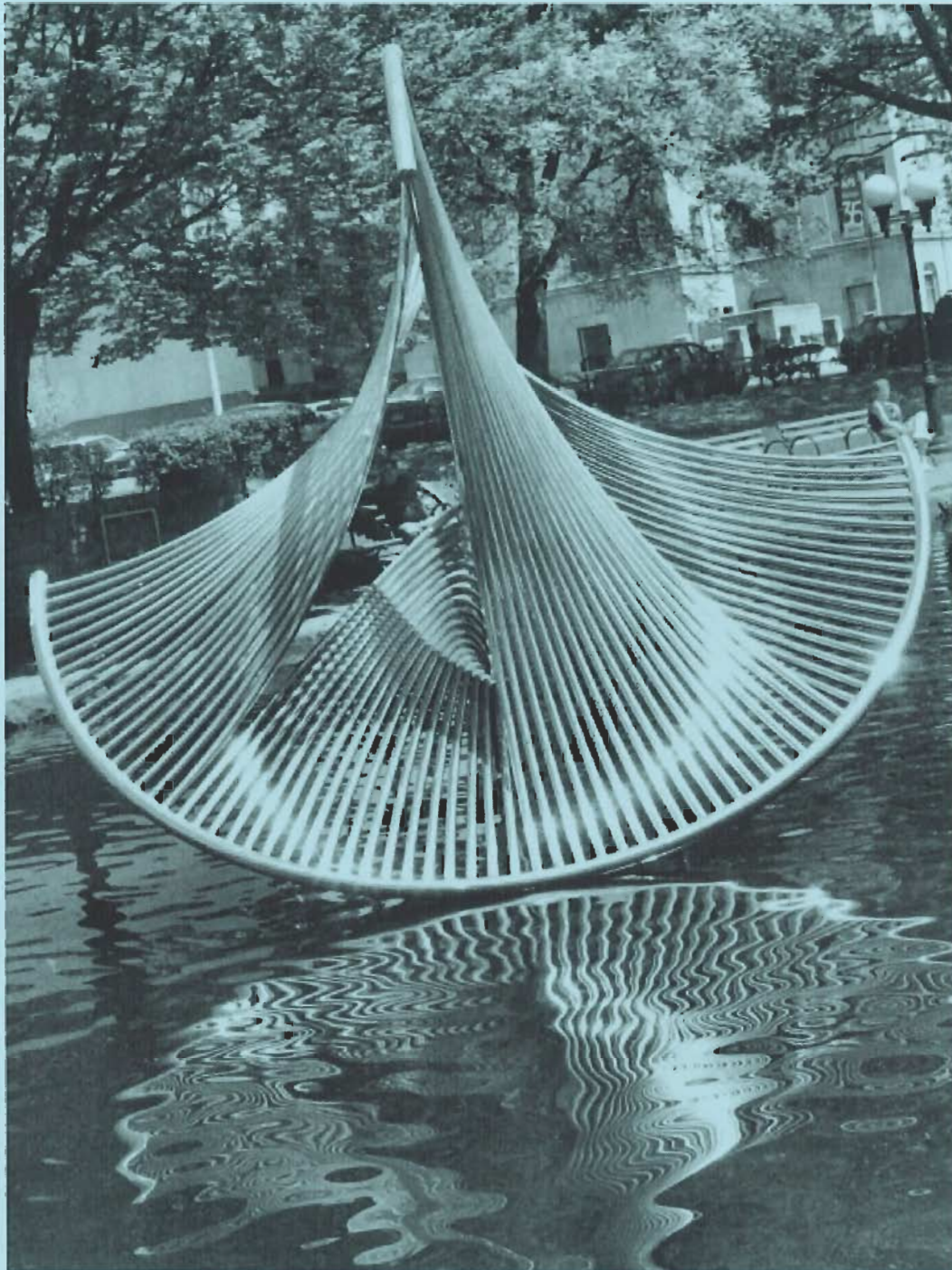


City Council's Adopted Budget



Expenditure and Revenue Forecast Section

GENERAL FUND EXPENDITURE AND REVENUE FORECAST ASSUMPTIONS FISCAL YEARS 2008-2009 THROUGH 2012-2013

The primary purpose of this forecast is to present a prospective view of the City's General Fund revenue and expenditure levels over the next five years. It is important to note that as assumptions become reality in future years, the forecast will fluctuate. As such, this forecast should be used as a management and planning tool and amended annually. It is also important to note the Court of Common Council is mandated by Charter to adopt a balanced budget. Therefore, any projections indicating a budget deficit will require adjustments before budget adoption. These adjustments will range from reducing expenditures to raising revenues to a combination of both.

