	213,260	91.25%	6,154	219,414	93.89%
2007	2005	3,596,490	64.82	233,373	229,963	219,241	93.94%	3,395	222,636	95.40%

Source: City of Hartford Tax Collector's Office.

* Net Taxable Grand list is per State of CT Assessor's M-13

**Both Percentage of Levy figures for 2013 were updated
due to how lien sales were treated

**Ratios of Outstanding Debt by Type - Unaudited
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	General Obligation Bonds	(1) Hartford Parking Facilities	(1) Debt Payable from Enterprise Revenues	Total Net Primary Government General Obligation Debt	Ratio of Total Net General Bonded Debt to Taxable Grand List	Ratio of Total Net General Bonded Debt Per Capita	Percentage of Personal Income
2016	\$ 683,176	\$ 3,078	\$ 69,516	\$ 755,770	20.86%	6,095	24.67%
2015	512,885	3,970	63,372	580,227	16.48%	4,653	19.79%
2014	613,855	67,342	-	681,197	19.55%	5,449	23.15%
2013	510,399	23,876	-	534,275	15.74%	4,278	18.47%
2012	337,607	25,161	-	362,768	9.69%	2,905	12.46%
2011	303,116	26,376	-	329,492	9.14%	2,641	11.29%
2010	298,901	27,521	-	326,422	9.12%	2,631	11.17%
2009	303,988	28,598	-	332,586	9.60%	2,671	13.40%
2008	275,910	29,617	-	305,527	8.25%	2,453	9.92%
2007	293,550	30,583	-	324,133	9.01%	2,603	11.07%

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

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

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

Statement of Debt Limitation - Unaudited
June 30, 2016
(In Thousands)

Total Fiscal Year 2016 Tax Collections (Taxes, Interest and Fees)	\$ 267,575
Tax Relief for the Elderly	370
Base for Establishing Debt Limit	<u>\$ 267,945</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Funding	Total
Debt limitation:						
2 1/4 times base	\$ 602,876	\$ -	\$ -	\$ -	\$ -	\$ 602,876
4 1/2 times base	-	1,205,753	-	-	-	1,205,753
3 3/4 times base	-	-	1,004,794	-	-	1,004,794
3 1/4 times base	-	-	-	870,821	-	870,821
3 times base	-	-	-	-	803,835	803,835
Total debt limitation	602,876	1,205,753	1,004,794	870,821	803,835	4,488,079
Debt, as defined by statute:						
Bonds payable	497,573	187,862	-	-	-	685,435
Bonds authorized - unissued	-	-	-	-	-	-
Bond anticipation notes	-	-	-	-	-	-
Overlapping debt	-	-	188,203	-	-	188,203
Serial notes payable	-	-	1,140	-	-	1,140
School building grants receivable	-	(15,335)	-	-	-	(15,335)
Total indebtedness	497,573	172,527	189,343	-	-	859,443
Debt limitation in excess of outstanding and authorized debt	\$ 105,303	\$ 1,033,226	\$ 815,451	\$ 870,821	\$ 803,835	\$ 3,628,636

Note: Total indebtedness above amounts to \$.859 billion but in no event shall total indebtedness exceed \$3.6 billion (seven times the base for debt limitation computation.)

School building grants totaling \$15.335 million are applicable to outstanding bond issues. It is estimated that an additional 188 million of authorized education project costs will be funded through State of Connecticut progress payments.

Legal Debt Margin Information - Unaudited
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limit	\$ 1,875,615	\$ 1,829,667	\$ 1,804,222	\$ 1,793,687	\$ 1,914,423	\$ 1,869,469	\$ 1,881,467	\$ 1,764,168	\$ 1,558,669	\$ 1,623,692
Total net debt applicable to limit	859,443	1,168,278	976,059	800,206	722,204	605,267	588,156	503,253	416,180	396,682
Legal Debt Margin	<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>	<u>\$ 1,142,489</u>	<u>\$ 1,227,010</u>
Total net debt applicable to the limit as percentage of debt limit	45.82%	63.85%	54.10%	44.61%	37.72%	32.38%	31.26%	28.53%	26.70%	24.43%

**Statement of Direct and Overlapping Debt - Unaudited
Last Ten Fiscal Years
(In Thousands)**

Fiscal Year	Governmental Activities Total Debt Outstanding	MDC Bonded Debt	MDC Self Funded Debt	MDC Overlapping Debt All Participating Governments	City's Percentage Share of MDC Debt	City's Share of MDC Debt	City's Total Direct Debt	City's Total Overlapping Debt	City's Total Direct and Overlapping Debt	Ratio of Debt to Taxable Assessed Value	Debt per Capita
2016	\$ 512,885	\$ 904,360	\$ 497,737	\$ 914,104	26%	\$ 238,855	\$ 512,885	\$ 238,855	\$ 751,740	20.7%	6.06
2015	613,855	799,951	453,352	601,753	28%	165,482	613,855	165,482	779,337	22.0%	6.25
2014	681,197	493,066	309,625	650,055	29%	186,501	681,197	186,501	867,698	24.9%	6.94
2013	534,275	518,340	273,076	559,041	29%	159,942	534,275	159,942	694,217	16.0%	4.38
2012	362,768	320,803	121,821	419,411	28%	118,609	362,768	118,609	440,419	11.8%	3.53
2011	329,492	301,973	122,780	327,393	28%	91,539	329,492	91,539	385,284	10.8%	3.09
2010	326,422	299,391	92,930	206,461	28%	57,437	326,422	57,437	347,457	10.1%	2.79
2009	332,586	218,195	79,888	138,308	28%	38,187	332,586	38,187	325,520	9.4%	2.61
2008	305,527	181,340	74,267	107,073	27%	29,434	305,527	29,434	303,199	9.1%	2.43
2007	324,133	102,162	26,977	75,185	27%	20,353	324,133	20,353	313,063	8.7%	2.51

Notes:

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

(2) MDC - Metropolitan District Commission.

