

GREATER HARTFORD TRANSIT DISTRICT
HARTFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

GREATER HARTFORD TRANSIT DISTRICT
HARTFORD, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2006

Prepared by:
Accounting Department

INTRODUCTORY SECTION

GREATER HARTFORD TRANSIT DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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November 13, 2006

Members of the Board of Directors
Greater Hartford Transit District
Hartford, Connecticut

The State of Connecticut statutes require that the Greater Hartford Transit District (the District) publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified (clean) opinion on the District's financial statements for the year ended June 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

The District is a regional governmental unit formed under the provisions of Chapter 103a of the Connecticut General Statutes. There are currently sixteen member towns: Bloomfield, East Hartford, East Windsor, Enfield, Farmington, Granby, Hartford, Manchester, Newington, Rocky Hill, Simsbury, South Windsor, Vernon, West Hartford, Wethersfield and Windsor. Each member town appoints one to four Directors according to population, who collectively form the Board of Directors, which is the policy-making body of the District. The day-to-day affairs of the District are managed by the Executive Director and her staff.

The District has broad powers to acquire, operate, finance, plan, develop, maintain and otherwise provide all forms of land transportation and related services including the development or renewal of transportation centers and parking facilities. It has the power to issue revenue and general obligation bonds.

The agency also serves a pass-through function for federal, state and private grants for the purpose of acquiring transportation equipment or providing transportation services.

The District adopts an annual budget which serves as a foundation for the District's financial planning and control. Activities of the General Fund, Special Revenue Fund, Enterprise Funds and Internal Service Fund are included in the annual appropriated budget. Project-length financial budgets are required by the Federal Transit Administration (FTA) in the District's management of its grants.

Local Economy

The economic condition of the District is dependent on available federal and state funding, the real estate market and the population of elderly and disabled served by the District. Rental income and parking lot fees support continued operations of Union Station Transportation Center. The District anticipates little change in the amount of State funding other than an increase in reimbursement of ADA Paratransit Service operational costs, which will be driven by the increasing elderly and disabled population and their need for quality transportation. FTA funds are expected to increase due to the receipt of infrastructure funding of the Vernon and Enfield Intermodal Centers in addition to capital funding of the hydrogen powered fuel cell bus.

Long-Term Financial Planning

Unrestricted net assets in the public portion of the Transportation Center and the parking lot are considered adequate for long-term operations. Analysis of the large net asset deficiency in the private portion of the Transportation Center has resulted in a number of deficit reduction strategies, including consolidation of owner occupied rental space, aggressive leasing activities, and opening the Great Hall at Union Station for corporate and private events. Additionally, alternative rate programs have been instituted at the Spruce Street Parking Lot to accommodate Event Parking and Group Parking needs. There will also be an increased effort to find company-owned fleets to utilize the lot for short-term or extended length stays. Efforts shall continue to minimize expenditure outlay and increase revenue generation opportunities.

Major Initiatives

Major initiatives are as follows:

- Assist the State by offering fixed route bus service as an extension of current services provided by the State's contractor.
- Find additional opportunities to serve in a shuttle service capacity under allowable state and federal regulations.
- Complete acquisition process of a hydrogen powered fuel cell bus to serve as a demonstration project prototype on the Downtown Circulator system.
- Complete study to utilize Union Station Transportation Center as intermodal terminus and transfer point for the Downtown Circulator, Commuter Rail Service, New Britain-Hartford Busway and the proposed Northwest Corridor transit-oriented development project.

- Continue leasing campaign at Union Station to identify potential tenants and maximize remaining rentable square footage.
- Expand its consolidated paratransit system to serve more social service users including Medicare recipients and Job Access and Reverse Commute (JARC) clients.
- Identify long-term capital replacement plan for the District's vehicle fleet.
- Seek opportunities to provide additional Dial-A-Ride services to member towns.
- Secure long-term administration of the Connecticut Transit District Insurance Consortium, as well as Drug and Alcohol Testing Consortium, through State of Connecticut Request for Proposals processes.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the District for its Fiscal Year End 2005 Comprehensive Annual Financial Report. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements. We have submitted our current Comprehensive Annual Financial Report to the GFOA to determine its eligibility for another certificate.

I would like to thank all members of the District staff who assisted and contributed to the preparation of this report, as well as the members of the District Board for their interest and continued support in the ongoing financial operations of the agency.

Respectfully Submitted,



Vicki L. Shotland
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greater Hartford Transit
District, Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Perry

