

Final Official Statement Dated July 24, 2008

New Issue: Book-Entry-Only

RATINGS: Moody's Investors Service: Aaa

Fitch Ratings: AAA

Assured Guaranty Corp. Insured

In the opinion of Bond Counsel, based on existing statutes and court decisions, and assuming continuing compliance with certain covenants and procedures relating to requirements of Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing federal alternative minimum tax. Interest on the Bonds may be included in the calculation of certain taxes under the Code, including the alternative minimum tax on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters", herein.)



City of Meriden, Connecticut

\$33,050,000

General Obligation Bonds, Issue of 2008

Dated: August 1, 2008

Due: Serially on August 1, as detailed below:

The Bonds will bear interest payable February 1, 2009 and semiannually thereafter on August 1 and February 1 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

Hutchinson, Shockey, Erley & Co.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY CORP.



The Bonds are subject to redemption prior to maturity as herein provided.

<i>Year</i>	<i>Principal Amount</i>	<i>Coupon Rate</i>	<i>Yield</i>	<i>CUSIP</i>	<i>Year</i>	<i>Principal Amount</i>	<i>Coupon Rate</i>	<i>Yield</i>	<i>CUSIP</i>
2009	\$1,655,000	4.000%	1.700%	589535F65	2019*	\$1,650,000	5.000%	4.150%	589535G80
2010	1,655,000	3.000%	2.300%	589535F73	2020*	1,650,000	5.000%	4.300%	589535G98
2011	1,655,000	3.250%	2.800%	589535F81	2021*	1,650,000	5.000%	4.400%	589535H22
2012	1,655,000	3.500%	3.000%	589535F99	2022*	1,650,000	5.000%	4.500%	589535H30
2013	1,655,000	3.500%	3.150%	589535G23	2023*	1,650,000	5.000%	4.550%	589535H48
2014	1,655,000	3.625%	3.350%	589535G31	2024	1,650,000	4.500%	4.700%	589535H55
2015	1,655,000	3.750%	3.500%	589535G49	2025	1,650,000	4.625%	4.750%	589535H63
2016	1,655,000	4.000%	3.650%	589535G56	2026	1,650,000	4.625%	4.800%	589535H71
2017*	1,655,000	4.000%	3.800%	589535G64	2027	1,650,000	4.750%	4.850%	589535H89
2018*	1,655,000	4.125%	3.950%	589535G72	2028	1,650,000	4.750%	4.900%	589535H97

* Priced assuming redemption on August 1, 2016; however any such redemption is at the option of the City.

The Bonds will be general obligations of the City of Meriden, Connecticut and the City will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. See "Security and Remedies" herein.

The Registrar, Transfer Agent, Paying Agent, and Certifying Agent will be U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds in book-entry-only form will be made to DTC on or about August 1, 2008.

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement or any supplement which may be issued hereto, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Official Statement.

The independent auditors for the City are not passing upon and do not assume responsibility for the accuracy or completeness of the financial information presented in this Official Statement (other than matters expressly set forth in their opinion in Appendix A), and they make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B, Bond Counsel are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "Bond Insurance" and "Appendix E - Financial Guaranty Insurance Policy".

(The remainder of this page intentionally left blank)

Table of Contents

	<u>Page</u>		<u>Page</u>
I. Bond Issue Summary	1	V. Financial Information	26
Bond Information	2	Fiscal Year	26
Introduction	2	Basis of Accounting and Accounting Policies.....	26
Description of the Bonds	2	Government Fund Types	26
Redemption Provisions	2	Budgetary Procedures	27
Authorization and Purpose.....	3	Annual Audit.....	27
Proceeds of the Issue.....	3	Pension Plans	27
School Projects	4	Other Post Employment Benefits	27
Book-Entry-Only Transfer System.....	4	Investment Policies and Procedures	28
Security and Remedies.....	6	General Fund - Comparative Balance Sheet	
Qualification for Financial Institutions.....	6	Liabilities and Fund Balance	29
Availability of Continuing Information.....	6	General Fund Revenues and Expenditures.....	30
Ratings.....	7	Analysis of General Fund Equity	31
Bond Insurance.....	7	Intergovernmental Revenues as a Percentage of	
II. The Issuer	8	General Fund Revenues.....	31
Description of the Municipality	8	Enterprise Funds Comparative Balance Sheet.....	32
Form of Government	8	Water Fund Comparative Balance Sheet.....	33
Principal City Officials.....	9	Sewer Authority Comparative Balance Sheet	34
Summary of Municipal Services.....	9	Golf Course Comparative Balance Sheet	35
Economic Development.....	11	Enterprise Funds Comparative Statement of	
Commercial/Industrial Development.....	12	Revenues and Expenditures.....	36
Downtown Activity and Planned Redevelopment	13	Water Fund Comparative Statement of	
Retail/Hotel Development	14	Revenues and Expenditures.....	36
Municipal and Public Facility Development.....	14	Sewer Authority Comparative Statement of	
Residential Development.....	15	Revenues and Expenditures.....	37
Community Development Program	15	Golf Course Comparative Statement of	
Employee Relations and Collective Bargaining	16	Revenues and Expenditures.....	37
Municipal Employees	16	VI. Debt Summary	38
Employee Bargaining Organizations	16	Principal Amount of Bonded Indebtedness	38
Educational Services.....	17	Short-Term Debt	38
School Facilities.....	17	Annual Bonded Debt Maturity Schedule.....	39
School Enrollment	17	Overlapping/Underlying Debt.....	39
III. Economic and Demographic Information	18	Debt Statement	40
Population and Density	18	Current Debt Ratios.....	40
Age Distribution of the Population	18	Bond Authorization Procedure.....	41
Income Distribution.....	18	Temporary Financing.....	41
Income Levels.....	19	Clean Water Fund.....	41
Educational Attainment	19	Statement of Debt Limitation	42
Major Employers	19	Debt Authorized but Unissued	43
Employment by Industry	20	Principal Amount of Outstanding Debt	43
Employment Data	20	Ratios of Net Long-Term Debt to Valuation,	
Age Distribution of Housing.....	21	Population and Income.....	44
Housing Inventory	21	Ratio of Annual Debt Service to Total General Fund	
Owner -Occupied Housing Values	21	Expenditures and Other Financing Uses.....	44
Building Permits	22	Capital Improvement Program	45
Land Use Summary	22	VII. Legal and Other Information	46
IV. Tax Base Data	23	Litigation.....	46
Property Tax	23	Tax Matters.....	46
Assessments.....	23	Transcript and Closing Documents	47
Property Tax Collection Procedures	23	Concluding Statement	48
Comparative Assessed Valuation.....	24	Appendix A - Excerpts from the City's 2007	
Property Tax Levies and Collections.....	25	Comprehensive Annual Financial Report	
Ten Largest Taxpayers	25	Appendix B - Form of Legal Opinion of Bond Counsel	
		Appendix C - Form of Continuing Disclosure Agreement	
		Appendix D - Notice of Sale and Bid Form	
		Appendix E - Financial Guaranty Insurance Policy	

(This page intentionally left blank)

Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

- Date of Sale:** Thursday, July 24, 2008, 11:30 A.M. (E.D.T.).
- Location of Sale:** Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103.
- Issuer:** City of Meriden, Connecticut (the "City").
- Issue:** \$33,050,000 General Obligation Bonds, Issue of 2008 (the "Bonds").
- Dated Date:** August 1, 2008.
- Interest Due:** February 1 and August 1, in each year until maturity, commencing February 1, 2009.
- Principal Due:** The Bonds are due serially, August 1, 2009 through August 1, 2028, as detailed in this Official Statement.
- Purpose and Authority:** The Bonds are being issued to permanently finance a portion of bond anticipation notes maturing on August 1, 2008 that were issued for various general purpose and school projects and the balance will provide new money for various general purpose projects.
- Redemption:** The Bonds not subject to redemption prior to maturity, as provided herein.
- Security and Remedies:** The Bonds will be general obligations of the City of Meriden, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
- Credit Rating:** Moody's Investors Service and Fitch Ratings have assigned ratings of "Aaa" and "AAA", respectively, to the Bonds, with the understanding that a municipal bond insurance policy will be issued by Assured Guaranty Corporation concurrently with the delivery of the Bonds. Underlying ratings are Moody's Investors Service: "A3" and Fitch Ratings: "A-".
- Bond Insurance:** Assured Guaranty Corporation has made a commitment to issue a financial guaranty insurance policy concurrently with the delivery of the Bonds. (See Appendix E – "Financial Guaranty Insurance Policy").
- Basis of Award:** Lowest True Interest Cost (TIC), as of the dated date.
- Bank Qualification:** The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** Phoenix Advisors LLC, of Milford, Connecticut. Telephone (203) 878-4945.
- Legal Opinion:** Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 1, 2008 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to Mr. Jim Reynolds, Interim Finance Director, City of Meriden, 142 East Main Street, Meriden, Connecticut 06450. Telephone (203) 630-4138.

I. Bond Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Meriden, Connecticut (the "City"), in connection with the original issuance and sale of \$33,050,000 General Obligation Bonds, Issue of 2008 (the "Bonds") of the City.

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

The information in this Official Statement has been prepared by the City's Financial Advisor, Phoenix Advisors LLC, from information supplied by City officials and other sources. The Financial Advisor does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. U.S. Bank National Association, 225 Asylum Street, Goodwin Square, Hartford, Connecticut 06103 will act as Registrar, Transfer Agent, Paying Agent and Certifying Agent for the Bonds.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and they make no representation that they have independently verified the same.

Description of the Bonds

The Bonds will be dated August 1, 2008 and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the cover of this Official Statement, payable on February 1, 2009 and semiannually thereafter on August 1 and February 1 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

Bonds maturing on or before August 1, 2016 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2017 and thereafter are subject to redemption prior to maturity, at the election of the City, on or after August 1, 2016 at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as a percentage of the principal amount of Bonds to be redeemed), set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Period During Which Redeemed</u>	<u>Redemption Prices</u>
August 1, 2016 and thereafter	100%

Notice of redemption shall be given by the City or its agent by mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the date fixed for redemption to the registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the City in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The City, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the City will reduce the outstanding principal amounts of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemption in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocations of reductions of interests in the Bonds to be redeemed will not be governed by the determination of the City authorizing the issuance of the Bonds and will not be conducted by the City, the Registrar or Paying Agent.

The Certifying Agent, Paying Agent, Registrar and Transfer Agent will be U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103. The legal opinion on the Bonds will be rendered by Robinson & Cole LLP in substantially the form set forth in Appendix B to this Official Statement.

Authorization and Purpose

The Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the City of Meriden and bond a resolutions adopted by the Common Council of the City.

Proceeds of the Issue

Proceeds of the Bonds will be used to permanently finance a portion of the bond anticipation notes maturing August 1, 2008 and to provide new money for the projects listed below:

Project	Amount Authorized	Notes Maturing 8/01/08	Paydowns/ Grants Received	New Money	The Bonds
General Purpose Issue #40	\$ 757,000	\$ 88,500	\$ (88,500)	\$ -	\$ -
General Purpose Issue #42	1,475,000	85,000	-	3,750	88,750
General Purpose Issue #43	35,000,000	10,000	-	3,000	13,000
General Purpose Issue #44.....	1,780,000	15,200	-	-	15,200
General Purpose Issue #45	100,000	18,700	(18,700)	-	-
General Purpose Issue #49	1,000,000	5,500	-	-	5,500
General Purpose Issue #50	9,238,000	5,843,000	(5,750)	225,000	6,062,250
General Purpose Issue #52.....	1,000,000	50,000	(50,000)	-	-
General Purpose Issue #55	477,000	200,000	-	4,600	204,600
General Purpose Issue #56	1,353,973	164,000	-	-	164,000
General Purpose Issue #57	58,053,000	1,175,000	(500,000)	263,000	938,000
General Purpose Issue #58	27,606,825	6,886,300	(20,200)	1,478,000	8,344,100
General Purpose Issue #59	8,629,300	3,000,000	-	150,000	3,150,000
General Purpose Issue #60	3,719,472	1,706,800	(369,700)	35,000	1,372,100
General Purpose Issue #61.....	50,000	50,000	(20,000)	-	30,000
General Purpose Issue #62.....	2,636,197	1,636,000	(108,000)	-	1,528,000
General Purpose Issue #63.....	3,932,562	1,421,000	-	1,661,000	3,082,000
General Purpose Issue #64.....	11,851,500	-	-	8,052,500	8,052,500
Total.....	\$ 168,659,829	\$ 22,355,000	\$ (1,180,850)	\$11,875,850	\$ 33,050,000

Proceeds of the Bonds will be used to fund the capital projects and purposes described below:

<i>General Purpose Issue #42:</i>	Various water projects.
<i>General Purpose Issue #43:</i>	Construction of Magnet School.
<i>General Purpose Issue #44:</i>	Signs and Landscaping City Entrances, Recreational Complex.
<i>General Purpose Issue #49:</i>	Various drainage, street construction, beautification projects, little league field complex improvements.
<i>General Purpose Issue #50:</i>	Various water projects.
<i>General Purpose Issue #55:</i>	Various projects including bike rail trail, traffic signals, updates to public buildings, and paving program.
<i>General Purpose Issue #56:</i>	Various projects including public safety radio tower, highway resurfacing, demolition of hazardous building, updates for parks, and dog pound construction.
<i>General Purpose Issue #57:</i>	Various sewer projects.
<i>General Purpose Issue #58:</i>	Various projects including public works equipment & trucks, highway resurfacing, bike rail trail, demolition of hazardous building, MIS technology upgrade, landfill closure and dam renovation.
<i>General Purpose Issue #59:</i>	Washington School roof renovations, Falcon Field renovations.
<i>General Purpose Issue #60:</i>	Various projects including highway resurfacing, parking garage repairs and public works equipment.
<i>General Purpose Issue #61:</i>	Golf irrigation system design.
<i>General Purpose Issue #62:</i>	Various projects including truck replacement, portable radios, city wide drainage, technology upgrades, catch basin cleaner, Sodom brook trail, backup generator and sanitary sewer line.
<i>General Purpose Issue #63:</i>	Street paving program, Sidewalk program and paving box.
<i>General Purpose Issue #64:</i>	Various projects including water tanks, city wide sidewalks and street paving, bridge repairs, roof repairs, police radio system upgrade, and computer upgrades.

School Projects

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on school building projects approved after July 1, 1996. Under the new program, the City would receive progress payments for eligible construction costs. (The City has not issued any school debt under the new program). The Magnet School (GPI #43) was approved under the new program, but 100% of eligible costs are expected to be funded by a grant from the State of Connecticut.

Book-Entry-Only Transfer System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Security and Remedies

The Bonds will be general obligations of the City of Meriden, Connecticut and the City will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues. The City has the power under Connecticut statutes to levy ad valorem taxes on all taxable property in the City without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the City may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the City. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds or judgments thereon, in priority to other claims.

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Bonds.

Availability of Continuing Information

The City of Meriden prepares, in accordance with State law, annual independent audited financial statements and files such annual report with the State Office of Policy and Management within six months of the end of its fiscal year.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and (iii) notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the forms attached as Appendix C to this Official Statement.

The City has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the City has not failed to meet any of its undertakings under such agreements.

Ratings

Application was made to Moody's Investors Service Inc. and Fitch Ratings, (the "Rating Agencies") for a rating on the Bonds. The City furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agencies and will be subject to revision or withdrawal, which could affect the market price of the Bonds. The Rating Agencies should be contacted directly for its rating on the Bonds and the explanation of such rating.

The City expects to furnish to the Rating Agencies information and materials that it may request. The City's Financial Advisor, Phoenix Advisors LLC, recommends that all bonded debt be submitted for a credit rating.

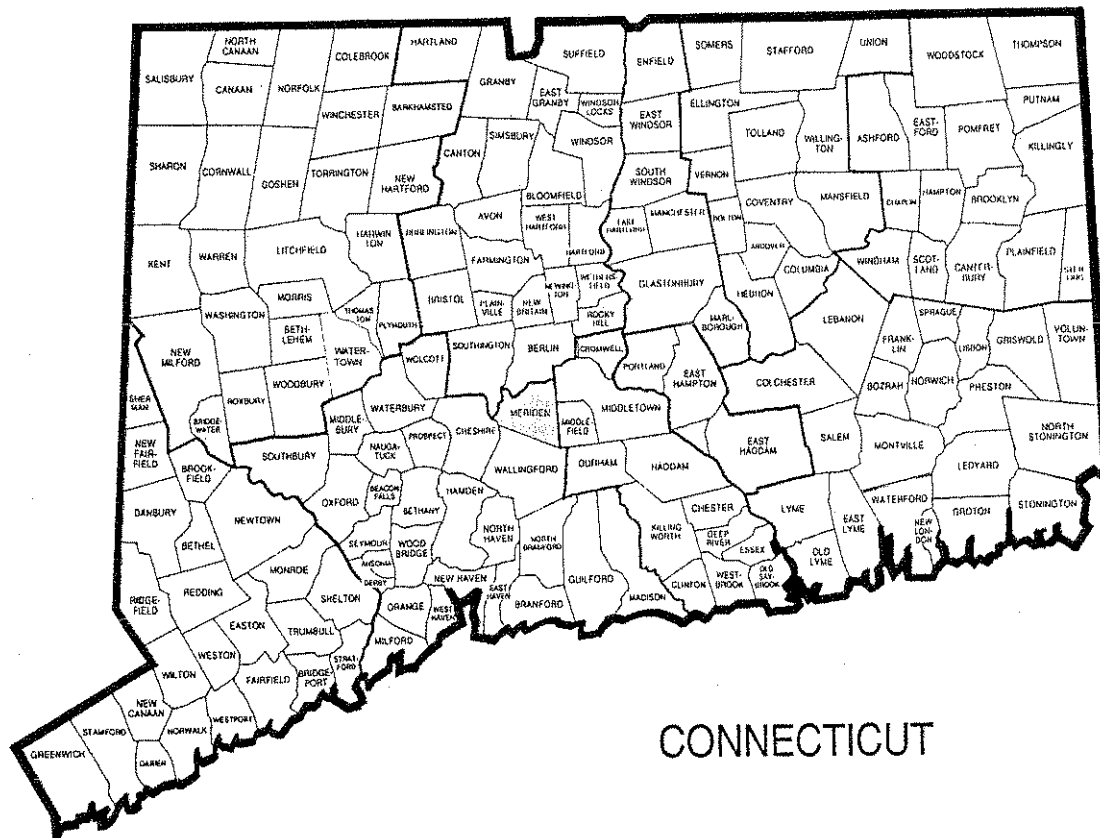
The City received a "Aaa" rating from Moody's Investors Service, Inc. and a "AAA" rating from Fitch Ratings on the Bonds, with the understanding that a financial guaranty insurance policy will be issued by Assured Guaranty Corporation concurrently with the Bonds. The City received underlying ratings of "A3" from Moody's Investors Service and "A-" from Fitch Ratings, respectively, on the Bonds.

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Corporation. For more information, please refer to Appendix E - Financial Guaranty Insurance Policy.

(The remainder of this page intentionally left blank)

II. The Issuer



Description of the Municipality

Meriden was settled in 1661, incorporated as a town in 1806, and as a city in 1867. The Town and City were consolidated in 1922. The City, which covers an area of 24.0 square miles, had a population of 59,552 in 2006, an increase of 1,409 people since 2000. Meriden is located midway between the cities of Hartford and New Haven in New Haven County at the crossroads of I-91, I-691, State Rt. 15 (Wilbur Cross Parkway) and U.S. 5. I-691 links I-91 and I-84.

The City includes a unique mix of historic buildings and neighborhoods, affordable housing to working families, more affluent suburban style developments, modern business facilities, a major mall, the largest municipal park in Connecticut (Hubbard Park) and prominent natural scenic ridge-top areas. There is local transit service, Amtrak and interstate buses provide passenger transportation connecting the City to major metropolitan centers. Freight service is provided by Conrail and a number of trucking companies. The Meriden-Markham Municipal Airport provides both freight and limited passenger service.

Manufacturing firms produce a diversified product line which includes electronic components, biopharmaceuticals, printing presses, aircraft and spacecraft components, industrial filters and antipollution equipment, corrugated boxes, industrial equipment, lighting fixtures, metal alloys, auto parts, and video/data transmission equipment.

Form of Government

The City of Meriden has operated under a Council/Manager form of government since December 3, 1979.

Under the City Charter, the legislative branch consists of 12 elected members forming the City Council who have exclusive legislative and fiscal powers. The Council may, by resolution, regulate the internal operation of boards, commissions and offices, which it fills by appointment. The City Council appoints the City Manager and the Mayor is popularly elected to office for a term of two years.

The City Manager is directly responsible to the Council for the supervision and administration of all departments and offices of the City except those elected by the people or appointed by state or federal authority.

A Director of Finance is appointed by the City Manager, subject to the approval of the City Council and serves at the pleasure of the City Council. The Director of Finance is the fiscal officer of the City and is responsible for the operation and supervision of the Department of Finance.