(3) Metropolitan District's overlapping debt is the net direct debt, primarily sewer infrastructure, supported by the MDC's member municipalities taxing authority
Each member municipality's share of the MDC's overlapping debt is based on its percentage share of the overall annual town tax levy.

City of Hartford, Connecticut

TABLE 12

**Demographic and Employment Statistics - Unaudited
Last Ten Calendar Years**

Fiscal Year	Population (1)	Enrollment (2)	(1)	Family	Calendar Year	Labor Force		Percentage Unemployed (3)			
						Employed (3)	(3)	Hartford	Labor Market	Connecticut	United States
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	21,435	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%
2008	124,563	22,319	30.4	30,805	2007	44,534	4,367	8.9%	5.1%	5.9%	6.0%
2007	124,512	22,172	32.0	29,293	2006	44,044	4,178	8.7%	4.4%	4.3%	4.7%

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

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

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

* Started recording Statistic in FY 10

City of Hartford, Connecticut

TABLE 13

**Principal Employers - Unaudited
Hartford's Major Employers**

Business Name	Nature of Business	Area	Employees
Aetna	Insurance	Hartford	10,000 or more
Aetna Inc.	Insurance	Hartford	1,000 - 4,999
Alstom Power Inc.	Electric Companies	Hartford	1,000 - 4,999
Cigna Corp	Medical Insurance Plans	Hartford	1,000 - 4,999
City of Hartford Connecticut	Government Offices-City, Village & Twp	Hartford	1,000 - 4,999
Connecticut Dept of Trnsprtn	Government Offices-US	Hartford	1,000 - 4,999
Connecticut Valley Hospital	Psychiatric Hospitals	Hartford	1,000 - 4,999
Espn Inc.	Television Stations & Broadcasting CO	Hartford	1,000 - 4,999
Eversource Energy	Electric Companies	Hartford	5,000 - 9,999
Hartford	Insurance	Hartford	5,000 - 9,999
Hartford Financial Svc Group	Insurance	Hartford	5,000 - 9,999
Hartford Life Insurance CO	Insurance	Hartford	1,000 - 4,999
Healthtrax Inc.	Health Clubs Studios & Gymnasiums	Hartford	1,000 - 4,999
Hospital-Central Connecticut	Hospitals	Hartford	1,000 - 4,999
Institute of Living	Hospitals	Hartford	1,000 - 4,999
Lake Compounce	Water Parks	Hartford	1,000 - 4,999
Manchester Memorial Hospital	Hospitals	Hartford	1,000 - 4,999
Middlesex Hospital	Hospitals	Hartford	1,000 - 4,999
MT Sinai Rehabilitation Hosp	Hospitals	Hartford	1,000 - 4,999
Pratt & Whitney	Aerospace Industries (Mfrs)	Hartford	5,000 - 9,999
Rockville General Hospital	Hospitals	Hartford	1,000 - 4,999
St Francis Hospital & Med Ctr	Hospitals	Hartford	1,000 - 4,999
Travelers Indemnity CO	Insurance	Hartford	1,000 - 4,999
Uconn Health Ctr	Hospitals	Hartford	5,000 - 9,999
Vets Adm Medical Ctr	Hospitals	Hartford	1,000 - 4,999

Source: Connecticut Department of Labor, 2016

**Budgeted Full-Time Equivalent Employees - Unaudited
Last Ten Fiscal Years**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Department										
Mayor's office	8	9	10	10	10	20	23	25	26	28
Court of Common Council	10	10	9	8	7	9	9	10	10	10
Treasurer	10	10	9	9	10	10	10	7	7	7
Registrars of Voters	6	6	5	8	8	8	8	8	10	9
Corporation Counsel	19	20	23	23	22	17	17	17	16	15
Town & City Clerk	13	13	13	15	15	14	15	18	19	16
Internal audit	5	5	5	5	5	5	5	5	5	5
Office of Chief Operating Officer*	14	13	17	16	17	-	-	-	-	-
Communications & new media*	7	6	7	8	8	-	-	-	-	-
Metro Hartford information system	21	21	16	16	17	17	18	22	25	23
Finance	44	45	42	47	46	53	54	57	66	58
Human Resources	17	16	14	15	15	13	13	15	14	13
Office of Human Relations	-	-	-	-	-	8	9	11	9	9
Office of Management & Budget	8	8	10	11	12	12	11	13	15	12
Fire	361	389	373	393	377	407	391	399	361	369
Police	521	494	523	485	526	525	522	559	511	517
Emergency services & telecommunications	52	54	72	77	78	69	69	67	60	68
Public Works	207	209	238	234	232	196	198	233	232	245
Development services	49	57	63	65	60	54	56	59	69	67
Health & Human Services	39	37	40	43	43	50	52	61	65	63
Office for Young Children *	-	-	-	-	-	3	3	3	-	-
Office for Youth Services	-	-	-	-	-	5	5	4	6	3
Families, children, youth and recreation*	18	17	18	20	18	-	-	-	-	-
Total	1,429	1,439	1,507	1,508	1,526	1,495	1,488	1,593	1,526	1,537
Board of Education										
Teachers	1,700	1,786	1,709	1,633	1,680	1,658	1,639	1,790	2,058	1,987
Administrators	219	196	154	105	163	156	110	173	146	160
Paraprofessionals	496	473	471	525	380	370	384	213	484	453
Clerical	119	124	123	96	123	129	125	142	175	202
Nurses	55	60	60	48	54	50	49	40	41	52
Security	96	97	92	84	87	89	87	75	85	99
Custodial	207	209	184	156	195	197	202	207	225	218
Guidance counselors	34	35	36	32	26	29	31	39		47
Social workers	62	62	54	50	45	50	52	54	62	69
Psychologists	21	23	20	15	21	23	21	25	25	23
Support staff	243	297	367	348	349	321	282	91	188	271
Others	214	129	210	163	1	1	11	156	163	99
Total	3,466	3,491	3,480	3,255	3,124	3,073	2,993	3,005	3,652	3,680
Grand Total***	4,895	4,930	4,987	4,763	4,650	4,568	4,481	4,598	5,178	5,217