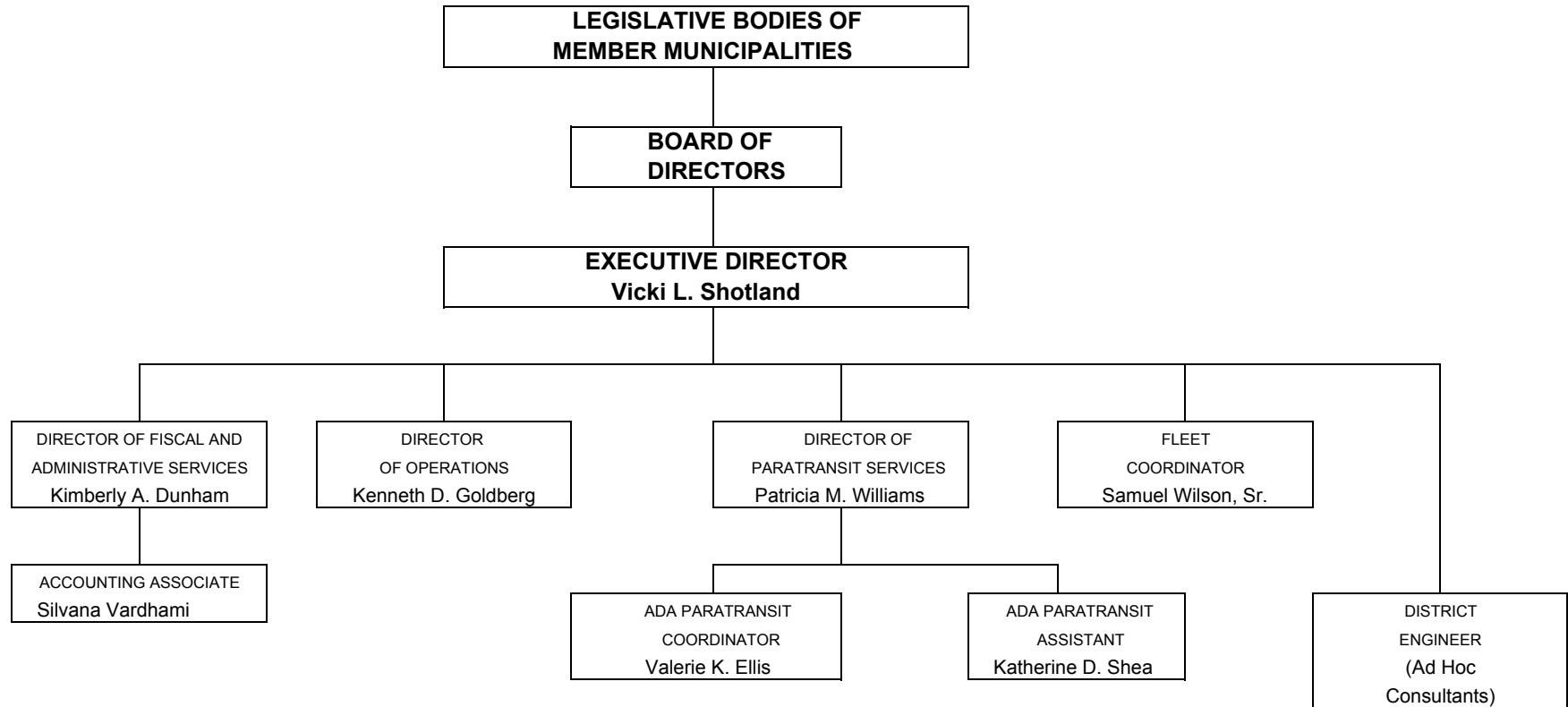
President

Jeffrey R. Emer

Executive Director

**ORGANIZATION CHART
FISCAL YEAR 2006
GREATER HARTFORD TRANSIT DISTRICT**

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**GREATER HARTFORD TRANSIT DISTRICT
BOARD OF DIRECTORS
2006**

Member Town		Representation/Director	Primary Occupation	Committee Assignment
Bloomfield	1	Joan Gamble	Artist / Community Volunteer	
East Hartford	2	Peter J. Bonzani Marilyn Pet	Community Volunteer Attorney	Parking Lot Panel
East Windsor	1	Vacancy		
Enfield	2	Stephen F. Mitchell Maryellen Bousquet	Engineer Community Volunteer	Personnel, Audit, Parking Lot
Farmington	1	Kathleen Eagen	Town Manager	
Granby	1	Russell G. St. John	Railroad Consultant	
Hartford	4	Jesse J. Smith Melvin Pettigrew Jennifer Cassidy Frank Lord	Judicial Marshall Community Volunteer Executive Assistant Community Volunteer	Parking Lot Panel Personnel
Manchester	2	James R. McCavanagh Craig L. Perra	Realtor Attorney	
Newington	2	William G. Hall Donald F. Woods, Jr.	Community Volunteer Business Executive	
Rocky Hill	1	Frank S. Partridge	Community Volunteer	Personnel
Simsbury	1	Ferguson R. Jansen	Business Executive	Personnel
South Windsor	1	Vacancy		
Vernon	2	Mary A. Oliver Mark S. Etre	Financial Services Engineer	Audit
West Hartford	2	Richard F. Messenger Vacancy	Community Volunteer	Personnel
Wethersfield	2	Richard L. Dobmeier Brendan T. Flynn	Community Volunteer Attorney	Personnel
Windsor	2	William D. Chiodo Daniel Dowe	C.P.A. Educator	Personnel

Executive Director
Vicki L. Shotland

Officers
June 30, 2006

Chairman	William D. Chiodo
Vice Chairman	Stephen F. Mitchell
Secretary	Frank Lord
Assistant Secretary	Jesse J. Smith
Treasurer	Brendan T. Flynn
Assistant Treasurer	Mary A. Oliver

FINANCIAL SECTION



Report of Independent Accountants

To the Board of Directors
Greater Hartford Transit District
Hartford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Greater Hartford Transit District (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District as of June 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules as well as the statistical tables 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 schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

August 23, 2006

GREATER HARTFORD TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2006

The management of the Greater Hartford Transit District (the District) offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- On a government-wide basis, the assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$9,551,453 and \$1,592,282 for the Governmental Activities and the Business-Type Activities, respectively.
- On a government-wide basis, the government's total net assets decreased by \$788,896; Governmental Activities decreased by \$476,352 and Business-Type Activities decreased by \$312,544.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$421,810, an increase of \$156,293 in comparison with the prior year. The entire amount is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$421,810.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include purchased transportation, transportation projects and general administration. The business-type activities of the District include a transportation center and a public parking lot.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Special Revenue Fund, both of which are considered to be major funds.

The District adopts an annual appropriated budget for its General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-17 of this report.

Proprietary Funds

The District maintains three enterprise-type funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its transportation center, public and private, and for its parking lot.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the three enterprise funds which are considered to be major funds of the District. The internal service fund, which is used to fund postretirement benefits, is presented as a governmental activity in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-35 of this report.

Other Information

Supplemental, combining and individual fund statements and schedules can be found on pages 36-39 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. In the case of the District, assets exceeded liabilities by \$11,143,735 at the close of the most recent fiscal year.

By far, the largest portion of the District's assets is its investment in capital assets (e.g., buildings, transportation vehicles and equipment). It is presented in the statement of net assets less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NET ASSETS **June 30, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 4,299,162	\$ 3,492,328	\$ (514,010)	\$ (500,113)	\$ 3,785,152	\$ 2,992,215
Capital assets, net of accumulated depreciation	9,129,643	9,612,003	5,721,086	6,033,169	14,850,729	15,645,172
Total assets	13,428,805	13,104,331	5,207,076	5,533,056	18,635,881	18,637,387
Current liabilities	3,877,352	3,076,526	89,817	75,909	3,967,169	3,152,435
Long-term liabilities outstanding			3,524,977	3,552,321	3,524,977	3,552,321
Total liabilities	3,877,352	3,076,526	3,614,794	3,628,230	7,492,146	6,704,756
Net Assets:						
Invested in capital assets, net of related debt	9,129,643	9,612,003	2,170,222	2,458,036	11,299,865	12,070,039
Unrestricted	421,810	415,802	(577,940)	(553,210)	(156,130)	(137,408)
Total Net Assets	\$ 9,551,453	\$ 10,027,805	\$ 1,592,282	\$ 1,904,826	\$ 11,143,735	\$ 11,932,631

CHANGES IN NET ASSETS
For the Years Ended June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 891,694	\$ 633,388	\$ 1,305,009	\$ 1,233,126	\$ 2,196,703	\$ 1,866,514
Operating grants and contributions	10,691,807	9,587,745	711,594	378,240	11,403,401	9,965,985
Capital grants and contributions	961,182	2,533,479			961,182	2,533,479
General revenues:						
Member town contributions	40,111	39,051			40,111	39,051
Miscellaneous	44,012	294,887			44,012	294,887
Unrestricted investment earnings	11,534	6,467			11,534	6,467
Total revenues	<u>12,640,340</u>	<u>13,095,017</u>	<u>2,016,603</u>	<u>1,611,366</u>	<u>14,656,943</u>	<u>14,706,383</u>
Expenses:						
Purchased transportation	9,264,902	8,692,550			3,536,622	4,044,147
Transit projects	3,536,622	4,044,147			315,168	304,413
General administration	315,168	304,413			2,083,170	1,668,274
Transportation center			2,083,170	1,668,274	245,977	256,730
Parking lot			245,977	256,730	15,445,839	14,966,114
Total expenses	<u>13,116,692</u>	<u>13,041,110</u>	<u>2,329,147</u>	<u>1,925,004</u>	<u>21,626,776</u>	<u>21,239,678</u>
Change in net assets	<u>(476,352)</u>	<u>53,907</u>	<u>(312,544)</u>	<u>(313,638)</u>	<u>(788,896)</u>	<u>(259,731)</u>
Net assets at beginning of year	<u>10,027,805</u>	<u>9,973,898</u>	<u>1,904,826</u>	<u>2,218,464</u>	<u>11,932,631</u>	<u>12,192,362</u>
Net Assets at End of Year	<u><u>\$ 9,551,453</u></u>	<u><u>\$ 10,027,805</u></u>	<u><u>\$ 1,592,282</u></u>	<u><u>\$ 1,904,826</u></u>	<u><u>\$ 11,143,735</u></u>	<u><u>\$ 11,932,631</u></u>

The District's net assets decreased by \$788,896 overall during the fiscal year with net assets of Governmental Activities and Business-Type Activities decreasing by \$476,352 and \$312,544, respectively. The decrease is mainly attributable to the depreciation expense charged to the functions due to large capital asset balances.

Governmental Activities

Approximately 92% of the revenues were derived from operating and capital grants, followed by 7% from charges for services and 1% from miscellaneous activities.

Major factors affecting revenues include:

- Support from the Connecticut Department of Transportation for administrative services related to the State-Wide Transit District Insurance Consortium, the Drug and Alcohol Testing Consortium and ADA Paratransit Service in the region.
- Capital grants for the acquisition of buses for the elderly and persons with disabilities, planning activities and infrastructure acquisition related to the Downtown Circulator, municipal bus shelters, and items related to the restoration of the Union Station Transportation Center.

Business-Type Activities

Business-type activities decreased the District's net assets by \$312,544. Key elements are as follows:

- The public portion of the Transportation Center had net loss of \$61,288.
- The Brownstone portion of the Transportation Center suffered a net loss of \$294,564. The loss is due primarily to the high costs of maintaining the facility and the lack of adequate tenant rents.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$421,810, an increase of \$156,293 in comparison with the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the General Fund total fund balance was \$421,810. The entire balance is unreserved.

The Special Revenue Fund has a fund balance of zero at the end of the year, showing no change from the prior year.