Principal City Officials

<u>City Officials</u>	<u>Name</u>	<u>Manner of Selection/Term</u>	<u>Years of Service</u>	<u>Employed Last Five Years</u>
Mayor	Michael S. Rohde	Popularly elected	-	Director of Dev. - Ronald McDonald House
City Manager	Lawrence J. Kendzior	Appointed - indefinite	3.5	Corporation Counsel
Finance Director (Interim)....	James M. Reynolds, CPA	Appointed - indefinite	-	Finance Director - City of Middletown, CT
Superintendent of Schools ...	Mary Cortright	Appointed - indefinite	5	School Principal

Michael S. Rohde, Mayor: Mr. Rohde will be sworn in as Mayor on July 21, 2008. He succeeds Mark Benigni, who recently resigned for personal reasons. Mr. Rohde has a Bachelor of Arts Degree in Economics and Psychology from St. John Fisher College and a Master's Degree in Human Services Administration from Antioch University. Since 2003 he has been the Director of Development for the Ronald McDonald House of Connecticut in New Haven. Mr. Rohde has been elected to five terms on the City Council and was elected Majority Leader twice. He chairs the Council's Public Works and Parks Committee and serves on the Council Finance Committee.

Lawrence J. Kendzior, City Manager: Mr. Kendzior was appointed as City Manager in June 2005, after serving as Acting City Manager for five months. He also served as the Corporation Counsel since 1985 and as City Attorney since 1993. He graduated from New York University, cum laude, and was elected to Phi Beta Kappa. He received his Juris Doctorate (J.D.) from Boston University. Mr. Kendzior formerly was a partner in the law firm of Tonkonow and Kendzior in Meriden, Connecticut.

James M. Reynolds, C.P.A., Interim Finance Director: James M. Reynolds was appointed as interim Finance Director on May 27, 2008. He previously served as Director of Finance for the City of Middletown (CT) from 1973 to 2003 and is still involved with that city as a member of their pension board. He has also done municipal finance work for other Connecticut communities since his retirement. Mr. Reynolds is a graduate of Bryant University and earned his C.P.A in 1969. He has conducted graduate courses in fund accounting at the University of Hartford and has served on various committees of the Connecticut Society of Certified Public Accountants and the Connecticut and New England Government Finance Officers Associations. He is past president of both the Connecticut and New England States Government Finance Officers Association and currently serves on the audit committee for the NESGFOA.

Mary Cortright, Superintendent of Schools: Mary N. Cortright, Superintendent of Schools, graduated from University of Connecticut with a Bachelor's of Art in English. She earned a Master of Science in Education and a Sixth Year Certificate in Administration and Supervision from Southern Connecticut State University. She is currently a doctoral candidate at the University of Connecticut. Mrs. Cortright has worked as a teacher nearly thirteen years, an Assistant Principal of a middle school for three years, and a Principal of an elementary school for eight years. She has been Superintendent of Schools for five years.

Summary of Municipal Services

Police: The Meriden Police Department provides full-time police services. The staff consists of 126 sworn personnel, two secretaries, four clerks, a crime analyst, 35 school crossing guards, and two dog wardens. There are also seven Reserve Police Officers. The Meriden Police Department has also expanded the Community Police Division. The Department's major equipment includes cruisers, motorcycles, mobile command post, special service vehicles and equipment, and a complete radio communications center.

Fire Department: Fire and Emergency Services are provided by a career Fire Department and one volunteer Fire Department. The career department has 96 sworn fire personnel, two secretaries, and one mechanic. Operating out of six fire stations and the Fire Marshals Office, the department provides fire suppression, fire prevention, fire code enforcement, public fire education, technical rescue services, First responder, Emergency Medical Services including automated external defibrillators, and hazardous materials response.

Traffic: The City is protected by a completely independent fire alarm signal system, Gamewell Signal, maintained by the Traffic Division of the Department of Public Works. There are over 200 boxes including master boxes at various locations throughout the City.

This Division is responsible for the installation and maintenance of all traffic devices, including traffic signals, warning lights, three (3) closed loop traffic signal systems, and the Master Closed Loop Computer. This Division also installs and maintains all warning signs, regulatory signs, parking signs, schools crossing signs, and pavement markings. In addition, this Division maintains 200 ornamental fixtures and 5 control cabinets in downtown and 40 ornamental street lights and associated control cabinets in South Meriden.

Parks: The Meriden parks system is the largest municipal parks system in New England. It is comprised of 26 public parks and 17 playgrounds, covering a total area of over 3,120 acres. Recreational facilities include ten tennis courts, 41 ball fields, ten picnic grounds (two with fireplaces), one outdoor swimming pool, a bandshell, a skatepark and a waterpark. The City of Meriden also owns and operates a 6,593-yard, 18-hole, par-71 golf course with a full-service restaurant. The city parks provide a wealth of recreational opportunities including hiking, playgrounds, concert venues, and multi cultural festivals.

Airport: The airport is municipally-owned. Services are furnished by Meriden Aviation Services, Inc. as the fixed base operator. The fixed base operator provides a wide range of aviation services including furnishing aviation fuel, oil and lubricants, aircraft repairs and maintenance, flight training, aircraft rentals, air charter services and aircraft sales.

The Meriden-Markham Airport is a general aviation facility owned by the City of Meriden and supports both light commercial and general aviation markets. The 119 acre airport facility is located on the boundary line between the South Meriden section of the city and the Yalesville section of the neighboring Town of Wallingford. Physical features include a 3,100' x 75' paved and lighted runway and taxiway, four aircraft storage hangars, a maintenance service hangar, and operations building. Instrument approach procedures with runway visual aids provide all-weather operation capability and ASOS, automated surface weather observation/reporting service, are located on the airport. Approximately 76 aircraft are based at the airport in single, multi-engine airplane, and rotorcraft categories. The airport master plan, updated in June 2000, addresses the need for additional aircraft hangars, a new maintenance facility, new operations building, and additional improvements. Airport improvements continue to be implemented through grants from the Federal Aviation Administration and the State of Connecticut Department of Transportation combined with City of Meriden efforts.

Sewers: Meriden presently has a two-stage activated sludge wastewater treatment plant with ammonia removal and high rate digesters. There are 220 miles of sanitary sewers and three pumping stations in the collection and transportation system. Approximately 90% of the City's residents are served by this facility. There are 18 employees assigned to the Sewer Division. A complete \$39 million plant upgrade including denitrofication started in January 2008. The average daily flow is 9.6 million gallons a day; wet weather peaks 30 million gallons a day.

Water: Water service is provided to 17,610 customers in the City of Meriden. Water service is metered throughout the City and furnishes approximately 6.5 million gallons a day. The water system is made up of four surface water treatment facilities, two major well complexes, two seasonal wells, eight pumping stations and 12.65 million gallons of storage. The system also consists of approximately 217 miles of water lines.

Municipal Solid Waste Services: The City has entered into the Municipal Solid Waste Delivery and Disposal Contract, as amended and restated (the "Service Contract") with the Connecticut Resources Recovery Authority (the "Authority") pursuant to which it participates, with four other central Connecticut municipalities, in the Wallingford Resource Recovery System (the "System"). The System consists of a mass burn solid waste, resource recovery steam and electric generation facility located in the Town of Wallingford (the "Facility") and various improvements and facilities related thereto, including landfills. The facility is complete and presently receiving waste from the Contracting Municipalities.

Under the Service Contract, the City is required to deliver or cause to be delivered to the System solid waste generated within its boundaries up to its minimum commitment of 39,500 tons per year and to pay a uniform per ton disposal service fee (the "Municipal Disposal Fee"). The aggregate minimum commitment of the five participating municipalities is 125,000 tons per year. The City's commitment to pay Municipal Disposal Fees is a "put/or/pay" commitment, in that if the aggregate minimum commitment of the participating municipalities is not met in any year, the City must pay Municipal Disposal Fees for its full portion of the aggregate minimum commitment even if it did not

deliver that full portion. Over this past year, the aggregate total delivered to the System by the five participating towns was in excess of 135,000 tons.

Pursuant to the amended and restated contract between the Authority and Wallingford Resource Associates, LP. (the "Company") the Facility is operated, managed and maintained by OPW Associates, Inc., a wholly owned subsidiary of Ogden Projects, Inc., and the general partner of the company.

The Municipal Disposal Fee applicable in any contract year is calculated by estimating and netting out the system cost and system revenue for such contract year, as such terms are defined in the Service Contract. System Cost includes debt service on the Authority's revenue bonds issued to finance the system, costs of operation and administrative costs among other items. System revenue includes revenues from the sale of electricity and steam.

Municipal Disposal Fees shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the Facility. The City's obligation to pay Municipal Disposal Fees, so long as the Authority is so accepting the City's solid waste, is absolute and unconditional and shall not be subject to any set-off, counterclaim, recoupment, defense (other than payment itself) or other right which the City may have against the Authority or any other person for any reason whatsoever. The City has pledged its full faith and credit to the payment of Municipal Disposal Fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of Municipal Disposal Fees.

Waste Collection: Waste collection, within the inner tax district has been contracted to a private hauler since July 1, 1994. Residents in the outer tax district and all commercial/industrial property owners are responsible for securing the services of a private hauler to dispose of their solid waste.

Recycling: The City has entered into an intra-community agreement with fifteen other Connecticut municipalities to establish the Tunxis Recycling Operating Committee ("TROC") for the purposes of meeting the State's recycling mandate. Under the agreement, the City is required to deliver or cause to be delivered to the regional recycling facility, all residential acceptable recyclable materials generated within its boundaries. The City is obligated to pay all tipping costs for the processing of acceptable recycling materials generated within its boundaries and delivered to the facility as well as its proportionate share of TROC's costs on a monthly basis. The tipping fee applicable in any given contract year is calculated by estimating and netting out facility costs and 50% of facility revenue for such contract year. Facility costs include the cost of operation and management of the facility. The City has not pledged its full faith and credit to the payment of "tipping fees" or TROC costs.

Economic Development

Meriden has an information technology zone tax incentive program offering real property tax assessment deferrals to property owners who improve their buildings to house IT companies. IT companies locating in the buildings also receive personal property tax abatements.

Meriden also has a state-designated Enterprise Zone, which provides significant tax incentives to manufacturers and warehousing and distribution companies locating into the zone. Fifty percent of these tax abatements are reimbursed by the state.

Meriden Manufacturing Assistance Program (MMAP). Meriden offers subordinate financing to manufacturers planning to expand their operations in the city or who wish to locate to Meriden. The loans are for real estate acquisition or improvements and are only offered in conjunction with private financing. Five manufacturers have taken advantage of this program to date. The program supports the expansion and retention of the city's manufacturing base.

The city has a comprehensive program to remediate brownfield sites and return them to active reuse. Over the past 3 years, the U.S. Environmental Protection Agency has given the City a total of \$2.5 million to help redevelop Brownfield sites in Meriden. In 2004 the City received a \$200,000 assessment grant to test the abandoned Factory H site. In 2006 the city received a \$200,000 EPA grant to remediate the vacant HUB site downtown. In May of 2007, the City was awarded \$600,000 in EPA grants for environmental testing and for clean up of the abandoned Factory H site on Cooper and Butler Streets. In January of 2008, EPA's Hazards Removal Division removed hazardous asbestos materials from the factory H site at a cost to them of \$1.5 million. These grants and EPA monetary support the City's in creation of more available land for commercial development.

Meriden is in its eighth year of a marketing campaign focusing on business retention and business development. This past year the budget funded trade show exhibiting, marketing promotions, advertising, updates to MeridenBiz.com (the city's economic development web site), press releases/story writing for state-wide distribution, and emails highlighting local development to the commercial real estate community.

The City's Economic Development Office continues to contract with CoStar Inc. to provide real-time, on-line access to commercial property databases listing all commercial, industrial properties available for lease or sale in the Meriden/New Haven region. The database enables staff to provide real-time lease and "for sale" information to companies wishing to locate to or expand in the city. The database also provides real estate analysis (vacancy rates, lease histories and property trends/photos, and floor plans by building) for distribution to prospects, market research companies and site selection consultants.

The City's Comprehensive Economic Development Strategy Plan (CEDS) was approved by the US Economic Development Administration (EDA) in 2000. This Plan allows the city to apply for funding from EDA for economic development projects.

Commercial/Industrial Development

Castle Bank and Trust Company will soon combine its branch office at 852 E. Main St. and headquarters on Hanover Street to 1295 E. Main St. which is located at the entrance to Research Parkway. This corner has high visibility and will showcase Meriden's local bank.

Accel International Holdings Inc. of Waterbury is in the process of buying and locating its corporate center to the former TI Automotive facility on North Colony Street. The building is 145,000 sq ft, was built in 1995. TI closed its operation in 2006. Accel is a wire manufacturer with facilities in Indiana and Turkey.

Ragozzino Foods Inc. is in the process of building a 42,000-square-foot addition to its Chamberlain Highway property. The company received a \$500,000 city loan to help it expand. This longtime pasta and sauce maker is increasing its freezer and office space, in addition to keeping its 26,000-squarefoot manufacturing plant on site. The added freezer space will allow Ragozzino to consolidate all of its Connecticut-based operation in Meriden.

The former Walbro Corp. building at 45 Gracey Ave. became the new home for Pyramid Technologies and United Oil Recovery Inc. Pyramid Technologies is a Meriden manufacturer of high-tech timekeeping systems. It was formerly located at 48 Elm Street in Meriden. The company needed expansion space due to its expanding proprietary lines. United Oil Recovery Inc. is a fuel recycler with offices in other buildings on Gracey Avenue.

Ye Olde Book Bindery, formerly in Cheshire, set up shop in the 100-year-old Curtis building at 153 Pratt Street. More space was needed to expand its services beyond binding and stitching. The company expanded into 11,000 square feet, more than twice the size of its former Cheshire facility.

Abraham Agyeman acquired and invested \$150,000 in improvements to the former So Colony Street brewery. The building is now a warehouse and shipping center for goods headed overseas.

MidState Medical Center, offering exceptional care for people throughout Central CT, is proceeding with plans for a \$45 million, 100,000 sq ft expansion. The addition will include 54 treatment beds and a new enlarged Emergency Department plus other facility upgrades.

The Community Economic Development Fund paid \$2.5 million to buy the former home of Lane Construction Corp. at 965 E. Main St. The economic development fund provides loans, counseling and other economic development assistance to small businesses and mixed-use projects

Arena Capital I Ltd. submitted a proposal to the City to purchase and build a peaking power plant on 23 acres of land owned by the city located near the Berlin, CT town line. Arena Capital must secure all the necessary permits before the property transfers.

A national payroll processing company hopes to expand its New England operation by opening a sales office at 130 Research Parkway and another in the Boston area. Compu Pay Inc. of Miramar, Fla., expanded into the state and chose Meriden for its central location and easy access to highways.

Downtown Activity and Planned Redevelopment

The 15-acre HUB site, centrally located in downtown Meriden, is the focus of a multi-million dollar redevelopment effort being led by the City. The City has secured over \$2.4 million in State and federal funds to clear the site to prepare the site for economic development opportunities and needed flood control infrastructure. The City demolished a vacant and deteriorated building on site this past year. The development of an intermodal transportation center immediately adjacent to HUB site is a key component of this redevelopment effort. It will allow for transit-oriented development opportunities on the HUB site and throughout the downtown area. The intermodal center will not only serve Meriden's existing Amtrak service and the proposed New Haven to Springfield commuter rail line but will also offer linkages to local bus, taxi and corporate van services. Downtown Meriden has been identified in the *New Haven-Hartford-Springfield Commuter Rail Implementation Study* completed by Wilbur Smith Associates in 2005 for the Connecticut Department of Transportation as a key station stop along the proposed New Haven to Springfield commuter rail line. The intermodal center will provide increased access into and out of the downtown while allowing the City to attract new businesses, commuters and residents to the City's center.

The City has hired the engineering firm, Milone and MacBroom (M&M) and, environmental engineers, Metcalf & Eddy, to design the conversion of the 15-acre HUB parcel into a downtown park. Harbor Brook, currently culverted under the site, will be day-lighted and commercial development pads are anticipated. During project design, M&M will facilitate community meetings to finalize the design concept. M&M will complete final designs, help the City procure and manage firms to construct improvements and obtain necessary permits. The City has title to the site. Redevelopment of this site will have a strong positive impact on downtown revitalization efforts.

The City recently submitted a grant application for \$1 million to the State's Office of Policy and Management to develop, plan and do engineering studies related to siting a new intermodal transportation center downtown and to solicit developers for the project. The City was mentioned as one of two state pilot cities for this TOD planning program.

A wireless network provides free Internet access to downtown business owners, residents and visitors. Service, started in November 2005, begins at the corner of Colony and West Main streets and runs 1000 feet west down West Main Street and 1000 feet north down Colony Street. City officials believe that free wireless access will further stimulate business activity and reinvestment downtown. Meriden is one of only two Connecticut cities offering free WIFI in its downtown.

Middlesex Community College renewed its lease at 55 W. Main Street and has expanded –offering additional classroom and lab space to students. The college now has over 900 full and part-time students. The college's presence has re-energized downtown activity.

The City Council approved the sale of City-owned properties on West Main and Grove Street to Silver City Properties, LLC, of Meriden. Silver City has finished renovations to the property. Upper floors have been converted to 12 artist lofts and new retailers have occupied space on the first floor. Three artist tenants have signed leases and will soon begin to occupy the lofts.

The City completed a comprehensive parking study of the downtown. Fuss & O'Neill made a series of short and long term recommendations which are currently being implemented. These parking improvements will meet the additional demand created by downtown reinvestment and development.

The former City-owned properties at 11 and 13-17 Colony Street have been sold to and rehabilitated by a developer who is marketing the property to attract office, retail and restaurant tenants.

The partners of Outsource Solutions LLC paid \$500,000 for the shuttered Dequaine Museums and Cultural Center at 39 W. Main St, a museum that once housed the collection of international opera diva Rosa Ponselle. The partners intend to keep it as an arts venue. Sandman Gallery & Frame Shoppe moved recently moved into this building.

An East Haven pastor and his board of directors paid \$350,000 Monday for the vacant Unitarian Universalist Church on the corner of East Main and Norwood Streets across from City Hall.

A national developer has shown significant interest in the Hub property, envisioning a mixed-use transit district that corresponds with the city's vision for the 15-acre property.

The nightlife downtown may be getting a boost if the musicians, comedians and theater companies that Pete Limosani said are eager to perform at his new Verve Club. Limosani has been refurbishing 55 Colony St., a 20,000-square-foot building built in 1902.

Mazury Polish Deli recently opened in the heart of downtown Meriden.

The city can move forward with plans to improve West Main Street, thanks to the federal government. The city has received a grant of \$490,000 to do planning and design work as well as some of the needed construction.

Steven Jacques is the owner and founder of Lighthouse Financial LLC, a financial coaching and planning company that moved to 213 East Main St. Jacques bought the former Hergott Dental Associates building for \$220,000, after the practice moved to larger quarters on Broad Street.

Retail/Hotel Development

The following represent highlights to the City's recent retail development:

Lowe's Companies Inc. and WP Realty Inc. finished and opened a new 125,000 sq ft Lowes at the Meriden Parkade on East Main Street.

The new Ocean State Job Lot store opened adjacent to the new Lowe's. This building is Ocean State's first new construction in the Rhode Island-based company's history.

The new Burger King and Walgreen's, on the corner of East Main and Paddock Avenue, was recently completed and positively changed the whole look of the corner.

A new McDonald's was built on South Broad Street, across from the new Silver Commons Plaza.

We now have a Cold Stone Creamery, a Starbucks, Sukura Japanese Restaurant and other retailers in Silver Commons to accommodate your dining and business needs.

Sundad Plaza, located at 1371 E. Main St., broke ground on the 12,000-squarefoot plaza in August 2007 with Seasons Federal Credit Union as one tenant and several other prospective tenants waiting for occupancy.

Vincent Scileppi opened his ninth Illiano's restaurant, in Meriden, at the new Castle View Plaza on West Main Street. The Plaza is also home to Aaron's and Dunkin Donuts.

A newly renovated Comfort Suites brightens East Main. The new multi million dollar investment reopened in February 2007. All the hotel rooms have been recently gutted and refinished. There is a new courtyard, more parking and an expansive lobby. In addition, the hotel, catering to the business traveler, now includes a breakfast area, banquet area and a, 3000 sq ft area for a new restaurant. Comfort Suites is owned by Meriden Hotel partners LLC. This is Meriden's sixth hotel. All six hotels take advantage of Meriden's excellent location at the intersection of I691 and I91.

Municipal and Public Facility Development

The following represent highlights to the City's recent municipal and public facility development:

Government officials have completed a new USPS post office on Center Street, the site of the former Jefferson School. The new building will be a 31,000 square foot "state of the art" facility with 156 parking spaces for employees and the public.

The City's Meriden-Markham Municipal Airport reopened this month after surfacing renovations of the runway and taxiway. New lighting and a new beacon were also included in the \$1.5 million project 98 percent funded by the Federal Aviation Administration and the CT Department of Transportation.

Lincoln Middle School has been completed and occupied. It replaced an aging building with a new state-of-the-art facility with a special focus on the arts.

The City has completed a new large ballfield park complex. The twenty acre site on Thorpe Avenue will greatly expand recreational opportunities for the City's youth and young adults, and is also expected to host regional sports events.

The City of Meriden built and occupied a new 12,000 sq. ft. animal shelter on East Road.

MidState Medical Center added 31,500 sq. ft. to the hospital and is planning a major addition.