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

**Operating Indicators by Function - Unaudited
Last Ten Fiscal Years**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Finance										
Number of bills mailed	\$ 123,691	\$ 115,872	*	\$ 66,926	\$ 82,241	\$ 80,020	\$ 80,020	\$ 75,710	\$ 75,710	\$ 72,395
Number of invoices approved for payment	69,137	68,673	68,728	68,683	79,236	68,649	81,611	74,865	74,865	123,587
Number of internal control reviews performed	21	20	20	19	18	17	14	14	15	16
Assessor										
Number of deeds processed	2,337	2,373	2,166	1,827	1,746	1,668	1,501	1,829	2,710	3,365
Number of veterans exemptions	1,185	1,137	1,124	1,180	1,316	2,270	787	1,374	1,670	1,913
Board of assessment appeals adjustments	(3,728,457)	(4,078,657)	(998,831)	(13,893,512)	(1,332,497)	(1,491,791)	(2,094,060)	(1,479,909)	(5,859,236)	(5,962,926)
Personnel										
Number of applications processed	1,838	1,650	1,771	2,054	1,276	2,779	1,458	1,701	1,974	2,350
Vacancies filled through promotion	124	102	64	81	97	72	57	58	67	218
Vacancies filled through new hires	61	110	39	138	154	225	85	54	153	166
City Clerk										
Land records recorded	13,105	12,791	15,033	16,407	11,614	11,602	12,985	13,287	16,500	21,000
Marriage licenses issued	*	*	*	1,931	2,451	1,462	1,462	1,680	1,284	910
Death certificates issued	*	*	*	13,607	10,634	11,126	11,126	10,992	12,600	2,690
Birth certificates issued	*	*	*	21,546	19,889	22,951	22,951	24,568	21,200	7,150
Management Information Systems										
Help desk calls:										
City	4,346	*	3,375	3,298	3,250	3,309	3,034	3,664	3,664	3,356
Schools	8,165	*	11,249	12	11,665	11,494	8,282	10,976	10,976	11,645
Unassigned	*	*	-	-	-	-	-	-	-	-
Availability, all systems	99.9%	*	99.7%	99.8%	99.7%	99.9%	99.0%	99.7%	99.0%	99.9%
Federal E-rate funds received	2,774,811	*	998,624	1,429,573	2,626,928	3,463,810	3,553,112	3,381,433	4,070,487	2,504,945
Website hits (www.hartford.gov)	no longer reporting	no longer reporting	**	**	**	13,386,564	13,386,564	30,639,065	30,639,065	22,187,131
Website hits (www.hartford.gov)										
Elections										
Voters added	*	*	3,375	11,052	6,756	3,559	5,576	6,801	5,075	3,533
Voters removed	*	*	3,828	5,039	5,675	4,280	5,876	6,984	4,455	4,397
Voter changes	*	*	7,084	15,489	8,621	7,797	11,263	11,715	11,950	10,836
Total voters	*	*	58,285	55,888	45,859	44,368	45,492	46,612	41,026	40,209

Operating Indicators by Function - Unaudited (Continued)
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police										
911 calls	4,492	3,723	6,066	7,117	8,065	9,687	12,179	15,861		20,784
Non-emergency calls	104,114	98,976	96,555	94,035	115,361	117,522	115,310	106,316	106,699	108,625
DWI arrests	326	376	397	274	404	336	-	249	168	156
Fire										
Fire	731	635	583	621	824	1,005	1,056	1,053	1,228	1,240
No Fire	7	10	16	15	20	26	24	24	26	28
Rescue & emergency										
medical services	18,110	15,696	16,153	16,086	15,289	14,583	15,460	14,818	14,350	11,465
Hazardous conditions	633	611	611	715	1,233	827	714	766	819	794
Service calls	2,390	2,236	2,268	2,203	2,133	2,376	2,361	2,013	2,413	2,523
Good intent calls	1,700	1,371	1,276	1,133	1,174	1,255	1,216	1,046	1,254	3,007
False alarm & false calls	1,900	1,833	1,873	1,613	1,678	1,719	1,988	1,947	1,904	2,143
Severe weather & natural disaster	-	-	-	3	8	2	2	2	-	1
Special incident type	68	60	59	62	89	180	201	138	92	112
Other	-	-	-	-	-	-	-	-	-	21
Public Works										
Engineering & administration										
Lane miles paved	38	38	38	38	47	49	37	37	37	37
Development and Community										
Affairs										
Development services										
Housing vouchers, residential										
assistance (families)	*	5,541	5,189	4,698	5,057	4,917	4,720	4,784	4,614	4,619
Zoning Board appeals	16	17	16	10	14	11	22	53	60	57
Code violations	6,388	6,264	4,478	1,879	1,972	1,909	1,931	1,493	6,002	10,415
Citations issued	*	1,985	2,152	1,629	484	372	10	41	1,799	2,786