Proprietary Funds

The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall proprietary funds net assets totaled \$1,592,282 at the end of the year.

- Unrestricted net assets of the Public Transportation Center Fund at the end of the year amounted to \$654,255, 16.3% of total net assets of the fund.
- The Private Transportation Center Fund had unrestricted net assets of \$(1,896,360), 63.9% of the total net assets.
- The Parking Lot Fund had unrestricted net assets of \$644,165.

The total decrease in net assets for all funds was \$312,544. Other factors concerning the finances of these three funds have already been addressed in the discussion of the District's Business-Type Activities.

General Fund Budgetary Highlights

Budgeted expenditures increased by \$189,146, or 294%, between the original budget and the final amended budget. This increase was due in large part to the discretionary use of the Excess Charter Use Funds by the thirty-three private commuter coach operators for major repair work intended to significantly increase the useful life of those vehicles. During the year, revenues and expenditures equaled the final budgeted amount. Overall revenues over expenditures on the budgetary basis was \$9,552. In the current year, revenues decreased by 15% over the prior year and expenditures decreased by 10%.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2006 amounted to \$9,129,643 and \$5,721,086, respectively. This investment in capital assets included buildings, transportation vehicles, equipment and the parking lot. The total decrease in the District's investment in capital assets for the current fiscal year was \$794,443.

Major capital asset events during the current fiscal year included the following:

- Acquisition of 14 Dial-A-Ride buses to serve the elderly regionally.

CAPITAL ASSETS, Net of Depreciation
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 240,000	\$ 240,000	\$ 300,000	\$ 300,000	\$ 540,000	\$ 540,000
Buildings and improvements	5,116,218	5,404,398	5,284,210	5,585,535	10,400,428	10,989,933
Parking lot			136,876	147,634	136,876	147,634
Machinery and equipment	3,773,425	3,967,605			3,773,425	3,967,605
Total	\$ 9,129,643	\$ 9,612,003	\$ 5,721,086	\$ 6,033,169	\$ 14,850,729	\$ 15,645,172

Additional information on the District's capital assets can be found in Note 3C on pages 29-30 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$250,864. All of the debt is backed by the full faith and credit of the District. The District also has a mortgage outstanding of \$3,300,000 which is secured by its Union Place property.

OUTSTANDING DEBT
June 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue bonds	\$	\$	\$ 250,864	\$ 275,133	\$ 250,864	\$ 275,133
Mortgage			3,300,000	3,300,000	3,300,000	3,300,000
Total	\$ -	\$ -	\$ 3,550,864	\$ 3,575,133	\$ 3,550,864	\$ 3,575,133

The District's total debt decreased during the current fiscal year due to scheduled principal payments.

Additional information on the District's long-term debt can be found in Note 3E.

Economic Factors

- Inflationary trends in the region compare favorably to national indices.

This factor was considered in preparing the District's budget for the 2005-06 fiscal year.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$421,810. It is intended that this use of available fund balance would provide required local match for federal grants to acquire buses and/or effect restoration of building assets, if needed.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Management of Greater Hartford Transit District.

GREATER HARTFORD TRANSIT DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 1,734,734	\$	\$ 1,734,734
Receivables:			
Federal grants	571,839	335,588	907,427
State grants	383,358		383,358
Local agencies	255,787		255,787
Other	159,529		159,529
Internal balances	885,168	(885,168)	-
Other assets		35,570	35,570
Restricted cash	308,747		308,747
Capital assets, nondepreciable	240,000	300,000	540,000
Capital assets, net of accumulated depreciation	8,889,643	5,421,086	14,310,729
Total assets	<u>13,428,805</u>	<u>5,207,076</u>	<u>18,635,881</u>
Liabilities:			
Accounts payable	2,914,924	59,367	2,974,291
Payable to local agencies	77,834		77,834
Payable to State of Connecticut	9,800		9,800
Local share deposits	874,794		874,794
Other liabilities		4,563	4,563
Noncurrent liabilities:			
Due within one year		25,887	25,887
Due in more than one year		3,524,977	3,524,977
Total liabilities	<u>3,877,352</u>	<u>3,614,794</u>	<u>7,492,146</u>
Net Assets:			
Invested in capital assets, net of related debt	8,889,643	1,870,222	10,759,865
Unrestricted net assets	661,810	(277,940)	383,870
Total Net Assets	<u>\$ 9,551,453</u>	<u>\$ 1,592,282</u>	<u>\$ 11,143,735</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

12

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Purchased transportation	\$ 9,264,902	\$ 887,655	\$ 7,632,248	\$	\$ (744,999)	\$	\$ (744,999)
Transit projects	3,536,622	4,039	3,059,559	961,182	488,158		488,158
General administration	315,168				(315,168)		(315,168)
Total governmental activities	<u>13,116,692</u>	<u>891,694</u>	<u>10,691,807</u>	<u>961,182</u>	<u>(572,009)</u>	<u>-</u>	<u>(572,009)</u>
Business-type activities:							
Transportation center	2,083,170	1,015,724	711,594			(355,852)	(355,852)
Parking lot	245,977	289,285				43,308	43,308
Total business-type activities	<u>2,329,147</u>	<u>1,305,009</u>	<u>711,594</u>	<u>-</u>	<u>-</u>	<u>(312,544)</u>	<u>(312,544)</u>
Total	<u>\$ 15,445,839</u>	<u>\$ 2,196,703</u>	<u>\$ 11,403,401</u>	<u>\$ 961,182</u>	<u>(572,009)</u>	<u>(312,544)</u>	<u>(884,553)</u>
General revenues:							
Member town contributions					40,111		40,111
Miscellaneous					44,012		44,012
Unrestricted investment earnings					11,534		11,534
Total general revenues					<u>95,657</u>	<u>-</u>	<u>95,657</u>
Change in Net Assets					(476,352)	(312,544)	(788,896)
Net Assets at Beginning of Year					<u>10,027,805</u>	<u>1,904,826</u>	<u>11,932,631</u>
Net Assets at End of Year					<u>\$ 9,551,453</u>	<u>\$ 1,592,282</u>	<u>\$ 11,143,735</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,734,734	\$	\$ 1,734,734
Restricted cash		308,747	308,747
Federal grants receivable		571,839	571,839
State grants receivable		383,358	383,358
Due from other funds	1,463,259	1,933,855	3,397,114
Receivable from local agencies		255,787	255,787
Other receivables	<u>159,529</u>		<u>159,529</u>
Total Assets	<u>\$ 3,357,522</u>	<u>\$ 3,453,586</u>	<u>\$ 6,811,108</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$	\$ 2,914,924	\$ 2,914,924
Payable to local agencies		77,834	77,834
Payable to State of Connecticut		9,800	9,800
Due to other funds	2,511,946		2,511,946
Local share deposits	<u>423,766</u>	<u>451,028</u>	<u>874,794</u>
Total liabilities	<u>2,935,712</u>	<u>3,453,586</u>	<u>6,389,298</u>
Fund Balances:			
Unreserved, undesignated	<u>421,810</u>		<u>421,810</u>
Total Liabilities and Fund Balances	<u>\$ 3,357,522</u>	<u>\$ 3,453,586</u>	<u>\$ 6,811,108</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS**

JUNE 30, 2006

Amounts reported for governmental activities in the statement of net assets (page 11) are different because of the following:

Fund balances - total governmental funds (page 13)		\$	421,810
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Governmental capital assets	\$	31,579,098	
Less accumulated depreciation		<u>(22,449,455)</u>	
			<u>9,129,643</u>
Net Assets of Governmental Activities (page 11)		\$	<u><u>9,551,453</u></u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
Revenues:			
Federal grants	\$	\$ 976,805	\$ 976,805
State grants		10,100,355	10,100,355
Contributions from member towns	40,111		40,111
Local share		939,453	939,453
Private local share		4,039	4,039
Interest income	11,534		11,534
Cash fares		302,858	302,858
Charter bus income	207,619		207,619
Miscellaneous	37,045	20,521	57,566
Total revenues	<u>296,309</u>	<u>12,344,031</u>	<u>12,640,340</u>
Expenditures:			
Current:			
Project administration	107,775	1,144,459	1,252,234
Professional services	6,771	2,886,548	2,893,319
Purchased transportation		7,467,648	7,467,648
Charter bus maintenance	172,211		172,211
Capital outlay - tangible transit property		848,920	848,920
Total expenditures	<u>286,757</u>	<u>12,347,575</u>	<u>12,634,332</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,552</u>	<u>(3,544)</u>	<u>6,008</u>
Other Financing Sources (Uses):			
Operating transfers in	150,285	3,544	153,829
Operating transfers out	(3,544)		(3,544)
Total other financing sources and uses	<u>146,741</u>	<u>3,544</u>	<u>150,285</u>
Net Change in Fund Balances	156,293	-	156,293
Fund Balances at Beginning of Year	<u>265,517</u>	<u>-</u>	<u>265,517</u>
Fund Balances at End of Year	<u>\$ 421,810</u>	<u>\$ -</u>	<u>\$ 421,810</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the statement of activities (page 12) are different because of the following:

Net change in fund balances - total governmental funds (page 15)	\$ 156,293
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(472,306)
The net effect of sales of capital assets is to decrease net assets.	(10,054)
Transfer to the general fund from the internal service fund, which increases the fund balance in the general fund. The fund balance of the internal service fund was already included in governmental activities in the statement of net assets.	<u>(150,285)</u>
Change in Net Assets of Governmental Activities (page 12)	<u><u>\$ (476,352)</u></u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS) -
GENERAL AND SPECIAL REVENUE FUNDS**

FOR THE YEAR ENDED JUNE 30, 2006

	General Fund				Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Federal grants	\$	\$	\$	\$ -	\$ 3,831,000	\$ 976,805	\$ 976,805	\$ -
State grants				-	9,035,000	10,100,355	10,100,355	-
Contributions from member towns	40,111	40,111	40,111	-				
Local/private share				-	1,372,750	964,013	964,013	-
Interest income	7,500	11,534	11,534	-				
Fares				-	280,000	302,858	302,858	-
Incidental charter/vehicle sales	50,000	244,664	244,664	-				
Total revenues	97,611	296,309	296,309	-	14,518,750	12,344,031	12,344,031	-
Expenditures:								
Current:								
Project administration	55,000	107,775	107,775	-	1,369,375	1,144,459	1,144,459	-
Charter bus maintenance	20,000	172,211	172,211	-				
Professional services	500	6,771	6,771	-	205,000	282,319	282,319	-
FTA/State/GHTD transportation projects					12,944,375	10,920,797	10,920,797	-
Contingency	22,111			-				
Total expenditures	97,611	286,757	286,757	-	14,518,750	12,347,575	12,347,575	-
Excess (Deficiency) of Revenues over Expenditures	-	9,552	9,552	-	-	(3,544)	(3,544)	-
Other Financing Sources (Uses):								
Operating transfers in		150,285	150,285	-		3,544	3,544	-
Operating transfers out		(3,544)	(3,544)	-				-
Total other financing sources and uses	-	146,741	146,741	-	-	3,544	3,544	-
Net Change in Fund Balances	-	156,293	156,293	-	-	-	-	-
Fund Balance - Beginning of Year	241,293	265,517	265,517	-	-	-	-	-
Fund Balance - End of Year	\$ 241,293	\$ 421,810	\$ 421,810	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2006

	Business-Type Activities - Enterprise Funds			
	Transportation Center		Parking	Total
	Public	Private	Lot	
Assets:				
Current assets:				
Federal grants receivable	\$ 335,588	\$	\$	\$ 335,588
Due from other funds	306,101		685,494	991,595
Other assets	16,161	19,409		35,570
Total current assets	657,850	19,409	685,494	1,362,753
Noncurrent assets:				
Capital assets, net of accumulated depreciation	3,356,710	2,227,500	136,876	5,721,086
Total assets	4,014,560	2,246,909	822,370	7,083,839
Liabilities:				
Current liabilities:				
Bonds payable - current portion			25,887	25,887
Accounts payable	2,245	37,048	20,074	59,367
Due to other funds		1,876,763		1,876,763
Other liabilities	1,350	1,958	1,255	4,563
Total current liabilities	3,595	1,915,769	47,216	1,966,580
Noncurrent liabilities:				
Mortgage payable		3,300,000		3,300,000
Bonds payable			224,977	224,977
Total noncurrent liabilities	-	3,300,000	224,977	3,524,977
Total liabilities	3,595	5,215,769	272,193	5,491,557
Net Assets:				
Invested in capital assets, net of related debt	3,356,710	(1,072,500)	(113,988)	2,170,222
Unrestricted net assets	654,255	(1,896,360)	664,165	(577,940)
Total Net Assets	\$ 4,010,965	\$ (2,968,860)	\$ 550,177	\$ 1,592,282

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

PROPRIETARY FUNDS

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Transportation Center		Parking	Total	Internal Service
	Public	Private	Lot		
Operating Revenues:					
Rental income	\$ 402,672	\$ 587,623	\$	\$ 990,295	\$
Federal and state grants	250,000	461,594		711,594	
Parking fees	2,580		289,285	291,865	
Miscellaneous	22,849			22,849	
Total operating revenues	<u>678,101</u>	<u>1,049,217</u>	<u>289,285</u>	<u>2,016,603</u>	<u>-</u>
Operating Expenses:					
Professional services	13,964	376,369	207,757	598,090	
Overhead	385,708	884,912	10,686	1,281,306	
Capital outlay	120,892			120,892	
Depreciation	218,825	82,500	10,758	312,083	
Total operating expenses	<u>739,389</u>	<u>1,343,781</u>	<u>229,201</u>	<u>2,312,371</u>	<u>-</u>
Operating Income (Loss)	<u>(61,288)</u>	<u>(294,564)</u>	<u>60,084</u>	<u>(295,768)</u>	<u>-</u>
Nonoperating Expenses:					
Interest expense			(16,776)	(16,776)	
Total nonoperating expenses	<u>-</u>	<u>-</u>	<u>(16,776)</u>	<u>(16,776)</u>	<u>-</u>
Income (Loss) Before Transfers	(61,288)	(294,564)	43,308	(312,544)	-
Transfers Out					(150,285)
Change in Net Assets	(61,288)	(294,564)	43,308	(312,544)	(150,285)
Net Assets at Beginning of Year	<u>4,072,253</u>	<u>(2,674,296)</u>	<u>506,869</u>	<u>1,904,826</u>	<u>150,285</u>
Net Assets at End of Year	<u>\$ 4,010,965</u>	<u>\$ (2,968,860)</u>	<u>\$ 550,177</u>	<u>\$ 1,592,282</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

	Business-Type Activities - Enterprise Funds			
	Transportation Center		Parking	Total
	Public	Private	Lot	
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 328,445	\$ 1,034,808	\$ 289,285	\$ 1,652,538
Receipts from federal grants	46,149			46,149
Receipts from interfund services provided		219,411		219,411
Payments to suppliers	(454,905)	(1,254,219)	(217,567)	(1,926,691)
Payments to employees	(62,764)			(62,764)
Payments for interfund services used	143,075		(30,673)	112,402
Net cash provided by operating activities	<u>-</u>	<u>-</u>	<u>41,045</u>	<u>41,045</u>
Cash Flows from Capital and Related Financing Activities:				
Payments of matured portion of bonds			(24,269)	(24,269)
Interest paid on bonds payable			(16,776)	(16,776)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(41,045)</u>	<u>(41,045)</u>
Net Increase in Cash and Cash Equivalents	-	-	-	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (61,288)	\$ (294,564)	\$ 60,084	\$ (295,768)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	218,825	82,500	10,758	312,083
Change in assets and liabilities:				
Decrease in federal grants receivable	310,714			310,714
Increase in amounts due from other funds	(306,101)		(30,673)	(336,774)
Increase in accounts receivable	(335,588)			(335,588)
Increase in other assets	(14,068)	(14,409)		(28,477)
Increase in accounts payable	1,545	6,437	866	8,848
Increase in amounts due to other funds	184,611	220,036		404,647
Increase in other liabilities	1,350		10	1,360
Total adjustments	<u>61,288</u>	<u>294,564</u>	<u>(19,039)</u>	<u>336,813</u>
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,045</u>	<u>\$ 41,045</u>

The accompanying notes are an integral part of the financial statements

GREATER HARTFORD TRANSIT DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Greater Hartford Transit District (the District) is a regional governmental unit formed under the provisions of Chapter 103a of the Connecticut General Statutes. The District currently serves sixteen member towns: Bloomfield, East Hartford, East Windsor, Enfield, Farmington, Granby, Hartford, Manchester, Newington, Rocky Hill, Simsbury, South Windsor, Vernon, West Hartford, Wethersfield and Windsor. Each member town appoints one to four Directors, according to population, who collectively form the Board of Directors, which is the policy-making body of the District. The day-to-day affairs of the District are managed by the Executive Director and her staff.