Residential Development

During the two year period July 2004 – 2006, the residential activity was very strong with 237 new housing units being approved and another 180 units occupied. Some of the major residential; developments include:

Newly Occupied:

- Hidden Valley: 27 single-family homes;
- Maplewood Construction: 13 multi-family units;
- Coppola: 24 multi-family units – Quarry Lane
- B & L: 180 multi-family units – Pomeroy Avenue;
- Murdy: 1 multi-family units – Woodland Street;
- Silver Island Homes: 24 single-family homes
- 201 Prospect Avenue: 13 single-family homes;
- Sperry Lane: 13 single-family homes;
- New Hanover: 6 single-family homes
- Hollowbrook: 30 multi-family units;
- Bridgestone Commons: 32 single-family homes;
- Cobblestone Subdivision: 39 single-family homes

Community Development Program

The City of Meriden, as an entitlement community under the Housing and Community Development Act of 1974, as amended in 1977 and 1982, has received approximately \$27,722,000 in federal funds under the Community Development Block Grant for fiscal years 1976 through 2004.

Under the Community Development Program, the City has made a major commitment to preserving and rehabilitating Meriden's inner-city neighborhoods. To date, some \$17 million of Community Development funds has been coupled with more that \$5 million of private funds and \$1.6 million of City bond funds to implement the rehabilitation and maintenance of inner-city housing.

Other Community Development projects have included both a wide range of physical development activities such as a new Senior Citizens Center, a West Side Firehouse, a handicapped facility, a St. Vincent DePaul Homeless Shelter, the American Silver Museum, the demolition of hazardous structures, and a variety of service delivery programs for the elderly, low and moderate income persons and infrastructure improvements in inner-city neighborhoods.

Additionally, economic development and planning activities in the area of Central Business District Revitalization, zoning ordinance revisions, and the master plan have been funded. The City has developed a plan for a special targeted neighborhood improvement program within the inner city.

The City has focused its efforts to clean up its neighborhoods and to encourage reinvestment in their "inner core" areas. This focus is achieved through a series of changes to the established loan tools which will encourage more owner/occupant investment. Also, the City is actively working with the private sector to augment the public loans with their private funding. Another part of this focus is through a more intense code enforcement effort. Such an effort includes the assignment of housing inspectors to work with community police officers throughout the "inner-core". Consortiums of social service agencies have developed to address youth problems. The City has assisted the organization of 28 inner-city neighborhood associations. Lastly, the City has received a \$2 million State grant to demolish the old HUB building in the center of town.

The Meriden Housing Authority has begun the total reconstruction of the 124-unit Chamberlain Heights housing development. Estimated cost is \$13 million.

Employee Relations and Collective Bargaining

Municipal Employees ¹

Fiscal Year Ended June 30	2008	2007	2006	2005	2004
General Government (full-time).....	514	532	549	603	638
Board of Education and State Projects.....	1,040	1,042	1,130	1,083	1,144
Grant / Other Funded (Incl. Cafeteria).....	152	152	99	129	105
Total	1,706	1,726	1,778	1,815	1,887

¹ Includes management and other non-union employees

Employee Bargaining Organizations

Employees	Organization	Number of Employees	Current Contract Expiration Date
<i>General Government</i>			
Nurses (Public Health).....	AFSC, Unit 8, Connecticut Health Care Assoc. District 119, AFL-CIO	22	06/30/09
Public Works.....	Local 740, AFL-CIO	92	06/30/08
Fire Department.....	IAFF, Local 1148, AFL-CIO	95	06/30/08
Municipal Employees.....	Meriden Municipal Employees Local 595 AFSCME, AFL-CIO	121	06/30/10
Police Department.....	AFSCME, Local 1016, Council 15, AFL-CIO	110	06/30/08
Middle Management.....	AFSCME Supervisors, Local 3430	48	06/30/09
Crossing Guards.....	AFSCME Local 3886	38	06/30/08
Public Safety Dispatch.....	AFSCME Dispatchers Local, #1303-405	13	06/30/10
Total		539	
<i>Board of Education</i>			
Paraprofessionals.....	Meriden Association Paraprofessionals	173	08/31/09
School Teachers.....	Meriden Federation of Teachers	704	08/31/09
Clerical (Education).....	Meriden Federation of Educational Secretaries	80	06/30/09
Custodian (Education).....	Meriden Federation of Municipal Employees	84	06/30/10
Cafeteria (Education).....	Hotel and Restaurant Employees and Bartenders Union Local 217, AFL-CIO	60	06/30/09
Education Administrators.....	Meriden Federation of School Administrators	32	06/30/10
Education Administrators.....	Meriden Federation of Non-Certified Supervisors	4	06/30/10
Community Educators/ Attendance Counselors.....	Meriden Federation of Community Educators and Attendance Counselors	3	08/31/09
Total		1,140	

General Statutes sections 7-473c, 7-474 and 10-153d provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certificated teachers and certain other employees. The legislative body of an affected municipality may reject the arbitration panel's decision by a two-thirds majority vote. The State and the employee organization must be advised in writing of the reasons for rejection. The State will then appoint a new panel of three arbitrators to review the decisions on each of the rejected issues. The panel may accept the last best offer of either party. In reaching its determination, the arbitration panel shall give priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. In the light of the employer's financial capability, the panel shall consider prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

Educational Services

School Facilities ^{1,3}

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Dates of Additions/ Renovations</u>	<u>Number of Classrooms</u>	<u>Enrollment 10/1/07 ¹</u>	<u>Rated Capacity</u>
John Barry.....	K-5	1929	1953 ² , 1965, 1996	26	540	620
Benjamin Franklin.....	K-5	1951	1965 ²	26	432	620
Nathan Hale.....	K-5	1956	1965 ² , 1990	31	623	670
Hanover.....	K-5	1934	1954 ² , 1965, 1994	31	589	585
Thomas Hooker.....	K-5	1963	2005 (roof)	21	506	500
Casimir Pulaski.....	K-5	1972	2005 (roof)	31	732	646
Israel Putnam.....	Pre K-5	1951	1955 ² , 1990	27	623	620
Roger Sherman.....	Pre K-5	1929	1949, 1990	27	589	620
Lincoln.....	6-8	2005	—	43	777	600
Washington.....	6-8	1984	2007 (roof)	46	868	1,020
Maloney.....	9-12	1959	1969 ²	47	1,325	1,400
Platt.....	9-12	1958	1969 ²	48	1,213	1,270
Totals				404	8,817	9,171

¹ There are also 4 parochial schools located in the City with an enrollment of approximately 585 Meriden students.

² Original building renovated at the time additions were constructed.

³ The City owns the Thomas Edison Middle School, a state-of-the-art magnet school focusing on science and technology. Students from the City account for 592 students whose tuition of \$7,644 is paid to ACES ("Area Cooperative Education Service"). The Magnet School also includes 1 student from Madison, 129 students from Middletown, and 20 students from Regional School District Number 13 (Durham-Middletown), 7 students from Wallingford, and 1 student from Berlin.

Source: Superintendent of Schools, City of Meriden.

School Enrollment ¹

<u>As of 10/01</u>	<u>Grades Pre K - 5</u>	<u>Grades 6 - 8</u>	<u>Grades 9-12</u>	<u>Total</u>
<u>Historical</u>				
1999	4,668	1,999	2,133	8,800
2000	4,719	2,053	2,180	8,952
2001	4,735	1,645	2,317	8,697
2002	4,805	1,644	2,331	8,780
2003	4,807	1,698	2,392	8,897
2004	4,778	1,670	2,498	8,946
2005	4,686	1,608	2,589	8,883
2006	4,645	1,644	2,576	8,865
2007	4,634	1,645	2,538	8,817
<u>Projected</u>				
2008	4,584	1,705	2,569	8,858
2009	4,584	1,697	2,555	8,836
2010	4,626	1,696	2,573	8,895
2011	4,686	1,622	2,679	8,987

¹ Superintendent's Office

III. Economic and Demographic Information

Population and Density

Year	City of Meriden			New Haven County		State of Connecticut	
	Actual Population ¹	% Increase/ (Decrease)	Density ²	Population	% Increase/ (Decrease)	Population	% Increase/ (Decrease)
1960	51,850	17.6%	2,160	660,315	21.0%	2,535,234	26.3%
1970	55,959	7.9	2,332	744,948	12.8	3,032,217	19.6
1980	57,118	2.1	2,380	761,337	2.2	3,107,576	2.5
1990	59,479	4.1	2,478	804,219	5.6	3,287,116	5.8
2000	58,244	(2.1)	2,427	824,008	2.5	3,405,565	3.6
2006 ³	59,552	2.2	2,481	846,828	2.8	3,510,787	3.1

¹ 1960 - 2000, U.S. Department of Commerce, Bureau of Census.

² Per square mile: 24 square miles.

³ State of Connecticut, Department of Public Health July 1, 2006.

Age Distribution of the Population

	City of Meriden		New Haven County		State of Connecticut	
	2000	Percent	2000	Percent	2000	Percent
Under 5.....	4,143	7.1%	53,094	6.4%	223,344	6.6%
5 - 9.....	4,338	7.5	57,953	7.0	244,144	7.2
10 - 14.....	4,182	7.2	58,270	7.1	241,587	7.1
15 - 19.....	3,572	6.1	54,284	6.6	216,627	6.4
20 - 24.....	3,470	6	49,587	6.0	187,571	5.5
25 - 34.....	8,236	14.1	112,312	13.6	451,640	13.3
35 - 44.....	9,355	16.1	134,536	16.3	581,049	17.1
45 - 54.....	7,880	13.5	112,863	13.7	480,807	14.1
55 - 59.....	2,796	4.8	41,113	5.0	176,961	5.2
60 - 64.....	2,061	3.5	30,704	3.7	131,652	3.9
65 - 74.....	3,867	6.6	56,315	6.8	231,565	6.8
75 - 84.....	3,229	5.6	46,049	5.6	174,345	5.1
85 years and over.....	1,115	1.9	16,928	2.1	64,273	1.9
Total.....	58,244	100%	824,008	100%	3,405,565	100%
Median Age (years).....		36.2		37.0		37.4

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Distribution

	City of Meriden		New Haven County		State of Connecticut	
	Households	Percent	Households	Percent	Households	Percent
Less than \$10,000.....	863	5.7%	9,787	4.6%	33,423	3.8%
\$10,000 to 14,999.....	525	3.5	6,664	3.1	23,593	2.7
\$15,000 to 24,999.....	1,638	10.9	17,654	8.3	63,262	7.1
\$25,000 to 34,999.....	1,613	10.7	19,593	9.2	75,413	8.5
\$35,000 to 49,999.....	2,344	15.5	30,257	14.3	120,134	13.6
\$50,000 to 74,999.....	3,725	24.7	49,165	23.2	198,924	22.5
\$75,000 to 99,999.....	2,390	15.8	34,593	16.3	141,981	16.0
\$100,000 to 149,999.....	1,558	10.3	29,013	13.7	132,177	14.9
\$150,000 to 199,999.....	239	1.6	7,902	3.7	42,472	4.8
\$200,000 or more.....	192	1.3	7,250	3.4	54,368	6.1
Total.....	15,087	100%	211,878	100%	885,747	100%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Income Levels

	<u>City of Meriden</u>	<u>State of Connecticut</u>
Per Capita Income, 1999.....	\$20,597	\$28,766
Per Capita Income, 1989.....	15,618	20,189
Per Capita Income, 1979.....	7,496	8,598
Median Family Income, 1999.....	\$52,788	\$65,521
Median Family Income, 1989.....	41,910	49,199
Median Family Income, 1979.....	21,087	23,151
Percent Below Poverty Level 1999.....	11.0%	7.9%

Source: U.S. Department of Commerce, Bureau of the Census, 1980, 1990, 2000

Educational Attainment Population 25 years and over

	<u>City of Meriden</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	2,820	7.3%	33,326	6.0%	132,917	5.8%
9th to 12th grade, no diploma.....	5,796	15.1	60,411	11.0	234,739	10.2
High school graduate (includes equivalency)	13,467	35.0	169,936	30.7	653,300	28.5
Some college, no degree.....	7,472	19.4	100,410	18.2	402,741	17.5
Associate's degree.....	2,640	6.9	35,126	6.4	150,926	6.6
Bachelor's degree.....	4,127	10.7	84,217	15.3	416,751	18.2
Graduate or professional degree.....	2,182	5.7	68,216	12.4	304,243	13.2
Total	38,504	100%	551,642	100%	2,295,617	100%
Percent high school graduate or higher	77.60%		83.00%		84.00%	
Percent bachelor's degree or higher	16.40%		27.70%		31.40%	

Source: U.S. Department of Commerce, Bureau of Census, 2000

Major Employers As of July, 2008

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
MidState Medical Center	Hospital	1,100
AT & T.....	Telephone Company	890
RFS Cable.....	Cable Manufacturer	500
Hunters Ambulance	Ambulance/Limousine Services	470
CUNO, Inc.	Pumping Equipment and Industrial Filters	350
Canberra.....	Radiation Detection	350
Bob's Stores	Retail Distribution Center	336
Target Stores	Retail Sales	233
BL Company.....	Engineering Firm	230
Record Journal.....	Newspaper	194
Total		4,653

Source: Finance Department, City of Meriden

Employment by Industry

Sector	City of Meriden		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	45	0.2%	1,101	0.3%	7,445	0.4%
Construction.....	1,619	5.8	21,826	5.5	99,913	6.0
Manufacturing.....	5,487	19.5	63,053	15.9	246,607	14.8
Wholesale Trade.....	1,173	4.2	13,552	3.4	53,231	3.2
Retail Trade.....	3,251	11.6	44,983	11.3	185,633	11.2
Transportation and warehousing, and utilities.....	1,186	4.2	16,707	4.2	64,662	3.9
Information.....	1,142	4.1	14,357	3.6	55,202	3.3
Finance, insurance, real estate, and rental and leasing.....	2,005	7.1	26,787	6.8	163,568	9.8
Professional, scientific, management, administrative, and waste management services.....	2,034	7.2	34,946	8.8	168,334	10.1
Educational, health and social services.....	5,910	21.0	101,733	25.7	366,568	22.0
Arts, entertainment, recreation, accommodation and food services.....	1,750	6.2	23,247	5.9	111,424	6.7
Other services (except public administration).....	1,236	4.4	17,887	4.5	74,499	4.5
Public Administration.....	1,265	4.5	16,147	4.1	67,354	4.0
Total Labor Force, Employed.....	28,103	100.0%	396,326	100.0%	1,664,440	100.0%

Source: U.S. Department, Bureau of the Census, 2000

Employment Data By Place of Residence¹

Period	City of Meriden		Percentage Unemployed		
	Employed	Unemployed	City of Meriden	New Haven Labor Market	State of Connecticut
May 2008.....	29,918	2,083	6.5	5.5	5.3
Annual Average					
2007.....	29,987	1,757	5.5	4.8	4.6
2006.....	29,827	1,706	5.4	4.5	4.3
2005.....	29,295	1,832	5.9	5.0	4.9
2004.....	29,186	1,812	5.8	4.7	4.7
2003.....	29,237	2,208	7.0	5.4	5.5
2002.....	29,503	1,616	5.2	4.1	4.3
2001.....	28,818	1,245	4.1	3.2	3.3
2000.....	29,664	950	3.1	2.3	2.3
1999.....	28,448	1,150	3.9	3.1	3.2
1998.....	28,575	1,208	4.1	3.3	3.4

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	City of Meriden		New Haven County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1999 to March 2000.....	212	0.9%	3,466	1.0%	15,993	1.2%
1995 to 1998.....	281	1.1	10,518	3.1	47,028	3.4
1990 to 1994.....	692	2.8	13,813	4.1	56,058	4.0
1980 to 1989.....	3,103	12.6	44,080	12.9	183,405	13.2
1970 to 1979.....	3,744	15.2	50,100	14.7	203,377	14.7
1960 to 1969.....	3,607	14.6	49,468	14.5	212,176	15.3
1940 to 1959.....	6,659	27.0	88,388	25.9	359,042	25.9
1939 or earlier.....	6,333	25.7	80,899	23.7	308,896	22.3
Total housing units, 2000.....	24,631	100.0%	340,732	100.0%	1,385,975	100.0%
Percent Owner Occupied, 2000.....		59.9%		63.1%		66.8%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Housing Inventory

Type	City of Meriden		New Haven County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached.....	11,914	48.4%	182,141	53.5%	816,706	58.9%
1-unit attached.....	1,361	5.5	17,763	5.2	71,185	5.1
2 units.....	3,467	14.1	33,390	9.8	119,585	8.6
3 or 4 units.....	2,962	12.0	39,746	11.7	127,032	9.2
5 to 9 units.....	1,346	5.5	19,162	5.6	76,836	5.5
10 to 19 units.....	834	3.4	14,293	4.2	52,697	3.8
20 or more units.....	2,605	10.6	32,220	9.5	109,740	7.9
Mobile home.....	142	0.6	1,956	0.6	11,580	0.8
Boat, RV, van, etc.....	--	--	61	--	614	0.0
Total Inventory.....	24,631	100.0%	340,732	100.0%	1,385,975	100.0%

Source: U.S. Department of Commerce, Bureau of Census, 2000

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Meriden		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000.....	128	1.1%	1,737	1.0%	5,996	0.8%
\$ 50,000 to \$ 99,999.....	3,069	27.4	24,648	14.7	85,221	11.7
\$100,000 to \$149,999.....	5,790	51.7	55,592	33.2	212,010	29.1
\$150,000 to \$199,999.....	1,665	14.9	40,122	23.9	156,397	21.5
\$200,000 to \$299,999.....	457	4.1	30,230	18.0	137,499	18.9
\$300,000 to \$499,000.....	54	0.5	12,121	7.2	79,047	10.9
\$500,000 to \$999,999.....	33	0.3	2,634	1.6	38,168	5.2
\$1,000,000 or more.....	8	0.1	456	0.3	13,906	1.9
Totals	11,204	100.0%	167,540	100.0%	728,244	100.0%
Median Sales Price.....		\$119,000		\$151,900		\$166,900

Source: U.S. Department of Commerce, Bureau of Census, 2000

Building Permits

	2007-08 Value	2006-07 Value	2005-06 Value	2004-05 Value	2003-04 Value
Single.....	\$ 4,022,559	\$ 3,281,268	\$ 6,573,455	\$ 9,935,081	\$ 7,159,323
Apartment.....	82,670	207,345	281,800	10,816,000	133,380
Commercial/Industrial.....	11,956,444	12,572,827	9,577,277	5,732,098	11,175,442
Municipal.....	2,150,783	4,077,000	524,000	4,954,057	10,338,711
Other.....	7,977,737	10,520,029	13,255,427	14,192,985	10,648,427
All Categories (including above).....	\$36,195,339	\$39,829,402	\$36,211,586	\$63,103,430	\$52,080,048

Note: 2007-08 data is as of May 31, 2008.

Source: Building Department, City of Meriden

Land Use Summary

<u>Land Use/Category/Zoning</u>	<u>Total Area</u>		<u>Developed</u>		<u>Undeveloped</u>	
	<u>Acres</u>	<u>Percent</u>	<u>Acres</u>	<u>Percent</u>	<u>Acres</u>	<u>Percent</u>
Residential.....	7,376	47.4%	5,276	33.9%	2,100	13.5%
Commercial/Industrial.....	3,577	23.0%	2,602	16.7%	975	6.3%
Streets and Utilities.....	2,000	12.9%	2,000	12.9%	-	0.0%
Open Space.....	2,600	16.7%	-	0.0%	2,600	16.7%
Totals.....	15,553	100.0%	9,878	63.5%	5,675	36.5%

Source: Assessor's Office, City of Meriden.

(The remainder of this page intentionally left blank)

IV. Tax Base Data

Property Tax

Assessments

The City of Meriden had a general property revaluation effective October 1, 2006. Under Section 12-62 of the Connecticut General Statutes, the City of Meriden must next revalue all real estate in 2011 and every fifth year thereafter. The next revaluation by physical inspection must be made no later than ten years from the preceding physical inspection. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property located within the City on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list of assessments are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed at the time of the last general revaluation. The property depreciation and obsolescence factors are also considered when arriving at an equitable value.

All personal property (furniture, fixtures, equipment, and machinery) is revalued annually. An Assessor's check and audit is completed periodically.

Motor vehicle lists are furnished to the City by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule recommended by the Secretary of the Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October first assessment date but before the next July first are subject to a pro rated property tax, which is a supplement to the preceding Grand List. The tax is not due until January first, a year and three months after the grand list date.

Property Tax Collection Procedure

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real Estate taxes are payable in four quarterly installments (July 1, October 1, January 1 and April 1). Personal property taxes are payable semi-annually (July 1 and January 1) and motor vehicle taxes are due in one single payment on July 1. A modest estimate for outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Payments not received within one month after the due date become delinquent, with interest charged at the rate of one and one-half percent per month from the due date on the tax. In accordance with State law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are liened each year prior to June 30. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years at which time they cease to be carried as receivables. All taxes are transferred to suspense 15 years after the due date in accordance with State statutes.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

Section 12-165 of the Connecticut General Statutes, as amended, requires each municipality to write off, on an annual basis, the property taxes which are deemed to be uncollectible.