Operating Indicators by Function - Unaudited (Continued)
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Education										
Average class size - kindergarten	*	20	*	17.7	19.8	19.0	18.3	18.9	19.1	18.6
Average class size - grade 2	*	18.6	*	17.9	18.4	18.7	17.5	18.2	18.2	18.3
Average class size - grade 5	*	19.5	*	19.0	20.5	20.5	18.6	20.3	20.9	18.9
Average class size - grade 7	*	19.4	*	22.9	20.9	18.2	19.3	22.0	22.0	20.6
Recreation and culture										
Number of youth registrations	*	*	3,121	2,565	*	2,319	2,319	2,100	2,549	2,300
Number of youth program hours	*	*	48,260	54,213	*	53,550	53,550	26,654	30,995	23,924
Number of hours provided by volunteers	*	*	976	1,003	*	1,983	1,983	1,600	1,450	1,302

* Information not available

** Statistic no longer reported.

**Capital Asset Statistics by Function / Program - Unaudited
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Police										
Stations	7	6	6	5	3	3	3	3	3	3
Vehicles	287	295	312	275	280	283	257	235	235	231
Fire										
Firefighting/rescue vehicles	27	26	25	27	27	27	26	28	29	26
Other vehicles	68	57	62	61	61	62	55	56	50	48
Fire stations	12	12	12	12	12	12	12	12	12	12
Public Works										
Infrastructure										
Concrete road miles	63	63	63	63	63	63	63	63	63	63
Asphalt road miles	151	151	151	151	151	150	148	148	148	148
Bridges	9	9	9	9	9	9	8	8	8	8
Traffic lights	247	245	245	245	245	245	241	241	241	241
Conduit system (miles)	8	8	8	8	8	8	8	8	8	8
Street maintenance										
Dump trucks	30	33	46	50	47	46	31	31	31	31
Sweepers	8	7	7	16	9	9	7	7	7	7
Parks and cemeteries										
Parks										
Large multi-use	9	9	9	9	9	9	9	9	9	9
Medium size	10	10	10	10	10	10	10	10	10	10
Smaller/playgrounds	10	10	10	10	10	10	10	10	10	10
Cemeteries	5	5	5	5	5	5	5	5	5	5
Building maintenance										
Parking lots	3	3	3	3	3	3	1	1	1	1
Parking garages	2	2	2	2	3	3	3	3	3	3
Education										
School buildings	44	44	44	44	44	45	44	45	45	44
Administrative buildings	3	3	3	3	3	3	3	3	3	3

Capital Asset Statistics by Function / Program - Unaudited (Continued)
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Recreation and Culture										
Recreation										
Number of basketball courts	29	29	29	30	32	29	32	33	32	32
Number of football fields	4	4	4	4	5	4	6	6		6
Number of multi-use fields	3	3	3	3	3	3	4	4	4	4
Number of playscapes/grounds	22	22	22	29	28	27	27	28	27	27
Number of soccer fields	7	7	6	9	9	3	6	6	6	6
Number of softball fields	6	6	6	9	9	9	16	16	16	16
Number of tennis courts	24	24	24	24	25	25	24	27	27	27
Mowers	45	45	45	45	46	42	42	35	35	35
Other vehicles	32	32	30	30	31	33	33	47	47	47
Libraries										
Central	1	1	1	1	1	1	1	1	1	1
Number of branches	9	9	9	9	9	9	9	9	9	9
Library on wheels	-	-	-	-	-	-	-	1	1	1

City of Hartford, Connecticut

Federal and State Financial and Compliance Reports
Year Ended June 30, 2016

Contents

Report Required by the Federal Single Audit Act and Uniform Guidance

Report on compliance for each major federal program; report on internal control over compliance; and report on schedule of expenditures of federal awards required by the Uniform Guidance	1-2
Schedule of expenditures of federal awards	3-7
Notes to schedule of expenditures of federal awards	8
Schedule of findings and questioned costs	9-10
Summary of prior year audit findings	11

Report Required by Government Auditing Standards

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	12-13
Corrective Action Plan	14

Report Required by the Connecticut State Single Audit Act

Report on compliance for each major state program; report on internal control over compliance; and report on the schedule of expenditures of state financial assistance required by the State Single Audit Act	15-16
Schedule of expenditures of state financial assistance	17-21
Notes to schedule of expenditures of state financial assistance	22
Schedule of state single audit compliance findings and questioned costs	23-24
Summary of prior year audit findings - state	25

**Report on Compliance for Each Major Federal Program; Report on Internal Control
over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

RSM US LLP

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited City of Hartford, Connecticut's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Hartford Parking Authority. Our audit, described below, did not include the operations of Hartford Parking Authority because the component unit engaged other auditors to perform an audit of compliance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

New Haven, Connecticut
December 30, 2016

City of Hartford, Connecticut

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Passed through the State of Connecticut			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	12060-SDE64370-20508	\$ 2,983,557
National School Lunch Program	10.555	12060-SDE64370-20560	9,783,288
Child Nutrition Summer Lunch Program	10.559	12060-SDE64370-20540	66,736
			<u>12,833,581</u>
Direct Programs:			
Child and Adult Care Food Program	10.558	1206SDE64370-20518	173,786
Home Care CACFP	10.558	N/A	337,412
			<u>511,198</u>
Fresh Fruit and Vegetable Program	10.582	12060-SDE64370-22051	<u>143,124</u>
Passed through the State of Connecticut			
Department of Public Health:			
Women, Infant and Children (WIC) 10/10-9/11	10.557	SID20892 & DPH LOG2013-0051/WIC	1,373,477
WIC Food Benefits 2016-Non cash	10.557	Non-contract	4,513,593
Total WIC Cluster			<u>5,887,070</u>
Total U.S. Department of Agriculture			<u>19,374,973</u>
U.S. Department of Education			
Passed through the State of Connecticut			
Department of Education:			
Title I Cluster:			
Title I Programs - Local Educational Agencies	84.010A	12060-SDE64370-20679	14,329,092
Title I SIP	84.338	12060-SDE64000-22223	287,380
Total Title I Cluster			<u>14,616,472</u>
Carl Perkins Vocational and Technical Education - Basic Grants to State	84.048A	12060-SDE64370-20742	<u>402,684</u>
Special Education Cluster:			
IDEA, Part B Section 619	84.173A	12060-SDE64370-20983	175,480
IDEA, Part B Section 611	84.027A	12060-SDE64370-20977	6,550,225
Total Special Education Cluster			<u>6,725,705</u>