The District has broad powers to acquire, operate, finance, plan, develop, maintain and otherwise provide all forms of land transportation and related services including the development or renewal of transportation centers and parking facilities. It has the power to issue revenue and general obligation bonds, although it has no power to levy taxes.

The District also serves a pass-through function for federal, state and private grants for the purpose of acquiring transportation equipment and providing transportation services.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by member town contributions and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. Certain indirect costs are included in the program expense reported for individual functions and activities. 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 as net current assets. Nongrant 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Federal and state grant revenues are considered to be available when eligible expenses have been incurred under the grants. All sources of revenue except interest become measurable when the District has rendered a service. Interest revenue is measurable when its rate becomes known.

Federal and state grants, member town contributions, local share, fares and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are generally recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

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

The *Special Revenue Fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The District reports the following major proprietary funds:

The *Transportation Center - Public and Private* funds are used to account for operation and maintenance of the public and private portions, respectively, of the Union Station facility.

The *Parking Lot* is used to account for operation and maintenance of the parking lot adjacent to Union Station.

Additionally, the District reports the following fund type:

The *Internal Service Fund* is used to account for the financing of goods or services provided by one fund of the District to another District fund on a cost-reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking and money market accounts with an original maturity of less than 90 days are considered to be cash equivalents.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. 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 lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Equipment	7 years
Parking lot	20 years
Buildings and improvements	30 years
Passenger vans	7 years
Buses	10 years
Office equipment	5 years
Radios	5 years
ADA/DAR computer system	5 years
Company vehicles	5 years
Driver training simulators and equipment	5 years
Land and Union Station Transportation Center	40 years
Renovations of Union Station Transportation Center	40 years

E. Payable to Local Agencies

Amounts shown as payable to local agencies in the Special Revenue Fund are amounts due to towns or agencies that are subrecipients of state and federal grants relating to transportation services and capital equipment purchases.

F. Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefit Amounts

Accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued when incurred in the government-wide and proprietary fund financial statements (using the accrual basis of accounting). Such amounts are accrued in governmental funds (using the modified accrual basis of accounting) only if they have matured, for example, as a result of employee resignations and retirements.

The District has a policy of reimbursing an employee for any accumulated vacation or other employee benefits at the end of each fiscal year. The District is not obligated to pay accumulated sick time until the Board of Directors approves the expenditure. Therefore, no liability for vacation, sick pay or other employee benefits has been recognized in the District's financial statements.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

G. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

H. Local Share Deposits

The District receives deposits from other governments to purchase capital equipment funded in part with federal grants. The deposits represent the local matching share required to obtain the federal grant. As expenditures are incurred for these grants, the deposits will be recognized as a source of revenue to fund the purchases.

I. Fund Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “investment in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance.” The District’s fund balances have been classified as unreserved, which means they represent current available financial resources.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

J. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

During the last quarter of the fiscal year, the ensuing year's proposed operating budget, including proposed expenditures and the means of financing them, is compiled and prepared by the Executive Director. A public hearing is held on the budget. The proposed operating budget is then published in line item format in one or more local newspapers servicing the District and is submitted to the Board of Directors for acceptance and adoption.

The Executive Director has the authority to transfer budgeted amounts between published line items (object class: project administration, professional services, FTA/State/GHTD transportation projects and contingency); however, any revisions that alter the total expenditures plus transfers of a fund must have the prior approval of the District Board and are subject to public hearing.

A budget is adopted for the General, Special Revenue and Internal Service Funds on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations are classified by object classes. Due to the nature and size of the organization, no breakdown by function or activity is made. The budget for the Special Revenue Fund is adopted on a generic basis for the fund as a whole rather than for the individual projects. Encumbrance accounting is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control. Appropriations for all expenditures lapse at year-end.

A budget is adopted for the Enterprise Funds on the accrual basis, except for debt principal and capital improvements, which are budgeted for on a cash basis.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The following is a summary of cash and cash equivalents at June 30, 2006:

Bank deposits	\$ 172,096
MBIA Class Plus Investment	<u>1,562,638</u>
	1,734,734
Restricted cash - escrow account with insurance provider under the Insurance Consortium	<u>308,747</u>
Total Cash and Cash Equivalents	\$ <u><u>2,043,481</u></u>

No cash or cash equivalents have maturity periods; all are available for immediate withdrawal.

Interest Rate Risk - The District is not subject to interest rate risk as all cash and cash equivalents maintain their dollar unit value and are not subject to declines in value.

Credit Risk - State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by the Standard and Poor's or P-1 by Moody's Investor Service, the State Treasurer's investment pool, and certain other pooled investments, including the MBIA Class Plus Investment. As of June 30, 2006, the MBIA Class Plus Investment was rated AAA by Fitch; there was no rating available through Standard and Poor's and Moody's Investor Service.

Concentration of Credit Risk - The District's investment policy does not limit the investment in any one investment vehicle.

Custodial Credit Risk - Deposits - In the case of deposits, this represents the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$119,732 of the District's bank balance was exposed to custodial credit risk because it was not covered under federal depository insurance or collateralized. The restricted escrow account balance of \$308,747 as of June 30, 2006 is also uninsured and uncollateralized.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Receivables

Receivables consist of grants receivable from the federal government and State of Connecticut, and amounts due from local agencies for services provided. Based on historical experience, management believes these receivables are fully collectible and, therefore, has not provided for an allowance for uncollectible amounts.

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 240,000	\$	\$	\$ 240,000
Capital assets being depreciated:				
Buildings and improvements	11,238,966			11,238,966
Machinery and equipment	19,974,679	676,638	551,185	20,100,132
Total capital assets being depreciated	31,213,645	676,638	551,185	31,339,098
Less accumulated depreciation for:				
Buildings and improvements	5,834,568	288,180		6,122,748
Machinery and equipment	16,007,074	860,764	541,131	16,326,707
Total accumulated depreciation	21,841,642	1,148,944	541,131	22,449,455
Total capital assets being depreciated, net	9,372,003	(472,306)	10,054	8,889,643
Governmental Activities Capital Assets, Net	\$ 9,612,003	\$ (472,306)	\$ 10,054	\$ 9,129,643

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 300,000	\$	\$	\$ 300,000
Capital assets being depreciated:				
Buildings and improvements	9,720,421			9,720,421
Parking lot	847,690			847,690
Machinery and equipment	9,732			9,732
Total capital assets being depreciated	<u>10,577,843</u>	<u>-</u>	<u>-</u>	<u>10,577,843</u>
Less accumulated depreciation for:				
Buildings and improvements	4,134,886	301,325		4,436,211
Parking lot	700,056	10,758		710,814
Machinery and equipment	9,732			9,732
Total accumulated depreciation	<u>4,844,674</u>	<u>312,083</u>	<u>-</u>	<u>5,156,757</u>
Total capital assets being depreciated, net	<u>55,733,169</u>	<u>(312,083)</u>	<u>-</u>	<u>5,421,086</u>
Business-Type Activities Capital Assets, Net	\$ <u>6,033,169</u>	\$ <u>(312,083)</u>	\$ <u>-</u>	\$ <u>5,721,086</u>

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

Governmental activities:	
Purchased transportation	\$ 977,336
Transit projects	143,197
General administration	<u>28,411</u>
Total Depreciation Expense - Governmental Activities	\$ <u>1,148,944</u>
Business-type activities:	
Transportation Center	\$ 301,325
Parking Lot	<u>10,758</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>312,083</u>

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Individual Fund Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2006 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,463,259	\$ 2,511,946
Special Revenue Fund	1,933,855	
Enterprise Funds:		
Transportation Center	306,101	1,876,763
Parking Lot	685,494	
Total	<u>\$ 4,388,709</u>	<u>\$ 4,388,709</u>

Interfund receivable/payable balances are the result of pooled cash and investments, which are reported in the General Fund.