Comparative Assessed Valuation

Grand List as of 10/1	Commercial/		All Land (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Growth
	Residential Real Property (%)	Industrial Real Property (%)							
2007	61.8	21.9	0.4	8.7	7.2	\$ 3,879,478	\$ 220,274	\$ 3,659,204	1.4%
2006 ¹	62.2	22.2	0.3	8.1	7.2	3,830,329	221,915	3,608,414	49.1%
2005	54.5	23.2	0.4	11.5	10.4	2,561,231	140,582	2,420,649	2.0%
2004	54.7	23.4	0.4	11.6	9.9	2,521,867	148,428	2,373,439	1.5%
2003	53.9	23.6	0.4	12.9	9.2	2,531,816	193,055	2,338,821	0.3%
2002	53.2	24.0	0.4	12.8	9.6	2,542,470	211,036	2,331,434	0.1%
2001 ¹	55.5	23.9	0.4	10.4	9.8	2,419,954	90,129	2,329,825	20.0%
2000	56.2	18.7	0.6	13.2	11.3	2,037,758	96,222	1,941,536	1.3%
1999	56.7	18.7	0.6	13.2	10.8	2,012,151	95,922	1,916,229	1.6%
1998	37.1	13.1	25.7	14.1	10.0	1,987,068	100,557	1,886,511	2.9%

¹ Revaluation.

Note: Land use categories have been consolidated on the M-13 report filed with the Secretary of State effective with the 10/1/99 grand list. Prior years may not be comparable.

Source: City of Meriden, City Assessor's Office

(The remainder of this page intentionally left blank)

Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	District	Mill Rate	Total Tax Levy	Uncollected		
						Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 5/31/08
2006	2008 ¹	\$3,608,414,217	First Second	27.96 2.31	\$ 102,811,331	97.1	2.9	In collection
2005	2007	2,420,649,275	First Second	42.2 2.31	102,471,478	97.3	2.7	1.10
2004	2006	2,373,437,388	First Second	40.34 2.31	97,596,621	96.3	3.7	0.77
2003	2005	2,338,867,898	First Second	39.09 1.9	92,971,816	97.0	3.0	0.50
2002	2004	2,331,434,357	First Second	37.3 1.9	86,939,798	96.3	3.7	0.53
2001	2003	2,329,824,832	First Second	36 1.8	84,733,897	96.3	3.7	0.45
2000	2002	1,941,535,686	First Second	40.4 2.1	78,356,632	95.9	4.1	0.56
1999	2001	1,916,229,649	First Second	40.4 2.1	78,808,547	94.4	5.6	0.44
1998	2000	1,886,510,860	First Second	35.8 2.1	68,779,625	95.0	5.0	0.44
1997	1999	1,833,812,830	First Second	35.8 2.1	66,813,524	93.3	6.7	0.43

¹ Taxes for the fiscal year are paid on the Grand List of October 1 prior to the beginning of the fiscal year, and are due and payable in four quarterly installments (July 1, October 1, January 1, and April 1) for real estate. Personal property taxes are payable semi-annually (July 1 and January 1) and motor vehicle taxes are due in a single payment on July 1. Failure to pay an installment within one month of the installment due date makes the installment delinquent and subject to interest charges of 1 1/2 per month (18% per annum). Real Estate is liened for delinquent taxes within one year after the due date. The amount collected to the end of each fiscal year represents collection of twelve months.

Source: City of Meriden, Tax Collector's Office

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Meriden Square #3 LLC et al.....	Shopping Center	\$ 141,266,270	3.86%
Computer Sciences Corp.....	Telecommunications Data Center	53,973,960	1.48%
Connecticut Light & Power	Public Utility	39,802,840	1.09%
Urstadt Biddle Properties, Inc.	Shopping Center	23,350,670	0.64%
Radio Frequency Systems Inc.	RF Communications Manufacturer	22,270,460	0.61%
Yankee Gas	Public Utility	19,289,670	0.53%
Carabetta Enterprises, Inc	Real Estate Developer	14,999,610	0.41%
AT&T Mobility LLC.....	Telecommunications	14,940,050	0.41%
Newberry Village Development, Inc.	Residential Real Estate	12,705,460	0.35%
Denmeri Associates LP.....	Office Building	11,593,880	0.32%
Total		\$ 354,192,870	9.68%

¹ Based on a net taxable grand list 10/1/07 of \$3,659,204,000.

Source: Assessor's Office, City of Meriden

V. Financial Information

Fiscal Year

The City's fiscal year begins July 1 and ends June 30.

Basis of Accounting and Accounting Policies

The City's accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The City's accounting records are maintained on a modified accrual basis, with revenues recognized as they become both measurable and available and expenditures recognized when incurred. (See Appendix A – "GENERAL PURPOSE FINANCIAL STATEMENTS, Notes to Financial Statements" herein.)

Governmental Fund Types

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund and account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. The various funds and account groups are grouped as follows in the financial statements.

Governmental Funds

General Fund – is the general operating fund of the City and operates under a legal budget. It is used to account for all financial transactions except those required to be accounted for in another fund.

Special revenue funds – are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Capital projects funds – are used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those accounted for in the enterprise funds.

Proprietary Funds

Enterprise funds – are used to account for operations:

- a. that are financed and operated in a manner similar to private business enterprises;
- b. where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City's enterprise funds are its water fund, sewer authority, and golf course.

Internal service funds – are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds are its medical self-insurance fund and workers' compensation fund.

Fiduciary Funds

Trust and agency funds – are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds consist of expendable, nonexpendable, pension trust funds, and the post employment healthcare fund.

Account Groups

General Fixed Assets Account Group – is used to account for all property and equipment of the City, other than those accounted for in the proprietary funds. The amounts reported in this account group are unaudited.

General Long-Term Debt Account Group – is used to account for all long-term liabilities of the City expected to be financed from governmental funds. The principal payments made on long-term debt are disbursed from the General Fund.

Budgetary Procedures

Budget Calendar

<i>Timeline</i>	<i>Action</i>
At least 180 days before fiscal year end	Final date for budget estimates to be submitted by Department Heads to Finance Director and by Finance Director to City Manager.
Not later than 120 days before fiscal year end.....	Final date for City Manager to submit proposed budget to City Council.
Not later than 75 days before fiscal year end.....	Final date for City Council to hold a public hearing on the proposed budget.
Within 20 days of last public hearing	Date by which budget must be adopted by City Council.
Within 5 days of adoption by council.....	Final date Mayor has veto power on a line item basis only. City Council may override any line item veto by a two-thirds (2/3) vote of the entire body.
Within 10 days of final adoption	Date by which tax rate must be set by City Council.

For additional information, see Appendix A – “FINANCIAL STATEMENTS, Note #3 – “Budgets and Budgetary Accounting” to the “General Purpose Financial Statements” herein.

Annual Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the City is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The City of Meriden is in full compliance with said provisions. For the fiscal year ended June 30, 2007, the financial statements of the City were audited by the firm of Levitsky & Berney, Certified Public Accountants and Consultants attached hereto as Appendix A.

Pension Plans

See Appendix A -- "FINANCIAL STATEMENTS, Note #10 - "Employee Retirement Plans" to "General Purpose Financial Statements" herein.

Other Post Employment Benefits

In addition to providing pension benefits, the City provides certain health care (medical, prescription drug, and a small number with dental) benefits for retired employees. Substantially all of the City’s employees may become eligible for those benefits if they reach normal retirement age while working for the City. The benefits are fixed by contract, but may be amended by union negotiation.

Then City’s retiree health insurance program is funded for under 65 on a self-insured basis and on an insured basis for over 65. The cost of retiree health care benefits is a recognized expenditure when claims under the self-insured portion of the program or premium under the insured portion of the program are paid. In addition to the payment of claims under the self-insured portion of the program, the City pays monthly administrative fees.

The total number of retirees participating in the health insurance plan for Fiscal Year 2006-07 was 361 of which 14 also participated in the dental plan. The total cost (net of retiree contributions) was \$5.3 million.

Given the magnitude of the liability and the potential to reduce future costs, the City began to contribute to a fund set aside for OPEB benefits. To date, \$4,250,000 has been set aside into an OPEB fund. The City is currently in the process of updating the actuarial valuation to June 30, 2008.

Actuarial valuations involve estimates of the value of reported amounts and assumption about the probability of occurrence of future events. Assumptions include future employment, mortality, and healthcare and other benefit cost trends. The Government Accounting Standards Board (“GASB”) has issued statements to establish financial reporting, liability calculation, along with the requirement to disclose the government’s funding strategy and progress.

Although the City has not established a trust fund, as for June 30, 2008, to irrevocably segregate assets to fund the liability associated with post-employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines, an actuarial valuation was prepared to value the estimated accrued liability, as of June 30, 2006 and the annual required contribution (ARC) for the subsequent year ending June 30, 2007. The following reflects the assumptions and results of the actuarial report (in thousands):

Valuation Date	July 1, 2006
Actuarial Cost Method	Unit Credit Cost Method
Remaining Amortization Period	30 Years
<u>Actuarial Assumptions</u>	
- Investment Rate of Return	8.0%
- Benefit cost trend	10% - declining to 5.0% in 2013 & after
<u>Actuarial accrued liability</u>	
- Retirees	\$58,901
- Actives	\$64,813
- Total	\$123,714
- ARC (FYE June 30, 2007):	\$11,289

As of June 30, 2008, the funding and payment of post-employment benefits are accounted for in an internal service fund and a trust fund. The City is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post-employment benefits, since a combination of trust fund and internal service fund control may be used, the City anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial liability.

Investment Policies and Procedures

The City Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the City is permitted to acquire. Generally, the City may invest in certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, and money market mutual funds.

The City of Meriden manages the investment of its funds in compliance with its Charter and the Connecticut General Statutes.

The City's investment policies and investments relative to the City's retirement and deferred compensation funds are available upon request to the Director of Finance.

General Fund - Comparative Balance Sheet

Assets:	<u>Actual 2007</u>	<u>Actual 2006</u>	<u>Actual 2005</u>	<u>Actual 2004</u>
Cash and Cash Equivalents.....	\$ 22,967,437	\$ 19,193,358	\$ 16,652,109	\$ 16,247,616
Investments.....	-	-	-	-
Receivables:				
Property Taxes.....	4,529,830	3,174,454	4,682,195	3,169,961
Accounts Receivable.....	939,463	257,217	540,187	563,660
Federal and State Governments.....	877,038	2,298,514	3,681,963	1,507,941
Inventory.....	108,962	-	-	-
Other Assets.....	-	78,581	79,200	99,222
Due from Other Funds.....	350,566	327,786	5,215,988	363,361
Advance to Golf Fund.....	963,600	988,600	988,600	988,600
Total Assets	\$ 30,736,896	\$ 26,318,510	\$ 31,840,242	\$ 22,940,361

Liabilities and Fund Balance:

Liabilities:	<u>Actual 2007</u>	<u>Actual 2006</u>	<u>Actual 2005</u>	<u>Actual 2004</u>
Accounts Payable and Other Accrued Liabilities.....	\$ 13,775,650	\$ 11,913,090	\$ 14,657,024	\$ 16,834,976
Cash Overdraft.....	-	-	-	-
Due to Other Funds.....	420,619	-	-	-
Deferred Revenue.....	5,047,048	4,593,787	7,571,066	2,588,924
Total Liabilities	\$ 19,243,317	\$ 16,506,877	\$ 7,571,066	\$ 19,423,900

Municipal Equity:

Fund Balances:				
Reserved for:				
Encumbrances	\$ 296,190	\$ 259,555	\$ 58,460	\$ -
Donor Restrictions	13,820	269,864	247,435	-
Long Term Advances	963,600	988,600	988,600	988,600
Debt Payments	1,875,000	3,500,000	5,000,000	-
Enabling Legislation.....	4,701,001	1,784,411	-	-
Flood Control	-	-	1,484,734	703,000
Unreserved:				
Unreserved, Undesignated	3,643,968	3,009,203	1,832,923	1,824,861
Total Municipal Equity	\$ 11,493,579	\$ 9,811,633	\$ 9,612,152	\$ 3,516,461
Total Liabilities and Fund Balance	\$ 30,736,896	\$ 26,318,510	\$ 17,183,218	\$ 22,940,361

(The remainder of this page intentionally left blank)

General Fund Revenues and Expenditures
Three Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Estimated Actuals & Current Budget (Budgetary Basis)

	<u>Budget 2009</u>	<u>Estimated Unaudited 2008 ¹</u>	<u>GAAP Actual 2007</u>	<u>GAAP Actual 2006</u>	<u>GAAP Actual 2005</u>
Revenues:					
Property Taxes.....	\$104,524,100	\$ 102,120,000	\$103,735,166	\$ 95,955,630	\$ 91,365,055
Intergovernmental.....	60,923,144	60,013,000	62,904,894	60,209,360	59,251,401
Charges for services.....	5,642,596	5,140,000	5,630,423	5,649,007	6,145,088
Investment Income.....	1,400,000	1,375,000	1,871,308	1,395,995	681,633
Other Revenues. ²	4,158,469	4,039,000	4,539,833	4,172,296	5,047,207
Transfers In..... ³	-	100,000	100,000	100,000	5,150,000
Fund Balance Allocation....	275,000	2,031,000	-	-	-
Total Revenues and Transfers In.....	\$176,923,309	\$ 174,818,000	\$178,781,624	\$ 167,482,288	\$ 167,640,384
Expenditures:					
<i>Current:</i>					
General government.....	28,804,615	24,232,589	26,055,557	17,757,578	40,218,634
Finance.....	1,645,268	1,632,681	1,941,515	-	-
Public safety.....	19,847,334	19,229,000	18,607,636	28,129,333	17,440,527
Public works.....	7,067,745	8,070,000	6,038,496	6,617,173	5,902,541
Health & Welfare.....	3,030,828	2,940,000	2,929,846	3,269,905	2,840,481
Cultural & Recreation.....	3,913,018	3,702,730	3,755,945	-	-
Education. ⁴	98,165,522	97,051,000	99,267,133	93,307,731	78,349,396
Debt Service.....	13,938,579	17,026,000	18,063,938	17,959,146	15,866,876
Capital Outlay.....	510,400	852,000	-	-	-
Transfers Out.....	-	-	439,612	241,941	400,000
Total Expenditures and Transfers Out.....	\$176,923,309	\$ 174,736,000	\$177,099,678	\$ 167,282,807	\$ 161,018,455
Operating Results	-	82,000	1,681,946	199,481	6,621,929
Fund Balance, July 1	N/A	11,493,579	9,811,633	9,612,152	3,516,461
Adjustments to Beginning Fund Balance.....	-	-	-	-	(526,238)
Fund Balance, June 30	N/A	N/A	\$ 11,493,579	\$ 9,811,633	\$ 9,612,152

¹ Budgetary basis, subject to audit.

² Includes payment from Meriden Gas Turbines LLC (Power Plant) in the amount of \$3,079,610 for fiscal year 2005; \$2,798,465 for fiscal year 2006; \$1,500,000 for fiscal year 2007 and \$2,852,906 for fiscal year 2008

³ Designated for debt repayment

⁴ As of Fiscal Year ending June 30, 2006, Education Health Insurance are included in the Education line item. They had previously been included in the General Government expense line item.

**Analysis of General Fund Equity
(GAAP Basis)**

	Budget 2009	Estimated Unaudited 2008	GAAP Actual 2007	GAAP Actual 2006	GAAP Actual 2005
Reserved for:					
Encumbrances.....	N/A	N/A	\$ 296,190	\$ 259,555	\$ 58,460
Donor Restrictions.....	N/A	N/A	13,820	269,864	247,435
Long Term Advances.....	N/A	N/A	963,600	988,600	988,600
Debt Payments.....	N/A	N/A	1,875,000	3,500,000	5,000,000
Enabling Legislation.....	N/A	N/A	4,701,001	1,784,411	-
Flood Control.....	N/A	N/A	-	-	1,484,734
Unreserved Undesignated.....	N/A	N/A	3,643,968	3,009,203	1,832,923
Total Fund Balance.....	N/A	N/A	\$11,493,579	\$ 9,811,633	\$ 9,612,152
Undesignated Fund Balance as % of Total Expenditures.....	N/A	N/A	2.1%	1.8%	1.1%

Source: Audit Reports 2005-2007; Estimated Unaudited fiscal year 2008 and Budget for fiscal year 2009, City of Meriden

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues and Transfers	Percent
2009 ¹	\$ 60,923,144	\$ 176,923,309	34.43%
2008 ²	60,013,000	174,818,000	34.33%
2007	62,904,894	178,781,624	35.19%
2006	60,209,360	167,482,288	35.95%
2005	59,251,401	167,640,384	35.34%

¹ Adopted Budget.

² Estimated/Unaudited.

Source: Comprehensive Annual Financial Reports; 2005-2007.

(The remainder of this page intentionally left blank)

Enterprise Funds
Comparative Balance Sheet
As of June 30, 2007¹

Assets:	Water	Sewer	George Hunter Memorial Golf
Current assets:			
Cash and cash equivalents.....	\$ 975,733	\$ 554,929	\$ 16,025
Receivables (net of allowances for collection losses):			
User charges.....	1,240,705	1,202,675	-
Unbilled services.....	1,905,603	1,667,119	-
Other.....	30,818	34,629	20,352
Due from other funds.....	3,396,516	1,749,173	43,945
Investments.....	6,220,000	5,535,000	220,000
Total Current Assets.....	13,769,375	10,743,525	300,322
Noncurrent assets:			
Capital assets (net of accumulated depreciation).....	45,598,163	51,931,212	945,540
Total Noncurrent Assets.....	45,598,163	51,931,212	945,540
Total Assets.....	59,367,538	62,674,737	1,245,862
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities.....	763,709	461,415	104,131
Temporary Note payable.....	3,838,000	799,000	50,000
Bonds payable - current.....	1,363,644	851,888	16,267
Due to other funds.....	-	-	-
Total Current Liabilities.....	5,965,353	2,112,303	170,398
Noncurrent liabilities:			
Bonds payable.....	5,860,097	3,865,542	124,665
Long term claims payable.....	-	-	-
Advance from general fund.....	-	-	963,600
Total Noncurrent Liabilities.....	5,860,097	3,865,542	1,088,265
Total Liabilities.....	11,825,450	5,977,845	1,258,663
Net Assets:			
Invested in capital assets (net of related debt).....	34,536,511	46,414,782	754,608
Unrestricted.....	13,005,666	10,282,110	(767,409)
Total Net Assets.....	\$47,542,177	\$56,696,892	\$ (12,801)

¹ GASB 34.

Water Fund
Historical Comparative Balance Sheet

Assets:	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Current Assets:				
Cash and Cash Equivalents.....	\$ 975,733	\$ 469,974	\$ 660,066	\$ 7,865,405
Receivables (net allowance for collection losses):				
Use Charges	1,240,705	955,060	1,047,678	989,134
Unbilled Usage.....	1,905,603	2,116,468	1,843,678	2,102,980
Other.....	30,818	-	24,767	-
Investments.....	3,396,516	7,085,000	7,440,000	-
Due from other funds.....	6,220,000	24,936	960,080	-
Total Current Assets.....	13,769,375	10,651,438	11,976,269	10,957,519
Fixed Assets:				
Capital Assets.....	45,598,163	44,842,652	45,092,886	47,037,996
Total Assets.....	\$59,367,538	\$55,494,090	\$57,069,155	\$57,995,515
 Liabilities and Municipal Equity:				
Current Liabilities:				
Bond Anticipation Notes.....	\$ -	\$ -	\$ -	\$ 2,570,265
Bonds Payable – Current.....	1,363,644	1,052,840	877,540	817,340
Temporary Note Payable.....	3,838,000	-	-	-
Bonds Payable.....	5,860,097	5,357,941	6,410,781	2,466,820
Due to Other Funds.....	-	-	-	966,129
Accounts Payable & Other Accrued Liabilities.....	763,709	878,752	982,060	1,156,601
Total Liabilities.....	11,825,450	7,289,533	8,270,381	7,977,155
 Net Assets:				
Invested in Capital Assets.....	34,536,511	43,789,812	38,764,645	40,979,322
Unrestricted.....	13,005,666	4,414,745	10,034,129	9,039,038
Total Net Assets.....	47,542,177	48,204,557	48,798,774	50,018,360
Total Liabilities and Net Assets Equity.....	\$59,367,627	\$55,494,090	\$57,069,155	\$57,995,515

(The remainder of this page intentionally left blank)

**Sewer Authority
Historic Comparative Balance Sheet**

Assets:	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Current Assets:				
Cash and Cash Equivalents.....	\$ 554,929	\$ 20,887	\$ 169,835	\$ 4,844,174
Investments.....	5,535,000	5,880,000	5,348,000	-
Sewer Use Charges Receivable.....	1,202,675	917,663	1,011,972	958,864
Estimated Unbilled Usage.....	1,667,119	1,600,325	1,398,729	1,778,935
Other Accounts Receivables.....	34,629	-	8,258	81,058
Due from other funds.....	1,749,173	-	602,615	-
Total Current Assets.....	10,743,525	8,418,875	8,539,409	7,663,031
Fixed Assets:				
Capital Assets.....	51,931,212	52,663,671	52,646,804	54,979,202
Total Assets.....	\$62,674,737	\$61,082,546	\$61,186,213	\$62,642,233
Liabilities:				
Current Liabilities:				
Due to Other Funds.....	\$ -	\$ 699,232	\$ -	\$ -
Bond Anticipation Notes.....	-	-	-	-
Temporary Note Payable.....	799,000	-	-	1,965,705
Accounts Payable & Other Current Liabilities.....	461,415	544,271	528,176	455,153
Bonds Payable.....	3,865,542	2,496,530	2,968,218	3,072,535
Bonds Payable – Current.....	851,888	471,688	407,188	316,588
Total Liabilities.....	5,977,845	4,211,721	3,903,582	5,809,981
Net Assets:				
Invested in Capital Assets.....	46,414,782	51,492,751	49,874,013	47,668,259
Unrestricted.....	10,282,110	5,378,074	7,408,618	9,163,993
Total Net Assets.....	56,696,892	56,870,825	57,282,631	56,832,252
Total Liabilities and Net Assets.....	\$62,674,737	\$61,082,546	\$61,186,213	\$62,642,233