(Continued)

City of Hartford, Connecticut

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016**

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Education (Continued)			
Passed through the State of Connecticut			
Department of Education (Continued):			
Owl Enrichment Center	84.287C	SID #20863	\$ 105,393
PIP Grant	84.002A	SID #20784	33,681
Title III, Part A - English Language	84.365A	12060-SDE64370-20868	608,144
Education of Homeless Children and Youth	84.196	12060-SDE64370-20770	40,000
Title II, Improving Teacher Quality	84.367A	12060-SDE64370-20858	2,961,736
Choosing to Succeed	84.xxx	S360A1000068	932,517
Total U.S. Department of Education			<u>26,426,332</u>
U.S. Department of Transportation			
Direct Program:			
FTA-Federal Transit Administration	20.514	N/A	<u>21,909</u>
Total U.S. Department of Transportation			<u>21,909</u>
U.S. Department of Commerce			
Direct Programs:			
Strong Cities, Strong Communities	11.309	N/A	<u>2,485</u>
Total U.S. Department of Commerce			<u>2,485</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Ryan White Part A 3/13-2/14	93.914	N/A	2,398,924
Ryan White Part A 3/14-2/15	93.914	N/A	<u>1,021,325</u>
Total			<u>3,420,249</u>
Ebola Active Monitoring	93.365	HHSP233200900522P	<u>6,000</u>
			<u>6,000</u>
Teen Pregnancy & STD/HIV Prevention 9/12-9/13	93.297	N/A	557,892
Teen Pregnancy & STD/HIV Prevention 9/11-9/12	93.297	N/A	<u>413,171</u>
Total			<u>971,063</u>

(Continued)

City of Hartford, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed through the State of Connecticut			
Department of Public Health (Continued):			
Public Health Preparedness	93.069	SID22333 DPH LOG2012-1077/PHP	\$ 90,917
Vaccines - Non Cash	93.268	NON-CONTRACT	1,343
Vaccines - Non Cash	93.712	NON-CONTRACT	1,333
Immunization Action Plan 1/14 - 12/14	93.268	SID20911 LOG2012-0124	119,844
HIV Prevention	93.940	SID22511&12236	37,500
Sexually Transmitted Diseases	93.991	SID20908 & LOG2010-0012-3/STD & TB	33,000
Comprehensive Cancer Block Grant	93.758	N/A	39,033
Disease Intervention Project	93.944	N/A	84,757
Federal Healthy Start	93.926	SID22348 & DPH LOG2015-0078	55,089
Ryan White - MHIS Careware	93.914	Pass Thru New Haven	1,750
Ryan White - MHIS Careware	93.153	Pass thru CHCAC	3,564
School-Based Health Clinics	93.994	DPH LOG 2011-0112	1,122,576
Total			<u>1,590,706</u>
Passed through the Massachusetts			
Department of Public Health:			
CDC-STATE OF MASS GRANT-(STD/HIV)	93.977	VC6000202053	<u>12,500</u>
Total U.S. Department of Health and Human Services			<u>6,000,518</u>
U.S. Department of Homeland Security			
FEMA Passed through the United Way:			
Emergency Shelter FEMA-Utilities FY	97.024	N/A	<u>28,480</u>
Total U.S. Department of Homeland Security			<u>28,480</u>
U.S. Institute of Museum & Library Services			
Direct Programs:			
IMLS Summer Learning	45.312	LG-07-10-0239-10	13,559
Creative Aging in America	45.312	N/A	10,000
IMLS Find Your Voice Grant	45.312	N/A	35,267
USCIS Grant	45.312	N/A	114,117
NEH -Find Your Voice Grant	45.164	N/A	46,544
The Big Read (Grapes of Wrath)	45.164	N/A	16,151
Total U.S. Institute of Museum & Library Services			<u>235,638</u>

(Continued)

City of Hartford, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Direct Programs:			
Lead Hazard Reduction Demonstration	14.905	N/A	\$ 1,259,185
Lower Income Housing Assistance Program- Section 8 Moderate Rehab	14.856	N/A	2,070,421
Emergency Shelter Grants Program (ESG)	14.231	N/A	248,949
Home Investment Partnership Program	14.239	N/A	1,535,843
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	N/A	969,637
Section 8 Housing Choice Vouchers - Cluster	14.871	N/A	45,341,309
Total Direct Programs			<u>51,425,344</u>
CDBG - Entitlement Cluster:			
Community Development Block Grant/Entitlement	14.218	N/A	3,298,118
Total CDBG - Entitlement Cluster			<u>3,298,118</u>
Housing:			
Neighborhood Stabilization-Admin	14.228	12060-DOH46930-22466	21,039
			<u>21,039</u>
Total U.S. Department of Housing and Urban Development			<u>54,744,501</u>
U.S. Department of Environmental Protection			
Direct Programs:			
Brownsfields - 70 Edwards St	66.818	N/A	6,380
Brownsfields - 40 Chapel St	66.818	N/A	19,790
Brownsfields - 393 Homestead	66.818	N/A	1,950
			<u>28,120</u>
Federal Emergency Management Agency			
Direct Programs:			
Emergency Management Performance	97.042	N/A	62,447
Total Federal Emergency Management Agency			<u>62,447</u>

(Continued)