E. Long-Term Debt

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Revenue bonds	\$ 275,133	\$	\$ 24,269	\$ 250,864	\$ 25,887
Mortgage	<u>3,300,000</u>			<u>3,300,000</u>	
Long-Term Liabilities	<u>\$ 3,575,133</u>	<u>\$ -</u>	<u>\$ 24,269</u>	<u>\$ 3,550,864</u>	<u>\$ 25,887</u>

Revenue Bonds Payable

The Parking Lot Enterprise Fund issued tax-exempt revenue bonds on April 1, 1984, maturing on April 1, 2014, in the original amount of \$500,000. The bond proceeds were used to defray the costs for the design, construction and improvement of a parking area adjacent to the Union Station Transportation Center. The bonds are to be funded by the net revenues of the Parking Lot Enterprise Fund and are subject to arbitrage requirements.

The bond interest rate is adjustable every five years, not to exceed 15.8%. Adjustments are calculated every five years beginning in 1989. As of June 30, 2006, the interest rate was 6.34%. If the rate is adjusted, payments will be adjusted in amounts sufficient to retire the bonds by April 1, 2014.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Minimum revenue bond debt service requirements to maturity, based on an interest rate of 6.34%, are as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$ 25,887	\$ 15,157
2008	27,577	13,468
2009	29,377	11,667
2010	31,295	9,750
2011	33,337	7,707
2012-2014	<u>103,391</u>	<u>9,541</u>
Total	<u>\$ 250,864</u>	<u>\$ 67,290</u>

Maximum revenue bond debt service requirements to maturity, based on a 6.34% rate through March 30, 2009 and a 15.8% rate beginning April 1, 2009 for the remainder of the term, are as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$ 25,887	\$ 15,157
2008	27,577	13,468
2009	27,749	15,780
2010	26,021	24,964
2011	30,443	20,542
2012-2014	<u>113,187</u>	<u>27,083</u>
Total	<u>\$ 250,864</u>	<u>\$ 116,994</u>

Mortgage Payable

On February 26, 1994, the District entered into an Assignment Agreement, effective July 1, 1993, with Union Station Associates Limited Partnership (USA) and the Aetna Casualty and Surety Company (Aetna). Under the terms of the agreement, USA assigned the District all of its rights, title and interest in a certain leasehold estate included in the Union Place property subject to a mortgage and assignment of rents.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Under a Mortgage Modification Agreement also effective July 1, 1993, repayment is to be made in accordance with a formula based on “reconfigured net cash flow.” Reconfigured net cash flow is defined in the agreement as being an amount equal to certain gross cash receipts less certain gross cash expenditures with respect to the property. No payments of interest or repayments of principal are to be made until such cash flows are positive and a reserve account of \$400,000 is established. As net cash flow from the property has been negative since assignment of the mortgage, no interest or principal payments have been made through June 30, 2006 or are anticipated in the foreseeable future.

F. Lease Commitments

On December 21, 1981, the District entered into a capital lease agreement with the State of Connecticut for approximately 1.4 acres of land adjacent to the Union Station Transportation Center for use as a parking lot. The term of the lease commenced on January 1, 1982 and runs for 40 years. A single payment of \$300 was made at the execution of the lease, and no additional payments are due as long as the land remains under the control of the District.

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The District has established the Greater Hartford Transit District Simplified Employee Pension Plan as a qualified, defined contribution retirement plan that covers substantially all employees exceeding 20 years of age. All funds contributed to the plan are deposited to individual accounts in the name of each eligible employee within a qualified financial institution. The financial institutions are responsible for the administration of the accounts. The Board of Directors authorized the establishment of the plan and can make amendments to the plan and contribution requirements. Required and actual contributions made by the District to the plan were \$67,171 for the year ended June 30, 2006. There were no employee contributions made during the year.

NOTE 5 - OTHER INFORMATION

A. Contingent Liabilities

The District receives grants from the state and federal governments for capital projects and operating assistance. These grants are subject to audit by the grantor agency. The audits for these grants for the year ended June 30, 2006 have not yet been conducted. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be minimal.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Leases

The District's largest tenant is Amtrak, whose annual lease payment is based on actual space costs incurred with respect to the leased property.

Minimum future rental income to be received by the District from its operating leases in effect at June 30, 2006 is \$11,763,713 assuming future rental income for Amtrak is equal to the current year amount. Scheduled rental income under the terms of the lease agreements for the next five years and thereafter is as follows:

Year Ending June 30

2007	\$ 567,940
2008	474,570
2009	373,614
2010	269,029
2011	261,985
Thereafter	9,816,575

All leases in effect at June 30, 2006 contain an option to renew upon expiration.

The following is a summary of property leased to others as of June 30, 2006:

Cost:	
Buildings and improvements	\$ 10,020,421
Less accumulated depreciation	<u>4,436,211</u>
Net Book Value	<u>\$ 5,584,210</u>

Depreciation expense related to property leased to others totaled \$301,325 for the year ended June 30, 2006.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees and the public; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2006, 2005 and 2004.

In addition, as the owner of public transportation vehicles operated in both the public and private sectors, as well as the operator of an intermodal transportation center, the District is exposed to various risks of loss related to these activities. The District requires all public and private agencies operating the vehicles to purchase appropriate commercial insurance coverage through third-party carriers and to include the District as a loss payee.

GREATER HARTFORD TRANSIT DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Post Retirement Benefits

The District provides certain health care benefits for certain retired employees as determined and authorized by the Board of Directors. The District recognizes the cost of providing these benefits by expensing the insurance premiums paid, which totaled \$29,095 for the year ended June 30, 2006. Currently three retirees are receiving such benefits.

SPECIAL REVENUE FUND

ADA Program - to account for the operations of paratransit vehicles in participating communities under the Elderly and Handicapped Transportation Program and the Americans with Disabilities Act. The program is supported by the State of Connecticut and cash fares from riders. It also includes transportation services that are provided to former welfare clients, funded by the State of Connecticut through a contract with Capitol Region Council of Governments.

Drivers Training - to account for a training program for the drivers of elderly and handicapped vehicles as well as other fleet operators. Program costs are supported by participant fees and the State of Connecticut.

Drug and Alcohol Testing Program - to account for the implementation of a drug and alcohol testing program. The program is supported 100% by the State of Connecticut.

Operating Assistance and Dial-A-Ride Consortium - to account for operation of the Capital Region Elderly and Handicapped Dial-A-Ride Program. Operating assistance is provided by the State of Connecticut. The District administers the program and passes funds through to local towns and agencies. Additionally, through the Dial-A-Ride Consortium, the District contracts with a private operator to provide consolidated service for participating towns. Participating towns provide 100% funding for the consolidated program.

Dial-A-Ride Vans, Buses and Equipment - CT-90-X370, CT-90-X386 and CT-90-X395 - to account for the purchase of elderly and handicapped vans and buses. Elderly and handicapped vehicles are funded 80% by the FTA and 20% by the agencies using the vehicles. ADA vehicles are funded 83% by the FTA and 17% local match being funded by the District and/or private contributions.

Downtown Circulator Program CT-03-0116-00/Bus Shelters - to account for the maintenance and renovation of bus shelters.

Statewide Insurance Consortium - to account for the implementation of a statewide insurance consortium for use by all Connecticut transit districts. The project is funded 100% by the State of Connecticut.