(The remainder of this page intentionally left blank)

**Golf Course
Historic Comparative Balance Sheet**

Assets:	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Current Assets:				
Cash and Cash Equivalents.....	\$ 16,025	\$ 23,912	\$ 22,796	\$ 225,430
Charges Receivable, Net.....	-	13,001	12,983	-
Investments.....	220,000	224,730	250,000	-
Due from Other Funds.....	43,945	-	-	-
Other.....	20,352	-	-	11,626
Total Current Assets.....	300,322	261,643	285,779	237,056
Property and Equipment, Net.....	945,540	1,012,559	1,173,471	1,173,471
Total Assets.....	\$1,245,862	\$1,274,202	\$1,459,250	\$1,410,527
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable and Other Accrued Liabilities.....	\$ 104,131	\$ 86,994	\$ 95,785	\$ 81,667
Due to Other Funds.....	-	-	-	24,226
Bond Anticipation Notes.....	-	-	-	-
Temporary Note Payable.....	50,000	-	-	-
Bonds Payable.....	124,665	117,332	127,999	138,666
Bonds Payable – Current.....	16,267	10,667	10,667	13,917
Advance from General Fund.....	963,600	988,600	988,600	988,600
Total Liabilities.....	1,258,663	1,203,593	1,223,051	1,247,076
Net Assets:				
Unrestricted.....	(767,409)	(931,283)	(798,606)	59,135
Invested in Capital.....	754,608	1,001,892	1,034,805	104,316
Total Net Assets.....	(12,801)	70,609	236,199	163,451
Total Liabilities and Net Assets.....	\$1,245,862	\$1,274,202	\$1,459,250	\$1,410,527

(The remainder of this page intentionally left blank)

Enterprise Funds
Comparative Statement of Revenues and Expenditures
As of June 30, 2007¹

	<u>Water</u>	<u>Sewer</u>	<u>George Hunter Memorial Fund</u>
Operating Revenues			
Charges for services.....	\$ 6,760,906	\$ 6,141,622	\$ 772,396
Miscellaneous.....	560,755	881,102	14,898
Total operating revenues.....	7,321,661	7,022,724	787,294
Operating Expenses			
Salaries, benefits and claims.....	3,109,443	1,497,126	448,999
Materials and supplies.....	736,434	1,072,435	192,974
Utilities.....	1,055,185	935,962	-
Administration and operation.....	1,010,781	500,783	27,193
Depreciation.....	1,568,894	1,956,737	53,875
Other.....	465,199	1,335,375	151,842
Total operating expenses.....	7,945,936	7,298,418	874,883
Operating income (loss).....	(624,275)	(275,694)	(87,589)
Nonoperating Revenues (Expenses)			
Interest income.....	291,499	282,989	10,341
Interest expense.....	(329,693)	(181,228)	(6,162)
Total nonoperating revenues (expenses).....	(38,194)	101,761	4,179
Change in net assets.....	(662,469)	(173,933)	(83,410)
Net Assets (Deficit), beginning.....	48,204,557	56,870,825	70,609
Net Assets (Deficit), ending.....	\$ 47,542,088	\$ 56,696,892	\$ (12,801)

¹ GASB 34.

Water Fund
Historical Comparative Statement of Revenues and Expenditures

	<u>Actual 2007</u>	<u>Actual 2006</u>	<u>Actual 2005</u>	<u>Actual 2004</u>
Operating Revenues:				
Charges for Services.....	\$ 6,760,906	\$ 6,272,650	\$ 6,724,188	\$ 6,468,766
Miscellaneous.....	560,755	138,738	73,756	425,146
Fiscal Division.....	-	1,046,848	1,056,763	1,017,395
Total Operating Revenue.....	7,321,661	7,458,236	7,854,707	7,911,307
Total Operating Expenses Before Depreciation.....	(6,377,042)	(6,362,227)	(6,359,861)	(6,614,259)
Operating Income Before Depreciation.....	944,619	1,096,009	1,494,846	1,297,048
Less Depreciation.....	(1,568,894)	(1,523,024)	(1,458,691)	(1,602,648)
Operating Income (Loss).....	(624,275)	(427,015)	36,155	(305,600)
Add: Interest Income.....	291,499	262,237	116,805	172,013
Less: Interest Expense.....	(329,693)	(429,439)	(196,048)	(207,570)
Capital Contributions.....	-	-	-	-
Net Income (Loss).....	(662,469)	(594,217)	(43,088)	(341,157)
Fund Equities, Beginning.....	48,204,557	48,798,774	50,018,360	50,359,517
Adjustments to Beginning Balances.....	-	-	(1,176,498)	-
Fund Equities, Beginning - Restated.....	48,204,557	48,798,774	48,841,862	50,359,517
Fund Equities, Ending.....	\$ 47,542,088	\$ 48,204,557	\$ 48,798,774	\$ 50,018,360

Sewer Authority
Historic Comparative Statement of Revenues and Expenditures

	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Operating Revenues:				
Charges for Services.....	\$ 6,141,622	\$ 6,118,228	\$ 4,930,657	\$ 5,585,114
Miscellaneous.....	881,102	51,059	18,900	15,400
Total Operating Revenue.....	7,022,724	6,169,287	4,949,557	5,600,514
Operating Expenses Before Depreciation.....	(5,341,681)	(4,728,531)	(4,437,375)	(4,103,870)
Operating Income Before Depreciation.....	1,681,043	1,440,756	512,182	1,496,644
Less Depreciation.....	(1,956,737)	(1,933,623)	(1,830,376)	(1,864,132)
Operating Income (Loss).....	(275,694)	(492,867)	(1,318,194)	(367,488)
Add: Interest Income.....	282,989	198,950	124,673	41,625
Less: Interest Expense.....	(181,228)	(117,889)	(122,228)	(105,621)
Capital Contributions.....	-	-	-	-
Net Income (Loss).....	(173,933)	(411,806)	(1,315,749)	(431,484)
Fund Equities, Beginning.....	56,870,825	57,282,631	56,832,256	57,263,736
Adjustments to Beginning Balances	-	-	1,766,124	-
Fund Equities, Beginning - Restated.....	56,870,825	57,282,631	58,598,380	57,263,736
Fund Equities, Ending.....	\$ 56,696,892	\$ 56,870,825	\$ 57,282,631	\$ 56,832,252

Year	Water Fund	Sewer Authority Total
	Total Operating Revenue Generated	Operating Revenue Generated
2007	\$ 7,321,661	\$ 7,022,724
2006	7,458,236	6,169,287
2005	7,854,707	4,949,557
2004	7,911,307	5,600,514
2003	7,790,270	5,092,888

Golf Course
Historic Comparative Statement of Revenues and Expenditures

	Actual 2007	Actual 2006	Actual 2005	Actual 2004
Operating Revenues:				
Operating Revenues.....	\$ 787,294	\$ 785,704	\$ 826,394	\$ 687,199
Less: Operating Expenses Before Depreciation.....	(821,008)	(783,198)	(747,603)	(698,973)
Net Operating Income.....	(33,714)	2,506	78,791	(11,774)
Less: Depreciation.....	(53,875)	(160,912)	-	(83,798)
Net Operating Income (Loss).....	(87,589)	(158,406)	78,791	(95,572)
Add: Interest Income.....	10,341	-	-	-
Less: Interest Expense.....	(6,162)	(7,184)	(6,043)	(9,737)
Transfers out.....	-	-	-	-
Net Income (Loss).....	(83,410)	(165,590)	72,748	(105,309)
Fund Equities, Beginning.....	70,609	236,199	163,451	268,760
Adjustments to Beginning Balances	-	-	-	-
Fund Equities, Beginning - Restated.....	70,609	236,199	163,451	268,760
Fund Equities, Ending.....	\$ (12,801)	\$ 70,609	\$ 236,199	\$ 163,451

VI. Debt Summary

Principal Amount of Bonded Indebtedness

As of August 1, 2008

(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding	Date of Fiscal Year Maturity
10/01/88	General Purpose.....	6.75-7.00	\$ 10,000,000	\$ 500,000	2009
07/15/89	General Purpose.....	5.50-7.50	8,256,800	200,000	2010
01/15/91	General Purpose.....	6.40-6.50	1,000,000	150,000	2011
12/30/94	Clean Water Fund Loan.....	2.00	2,320,480	628,463	2014
08/01/96	Urban Renewal.....	4.25-6.25	2,753,000	700,000	2012
01/26/98	Clean Water Fund Loan.....	2.00	571,353	269,011	2018
08/01/99	General Purpose.....	4.35-4.80	18,364,600	3,166,000	2010
08/01/99	School	4.35-4.80	1,761,800	350,000	2010
08/01/99	Water.....	4.35-4.80	3,596,200	708,000	2010
08/01/99	Sewer.....	4.35-4.80	311,100	56,000	2010
08/01/02	General Purpose.....	3.00-5.00	37,028,000	21,724,215	2023
08/01/02	School.....	3.00-5.00	908,400	285,200	2013
08/01/02	Water.....	3.00-5.00	674,300	145,100	2013
08/01/02	Sewer.....	3.00-5.00	429,300	238,820	2018
08/01/02	Golf.....	3.00-5.00	160,000	106,665	2018
08/01/02	General Purpose – Taxable.....	5.60	600,000	300,000	2013
04/15/03	Refunding - Taxable Urban Renewal...	3.00-5.00	520,000	210,000	2012
04/15/03	Refunding - Urban Renewal.....	2.50-5.00	7,000,115	975,000	2010
08/01/04	General Purpose.....	3.00-5.00	18,132,400	13,123,100	2015
08/01/04	School	3.00-5.00	15,300,900	12,575,700	2020
08/01/04	Water.....	3.00-5.00	4,824,700	3,500,000	2015
08/01/04	Sewer.....	3.00-5.00	1,407,000	841,200	2012
08/01/06	General Purpose	4.125-5.00	14,211,700	13,620,000	2017
08/01/06	School	4.125-5.00	1,923,000	1,865,000	2017
08/01/06	Sewer	4.125-5.00	2,220,900	1,820,000	2017
08/01/06	Water	4.125-5.00	1,865,800	1,507,000	2017
08/01/06	Golf	4.125-5.00	23,600	18,000	2017
Total Outstanding Long-Term Debt.....			\$ 156,165,448	\$ 79,582,474	
<u>This Issue</u>					
8/1/2008	General Purpose	3.00-5.00	\$ 18,206,000	\$ 18,206,000	2029
8/1/2008	School	3.00-5.00	3,163,000	3,163,000	2029
8/1/2008	Sewer	3.00-5.00	938,000	938,000	2029
8/1/2008	Water	3.00-5.00	10,713,000	10,713,000	2029
8/1/2008	Golf	3.00-5.00	30,000	30,000	2029
Total This Issue.....			\$ 33,050,000	\$ 33,050,000	
Grand Total.....			\$ 189,215,448	\$ 112,632,474	

Short Term Debt

As of August 1, 2008

(Pro Forma)

The City of Meriden has an outstanding Interim Funding Obligation under the State of Connecticut Clean Water Fund program in the amount of \$33,342,837. For more information, refer to the section entitled "Clean Water Fund" herein on page 41.

Annual Bonded Debt Maturity Schedule
As of August 1, 2008
(Pro Forma)

Fiscal Year	Principal	Interest	Total	Pro-forma: This Issue					Total	Cumulative Principal Retired
				Pub. Imp.	Schools	Sewer	Water	Golf		
2009 ¹	\$ 11,887,542	\$ 3,131,653	\$ 15,019,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10.55%
2010	11,609,591	2,611,128	14,220,719	911,000	160,000	46,000	536,000	2,000	1,655,000	22.33%
2011	8,774,591	2,198,201	10,972,792	911,000	160,000	46,000	536,000	2,000	1,655,000	31.59%
2012	8,724,591	1,866,408	10,590,999	911,000	159,000	47,000	536,000	2,000	1,655,000	40.81%
2013	8,289,591	1,501,065	9,790,656	911,000	159,000	47,000	536,000	2,000	1,655,000	49.64%
2014	7,401,580	1,147,498	8,549,078	911,000	159,000	47,000	536,000	2,000	1,655,000	57.68%
2015	7,343,568	836,013	8,179,581	911,000	159,000	47,000	536,000	2,000	1,655,000	65.67%
2016	4,968,568	570,567	5,539,135	910,000	160,000	47,000	536,000	2,000	1,655,000	71.55%
2017	4,968,568	350,370	5,318,938	910,000	160,000	47,000	536,000	2,000	1,655,000	77.43%
2018	1,764,284	202,952	1,967,236	910,000	160,000	47,000	536,000	2,000	1,655,000	80.46%
2019	1,400,000	136,763	1,536,763	910,000	160,000	47,000	536,000	2,000	1,655,000	83.18%
2020	1,400,000	77,219	1,477,219	910,000	156,000	47,000	536,000	1,000	1,650,000	85.88%
2021	350,000	39,375	389,375	910,000	156,000	47,000	536,000	1,000	1,650,000	87.66%
2022	350,000	23,625	373,625	910,000	156,000	47,000	536,000	1,000	1,650,000	89.43%
2023	350,000	7,875	357,875	910,000	157,000	47,000	535,000	1,000	1,650,000	91.21%
2024	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	92.68%
2025	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	94.14%
2026	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	95.61%
2027	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	97.07%
2028	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	98.54%
2029	-	-	-	910,000	157,000	47,000	535,000	1,000	1,650,000	100.00%
Total.....	\$ 79,582,474	\$ 14,700,712	\$ 94,283,186	\$ 18,206,000	\$ 3,163,000	\$ 938,000	\$ 10,713,000	\$ 30,000	\$ 33,050,000	

¹ Excludes \$212,049 in principal payments and \$17,390 in interest payments from July 1, 2008 through August 1, 2008.

Overlapping/Underlying Debt
As of August 1, 2008

The City of Meriden has neither overlapping nor underlying debt.

THE CITY OF MERIDEN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

(The remainder of this page intentionally left blank)

Debt Statement
As of August 1, 2008
(Pro Forma)

Long-Term Debt Outstanding:

General Purpose (Includes \$52,783,315 outstanding and \$18,206,000 of this issue)	\$ 70,989,315
Revitalization	1,885,000
Schools (Includes \$15,075,900 outstanding and \$3,163,000 of this issue)	18,238,900
Sewers (Includes \$3,853,494 outstanding and \$938,000 of this issue)	4,791,494 ¹
Water (Includes \$5,860,100 outstanding and \$10,713,000 of this issue)	16,573,100 ¹
Golf Course (Includes \$124,665 outstanding and \$30,000 of this issue)	154,665 ¹
Total Long-Term Debt	<u>112,632,474</u>

Short-Term Debt:

Interim Funding Obligation - State of Connecticut Clean Water Fund.....	<u>33,342,837</u>
Total Direct Debt	<u>145,975,311</u>

Less: Amount to be provided by the State for school construction (As of 6/30/08).....	(1,928,000)	
Self Supporting Long-Term and Short-Term Debt	<u>(54,862,096)</u>	<u>(56,790,096)</u>

Total Net Direct Debt	<u>89,185,215</u>
------------------------------------	-------------------

Plus: Overlapping/Underlying Debt	<u>-</u>
---	----------

Total Overall Net Debt	<u>\$ 89,185,215</u>
-------------------------------------	----------------------

¹ Self-Supporting Debt.

Current Debt Ratios
As of August 1, 2008
(Pro Forma)

Population ¹	59,552
Net Taxable Grand List (10/1/07) ²	\$ 3,659,204,000
Estimated Full Value (70%).....	\$ 5,227,434,286
Equalized Grand List (10/1/05) ³	\$ 5,675,975,377
Money Income per Capita (2000) ¹	\$ 20,597

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
	<u>\$145,975,311</u>	<u>\$89,185,215</u>	<u>\$89,185,215</u>
Per Capita.....	\$ 2,451.22	\$ 1,497.60	\$ 1,497.60
Ratio to Net Taxable Grand List.....	3.99%	2.44%	2.44%
Ratio to Estimated Full Value.....	2.79%	1.71%	1.71%
Ratio to Equalized Grand List.....	2.57%	1.57%	1.57%
Debt per Capita to Money Income per Capita.....	11.90%	7.27%	7.27%

¹ State of Connecticut Department of Public Health, July 1, 2006.

² Revalued: October 1, 2006.

³ Office of Policy and Management, State of Connecticut.

Bond Authorization Procedure

The City of Meriden has the power to incur indebtedness as provided by the Connecticut General Statutes and the City Charter. The issuance of bonds and notes is authorized by the City Council. Bonds and notes may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to eight years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable and the legislative body schedules principal reductions by the end of the third year and for all subsequent years during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years, or, for sewer projects, by the amount of time temporary financing has been outstanding.

Temporary notes must be permanently funded no later than eight years from the initial borrowing date except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to fifteen years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year (whichever is sooner), and in each year thereafter, the notes must be reduced by at least 1/15 of the total amount of the notes issued by funds derived from certain sources of payment.

Temporary notes may be issued in one year maturities for up to fifteen years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

Clean Water Fund Program

The City of Meriden is a participant in the State of Connecticut's Clean Water Fund Program (General Statutes Sections 22a-475 et seq., as amended), which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan). The City recently authorized \$45,000,000 to undertake major renovations to the water pollution control facility. The City expects to finance the renovations and other eligible projects through the State of Connecticut Clean Water Fund Program.

Loans to each municipality are made pursuant to a Project Grant and Project Loan Agreement. Each municipality is obligated to repay only that amount which it draws down from the Interim Funding Obligation ("IFO") for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality. For the \$45,000,000 project listed above, the State of Connecticut has issued a Grant for \$10,186,762 and has an IFO in the amount of \$33,342,837.

Amortization of each Loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement, or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are payable 1) in equal monthly installments commencing one month after the scheduled completion date, or 2) in a single annual installment representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement, the first year's date, and thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Statement of Debt Limitation
As of August 1, 2008
(Pro Forma)

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2008 (Estimated and Subject to Audit)..... \$103,024,000

Reimbursement For Revenue Loss On:

Tax Relief for Elderly..... 734,161

BASE \$103,758,161

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base.....	\$ 233,455,862	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	466,911,725	-	-	-
3 3/4 times base.....	-	-	389,093,104	-	-
3 1/4 times base.....	-	-	-	337,214,023	-
3 times base.....	-	-	-	-	311,274,483
Total Debt Limitation.....	<u>233,455,862</u>	<u>466,911,725</u>	<u>389,093,104</u>	<u>337,214,023</u>	<u>311,274,483</u>
Indebtedness:					
Outstanding Debt ^{1,2} :					
Outstanding Bonds Payable.....	52,783,315	15,075,900	3,853,494	1,885,000	-
Bonds of This Issue.....	18,206,000	3,163,000	938,000	-	-
Short-Term Debt (IFO-CWF).....	-	-	33,342,837	-	-
Bonds Authorized But Unissued.....	10,106,101	1,699,269	9,975,489	-	-
Total Indebtedness.....	<u>81,095,416</u>	<u>19,938,169</u>	<u>48,109,820</u>	<u>1,885,000</u>	<u>-</u>
Less School Construction Grants.....	-	(1,928,000)	-	-	-
Total Net Indebtedness For Debt Limitation Calculation.....	<u>81,095,416</u>	<u>18,010,169</u>	<u>48,109,820</u>	<u>1,885,000</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS.....	<u>\$ 152,360,446</u>	<u>\$ 448,901,556</u>	<u>\$340,983,284</u>	<u>\$335,329,023</u>	<u>\$311,274,483</u>

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$5,860,100 of outstanding water bonds, \$10,713,000 of water bonds in this issue, and \$1,279,900 of water debt authorized but unissued debt.

² Excludes outstanding self-supporting Golf Course bonds in the amount of \$124,665 and \$30,000 of bonds included in this issue.

Note: Total debt limit is equal to seven times of base \$726,307,127.

(The remainder of this page intentionally left blank)

Debt Authorized but Unissued ¹
As of August 1, 2008
(Pro Forma)

Debt Authorized but Unissued

Project	Authorized	Estimated Grants	Debt		General Purpose	Schools	Sewers	Water
			Previously Issued	This Issue: Bonds				
General Purpose Issue #40...	\$ 757,000	\$ 276,504	\$ 392,000	\$ -	\$ 88,496	\$ -	\$ -	\$ -
General Purpose Issue #42...	1,475,000	-	1,380,000	88,750	-	-	-	6,250
General Purpose Issue #43...	35,000,000	31,502,300	3,143,000	13,000	-	341,700	-	-
General Purpose Issue #44...	1,780,000	770	1,764,000	15,200	30	-	-	-
General Purpose Issue #45...	100,000	-	81,300	-	18,700	-	-	-
General Purpose Issue #49...	1,000,000	1,080	965,300	5,500	28,120	-	-	-
General Purpose Issue #50...	9,238,000	-	2,152,100	6,062,250	-	-	-	1,023,650
General Purpose Issue #52...	1,000,000	735,000	265,000	-	-	-	-	-
General Purpose Issue #55...	477,000	-	161,400	204,600	111,000	-	-	-
General Purpose Issue #56...	1,353,973	827,097 ₂	198,300	164,000	164,576	-	-	-
General Purpose Issue #57...	58,053,000	12,166,229	1,630,445	938,000	-	-	43,318,326 ₃	-
General Purpose Issue #58...	27,606,825	8,463,675	4,984,700	8,344,100	5,814,350	-	-	-
General Purpose Issue #59...	8,629,300	4,036,691	85,040	3,150,000	-	1,357,569	-	-
General Purpose Issue #60...	3,719,472	361,082	1,213,220	1,372,100	773,070	-	-	-
General Purpose Issue #61...	50,000	-	-	30,000	20,000	-	-	-
General Purpose Issue #62...	2,636,197	850,000	-	1,528,000	258,197	-	-	-
General Purpose Issue #63...	3,932,562	-	-	3,082,000	850,562	-	-	-
General Purpose Issue #64...	11,851,500	1,610,000	-	8,052,500	1,979,000	-	-	250,000
Total.....	\$ 168,659,829	\$ 60,830,428	\$ 18,415,805	\$ 33,050,000	\$ 10,106,101	\$ 1,699,269	\$ 43,318,326	\$ 1,279,900

¹ Total Authorized but Unissued does not include amounts paid down from the General Fund on outstanding notes or grants received.