City of Hartford, Connecticut

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2016

Federal Grantor Pass-Through Grantor Program or Cluster Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor Entity- Identifying Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs:			
Cops Hiring Grant	16.710	N/A	\$ 24,792
Cops Hiring Grant	16.710	N/A	60,669
FY'08 Cops Technology Grant	16.710	N/A	186,574
FY09 Cops Technology Grant	16.710	N/A	214,557
FY10 Cops Technology Grant	16.710	N/A	962,500
			<u>1,449,092</u>
 FBI Safe Streets Indefinite	 16.111	 N/A	 29,014
Hartford Resident Office DEA Indefinite	16.111	N/A	24,406
			<u>53,420</u>
 FY'14-15 JAG Grant	 16.738	 NA	 178,859
OPM JAG Equipment	16.738	NA	300,000
			<u>478,859</u>
 CTVFTF Grant	 16.xxx	 N/A	 36,153
CTFTF CT Fin'l Crime TF	16.xxx	N/A	1,330
JTTF-FBI OT Reimbursement	16.xxx	N/A	24,894
Fed Seized & Forfeited Property Fund	16.922	N/A	788,189
			<u>850,566</u>
 Passed through the State Department of Justice:			 28,111
Youth Services Prevention Arroyo	16.523		12,500
Youth Services Prevention Arroyo	16.523		40,611
			<u>28,111</u>
 Total U.S. Department of Justice			 <u>2,872,548</u>
 Total Federal Awards Expended			 <u><u>\$ 109,797,951</u></u>

N/A – Not Available

See Notes to Schedule of Expenditures of Federal Awards.

City of Hartford, Connecticut

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Hartford, Connecticut (the City) under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balances/net position or changes in cash flows of the City.

Note 2. Summary of Significant Accounting Principles

Expenditures reported in the Schedule are recognized based on the modified accrual basis of accounting in governmental funds and accrual basis of accounting in the proprietary funds. Such expenditures are reported following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Non-Cash Awards

Donated commodities in the amounts of \$4,513,593 and \$2,676 are included in the Department of Agriculture's WIC program, CFDA # 10.557 and the Department of Public Health and Human Services' Vaccine program, CFDA #s 93.268 and 93.712, respectively. These amounts represent the market value of commodities and vaccines received.

Note 4. Indirect Cost Recovery

The City did not recover its indirect cost using the 10% de minimus indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 5. Component Units

The Schedule does not include any expenditures of federal financial assistance of the City's discretely presented component unit.

City of Hartford, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

1. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over Financial Reporting

- | | | |
|---|-------------------|-----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> X </u> Yes | <u> </u> None reported |
| • Noncompliance material to financial statements? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

- | | | |
|---|-------------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported |

Type of auditor's report issued on compliance for major programs: unmodified

- | | | |
|--|-------------------|-----------------|
| • Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? | <u> </u> Yes | <u> X </u> No |
|--|-------------------|-----------------|

Identification of Major Programs

CFDA Numbers	Name of Federal Program or Cluster
84.173A/84.027A	Special Education Cluster (IDEA Part B)
93.914	Ryan White (Part A)
14.871/14.879/14.880	Housing Voucher Cluster
14.238	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs

\$ 3,000,000

Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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City of Hartford, Connecticut

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016

II. Financial Statement Findings

Significant Deficiency in Internal Control

2016-01 Financial Reporting Requirements

Criteria Management is responsible for establishing and maintaining internal controls to ensure the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition Significant adjustments were posted to the City's financial statements to properly record transactions in accordance with GAAP. Adjustments included, but were not limited to, the following:

- Entries posted to record various debt transactions.
- Entries posted to record the OPEB Trust Fund.
- Entries for deferred revenue in Capital Projects Fund.

Context The City's debt, deferred revenue and trust activity were not recorded in accordance with GAAP.

Effect Three significant adjustments were posted to present the financial statements in accordance with GAAP.

Cause Certain reconciliations should be done at a more detailed level and complex adjustments should be reviewed, and if needed, seek additional guidance as required.

Recommendation We recommended that the City follow policies and procedures to establish effective internal controls to ensure financial statements are presented in accordance with GAAP. If complex transactions are presented, we recommend seeking outside guidance as required.

Management Response See Corrective Action Plan on page 14 of this report.

III. Federal Award Findings and Questioned Costs

No matters reported.

City of Hartford, Connecticut

**Summary of Prior Year Audit Findings
For the Year Ended June 30, 2016**

There were no findings in the prior year.

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards***

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hartford, Connecticut (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Hartford Parking Authority, a component unit of the City, as described in our report on the City of Hartford, Connecticut's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be a significant deficiency (2016-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Hartford, Connecticut's Response to Finding

The City of Hartford, Connecticut's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. The City of Hartford, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM VS LLP

New Haven, Connecticut
December 30, 2016



CITY OF HARTFORD

DEPARTMENT OF FINANCE
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Hartford, Connecticut 06103

LUKE A. BRONIN
Mayor

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DARRELL V. HILL
Chief Financial Officer
& Director of Finance

Corrective Action Plan For the Fiscal Year Ended June 30, 2016

Section II – Financial Statement Findings

Finding:	2016-01
Contact Person:	Darrell Hill, Chief Financial Officer & Director of Finance
Corrective Action:	The City will ensure that all required adjustments to present the financial statements in accordance with GAAP are recorded prior to the commencement of the audit.
Proposed Completion Date:	The Department of Finance will implement the above corrective action for the fiscal year ended June 30, 2017.