FOR THE YEAR ENDED JUNE 30, 2006[illegible]

STATISTICAL SECTION

This part of the Greater Hartford Transit District's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends	36-41
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	42
This schedule contains information to help the reader assess the District's most significant revenue source, federal and state grants.	
Debt Capacity	43-44
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	45
This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	46-48
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

GREATER HARTFORD TRANSIT DISTRICT

NET ASSETS BY COMPONENT

SINCE INCEPTION OF GASB 34

(Accrual Basis of Accounting)

	YEAR ENDED JUNE 30			
	2003	2004	2005	2006
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 10,933,919	\$ 9,609,679	\$ 9,612,003	\$ 9,129,643
Unrestricted	<u>341,260</u>	<u>364,219</u>	<u>415,802</u>	<u>421,810</u>
Total Governmental Activities Net Assets	<u>\$ 11,275,179</u>	<u>\$ 9,973,898</u>	<u>\$ 10,027,805</u>	<u>\$ 9,551,453</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 2,814,897	\$ 2,748,896	\$ 2,458,036	\$ 2,170,222
Unrestricted	<u>(295,640)</u>	<u>(530,432)</u>	<u>(553,210)</u>	<u>(577,940)</u>
Total Business-Type Activities Net Assets	<u>\$ 2,519,257</u>	<u>\$ 2,218,464</u>	<u>\$ 1,904,826</u>	<u>\$ 1,592,282</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 13,748,816	\$ 12,358,575	\$ 12,070,039	\$ 11,299,865
Unrestricted	<u>45,620</u>	<u>(166,213)</u>	<u>(137,408)</u>	<u>(156,130)</u>
Total Primary Government Net Assets	<u>\$ 13,794,436</u>	<u>\$ 12,192,362</u>	<u>\$ 11,932,631</u>	<u>\$ 11,143,735</u>

NOTE: The District began to report accrual information when it implemented GASB Statement No. 34 for the fiscal year June 30, 2003.

GREATER HARTFORD TRANSIT DISTRICT

CHANGES IN NET ASSETS

**SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	YEAR ENDED JUNE 30			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Purchased transportation	\$ 7,798,554	\$ 7,742,014	\$ 8,692,550	\$ 9,264,902
Transit projects	4,180,476	4,274,691	4,044,147	3,536,622
General administration	67,193	52,868	304,413	315,168
Total governmental activities expenses	<u>12,046,223</u>	<u>12,069,573</u>	<u>13,041,110</u>	<u>13,116,692</u>
Business-type activities:				
Transportation center	1,246,358	1,890,611	1,668,274	2,083,170
Parking lot	275,924	255,378	256,730	245,977
Total business-type activities expenses	<u>1,522,282</u>	<u>2,145,989</u>	<u>1,925,004</u>	<u>2,329,147</u>
Total Primary Government Expenses	<u>\$ 13,568,505</u>	<u>\$ 14,215,562</u>	<u>\$ 14,966,114</u>	<u>\$ 15,445,839</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 1,249,956	\$ 678,945	\$ 633,388	\$ 891,694
Operating grants and contributions	8,314,026	9,100,333	9,587,745	10,691,807
Capital grants and contributions	1,756,029	934,729	2,533,479	961,182
Total governmental activities program revenues	<u>11,320,011</u>	<u>10,714,007</u>	<u>12,754,612</u>	<u>12,544,683</u>
Business-type activities:				
Transportation center	841,420	1,475,093	1,293,876	1,727,318
Parking lot	363,461	347,828	317,490	289,285
Total business-type activities program revenues	<u>1,204,881</u>	<u>1,822,921</u>	<u>1,611,366</u>	<u>2,016,603</u>
Total Government Program Revenues	<u>\$ 12,524,892</u>	<u>\$ 12,536,928</u>	<u>\$ 14,365,978</u>	<u>\$ 14,561,286</u>
Net Revenues (Expenses):				
Governmental activities	\$ (726,212)	\$ (1,355,566)	\$ (286,498)	\$ (572,009)
Business-type activities	<u>(317,401)</u>	<u>(323,068)</u>	<u>(313,638)</u>	<u>(312,544)</u>
Total Government Net Expense	<u>\$ (1,043,613)</u>	<u>\$ (1,678,634)</u>	<u>\$ (600,136)</u>	<u>\$ (884,553)</u>
General Revenues and Other				
Changes in Net Assets:				
Governmental activities:				
Member town contributions	\$ 40,111	\$ 40,111	\$ 39,051	\$ 40,111
Miscellaneous	91,035	33,973	294,887	44,012
Unrestricted investment earnings	4,975	2,476	6,467	11,534
Transfers	71,686	(22,275)		
Total governmental activities	<u>207,807</u>	<u>54,285</u>	<u>340,405</u>	<u>95,657</u>
Business-type activities:				
Transfers	<u>(71,686)</u>	<u>22,275</u>		
Total business-type activities	<u>(71,686)</u>	<u>22,275</u>	<u>-</u>	<u>-</u>
Total Government	<u>\$ 136,121</u>	<u>\$ 76,560</u>	<u>\$ 340,405</u>	<u>\$ 95,657</u>
Change in Net Assets:				
Governmental activities	\$ (518,405)	\$ (1,301,281)	\$ 53,907	\$ (476,352)
Business-type activities	<u>(389,087)</u>	<u>(300,793)</u>	<u>(313,638)</u>	<u>(312,544)</u>
Total Government	<u>\$ (907,492)</u>	<u>\$ (1,602,074)</u>	<u>\$ (259,731)</u>	<u>\$ (788,896)</u>

NOTE: The District began to report accrual information when it implemented GASB Statement No. 34 for the fiscal year June 30, 2003.

GREATER HARTFORD TRANSIT DISTRICT

GOVERNMENTAL ACTIVITIES REVENUE BY SOURCE

SINCE INCEPTION OF GASB 34

Fiscal Year Ended June 30	Federal and State Grants	Contributions from Member Towns	Local and Private Share of Federal Grants	Interest Income	Charter Bus Income	Cash Fares and Miscellaneous	Total
2006	\$ 11,077,160	\$ 40,111	\$ 943,492	\$ 11,534	\$ 207,619	\$ 360,424	\$ 12,640,340
2005	11,466,028	39,051	1,029,422	6,467	276,816	277,233	13,095,017
2004	9,601,030	40,111	835,842	2,476		311,108	10,790,567
2003	9,434,976	40,111	1,631,158	4,975		344,912	11,456,132

NOTE: The District began to report accrual information when it implemented GASB Statement No. 34 for the fiscal year June 30, 2003.

GREATER HARTFORD TRANSIT DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST EIGHT* FISCAL YEARS
(Modified Accrual Basis of Accounting)

		YEAR ENDED JUNE 30							
		<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund:									
Unreserved	\$	<u>215,184</u>	<u>\$ 127,654</u>	<u>\$ 215,674</u>	<u>\$ 221,254</u>	<u>\$ 237,514</u>	<u>\$ 241,293</u>	<u>\$ 265,517</u>	<u>\$ 421,810</u>
All other governmental funds:									
Unreserved, reported in:									
Special revenue funds	\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Information for 1997 and 1998 is not available