Assumptions for Expenditure Projections

Salaries and Wages: The Salaries and Wages category shows an increase in the 2007-2008 projected expenditures due to contractual wage increases. It is anticipated that this category will increase only minimally through the remaining period of the forecast.

Fringe Benefits: It is expected that this category will continue to increase approximately 10%, based on the experience of the last five years of employee insurance costs. Incorporated within this projection is an annual contribution to the internal service funds associated with claims related to employee benefits, workers compensation and property and causality.

Supplies and Materials: Increases in this category are primarily due to projected cost increases in gasoline and diesel fuel. There may be some adjustments made in future forecast years due to the movement towards alternative fuels. Future costs are adjusted for a 3% inflation factor.

Contractual Service: The increase in the remaining years of the forecast includes a per ton adjustment for projected increases in tip fees.

Education: The City is expecting additional state aid during the 2007-2008 fiscal year in the category of educational cost sharing (ECS) grant funds. This projected increase as well as the inflationary increase of 4% is built into the Fiscal Year 2008-09 Forecast and 4% is projected in the remaining years.

Library: For the remainder of this forecast, this category increases by 4%.

Sundry: The Sundry increases take into consideration the retirement of old debt and availability of funding for future projects, adjustment to the wage and fringe account in anticipation of retirement cash outs, and an increase in property and casualty insurance account based on annual industry projections.

Property, Plant and Equipment: This category projects a slight increase in each of the five forecast years to cover the cost of leased purchases.

Assumptions for Revenue Projections

The General Fund Revenue Forecast highlights revenue increases for Hartford as we embark on new and significant opportunities. These opportunities will continue to increase most categories, throughout the forecast. The City anticipates both a higher collection rate, as much as 96.8%, and a broader tax base with new developments in store and additional fees for different city services. With the higher collection rate of current taxes, the City will experience a decline in prior year tax collections, causing a temporary decline in Revenue for Fiscal Year 2008-2009. It should be noted that the implementation of new revenue generating opportunities would increase future revenues by approximately \$6,100,000 over the next five years. These opportunities are explained in the revenue section.

Taxes are a major source of revenue. The Forecast for the 2008-2009 Budget represents an increase that is attributable to the increased collection rate of real property and motor vehicle. Future year taxes will increase with higher collection rates, enhanced fees and new property development. Future years do not reflect the effect of tax rate increases. Lower prior year tax collection amounts are responsible for the decline in 2008-2009.

Licenses and Permits revenues have increased because of significant building activity and enforcement. Parking Meter income will increase and will be housed in the Hartford Parking Authority, realizing additional funding in the Revenue from Use of Money and Property category.

Fines, Forfeits and Penalties we will see a substantial increase in Parking Tickets collections, but the revenue will be collected in the Hartford Parking Authority and is not reflected in this category going forward.

Revenue From The Use of Money and Property decreases in 2008-2009 due to the reduction in revenue from the Hartford Parking Authority and reduced Connecticut Resources Recovery Authority (CRRA) income. This category is forecasted to increase up to \$1 million over the next five years, because of revenues from property development and investment income.

Intergovernmental Revenue will increase in 2008-2009. The Telecommunications personal property tax has declined due to telecom depreciation allowed by the State. Educational Cost Sharing Revenue from the State and other grant funds dominate this category. The City is not anticipating extra Property Tax Relief money that was received in 2006-2007. The Governor and the Legislature will decide future adjustments in this area, but have promised additional aid in 2007-2008.

Charges for Services will increase with higher fees and additional fees for different City services, as we continue to implement innovative revenue enhancements.

Reimbursements include amounts payable to the City from grant programs for fringe benefits. This section no longer includes Board of Education reimbursements. However, capital project indirect reimbursements will supplement this category.

Other Revenue includes major sales of development properties. Future sale of property will depend on foreclosures for back taxes on properties left over from tax and bulk lien sales.

Fund Balance is projected as zero versus previous years. No contribution will be used to balance the budget. With the implementation and fruition of all new revenue sources, we are not projecting to utilize this fund again until Fiscal Year 2011-2012.

Total Gap Between Revenues and Expenditures