**Report on Compliance for Each Major State Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures of State Financial Assistance
Required by the State Single Audit Act** RSM US LLP

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the City of Hartford, Connecticut's (the City) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2016. The City's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM VS LLP

New Haven, Connecticut
December 30, 2016

City of Hartford, Connecticut

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Education		
Family Resource Center	11000-SDE64370-16110	\$ 650,427
Adult Education	11000-SDE64000-17030	1,859,430
Health Services	11000-SDE64370-17034	63,776
Prince 2016	N/A	1,750
Bilingual Education	11000-SDE64370-17042	532,619
Priority School Districts - 15-16	11000-SDE64370-17043-82052	5,112,014
Extended School Hours	11000-SDE64000-17043-82054	407,999
Hyland ELC Bond Fund Improvement	N/A	101,713
Hyland ELC Bond Fund Improvement	N/A	50,000
Youth Services Bureau	11000-SDE64000-17052	147,465
Youth Services Bureau-Enhancement	11000-SDE64370-16201	9,307
Open Choice	11000-SDE64370-17053	338,533
Lighthouse School Grant	11000 12457	750,000
Planning Grant	11000-SDE64370-12552	49,950
CSBE_USHCA Program	N/A	4,500
Magnet Schools	11000-SDE64370-17057	61,247,936
Magnet Great Path Academy	11000-SDE64370-12457	2,798,723
Capital Improvements	12052 43539	1,144
Magnet School Incubation bond	12052 43678	1,042,675
Low Performing Schools 15-16	12052 43594	264,424
Alliance - Governors Turnaround 15-16	11000-SDE64370-12457	14,520,907
Sheff Settlement	11000-SDE64370-12457	749,660
Sheff Settlement - Incubation Funds	11000-SDE64370-12052	397,261
High Quality Schools & Common Core	12052-SDE64000-43538-82166	460,950
Immigrant & Youth Education	12060-SDE64700-20868-82076	37,159
Math & Science Partnership	12060 21592 84157	10,955
Charter School Jumoke Academy	11000-SDE64000-17041	8,074,000
Charter School Achievement First	11000-SDE64000-17041	11,693,000
Summer School Accountability Grant	11000-SDE64000-17043	473,236
RSCO Grant	SID #20784	21,813
Total Department of Education		111,873,326
Department of Children and Families:		
Juvenile Review Board		252,250
Parent Trust Fund		6,646
		258,896

(Continued)

City of Hartford, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Office of Policy and Management		
Property Tax Disability Exemption	11000-OPM20600-17011	\$ 8,362
Property Tax Relief on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	710,715
Property Tax Relief for Elderly and Totally Disabled Homeowners/Circuit Breaker/Life Use Grant	11000-OPM20600-17018	370,193
Property Tax Relief for Veterans	11000-OPM20600-17024	37,487
Local Capital Improvement Program	12050-OPM20600-40254	3,888,761
Municipal Grants-in-Aid	12052-OPM20600-43587	1,419,161
Jag Violent Crime Prevention	N/A	4,293
Jag Techonology	N/A	9,331
PILOT on State Owned Property	11000-OPM20600-17004	13,887,253
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	23,443,507
Total Office of Policy and Management		43,779,063
Department of Transportation		
Town Aid Road Grants	12001-DOT57131-17036	1,201,712
Bus Operations	12001-DOT57931-12175	83,486
Colt Gateway Streetscape - Phase 1	N/A	201,061
Coltsville Streetscape	N/A	35
Project Longevity (Crime analysis)	N/A	11,860
Comprehensive DUI Enforcement	N/A	49,865
Farmington/Broad/Asylum Intersection	N/A	5,200
Traffic Calming	N/A	9,200
Click it or Ticket	N/A	13,798
FY'15 Highway Safety Breathalyzer	N/A	-
Distracted Driving	N/A	16,863
Distracted Driving FY16	N/A	30,109
FY'15 Major City Speed Enforcement	N/A	14,663
Comprehensive DUI Enforcement FY16	N/A	119,320
Underage Drinking Enforcement	N/A	30,000
Intellectual Property Enforcement	N/A	80,247
DUI Command Post	N/A	274,500
CT Clean Fuel Program	N/A	188,300
TOD Transit Oriented Design Pilot	N/A	84,423
Total Department of Transportation	N/A	2,414,642

(Continued)

City of Hartford, Connecticut

Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Education and Services for the Blind		
Services for the Blind	11000-ESN650212060	\$ 125,894
Total Education & Services for the Blind		<u>125,894</u>
Judicial Department		
E-Drill	N/A	329
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	88,423
Total Judicial Department		<u>88,752</u>
Department of Labor		
CT Department of Labor Fines		5,880
Total CT Department of Labor Fines		<u>5,880</u>
Connecticut State Library		
Historic Documents Preservation Grant	12060-CSL66094-35150	6,500
Total Connecticut State Library		<u>6,500</u>
Department of Social Services		
Emergency Shelter Grant McKinney CITY	SID#17038 & CONTRACT #064-ESS-1 / 13DOH0101BG A2	565,838
Healthy Start 7/1/12-6/30/13	SID16105 & CONTRACT064-HUO-06 /05DSS1001EG-A6	205,662
Nurturing Families Network 01/01/15-6	SID #12042 & CONTRACT 150EC8301EG	176,385
Total Department of Social Services		<u>947,885</u>
Department of Revenue Services		
Non-Budgeted Operating Appropriation	34004-DCP18306-40001	245,015
Total Department of Revenue Services		<u>245,015</u>
Department of Public Health		
Childhood Lead Poisoning Prevention	11000-DPH48500-12126	63,404
Tuberculosis Control and Prevention	11000-DPH48666-16112	26,243
Per capita FY15	11000-DPH48500-17009	160,149
Sexually Transmitted Disease Control	11000-DPH48665-17013	42,892
Ryan White MHIS Careware	SID 20908 & CFDA 93.991	52,691
Local Prevention Council	SID#11000-DPH 48854-12236 CFDA #93.917	8,973
HIV Prevention	N/A	129,185
Total Department of Public Health		<u>483,537</u>

(Continued)

Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Public Safety		
911 Enhancement Grant	N/A	\$ 17,259
911 Subsidy Grant	N/A	808,688
Capital Expense	N/A	49,888
911 Training Fund 2013-15	N/A	405
911 Training Fund 2015-2016	N/A	12,502
911 Training Group Rollup	N/A	3,858
State Wide Narcotics TF	N/A	3,407
State Asset Forfeiture Revolving Fund	12060-DPS32155-35142	146,923
Public Safety Telecommunication Services Reimbursement	N/A	5,340
Cap Exp Grant Speaker/Microphone	N/A	6,160
Homeland Security/Civil Defense	N/A	50,000
Reimbursement for RILO	N/A	15,000
2013 School Security Grant	N/A	452,910
Total Department of Public Safety		1,572,340
Department of Administrative Services		
Alliance Building Grant	N/A	168,118
Morgan St Tax Payment	DASM1	800,000
Total Department of Administrative Services		968,118
Office of Early Childhood		
ELC Child Care	N/A	1,658,663
ELC Child Care Asylum	N/A	1,339,921
Quality Enhancement Grant	11000-SDE64000-17097-82079	150,125
School Readiness	11000-SDE64000-17403-82056	11,217,600
Total Office of Early Childhood		14,366,309
Department of Energy and Environmental Protection		
Medicaid DEEP		21,055
Batterson Park Improvements UGCG-15	N/A	57,348
Microgrid Pilot Program- Parkville	SID 43531	1,645,297
Elizabeth Park East Lawn Improvement	N/A	81,365
Cronin Park Improvement	N/A	468,785
Electric Vehicle Charging Stations		16,547
HFS-Enfield Street Community Garden		2,530
Total Department of Energy and Environmental Protection		2,292,927

(Continued)

City of Hartford, Connecticut

**Schedule of Expenditures of State Financial Assistance (Continued)
For the Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE-CT Number	Expenditures
Department of Economic and Community Development		
Elizabeth Park Farmstead-Hartford	StateID# 16197	\$ 192,526
Swift Factory Brownfield's Project	SID# 12052-46000-43236	100,771
Brownsfield - 40 Popieluszok	21058	337,334
Upper Albany Façade Improvement	21058	329,081
Brownsfield - Batterson Park	21058	22,758
Brownsfield - Parkville	21058	84,067
John Rogers	Proj#3400022017	2,500
CCEDA II Home Ownership Appraisal GAP	12059-ECD46400-40577	597,532
Park Street Streetscape Phase III	12052-46000-43470	324,900
Total Department of Economic and Community Development		1,991,469
Total State Financial Assistance Before Exempt Programs		181,420,553
Exempt Programs		
Department of Education		
Department of Education Public School Transportation	11000-SDE64000-17027	1,235,272
Education Cost Sharing	11000-SDE64000-17041-82010	188,198,020
Excess Cost - Student Based	11000-SDE64000-17047	9,634,381
		199,067,673
Department of Construction Services		
School Construction - Interest	13009-DCS28000-40896	98,410
School Construction - Progress Payment	13009-DCS28000-40901	2,015,333
School Construction - Principal	11000-DCS28000-17049	48,179,061
		50,292,804
Office of Policy and Management		
Mashantucket Pequot/Mohegan Fund	12009-OPM20600-17005	6,627,346
		6,627,346
Total Exempt Programs		255,987,823
Total State Financial Assistance		\$ 437,408,376

See Notes to Schedule of Expenditures of State Financial Assistance.
N/A=Not Available

City of Hartford, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance For the Year Ended June 30, 2016

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the City of Hartford, Connecticut, under programs of the State of Connecticut for the fiscal year ended June 30, 2016. Various departments and agencies of the State of Connecticut have provided financial assistance to the City of Hartford through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position, changes in fund balances/net position or changes in cash flows of the City.

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of Hartford, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of accounting: Expenditures reported in the Schedule are recognized based on the modified accrual basis of accounting in governmental funds and accrual basis of accounting in the proprietary funds. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Note 2. Loan Programs

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the schedule of expenditures of state financial assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2015:

Department of Environmental Protection:

Clean Water Funds 21014-OTT4230-4001

Balance July 1, 2015	Issued	Retired	Balance June 30, 2016
\$ 1,232,204	\$ -	\$ (91,778)	\$ 1,140,426

Note 3. Component Unit

The schedule of expenditures of state financial assistance does not include any expenditures of state financial assistance of the City's discretely presented component unit.

City of Hartford, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs
For the Year Ended June 30, 2016**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified? X Yes None reported
- Noncompliance material to financial statements noted? Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs: unmodified.

- Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? Yes X No

The following schedule reflects the major programs included in the state single audit:

State Grantor and Program	State CORE-CT Number	Expenditures
Department of Education		
Magnet Schools	11000-SDE64370-17057	\$ 61,247,936
Alliance - Governors Turnaround 15-16	11000-SDE64370-12457	\$ 14,520,907
Charter School Achievement First	11000-SDE64000-17041	\$ 11,693,000
Charter School Jumokey Academy	11000-SDE64000-17041	\$ 8,074,000
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on Private Colleges and General/Chronic Disease Hospitals	11000-OPM20600-17006	\$ 23,443,507
• Dollar threshold used to distinguish between Type A and Type B programs		<u><u>\$ 3,628,411</u></u>

City of Hartford, Connecticut

**Schedule of State Single Audit Compliance Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2016**

II. Financial Statement Findings

- We issued reports dated December 30, 2016, on internal control over financial reporting and compliance with other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards*.
- Our report on internal control over financial reporting noted one matter (2016-01).

III. State Financial Assistance Findings and Questioned Costs

No matters reported.

City of Hartford, Connecticut

**Summary of Prior Year Audit Findings - State
For the Year Ended June 30, 2016**

There were no findings in the prior year.