² Included in this amount is a State of Connecticut Clean Water fund Grant of \$10,186,762.

³ It is expected that the City will be eligible for State of Connecticut 2.0% Clean Water Fund Loans on its \$45,000,000 sewer project included in this authorization. This amount includes an Interim Funding Obligation in the amount of \$33,342,837.

Principal Amount of Outstanding Debt
(Last Five Fiscal Years)

Fiscal Year	Notes	Bonds	Total	Water, Sewer,
				Golf and Hospital ¹
2007	\$17,125,000	\$82,722,012	\$ 99,847,012	\$2,087,203
2006	25,800,000	80,476,709	106,276,709	8,308,291
2005	14,985,000	93,485,905	108,470,905	9,459,095
2004	34,534,000	77,942,889	112,476,889	5,719,036
2003	17,250,000	91,602,482	108,852,482	6,878,581

¹ Self-supporting.

(The remainder of this page intentionally left blank)

Ratios of Long-Term Debt to Valuation, Population and Income ¹

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt	Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Estimated Full Value	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Income ³
				3.42%	2.39%			per Capita
2007	\$2,420,649	\$3,458,070	\$82,722	3.42%	2.39%	59,652	\$1,386.74	6.73%
2006	2,373,439	3,390,627	89,984	3.79%	2.65%	59,653	1,508.46	7.32%
2005	2,338,821	3,341,173	104,288	4.46%	3.12%	59,653	1,748.24	8.49%
2004	2,331,434	3,330,620	77,943	3.34%	2.34%	58,675	1,328.39	6.45%
2003	2,329,825	3,328,321	91,602	3.93%	2.75%	58,244	1,572.73	7.64%

¹ Does not reflect State of Connecticut School Construction principal and interest subsidy grants applied to the retirement of the outstanding debt. Consists of all General and Business-Type debt, including Clean Water Fund loans.

² 2003 Population: US Department of Commerce, Bureau of Census, 2000.

2004-2007 Population: State of Connecticut, Department of Health Services estimates.

³ Income per Capita: \$20,597 U.S. Department of Commerce, Bureau of Census, 2000

Ratio of Annual Debt Service to Total General Fund Expenditures and Other Financing Uses (in 000's)

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures
2009 ²	\$ 10,151	\$ 3,787	\$ 13,938	\$ 176,923	7.88%
2008 ¹	12,778	4,168	16,946	174,736	9.70%
2007	13,889	4,175	18,064	177,100	10.20%
2006	13,009	4,950	17,959	167,283	10.74%
2005	12,171	3,696	15,867	161,018	9.85%
2004	12,500	4,900	17,400	157,319	11.06%

¹ Subject to audit

² Budget

Source: City of Meriden Audit Reports 2004-2007.

(The remainder of this page intentionally left blank)

Capital Improvement Program
Fiscal Year 2008 through Fiscal Year 2012

Proposed Projects¹	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Education ²	\$ -	\$ 240,000	\$179,322,686 ³	\$ 33,365,382 ³	\$ -	\$212,928,068
Engineering	250,000	11,750,000	11,400,000	8,375,000	2,500,000	34,275,000
Parking	65,000	-	-	-	-	65,000
Fire	85,000	623,000	270,000	873,000	920,000	2,771,000
Highway / Garage	4,905,500	4,848,500	11,968,500	6,859,500	5,704,000	34,286,000
Library	-	-	-	-	-	-
Parks & Recreation	245,000	420,000	850,000	1,500,000	50,000	3,065,000
Traffic.....	297,000	552,000	362,000	366,000	373,000	1,950,000
Public Buildings	448,000	939,000	100,000	-	-	1,487,000
Police	1,000,000	1,000,000	1,200,000	-	-	3,200,000
Landfill/Recycling/ Solid Waste	-	380,000	325,000	225,000	175,000	1,105,000
Water	4,432,000	6,505,710	11,201,400	4,882,000	7,927,000	34,948,110
Sewer	-	-	625,000	260,000	450,000	1,335,000
MIS	164,000	50,000	50,000	-	-	264,000
TOTAL	\$ 11,891,500	\$ 27,308,210	\$217,674,586	\$ 56,705,882	\$ 18,099,000	\$331,679,178

¹ *City Manager Recommendation. A Capital Improvement Program Committee of the Council is in the process of making recommendations to implement industry established best practices.*

² *This does not take into account funding the City will receive from the State of Connecticut for school construction grants. Currently, the City's reimbursement rate for eligible school construction projects is approximately 70%*

³ *The City is expecting State of Connecticut Education Grants related to these projects in the amount of \$125,557,880.*

(The remainder of this page left blank intentionally)

VII. Legal and Other Information

Litigation

The City of Meriden, its officers, employees and commissions are defendants in numerous lawsuits. In the opinion of the Corporation Counsel, none of the pending litigation is likely to result, either individually or in the aggregate, in final judgment against the City that would materially adversely affect its financial position, taking into account current applicable insurance coverages. The following significant pending cases are noted.

Following the 2006 Grand List property revaluation, numerous property tax assessment appeals have been filed. While several appeals have settled, many assessment appeals are still pending, including a number involving properties of significant value. Two cases of note, both captioned Meriden Gas Turbines v. City of Meriden, involve the challenge of the validity of an agreement for payments in lieu of taxes in connection with the construction of a power plant in Meriden. One appeal involves the personal property assessment and the other appeal is a real property assessment of the property owned by Meriden Gas Turbines. Generally, in past years, assessment appeals have been settled without significant reductions in the amounts of the assessment which would in turn impact revenues.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds remains excluded from gross income for federal income tax purposes. Non compliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the City concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure, and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the City also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the City with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the alternative minimum tax on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal income tax consequences of ownership and disposition of or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts, and estates required to pay the federal alternative minimum tax. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding the State and local tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining

gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences the disposition of Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The price set forth on the cover page of the Official Statement may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences of the disposition of the Bonds.

Transcript and Closing Documents

The winning bidder will be furnished the following documents when the Bonds are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them.

2. Certificate on behalf of the City, signed by the City Manager, City Treasurer and the Interim Director of Finance which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds that the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.

3. Receipt for the purchase price of the Bonds.

4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut.

5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached as Appendix C to this Official Statement.

6. The City of Meriden has prepared an Official Statement for the Bonds, which is dated July 18, 2008. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The City will make available to the winning bidder of the Bonds 100 copies of the Official Statement at the City's expense within seven business days of the bid opening. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the City will be kept on file at the offices of U.S. Bank National Association in Hartford, Connecticut and will be available for examination upon reasonable notice.

Concluding Statement

This Official Statement is not to be construed as a contract or agreement between the City and the purchaser or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any of such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement has been duly prepared and delivered by the City, and executed for and on behalf of the City of Meriden by the following officials:

CITY OF MERIDEN, CONNECTICUT

By: /s/ Lawrence Kendzior
LAWRENCE KENDZIOR, *City Manager*

/s/ Robert G. Tait
ROBERT G. TAIT, *City Treasurer*

/s/ James M. Reynolds
JAMES M. REYNOLDS, *Interim Director of Finance*

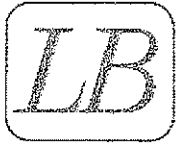
Dated as of July 24, 2008

Appendix A

2007 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Meriden, Connecticut for the fiscal year ended June 30, 2007. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Managing Director, Phoenix Advisors LLC, 53 River Street, Suite 3, Milford, Connecticut 06460. Telephone (203) 878-4945.

(This page intentionally left blank)



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2394
203 389-5371 • FAX 203 389-4430

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
& Members of the City Council
City of Meriden
Meriden, Connecticut 06450

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Meriden, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2007, on our consideration of the City of Meriden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Meriden, Connecticut's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, the combining and individual non-major fund financial statements, and the other supplemental 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.



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 28, 2007

Financial Section

(This page intentionally left blank)

City of Meriden, Connecticut
Management's Discussion and Analysis
June 30, 2007

As management of the City of Meriden, Connecticut we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Meriden for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- ◆ On a government-wide basis, the assets of the City of Meriden exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$174.6 million. Total net assets for Governmental Activities at fiscal year-end were \$70.4 million and total net assets for Business-Type Activities were \$104.2 million.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$12.1 million or 7.5%, from \$162.6 million to \$174.6 million. Net assets increased by \$13.0 million for Governmental Activities and decreased by \$0.9 million for Business-Type Activities. Governmental activities expenses were \$194.1 million, while revenues were \$207.1 million.
- ◆ At the close of the year, the City of Meriden's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$5.7 million, an increase of \$12.3 million from the prior fiscal year (exhibit C).
- ◆ At the end of the current fiscal year, the total fund balance for the general fund was \$11.5 million, an increase of \$1.7 million from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2007, \$3.6 million represents unreserved General Fund fund balance. Unreserved General Fund fund balance at year-end represents 2.06% of total general fund expenditures (\$176.6 million).

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Meriden's finances, in a manner similar to private-sector business. All of the resources the City has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of Meriden's assets and liabilities, with the difference reported as net assets. One can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the city is improving or deteriorating. It speaks to the question of whether or not the City, as a whole, is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, as such changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City of Meriden.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

Both of the government-wide financial statements distinguish functions of the City of Meriden that are supported by taxes and 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).

- ◆ Governmental activities of the City of Meriden encompass most of the City's basic services and include governmental and community services, administration, public safety, health and welfare, operations and education. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City of Meriden include the Water Pollution Control Authority, Water Division and the Hunter Golf Course. They are reported here as the City charges a fee to customers to help cover all or most of the cost of operations.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 4-6 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The City of Meriden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City of Meriden has three kinds of 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 expendable resources, as well as on balances of expendable 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 City of Meriden maintains 45 individual governmental 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 Capital Projects Fund, both of which are considered to be major funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation as other governmental funds.

Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on Schedule 3 and in the combining statement of revenues, expenditures and changes in fund balance on Schedule 4.

The City of Meriden adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures and changes in unreserved fund balance on a budgetary basis can be found on Exhibit F.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on Exhibits C and D of this report.

Proprietary funds. The City of Meriden maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Meriden uses enterprise funds to account for its Water Pollution Control Authority, the Water Division and the Hunter Golf Course. Internal service funds are an accounting device used to accumulate and allocate certain costs internally among the City of Meriden's various functions. The City of Meriden uses internal service funds to account for its risk management costs including risk related to Workers' Compensation and Employee Health Insurance. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 Water Pollution Control Authority and the Water Division, both of which are considered to be major funds of the City of Meriden. The Hunter Golf Course is also provided separately and identified as a non-major fund of the City of Meriden. Individual fund data for the internal service fund is also provided as a separate column in the proprietary fund financial statements. The proprietary fund financial statements can be found on Exhibits G, H and I of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City's constituency. The City has three pension trust funds, four agency funds and four private purpose funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits J and K 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 19-52 of this report.

The notes to this report also contain certain supplementary information concerning the City of Meriden's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in Note 10 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. City of Meriden total net assets exceeded liabilities by \$174.6 million on June 30, 2007. Governmental activities assets exceeded liabilities by \$70.4 million. Business Type activities assets exceeded liabilities by \$104.2 million.

CITY OF MERIDEN, CONNECTICUT STATEMENT OF NET ASSETS (\$000's) Primary Government

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	50,707	23,850	74,557	49,427	17,650	67,077
Non-current	208		208	24,423	0	24,423
Capital assets	189,632	98,475	288,107	163,159	98,513	261,672
Total Assets	240,547	122,325	362,872	237,009	116,163	353,172
Current liabilities	38,517	6,016	44,533	51,334	1,510	52,844
Long-term liabilities outstanding	131,626	12,082	143,708	128,249	9,507	137,756
Total Liabilities	170,143	18,098	188,242	179,583	11,017	190,600
Net Assets:						
Invested in capital assets, net of related debt	106,565	86,538		107,105	85,780	192,885
Restricted				5,284	0	5,284
Unrestricted		17,833		-54,963	19,366	-35,597
Total Net Assets	70,404	104,226	174,630	57,426	105,146	162,572

A portion of net assets was restricted in June 30, 2007 as a result of enabling legislation. Governmental Accounting Standards Board (GASB) Statement 46, *Net Assets Restricted by Enabling Legislation – An Amendment to GASB Statement 34* pertains to this. These restrictions are further explained in Note 11 of the financial statements.

By far the largest portion of the City of Meriden's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Meriden's investment in its capital assets 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.

**CITY OF MERIDEN, CONNECTICUT
CHANGES IN NET ASSETS
Primary Government**

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business- Type Activities	Total Government	Governmental Activities	Business- Type Activities	Total Government
Revenues:						
Program Revenues:						
Charges for services	6,426	15,142	21,568	7,747	14,413	22,160
Operating Grants and contributions	19,914		19,914	21,265		76,517
Capital Grants and contributions	6,491		6,491	5,895		5,895
General Revenues:						
Property Tax	105,354		105,354	94,042		94,042
Grants not restricted to specific programs	59,928		59,928	55,252		
Unrestricted investment earnings	2,483	574	3,057	1,455	461	1,916
Miscellaneous Income	6,512		6,512	4,866		4,866
Total revenues	207,108	15,716	222,824	190,522	14,874	205,396
Expenses:						
General Government	30,470		30,470	37,796		37,796
Education	115,598		115,598	105,537		105,537
Public Safety	19,433		19,433	18,406		18,406
Public Works	10,469		10,469	9,262		9,262
Human Services	10,262		10,262	5,997		5,997
Cultural And Recreation	4,284		4,284			
Interest on long term debt	3,614		3,614	3,720	555	3,720
WPCA Sewer		7,480	7,480		6,662	6,662
Water		8,275	8,275		7,885	7,885
Hunter Golf Course		881	881		944	944
Total Expenses	194,130	16,636	210,766	180,718	16,046	196,764
Change in Net Assets	12,978	(920)	12,058	9,804	-1,172	8,632
Net Assets-Beginning	57,426	105,146	162,572	47,622	106,318	153,940
Net Assets-Ended	70,404	104,226	174,630	57,426	105,146	162,572

The City's net assets increased by \$12.2 million during the fiscal year, with net assets of Governmental Activities increasing \$13.0 million and business-type activities decreasing by \$0.8 million

Governmental Activities

Almost 51% of the revenues were derived from property taxes, followed by 42% from State and Federal Government program revenues, then 7% from other revenues.

Major revenue factors included:

- ◆ Property tax revenues increased by \$11.3 million, for fiscal year 2007, due to an increase in the City's tax rate of approximately 4.6% and total assessed value of all taxable property increased by 1.99%.
- ◆ An agreement in lieu of taxes with NRG Electrical Generating Plant brought in 2.825 million in revenue for fiscal year 2007. This is the fifth year of the agreement.

For Governmental Activities, 59.5% of the City's expenditures relate to education, 10.0% relate to public safety, 15.7% to general government, 5.4% relate to public works, 5.3% to human services, 2.2% to culture and recreation and 1.9% on interest on long term debt.

Major expenditure factors include:

- ◆ Increases in employee wages, resulting from general wage increases, ranged from 1.3% to 3.35% depending on the employee group. Some employees also received negotiated step increases.
- ◆ Employee benefit costs rose 1.37%, due to health insurance costs and pension funding requirements.
- ◆ The cost of education services increased \$10.1 million due to negotiated wage settlements, employee health insurance cost increases and special education cost increases.

Business-Type Funds

Business-Type activities decreased the City's net assets by about \$919,812.

Financial Analysis of the City's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the City's financing requirements.

The General Fund is the chief operating fund of the City of Meriden. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$3.6 million while total fund balance reached \$11.5 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 2.04% of total general fund expenditures, while total fund balance represents 6.51% of that same amount.

As stated earlier, the fund balance of the City of Meriden's General Fund increased by \$1,681,946 during the current fiscal year.

The Bonded Projects Fund has a total fund balance of -\$12.0 million, up from -\$21.8 million in the prior year. This increase can be explained by bond proceeds and state grants received in the current year.

The Other Governmental Funds has a total fund balance of \$6.2 million, up from \$5.3 million in the prior year. The \$0.9 million increase was primarily due to the Other Grants Program where we experienced an increase in grants in the current year.

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

Net assets of the Water Fund at the end of the year were \$47.5 million, with unrestricted net assets of \$13.0 million. The Water Fund experienced operating loss of \$624,275.

Net assets of the Sewer fund were \$56.7 million. Unrestricted net assets were \$10.2 million. The Sewer Fund experienced an operating loss of \$275,694.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended expenditure budget was \$749,023. The original budget included a contingency of \$325,000 that was budgeted in the General Fund expenses to cover certain items,

including unsettled labor contracts and other unanticipated expenses. The major additional appropriations approved during the year are summarized below:

- \$228,733 for flood control purposes
- \$520,290 for education purposes

Several departments had favorable variances in their budgets during the fiscal year. The Employee Benefits department was \$2,959,208 under budget due mainly to a favorable experience in the health insurance fund from which the department is charged. The Law department was under their budget by \$147,415 due to a decrease in legal fees charged. Bulky Waste division was under their budget by \$143,182 due mainly to a decrease in tipping fees charged. The Health department was under budget by \$111,903 due mainly to unfilled positions. The Library was under budget by \$109,936 due mainly to unfilled positions. During the year, actual revenues on a budgetary basis were \$172.8 million, which was more than budgetary estimates by \$413,430. Actual tax revenues were less than budget by \$303,797. Actual investment income totaled \$1,871,308 which was \$871,308 above the budgeted amount.

Actual revenues and other financing uses on a budgetary basis totaled \$175.3 million, exceeding actual expenditures on a budgetary basis by \$4.4 million.

Capital Asset and Debt Administration

Capital assets. The City of Meriden's investment in capital assets for its governmental and business type activities as of June 30, 2007, amount to \$287.8 million (net of accumulated depreciation). This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, roads, sewers and bridges. This is the fifth year the City of Meriden has reported its investment in capital assets.

CITY OF MERIDEN, CONNECTICUT
CAPITAL ASSETS (net of depreciation)
Primary Government

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	20,398	916	21,314	20,546	916	21,462
Land improvements	6,203	204	6,407	5,054	74	5,128
Buildings and improvements	117,060	20,211	137,271	112,190	22,084	134,274
Infrastructure	37,871	68,336	106,207	41,031	69,891	110,922
Machinery and equipment	3,124	5,183	8,307	3,502	5,553	9,055
Vehicles	2,914	45	2,959	1,382		1,382
Construction in progress	1,717	3,580	5,297	3,877		3,877
Total	189,287	98,475	287,762	187,582	98,518	286,100

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

- \$3,902,141 for Washington Roof Project
- \$1,150,480 for Johnson Hill Permanent Tank Covers
- \$1,088,577 for the HUB Project
- \$1,015,436 for vehicles
- \$ 858,803 for Phase I WPCF Improvements

Additional information on the City of Meriden's capital assets can be found in Note 7 of this report.

Long-term debt. At the end of the current fiscal year, the City of Meriden had total bonded debt outstanding of \$94 million. 100% of this debt is backed by the full faith and credit of the City.

**MERIDEN, CONNECTICUT
OUTSTANDING DEBT
GENERAL OBLIGATION AND REVENUE BONDS**

	June 30, 2007			June 30, 2006		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation bonds	82,722	11,028	93,750	80,477	8,309	88,785
Bond anticipation notes	12,438	4,687	17,125	22,250	3,550	25,800
Notes payable		1,051	1,051		1,199	1,119
Totals	95,160	16,766	111,926	102,727	13,057	115,784

The City of Meriden's bonded debt increased by \$5.0 million or 5.6% during the 2006-2007 fiscal year. During the current fiscal year the City issued \$17.1 million in bond anticipation notes.

The City of Meriden has an underlying rating from Moody's Investors Service of A3 and from Fitch Ratings Service of A-.

The overall statutory debt limit for the City of Meriden is equal to seven times annual receipts from taxation or \$734,819,435. As of June 30, 2007, the City recorded long-term debt of \$82.7 million related to Governmental Activities and \$11.0 million related to Business-Type Activities, well below its statutory debt limits.

Additional information on the City of Meriden's long-term debt can be found in Note 8 on pages 36-39 of this report.

Economic Factors

The City of Meriden has not been immune from the effects of the national economic downturn. As of June 2007, the unemployment rate for the Greater New Haven Labor market is 4.8%, up from 4.7% in the prior year (not seasonally adjusted). Connecticut's overall unemployment rate stands at 4.6%, compared with 4.5% for the same time last year.