GREATER HARTFORD TRANSIT DISTRICT

**REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS**

**LAST EIGHT* YEARS
(Modified Accrual Basis of Accounting)**

	YEAR ENDED JUNE 30								
	1999	2000	2001	2002	2003	2004	2005	2006	
Revenues:									
Federal grants	\$ 1,066,602	\$ 1,149,622	\$ 1,501,950	\$ 1,315,337	\$ 2,031,413	\$ 1,060,119	\$ 2,140,658	\$ 976,805	
State grants	4,448,164	4,930,868	5,261,599	6,505,124	7,403,563	8,540,911	9,325,370	10,100,355	
Contributions from member towns	40,615	40,615	40,615	40,615	40,111	40,111	39,051	40,111	
Local/private share	1,732,910	1,432,845	1,573,902	1,593,436	1,631,158	835,842	1,029,422	943,492	
Interest income	12,507	17,295	14,503	9,231	4,975	2,476	6,467	11,534	
Fares	118,368	130,584	150,118	184,409	253,877	277,135	259,162	302,858	
Incidental charter/vehicle sales							276,816	207,619	
Miscellaneous	63,646	87,235	88,595	61,474	91,035	33,973	18,071	57,566	
Total revenues	7,482,812	7,789,064	8,631,282	9,709,626	11,456,132	10,790,567	13,095,017	12,640,340	
Expenditures:									
Current:									
Project administration	736,262	924,854	1,113,831	1,052,616	1,032,139	946,941	1,256,994	1,293,177	
Professional services	1,656,055	1,820,825	2,407,380	2,949,859	3,298,795	2,851,484	2,856,344	2,870,443	
Purchased transportation	3,752,119	3,862,106	4,077,446	4,729,787	5,356,884	6,052,369	6,767,066	7,449,581	
Charter bus maintenance							238,853	172,211	
Capital outlay - tangible transit property	1,303,376	1,150,471	1,063,214	971,784	1,823,740	913,719	1,951,536	848,920	
Total expenditures	7,447,812	7,758,256	8,661,871	9,704,046	11,511,558	10,764,513	13,070,793	12,634,332	
Excess (Deficiency) of Revenues over Expenditures	35,000	30,808	(30,589)	5,580	(55,426)	26,054	24,224	6,008	
Other Financing Sources (Uses):									
Operating transfers in	64,135	97,812	104,059	7,162	134,670	16,160		153,829	
Operating transfers out	(64,135)	(128,600)	(73,000)	(7,162)	(62,984)	(38,435)		(3,544)	
Total other financing sources (uses)	-	(30,788)	31,059	-	71,686	(22,275)	-	150,285	
Net Change in Fund Balances	35,000	20	470	5,580	16,260	3,779	24,224	156,293	
Fund Balance at Beginning of Year	180,184	215,184	215,204	215,674	221,254	237,514	241,293	265,517	
Fund Balance at End of Year	\$ 215,184	\$ 215,204	\$ 215,674	\$ 221,254	\$ 237,514	\$ 241,293	\$ 265,517	\$ 421,810	
Debit Service as a Percentage to Noncapital Expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Information for 1997 and 1998 is not available

GREATER HARTFORD TRANSIT DISTRICT

GOVERNMENTAL FUNDS REVENUE BY SOURCE

LAST EIGHT* FISCAL YEARS

Fiscal Year Ended June 30	Federal and State Grants	Contributions from Member Towns	Local and Private Share of Federal Grants	Interest Income	Charter Bus Income	Cash Fares and Miscellaneous	Total
2006	\$ 11,077,160	\$ 40,111	\$ 943,492	\$ 11,534	\$ 207,619	\$ 360,424	\$ 12,640,340
2005	11,466,028	39,051	1,029,422	6,467	276,816	277,233	13,095,017
2004	9,601,030	40,111	835,842	2,476		311,108	10,790,567
2003	9,434,976	40,111	1,631,158	4,975		344,912	11,456,132
2002	7,820,461	40,615	1,593,436	9,231		245,883	9,709,626
2001	6,763,549	40,615	1,573,902	14,503		238,713	8,631,282
2000	6,080,490	40,615	1,432,845	17,295		217,819	7,789,064
1999	5,514,766	40,615	1,732,910	12,507		182,014	7,482,812

* Information for 1997 and 1998 is not available

GREATER HARTFORD TRANSIT DISTRICT

PRINCIPAL REVENUE PAYORS

CURRENT YEAR AND SEVENTH* PRIOR YEAR

YEAR ENDED JUNE 30						
2006			1999			
Total Revenue	Rank	Percentage of Total Governmental Revenue	Total Revenue	Rank	Percentage of Total Governmental Revenue	
Connecticut Department of Transportation						
\$ 10,100,355	1	79.9 %	\$ 4,448,164	1	59.4 %	
Federal Transit Administration						
<u>976,805</u>	2	<u>7.7</u>	<u>1,066,602</u>	2	<u>14.3</u>	
<u>\$ 11,077,160</u>		<u>87.6 %</u>	<u>\$ 5,514,766</u>		<u>73.7 %</u>	

Source: Statement of Revenues, Expenditures and Changes in Fund Balances

* Ninth prior year not available

GREATER HARTFORD TRANSIT DISTRICT

PLEDGED-REVENUE COVERAGE

PARKING LOT BONDS

LAST EIGHT* FISCAL YEARS

Fiscal Year	Gross Revenue (2)	Direct Operating Expenses (1)	Operating Transfers Out	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
2006	\$ 306,475	\$ 235,633	\$ -	\$ 70,842	\$ 24,269	\$ 16,776	\$ 41,044	1.73
2005	317,490	238,463	-	79,027	22,777	18,267	41,044	1.93
2004	347,828	235,738	-	112,090	21,405	19,640	41,045	2.73
2003	363,461	254,987	-	108,474	20,106	20,937	41,043	2.64
2002	335,403	213,020	-	122,383	18,863	22,181	41,044	2.98
2001	345,059	213,534	112,010	19,515	17,721	23,324	41,045	.48
2000	375,315	235,489	127,000	12,826	16,638	24,406	41,044	.31
1999	368,113	325,753	-	42,360	13,095	33,375	46,470	.91

* Information for 1997 and 1998 is not available

(1) Direct operating expenses represent operating expenses excluding interest for Parking Lot operations.

(2) Gross revenue represents fees from Parking Lot operations.

GREATER HARTFORD TRANSIT DISTRICT

NET GENERAL BONDED DEBT PER CAPITA

LAST EIGHT* FISCAL YEARS

Fiscal Year	<u>Business-Type Activities</u>		Total Government	Per Capita
	Revenue Bonds	Mortgage		
1999	\$ 392,643	\$ 3,300,000	\$ 3,692,643	\$ 6.58
2000	376,005	3,300,000	3,676,005	6.55
2001	358,011	3,300,000	3,658,011	6.36
2002	339,421	3,300,000	3,639,421	6.31
2003	319,315	3,300,000	3,619,315	6.32
2004	297,910	3,300,000	3,597,910	6.14
2005	275,133	3,300,000	3,575,133	6.06
2006	250,864	3,300,000	3,550,864	6.07

* Information for 1997 and 1998 is not available

(1) See Demographic Statistics for source of population data.

GREATER HARTFORD TRANSIT DISTRICT

DEMOGRAPHIC STATISTICS

LAST EIGHT* FISCAL YEARS

<u>Fiscal Year Ended June 30</u>	<u>Total Population of Member Towns (1)</u>	<u>Median Age (2)</u>	<u>Number of Elderly and Handicapped Persons (3)</u>
1999	560,783	36	N/A
2000	561,537	N/A	174,831
2001	575,576	N/A	N/A
2002	576,616	39	N/A
2003	572,984	40	N/A
2004	586,353	40	N/A
2005	590,174	39	N/A
2006	585,379	39	N/A

Sources:

(1) Capitol Region Council of Governments - According to 2000 U.S. Census

(2) U.S. Census Bureau 2005 Statistical Data

* Information for 1997 and 1998 is not available

N/A Information not available

GREATER HARTFORD TRANSIT DISTRICT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM*

LAST EIGHT* FISCAL YEARS

	YEAR ENDED JUNE 30							
	2006	2005	2004	2003	2002	2001	2000	1999
General government:								
Management services	2	2	2	2	3	3	3	3
Finance	2	1	1	1	1	1	1	1
Building	1	1	1	1	1	1	2	2
Transportation projects	<u>3.55</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u><u>8.55</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>6</u></u>	<u><u>7</u></u>	<u><u>8</u></u>	<u><u>8</u></u>

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

* Information for 1997 and 1998 is not available

GREATER HARTFORD TRANSIT DISTRICT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT* FISCAL YEARS

	YEAR ENDED JUNE 30							
	2006**	2005	2004	2003	2002	2001	2000	1999
<u>Number of Passenger Trips</u>								
Dial-A-Ride Service	352,660	271,173	314,517	325,277	368,800	360,633	390,720	369,597
Charter Bus Service	480,503	465,012	452,919	436,819	435,780	417,425	414,281	429,604
ADA	233,254	211,983	176,521	145,478	116,782	93,793	85,693	75,162

* Information for 1997 and 1998 is not available

** Total of trips for 2006 from 2005 U.S.Census Bureau

GREATER HARTFORD TRANSIT DISTRICT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TWO* YEARS

	YEAR ENDED JUNE 30	
	2006	2005
Number of transportation vehicles:		
Charter Bus Service	33	33
Dial-A-Ride	64	78
ADA	93	93

* Information for prior years not available