With an overwhelming reliance on property taxes, Meriden's income stream is rather stable, even during a recession. Moreover, the City's high-quality tax base lends even more stability to the City's revenue. The City has established an Enterprise Zone and a Technology Zone to provide incentives to businesses relocating to Meriden.

Requests for Information

The financial report is designed to provide a general overview of the City of Meriden'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 Director of Finance, City Hall Room 212, 142 East Main Street, Meriden Connecticut 06450.

(This page intentionally left blank)

Basic Financial Statements

(This page intentionally left blank)

STATEMENT OF NET ASSETS

June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total*
Assets:			
Cash and cash equivalents	\$ 41,759,889	1,546,687	43,306,576
Investments	2,090,076	11,975,000	14,065,076
Receivables, net of allowance for collections:			
Property taxes	4,529,830		4,529,830
Accounts receivable	1,097,154	2,529,179	3,626,333
Federal and state governments	1,791,344		1,791,344
Estimated unbilled usage		3,572,722	3,572,722
Loans receivable, net	3,665,069		3,665,069
Internal balances	(4,226,034)	4,226,034	-
Inventories and other assets	207,975		207,975
Net pension assets	344,269		344,269
Noncurrent assets:			
Capital assets, being depreciated, net of accumulated depreciation	189,287,368	98,474,915	287,762,283
Total assets	\$ 240,546,940	122,324,537	362,871,477
Liabilities:			
Accounts payable and other accrued liabilities	\$ 21,604,198	1,329,255	22,933,453
Retainage payable	372,076		372,076
Accrued interest	2,129,663		2,129,663
Unearned revenue	1,973,216		1,973,216
Temporary notes payable	12,438,000	4,687,000	17,125,000
Noncurrent liabilities:			
Due within one year	18,474,756	2,231,799	20,706,555
Due in more than one year	113,151,259	9,850,304	123,001,563
Total liabilities	\$ 170,143,168	18,098,358	188,241,526
Net Assets:			
Investment in capital assets, net of related debt	\$ 94,127,356	77,018,812	171,146,168
Restricted:			
Debt services	1,875,000		1,875,000
Enabling legislation	4,621,062		4,621,062
Unrestricted	(30,219,646)	27,207,367	(3,012,279)
Total net assets	\$ 70,403,772	104,226,179	174,629,951

*After internal balances have been eliminated.

The notes to the financial statements are an integral part of this statement.

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

Functions/programs	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government	\$ 30,469,531	3,375,592
Education	115,598,464	1,741,563
Public safety	19,433,365	991,026
Public works	10,468,697	117,058
Human services	10,262,381	195,460
Cultural and recreation	4,284,243	6,109
Interest on long-term debt	3,613,687	
Total governmental activities	\$ 194,130,368	6,426,808
Business-type activities:		
Sewer Authority	\$ 7,479,646	7,022,724
Water Authority	8,275,629	7,321,661
George Hunter Golf Course	881,045	797,635
Total business-type activities	\$ 16,636,320	15,142,020
Total primary government	\$ 210,766,688	21,568,828

The notes to the financial statements are an integral part of this statement.

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
1,584,795	4,395,856	(21,113,288)		(21,113,288)
14,204,886	1,572,050	(98,079,965)		(98,079,965)
139,413		(18,302,926)		(18,302,926)
	522,742	(9,828,897)		(9,828,897)
3,945,186		(6,121,735)		(6,121,735)
39,339		(4,238,795)		(4,238,795)
<u>19,913,619</u>	<u>6,490,648</u>	<u>(161,299,293)</u>	<u>-</u>	<u>(161,299,293)</u>
			(456,922)	(456,922)
			(953,968)	(953,968)
			(83,410)	(83,410)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,494,300)</u>	<u>(1,494,300)</u>
<u>19,913,619</u>	<u>6,490,648</u>	<u>(161,299,293)</u>	<u>(1,494,300)</u>	<u>(162,793,593)</u>
General revenues:				
Property taxes	\$	105,353,811		105,353,811
Grants and contributions not restricted for specific programs		59,927,691		59,927,691
Unrestricted investment earnings		2,483,393	574,488	3,057,881
Miscellaneous income		6,512,035		6,512,035
Total general revenues	\$	174,276,930	574,488	174,851,418
Change in net assets	\$	12,977,637	(919,812)	12,057,825
Net assets, beginning		<u>57,426,135</u>	<u>105,145,991</u>	<u>162,572,126</u>
Net assets, ending	\$	<u>70,403,772</u>	<u>104,226,179</u>	<u>174,629,951</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2007

	General	Bonded Projects	Other Governmental	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 22,967,437	6,639,122	4,933,324	34,539,883
Investments			2,090,076	2,090,076
Receivables, net of allowance for collections:				
Property taxes	4,529,830			4,529,830
Accounts receivable	939,463	18,743	21,994	980,200
Federal and state governments	877,038	522,742	391,564	1,791,344
Loans receivable		994,508	2,670,561	3,665,069
Inventory	108,962		99,013	207,975
Other assets				-
Due from other funds	350,566		554,370	904,936
Advance to golf fund	963,600			963,600
Total assets	\$ 30,736,896	8,175,115	10,760,902	49,672,913
Liabilities				
Accounts payable and accrued expenses	\$ 13,775,650	1,254,678	1,477,554	16,507,882
Retainage payable		372,076		372,076
Due to other funds	420,619	5,412,647	261,801	6,095,067
Deferred revenue	5,047,048	710,274	2,826,343	8,583,665
Temporary notes payable		12,438,000		12,438,000
Total liabilities	\$ 19,243,317	20,187,675	4,565,698	43,996,690
Fund Balances				
Reserved for:				
Inventory	\$		99,013	99,013
Encumbrances	296,190	3,489,154		3,785,344
Donor intentions	13,820		2,241,635	2,255,455
Loans receivable		994,508		994,508
Long-term advances	963,600			963,600
Debt payments	1,875,000			1,875,000
Enabling legislation	4,701,001		277,834	4,978,835
Unreserved, undesignated reported in:				
General fund	3,643,968			3,643,968
Special revenue funds			3,651,654	3,651,654
Capital project funds		(16,496,222)	(74,932)	(16,571,154)
Total fund balances	\$ 11,493,579	(12,012,560)	6,195,204	5,676,223
Total liabilities and fund balances	\$ 30,736,896	8,175,115	10,760,902	

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

Capital assets purchased in the governmental funds are reported as expenditures however the statement of net assets includes those capital assets among the assets of the City as a whole.	189,287,368
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	6,954,718
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net assets.	2,241,141
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(133,755,678)

Net assets of governmental activities **\$ 70,403,772**

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007**

	<u>General</u>	<u>Bonded Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 103,735,166			103,735,166
Federal and state government	62,904,894	4,831,498	19,327,402	87,063,794
Charges for services	5,630,423		2,567,345	8,197,768
Investment income	1,871,308		774,916	2,646,224
Other revenues	4,539,833	13,747	697,981	5,251,561
Total revenues	\$ 178,681,624	4,845,245	23,367,644	206,894,513
Expenditures:				
Current:				
General government	\$ 26,055,557		2,378,885	28,434,442
Finance	1,941,515		147,230	2,088,745
Public safety	18,607,636			18,607,636
Public works	6,038,496			6,038,496
Health and welfare	2,929,846		6,644,549	9,574,395
Cultural and recreation	3,755,945		528,298	4,284,243
Education	99,267,133		13,159,408	112,426,541
Debt service:				
Principal retirements	13,889,397			13,889,397
Interest and other charges	4,174,541			4,174,541
Capital outlay		11,201,037		11,201,037
Total expenditures	\$ 176,660,066	11,201,037	22,858,370	210,719,473
Excess (deficiency) of revenues over (under) expenditures	\$ 2,021,558	(6,355,792)	509,274	(3,824,960)
Other financing sources (uses)				
Transfers in	\$ 100,000		593,420	693,420
Transfers out	(439,612)		(253,808)	(693,420)
Bond proceeds		16,134,700		16,134,700
Total other financing sources (uses)	\$ (339,612)	16,134,700	339,612	16,134,700
Net changes in fund balances	\$ 1,681,946	9,778,908	848,886	12,309,740
Fund balances (deficits) - beginning	9,811,633	(21,791,468)	5,346,318	(6,633,517)
Fund balances (deficits) - ending	\$ 11,493,579	(12,012,560)	6,195,204	5,676,223

The notes to the financial statements are an integral part of this statement.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2007

Differences in amounts reported for government wide activities in Statement of Activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 12,309,740
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 capital outlays exceeded depreciation in the current period.	1,705,625
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	213,492
Change in net pension assets.	(1,236)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,377,034)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	560,854
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>1,566,196</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 12,977,637</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2007**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 104,038,963	104,038,963	103,735,166	(303,797)
Intergovernmental	57,964,545	57,964,545	57,024,493	(940,052)
Charges for services	5,618,890	5,618,890	5,630,423	11,533
Investment income	1,000,000	1,000,000	1,871,308	871,308
Other revenues	3,765,395	3,765,395	4,539,833	774,438
Total revenues	\$ 172,387,793	172,387,793	172,801,223	413,430
Expenditures:				
Current:				
General government	\$ 30,292,285	29,281,399	25,928,825	3,352,574
Finance	2,200,785	1,986,775	1,941,515	45,260
Public safety	17,860,145	18,612,758	18,607,636	5,122
Public works	5,732,722	6,294,479	6,038,496	255,983
Human services	3,072,287	3,119,624	2,929,846	189,778
Cultural and recreation	3,774,366	3,866,288	3,755,945	110,343
Education	93,069,454	93,589,744	93,584,927	4,817
Debt service:				
Principal retirements	13,889,397	13,889,397	13,889,397	-
Interest and other charges	4,174,541	4,174,541	4,174,541	-
Total expenditures	\$ 174,065,982	174,815,005	170,851,128	3,963,877
Revenues over (under) expenditures	\$ (1,678,189)	(2,427,212)	1,950,095	4,377,307
Other financing sources (uses):				
Contribution from fund balance	\$ 1,625,000	2,374,023	2,374,023	-
Transfers from other fund or designation	100,000	100,000	100,000	-
Total other financing sources	\$ 1,725,000	2,474,023	2,474,023	-
Revenues over expenditures and other financial sources (uses)	\$ 46,811	46,811	4,424,118	4,377,307
Add :				
2007 Encumbrances			296,190	
Less:				
2006 Encumbrances			(224,727)	
Use of fund balance			(2,374,023)	
Transfer out not on exhibit F			(439,612)	
Net changes in fund balance-Exhibit D			\$ 1,681,946	

The notes to the financial statements are an integral part of this statement.

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2007

	<u>Business-Type Activities -</u>	
	<u>Major Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 975,733	554,929
Receivables, net of allowance for collection losses:		
Use charges	1,240,705	1,202,675
Unbilled services	1,905,603	1,667,119
Other	30,818	34,629
Investments	6,220,000	5,535,000
Due from other funds	3,396,516	1,749,173
Total current assets	<u>\$ 13,769,375</u>	<u>10,743,525</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	\$ 45,598,163	51,931,212
Total noncurrent assets	<u>\$ 45,598,163</u>	<u>51,931,212</u>
Total assets	<u>\$ 59,367,538</u>	<u>62,674,737</u>
Liabilities		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 763,709	461,415
Claims payable		
Temporary notes payable	3,838,000	799,000
Bonds payable - current	1,363,644	851,888
Due to other funds		
Total current liabilities	<u>\$ 5,965,353</u>	<u>2,112,303</u>
Noncurrent liabilities:		
Bonds payable, less current portion	\$ 5,860,097	3,865,542
Long-term claims payable		
Advance from general fund		
Total noncurrent liabilities	<u>\$ 5,860,097</u>	<u>3,865,542</u>
Total liabilities	<u>\$ 11,825,450</u>	<u>5,977,845</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 34,536,422	46,414,782
Unrestricted	13,005,666	10,282,110
Total net assets	<u>\$ 47,542,088</u>	<u>56,696,892</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT G

Enterprise Funds		Governmental Activities
Nonmajor Funds		
George Hunter Memorial Golf	Totals	Internal Service Fund
16,025	1,546,887	7,220,006
	2,443,380	
	3,572,722	497
20,352	85,799	116,955
220,000	11,975,000	
43,945	5,189,634	
<u>300,322</u>	<u>24,813,222</u>	<u>7,337,458</u>
945,540	98,474,915	
<u>945,540</u>	<u>98,474,915</u>	<u>-</u>
<u>1,245,862</u>	<u>123,288,137</u>	<u>7,337,458</u>
104,131	1,329,255	241,048
	-	2,434,166
50,000	4,687,000	
16,267	2,231,799	
	-	
<u>170,398</u>	<u>8,248,054</u>	<u>2,675,214</u>
124,665	9,850,304	
		2,421,103
963,800	963,800	
<u>1,088,265</u>	<u>10,813,904</u>	<u>2,421,103</u>
<u>1,258,663</u>	<u>19,061,958</u>	<u>5,096,317</u>
754,608	81,705,812	
(767,409)	22,520,367	2,241,141
<u>(12,801)</u>	<u>104,226,179</u>	<u>2,241,141</u>

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITIES (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

	<u>Business-Type Activities -</u>	
	<u>Major Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Operating revenues:		
Charges for services	\$ 6,760,906	6,141,622
Miscellaneous	560,755	881,102
Total operating revenues	<u>\$ 7,321,661</u>	<u>7,022,724</u>
Operating expenses:		
Salaries, benefits and claims	\$ 3,109,443	1,497,126
Claims		
Material and supplies	736,434	1,072,435
Utilities	1,055,185	935,962
Administration and operation	1,010,781	500,783
Depreciation	1,568,894	1,956,737
Other	465,199	1,335,375
Total operating expenses	<u>\$ 7,945,936</u>	<u>7,298,418</u>
Operating income (loss)	<u>\$ (624,275)</u>	<u>(275,694)</u>
Nonoperating revenues (expenses):		
Interest income	\$ 291,499	282,989
Interest expense	(329,693)	(181,228)
Total nonoperating revenues (expenses)	<u>\$ (38,194)</u>	<u>101,761</u>
Change in Net Assets	<u>\$ (662,469)</u>	<u>(173,933)</u>
FUND EQUITIES, (DEFICIT), Beginning	<u>\$ 48,204,557</u>	<u>56,870,825</u>
FUND EQUITIES, (DEFICIT), Ending	<u>\$ 47,542,088</u>	<u>56,696,892</u>

The notes to the financial statements are an integral part of this statement.

Enterprise Funds		Governmental Activities
Nonmajor Funds		
George Hunter Memorial Golf	Totals	Internal Service Fund
772,396	13,674,924	24,443,094
14,898	1,456,755	
<u>787,294</u>	<u>15,131,679</u>	<u>24,443,094</u>
448,999	5,055,568	
	-	21,461,185
192,974	2,001,843	
	1,991,147	
27,193	1,538,757	1,480,362
53,875	3,579,506	
151,842	1,952,416	18,875
<u>874,883</u>	<u>16,119,237</u>	<u>22,960,422</u>
(87,589)	(987,558)	1,482,672
10,341	584,829	83,524
(6,162)	(517,083)	
<u>4,179</u>	<u>67,746</u>	<u>83,524</u>
(83,410)	(919,812)	1,566,196
70,609	105,145,991	674,945
<u>(12,801)</u>	<u>104,226,179</u>	<u>2,241,141</u>

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2007

	<u>Business-Type Activities</u>	
	<u>Major Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 7,216,063	6,636,289
Payments to suppliers	(6,754,222)	(5,676,584)
Payments to employees	(3,109,443)	(1,497,126)
Net cash flows from operating activities	<u>\$ (2,647,602)</u>	<u>(537,421)</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets	\$ (2,324,405)	(1,224,278)
Issuance of new debt	5,473,944	2,613,980
Principal payments on capital debt	(822,984)	(765,000)
Interest paid on capital debt	(329,693)	(181,228)
Net cash provided by (used in) capital and related financing activities	<u>\$ 1,996,862</u>	<u>443,474</u>
Cash Flows From Investing Activities		
Purchase of investments	\$	
Sale of investments	865,000	345,000
Interest received on investments	291,499	282,989
Net cash provided by investing activities	<u>\$ 1,156,499</u>	<u>627,989</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 505,759</u>	<u>534,042</u>
Cash and Cash Equivalents, Beginning Balance	<u>469,974</u>	<u>20,887</u>
Cash and Cash Equivalents, Ending Balance	<u>\$ 975,733</u>	<u>554,929</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Operating Income (Loss)	\$ (624,275)	(275,694)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	1,568,894	1,956,737
Changes in assets and liabilities:		
Decrease (increase) in receivable accounts	(105,598)	(386,435)
Decrease (increase) in due from other funds	(3,371,580)	(1,749,173)
Increase (decrease) in accounts payable	(115,043)	(82,856)
Increase (decrease) in claims incurred but not reported		
Increase (decrease) in due to other funds		
	<u>\$ (2,647,602)</u>	<u>(537,421)</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT I

Enterprise Funds		Governmental Activities
Nonmajor Funds		
George Hunter Memorial Golf	Totals	Internal Service Fund
800,295	14,652,647	24,408,387
(425,751)	(12,856,557)	(23,093,063)
(448,999)	(5,055,568)	
(74,455)	(3,259,478)	1,315,324
(13,144)	(3,561,827)	
75,000	8,162,924	
(4,197)	(1,592,181)	
(6,162)	(517,083)	
51,497	2,491,833	-
4,730	1,214,730	
10,341	584,829	83,524
15,071	1,799,559	83,524
(7,887)	1,031,914	1,398,848
23,912	514,773	5,821,158
16,025	1,546,687	7,220,006
(87,589)	(987,558)	811,960
53,875	3,579,506	
13,001	(479,032)	(79,833)
(43,945)	(5,164,698)	
17,137	(180,762)	(95,923)
	-	49,618
(26,934)	(26,934)	
(74,455)	(3,259,478)	685,822

This page intentionally left blank

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 17,308,744	75,814	3,557,466
Accounts receivables	794,689		
Investments, at fair value:			
Corporate bonds	4,670,896		
U.S. government obligations	6,858,667		
Common stock	193,261,402		
Preferred stock	235,260		
Partnerships	25,631,783		
Other	42,563		
Total assets	<u>\$ 248,804,004</u>	<u>75,814</u>	<u>3,557,466</u>
Liabilities			
Other liabilities	\$ <u>6,508</u>		<u>3,557,466</u>
Total liabilities	<u>\$ 6,508</u>	<u>-</u>	<u>3,557,466</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 248,797,496</u>	<u>75,814</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2007**

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 6,421,776	
Plan member contributions	2,726,240	
Donations and other		115,641
Total contributions	<u>\$ 9,148,016</u>	<u>115,641</u>
Investment earnings:		
Net increase in fair value of investments	\$ 30,294,705	
Interest and dividends	5,382,224	6,539
Less : Investment expenses		
Total investment earnings	<u>\$ 35,676,929</u>	<u>6,539</u>
Total additions	<u>\$ 44,824,945</u>	<u>122,180</u>
DEDUCTIONS		
Benefits	\$ 14,153,977	2,492
Administration	1,374,310	
Other deductions	<u>695,453</u>	<u>130,529</u>
Total deductions	<u>\$ 16,223,740</u>	<u>133,021</u>
Change in net assets	<u>\$ 28,601,205</u>	<u>(10,841)</u>
NET ASSETS, beginning	<u>\$ 220,196,291</u>	<u>86,655</u>
NET ASSETS, ending	<u>\$ 248,797,496</u>	<u>75,814</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Meriden, Connecticut (the City) was settled in 1661, incorporated in 1807 and as a City in 1867. The City covers an area of 24 square miles, and is located midway between the cities of Hartford and New Haven. The City operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer.

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the City report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Fund financial statements

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in four quarterly installments (July 1, October 1, January 1 and April 1). Personal property taxes are payable semi-annually (July 1 and January 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenues grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

The City reports the following major governmental funds:

The **general fund** is the general operating fund of the City's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the City, which were not paid through a special fund.

The **bonded projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants, current tax revenues and low interest state loans.

The City reports the following major proprietary funds:

The **water fund** accounts for the operations of the City's water supply system. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

The **sewer fund** accounts for the operations of the City's wastewater treatment system. The City operates its own sewage treatment plant, sewage pumping stations and collection system. Its operations are financed from direct charges to the users of the service.

Additionally, the City reports the following fund types:

The **internal service funds** account for employee health insurance and workers' compensation insurance provided to departments of the City and Board of Education.

The **private-purpose trust fund** is used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. Examples include scholarship funds and the police evidence funds held by the City.

The **pension trust funds** account for activities of the City's three defined benefit plans, which accumulate resources for pension benefit payments to qualified employees.

The **agency funds** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds and performance bonds.

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services 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 and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reclassifications

Certain amounts for the year ended June 30, 2006 have been reclassified in to be comparable to the presentation for the year ended June 30, 2007. Included in this was a reclassification of capital assets. These reclassifications had no effect on the net income.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

The City considers cash on hand, deposits and short-term investments, with an original maturity of three months or less, to be cash and cash equivalents.

Investments

Investments are stated at the fair value using quoted market prices.

Inventories

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

All trade and property tax receivables, including those for the Water and Sewer funds, are shown net of an allowance for uncollectible accounts. Trade account receivables allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

An estimate has been recorded for utility services provided but not billed as of the end of the fiscal year.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of 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 value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Asset</u>	<u>Years</u>
Buildings	40-50
Building Improvements	7-30
Infrastructure	65
Machinery and equipment	5-30

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

Compensated absences

Under the terms of its various union contracts, City and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The City recognizes a liability for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Deferred revenue

Deferred revenue arises when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2007

Long-term obligations

In the government-wide financial statements and proprietary fund types in 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 terms 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 the debt issued is reported as other financial 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.

Pension accounting

In the *pension trust funds*, employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

In the *governmental funds*, the cumulative difference between annual pension costs and the City's contributions to the plans since 1986, is calculated on an actuarial determined basis consistent with the requirements of *GASB Statement 27* and recognized in the government-wide financial statements as net pension (asset) obligation as a non-current liability. Annual pension cost expenditures are recognized when they are paid or are expected to be paid with current available resources. The liability is typically paid out of the general fund over the life of the pension.

Fund equity and net assets

In the government-wide financial statements, net assets are classified in the following categories:

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***restricted net assets*** represent amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The ***unrestricted net assets*** represent the net assets of the City which are not restricted for any project or other purpose.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

In the fund financial statements, fund balances of governmental funds are classified into two separate categories. The two categories and their general meanings are as follows:

The **reserved fund balance** - this category indicates that portion of fund equity which has been legally segregated for specific purposes.

The **undesignated and unreserved fund balance** category indicates that portion of fund equity which is available for appropriations and expenditures in future periods.

Encumbrances represent commitments related to unperformed contracts for goods and services. The governmental funds utilize encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation and fund balance.

Note 2 - Budgets and Budgetary Accounting

General Fund

The Statement of Revenues and Expenditures, and Change in Fund Balance – Budgetary Basis - Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the City's general budget policies are as follows:

- A. The manager of each department, office and agency submits to the Director of Finance, at such date he determines, estimates of revenues and expenditures for the following year.
- B. The City Manager reviews these estimates and may revise them as he deems advisable, except that in the case of the department of education, he has the authority to revise only the total estimated expenditures.
- C. On or before March 1, not later than 120 days prior to the beginning of the fiscal year, the City Manager submits to the City Council a balanced annual budget.
- D. The City Council shall hold one (1) public hearing on the budget to obtain public comments not later than seventy-five (75) days prior to the beginning of the fiscal year.
- E. Within twenty days after the final public hearing the City Council shall adopt a budget. The budget is legally enacted through passage of an ordinance.
- F. The Mayor shall have veto power on a line item basis only, and must submit any veto message within five (5) days after the Council has adopted the budget.
- G. The City Council may override any line item veto by a two-thirds (2/3) vote of the entire body.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

- H. Budget referendum on the adopted budget must be held if a petition is filed within thirty days of the adoption of the final approved budget.
- I. The City Manager is authorized to transfer budgeted amounts within departments. However, any transfers between departments or additional appropriations, must be approved by the City Council. Additional appropriations by the City Council may not exceed 1 ½ % of the general fund budget as established for the current year, without levying a special tax. There were additional appropriations of approximately \$749,023 during the year ended June 30, 2007, which was funded through additional revenues received.
- J. The Board of Education may transfer unexpended balances from one account to another within its line appropriation. A number of such transfers occurred during the year.
- K. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

A reconciliation of General Fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, budgetary basis	\$ 172,801,223	170,851,128
Encumbrances of June 30, 2006		224,727
Encumbrances of June 30, 2007		(296,190)
State Teachers' Retirement and on-behalf payment, not recognized for budgetary purposes	<u>5,880,401</u>	<u>5,880,401</u>
Balance, GAAP Basis	<u>\$ 178,681,624</u>	<u>176,660,066</u>

Special Revenue Funds

The City does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2007

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Note 3 - Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Government Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The detail of this difference is as follows:

Long-term debt	\$ 82,722,012
Compensated absences	15,399,935
Heart and hypertension	1,141,675
Post-closure landfill costs	2,244,997
Net pension obligation	27,167,396
Claims and judgments	2,950,000
Accrued interest	<u>2,129,663</u>
Net adjustment to reduce fund balance - Total government funds to arrive at net assets - governmental activities	<u>\$ 133,755,678</u>

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds. This amount includes the following:

Deferred revenue, not available	\$ 6,610,449
Net pension assets	<u>344,269</u>
	<u>\$ 6,954,718</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

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

Acquisitions	\$ 11,612,720
Disposals	(693,500)
Depreciation	<u>(9,213,595)</u>
Net Adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,705,625</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2007

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Net (Increase) in Long-Term Debt	\$ (2,245,303)
Net Decrease in Compensated Absences	758,220
Net (Increase) in Claims and Judgments	(1,350,000)
Net (Increase) in Heart and Hypertension	(87,205)
Net (Increase) in Net Pension Obligation	(487,454)
Net Decrease in Landfill Closure and post-closure	<u>34,708</u>
Net Adjustment to Increase Net Changes In Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ (3,377,034)</u>

Note 4 - Deposits and Investments

The City's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental activities	\$ 6,125,630	28,414,253	34,539,883
Business-type activities	1,546,687		1,546,687
Fiduciary funds	6,328,215	14,613,809	20,942,024
Investments:			
Governmental activities		2,090,076	2,090,076
Business-type activities	11,975,000		11,975,000
Fiduciary funds		<u>230,700,571</u>	<u>230,700,571</u>
Total Deposits and Investments	<u>\$ 25,975,532</u>	<u>275,818,709</u>	<u>301,794,241</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Deposits

The carrying amounts of the City's deposits at June 30, 2007 consist of the following:

Bank Deposit Accounts	\$	9,847,538
Certificate of Deposits		16,127,069
Cash on Hand		925
Total Deposits	\$	<u>25,975,532</u>

Custodial Credit Risk

As of June 30, 2007, the carrying amount of the City's deposits had bank balances of approximately \$32,039,000. The amount of the bank balance covered under federal depository insurance was approximately \$ 987,670. The remaining deposits were uninsured, however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2007 approximately \$ 3,200,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2007, the City held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>	<u>Rating</u>
Money market accounts	Governmental	\$ 2,090,076	.02	Not reported
State investment fund	Governmental	19,881,453	.02	Not reported
Repurchase agreement	Internal Service	8,532,800	.02	Not reported
Money market account	Pension Trust	12,851,195	.02	Not reported
U.S. government Securities	Pension Trust	6,800,606	11.11	AAA
Fixed income corporate bonds	Pension Trust	4,623,119	10.53	AAA -CCC+
Common Equity securities	Pension Trust	184,342,776	.02	A+ - C
Equity funds	Pension Trust	8,552,888	.02	Not reported
Non-convertible preferred bonds	Pension Trust	235,260	.02	BBB-
Fixed income funds	Pension Trust	2,276,753	.02	Not reported
Partnerships	Pension Trust	<u>25,631,783</u>	.02	Not reported
Total Investments		\$ <u>275,818,709</u>		

*All investments are in the top four quality grades of a National Bond Rating Service.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2007

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City has no formal policy specifically related to interest rate risk. The City minimizes its exposure to interest rate risk by investing its operating funds in short-term investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400 as follows:

The treasurer of any municipality, as defined in section 7-359, upon approval by the budget-making authority, as defined in said section, of any metropolitan district, of any regional school district, of any district as defined in section 7-324, and of any other municipal corporation or authority authorized to issue bonds, notes or other obligations under the provisions of the general statutes or any special act may invest the proceeds received from the sale of bonds, notes or other obligations, or other funds, including the general fund, as hereinafter provided:

(1) In (A) the obligations of the United States of America, including the joint and several obligations of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all the federal land banks, all the federal intermediate credit banks, the Central Bank for Cooperatives, The Tennessee Valley Authority, or any other agency of the United States government, or (B) shares or other interests in any custodial arrangement, pool or no-load, open-end management-type investment company or investment trust registered or exempt under the Investment Company Act of 1940, 15 USC Section 80a-1 et seq. as from time to time amended, provided (i) the portfolio of such custodial arrangement, pool, investment company or investment trust is limited to obligations described in subparagraph (A) of this subdivision and repurchase agreements fully collateralized by any such obligations; (ii) such custodial arrangement, pool, investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; (iii) such custodial arrangement or pool is managed to maintain its shares at a constant net asset value or such investment company or investment trust is rated within one of the top two credit rating categories and, for any investment company or investment trust not managed to maintain its shares at a constant net asset value, within one of the top two risk rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner; and (iv) the municipal corporation or authority only purchases and redeems shares or other interests in such investment company or investment trust through the use of, or the custodian of such custodial arrangement or pool is, a bank, as defined in section 36a-2, or an out-of-state bank, as defined in said section, having one or more branches in this state.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2007

(2) In the obligations of any state of the United States or of any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner.

(3) In the obligations of the state of Connecticut, or any regional school district, town, city, borough or metropolitan district in the state of Connecticut, provided that at the time of investment the obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or of any rating service recognized by the Banking Commissioner.

Pension Investment Policies

Pension investments have the following limitations:

1. Investment managers and advisors must discharge their responsibilities in accordance with the fiduciary provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and supporting regulations, unless specifically exempted by a vote of the Board.
2. Equity investments in any one company by any one advisor shall be limited at purchase to 10% of the total assets under management and/or 5% of the company's total outstanding equity.
3. Corporate fixed income investments shall be limited to the first four quality grades as established by one or more of the nationally recognized bond rating services, except by a specific vote of the Board to permit inclusion of some lesser-rated issues within an investment grade portfolio.
4. In no event should the debt securities of any corporation exceed 10% of the assets under the management of any one advisor.
5. There shall be no investments in:
 - a. Securities of foreign issuers, other than those of the Canadian government, and also excepting American Depository Receipts (ADR's) of foreign securities, and further excepting foreign securities purchased by an investment advisor specifically designated by the Board as an "international" or "global" manager,
 - b. Securities issued by a participating employer, except to the extent permitted under the Employee Retirement Income Security Act of 1974,
 - c. Private placements, without affirmative Board approval,
 - d. Real Estate, other than securities of exchange-traded or non-traded Real Estate Investment Trusts.
6. Uninvested cash balances should be kept at a minimum through the prompt investment of available funds in short-term or more permanent security holdings.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2007

7. Each investment advisor, consultant, custodian or contractor shall be required to be available for at least one annual meeting with the Meriden Retirement Board.
8. Results based on a total rate of return (including both realized and unrealized capital gains and losses) will be evaluated for each advisor to the Board over a complete market cycle. However, the Board retains the right (and obligation) to address issues of lagging performance at any time during a contract cycle.

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2007 for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>Government funds</u>			
	<u>General Fund</u>	<u>Bond Projects Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Property taxes	\$ 6,515,095			6,515,095
Intergovernmental	877,038	522,742	391,564	1,791,344
Accounts	939,463	18,743	21,994	980,200
Loans		994,508	2,670,561	3,665,069
Gross receivables	\$ 8,331,596	1,535,993	3,084,119	12,951,708
Less: Allowance for collection losses	(1,985,265)			(1,985,265)
Net Total Receivables	\$ 6,346,331	1,535,993	3,084,119	10,966,443
		Internal Service Funds		<u>116,954</u>
		Total net receivables, governmental activities		\$ 11,083,397

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2007

	Business-type			Total
	Water Authority	Sewer Authority	Non-major Fund	
Use charges	\$ 1,502,606	1,352,675		2,855,281
Other charges	30,818	34,629	20,352	85,799
Unbilled	1,905,603	1,667,119		3,572,722
Gross receivables	\$ 3,439,027	3,054,423	20,352	6,513,802
Less: Allowance for collection losses	(261,901)	(150,000)		(411,901)
Net Total Receivables	\$ 3,177,126	2,904,423	20,352	6,101,901

Deferred Revenue

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

	Unavailable	Unearned	Total
General Fund:			
Delinquent property taxes	\$ 3,908,445		3,908,445
Notes receivable	31,848		31,848
Advanced tax collections		1,106,755	1,106,755
Bonded Projects:			
Premium on temporary notes		710,274	710,274
Non-major Governmental Funds:			
Advance payments on grants		156,187	156,187
Loans receivables	2,670,156		2,670,156
Total Deferred Revenue	\$ 6,610,449	1,973,216	8,583,665

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Payables

Payables as of June 30, 2007 for the City's individual major funds and non-major funds were as follows:

	<u>Vendors</u>	<u>Payroll</u>	<u>Cash Over Drafts</u>	<u>Total</u>
General Fund	\$ 2,235,071	8,750,569	2,790,010	13,775,650
Bond Fund	1,253,768	910		1,254,678
Non-major Funds	<u>1,477,554</u>			<u>1,477,554</u>
Total governmental funds	\$ 4,966,393	8,751,479	2,790,010	16,507,882
Internal service funds:				
Incurred, Reported	2,675,214			2,675,214
Incurred, Not Reported	<u>2,421,102</u>			<u>2,421,102</u>
Total government activities	\$ 10,062,709	8,751,479	2,790,010	21,604,198
Water Authority	\$ 763,709			763,709
Sewer Authority	461,415			461,415
George Hunter Memorial Golf Course	<u>104,131</u>			<u>104,131</u>
Total business-type activities	\$ 1,329,255	-	-	1,329,255
Total Payables	\$ <u>11,391,964</u>	<u>8,751,479</u>	<u>2,790,010</u>	<u>22,933,453</u>

Temporary Notes Payables

The City uses short-term notes payable in anticipation of bond-issuances to provide interim funding for various capital projects. Activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Bond anticipation notes:				
General purpose	\$ 21,399,000	8,648,000	21,399,000	8,648,000
Schools	<u>875,000</u>	<u>3,790,000</u>	<u>875,000</u>	<u>3,790,000</u>
Total governmental funds	\$ 22,274,000	12,438,000	22,274,000	12,438,000
Sewer	\$ 1,866,000	799,000	1,866,000	799,000
Water	<u>1,660,000</u>	<u>3,838,000</u>	<u>1,660,000</u>	<u>3,838,000</u>
Golf	\$ -	50,000	-	50,000
Total Bond Anticipation Notes	\$ <u>25,800,000</u>	<u>17,125,000</u>	<u>25,800,000</u>	<u>17,125,000</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2007

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds Receivables and Payables

Inter-fund receivables and payables at June 30, 2007 consisted of the following:

Due To	Due From			Total
	General	Bonded Projects	Non-major Government	
Governmental:				
General Fund	\$	223,013	127,553	350,566
Non-major Funds	420,619		133,751	554,370
Internal Service Funds			497	497
Total governmental	<u>420,619</u>	<u>223,013</u>	<u>261,801</u>	<u>905,433</u>
Water Authority		3,396,516		3,396,516
Sewer		43,945		43,945
Non-major enterprise		1,749,173		1,749,173
	-	5,189,634	-	5,189,634
Total	<u>\$ 420,619</u>	<u>5,412,647</u>	<u>261,801</u>	<u>6,095,067</u>

The internal balances reported on Exhibit A are as follows:

Business-type activities short-term loans to Bonded Projects	\$	5,189,634
General Fund advancement to nonmajor Enterprise Fund		<u>(963,600)</u>
Total internal balances	\$	<u>4,226,034</u>

Inter-fund balances resulted from the time lag between the date payments occur between funds for various activities, which include capital outlay.

Inter-fund Advances

Prior to fiscal year ended June 30, 2007, the general fund advanced \$988,600 to the George Hunter Memorial Golf Course with the anticipation that the Golf Course would return the funds to the general fund when funds were available. As of June 30, 2007, \$25,000 was repaid to the general fund.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Inter-fund Transfers

Inter-fund transfers during the year ended June 30, 2007 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Reason</u>
General fund	Land acquisition fund	\$ 299,677	Record designated assets in a separate fund, per State Statute.
General fund	Tree preservation fund	139,935	Record designated assets in a separate fund per City Ordinance.
Health programs fund	General fund	100,000	Reimbursement of shared costs.

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2007</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,545,881	545,600	693,500	20,397,981
Construction in progress	<u>3,876,879</u>	<u>1,717,356</u>	<u>3,876,879</u>	<u>1,717,356</u>
Total capital assets, not being depreciated	<u>\$ 24,422,760</u>	<u>2,262,956</u>	<u>4,570,379</u>	<u>22,115,337</u>
Capital Assets, Being Depreciated:				
Land improvements	\$ 11,563,452	1,638,580		13,202,032
Buildings and improvements	166,496,022	8,778,513		175,274,535
Machinery and equipment	9,918,046	442,309		10,360,355
Vehicles	12,341,039	967,826		13,308,865
Infrastructure	<u>79,622,400</u>	<u>1,399,415</u>		<u>81,021,815</u>
Total capital assets being depreciated	<u>\$ 279,940,959</u>	<u>13,226,643</u>	<u>-</u>	<u>293,167,602</u>
Less Accumulated Depreciation:				
Land improvements	\$ 6,509,401	489,441		6,998,842
Buildings and improvements	54,306,276	3,908,207		58,214,483
Machinery and equipment	6,415,707	820,954		7,236,661
Vehicles	9,500,048	894,940		10,394,988
Infrastructure	<u>40,050,544</u>	<u>3,100,053</u>		<u>43,150,597</u>
Total accumulated depreciation	<u>\$ 116,781,976</u>	<u>9,213,595</u>	<u>-</u>	<u>125,995,571</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>\$ 163,168,983</u>	<u>4,013,048</u>	<u>-</u>	<u>167,172,031</u>
Total Governmental Activities	<u>\$ 187,581,743</u>	<u>6,276,004</u>	<u>4,570,379</u>	<u>189,287,368</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2007

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Business-type Activities				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 915,981			915,981
Construction in progress	1,992,641	1,659,097	72,203	3,579,535
Total Capital Assets, Not Being				
Depreciated	\$ 2,908,622	1,659,097	72,203	4,495,516
Capital Assets, Being				
Depreciated:				
Land improvements	\$ 668,423	146,013		814,436
Buildings and improvements	42,252,618	1,191,223		43,443,841
Machinery and equipment	16,076,290	385,115		16,461,405
Vehicles	78,980	47,610		126,590
Infrastructure	115,587,140	229,734		115,816,874
Total Capital Assets Being				
Depreciated	\$ 174,663,451	1,999,695	-	176,663,146
Less, Accumulated Depreciation:				
Land improvements	\$ 594,198	15,677		609,875
Buildings and improvements	22,211,614	1,021,254		23,232,868
Machinery and equipment	10,523,265	755,318		11,278,583
Vehicles	78,980	2,267		81,247
Infrastructure	45,698,184	1,784,990		47,481,174
Total accumulated depreciation	\$ 79,104,241	3,579,506	-	82,683,747
Capital Assets Being				
Depreciated, Net of Depreciation	\$ 95,559,210	(1,579,811)	-	93,979,399
Total business-type activities	\$ 98,467,832	79,286	72,203	98,474,915
Total capital assets	\$ 286,100,625	4,508,398	2,620,372	287,762,284

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

Governmental Activities:	
General government	\$ 379,573
Education	3,629,057
Public safety	825,729
Public works	3,691,250
Human services	687,986
Total depreciation expense-	
 governmental activities	\$ 9,213,595

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Business-type Activities:	
Sewer Authority	\$ 1,956,737
Water Fund	1,568,894
Golf Fund	<u>53,875</u>
Total depreciation expense- business-type activities	<u>\$ 3,579,506</u>

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2007 was as follows:

<u>Due Within</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due In One Year</u>
Governmental Activities:					
Long Term Debt:					
General obligation bonds	\$ 80,476,709	16,134,700	13,889,397	82,722,012	12,777,797
Total Long-Term Debt	\$ 80,476,709	16,134,700	13,889,397	82,722,012	12,777,797
Other Long-Term Liabilities:					
Compensated absences	16,158,155		758,220	15,399,935	3,849,984
Heart and hypertension	1,054,470	733,694	646,489	1,141,675	630,000
Landfill post-closure monitoring	2,279,705		34,708	2,244,997	35,000
Net pension obligation	26,679,942	5,900,510	5,413,056	27,167,396	1,131,975
Claims and judgments	<u>1,600,000</u>	<u>1,350,000</u>		<u>2,950,000</u>	<u>50,000</u>
Total governmental activities long-term liabilities	\$ <u>128,248,981</u>	<u>24,118,904</u>	<u>20,741,870</u>	<u>131,626,015</u>	<u>18,474,756</u>
Business-type Activities:					
General obligation bonds	\$ 8,308,292	4,110,300	1,390,604	11,027,988	2,087,203
Clean water fund notes	<u>1,198,706</u>		<u>144,591</u>	<u>1,051,115</u>	<u>144,596</u>
Total business-type activities long-term liabilities	\$ <u>9,506,998</u>	<u>4,110,300</u>	<u>1,534,195</u>	<u>12,079,103</u>	<u>2,231,799</u>
Total Long-Term Liabilities	\$ <u>137,755,979</u>	<u>28,229,204</u>	<u>22,276,065</u>	<u>143,705,118</u>	<u>20,706,555</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 10 year, 15 year or 20 year serial bonds with equal amounts of principal maturing each year. As of June 30, 2007, the outstanding general obligation bonded indebtedness of the City was as follows:

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

	<u>Governmental</u>	<u>Business-type</u>
\$23,945,000 GOB 1988 , issue of 10/01/1988, due 10/01/2008, interest at 6.75% to 7%, annual principal payments of \$500,000	\$ 1,000,000	
\$12,332,000 GOB 1989 , issue of 7/15/1989, due 7/15/2009, interest at 5.5% to 7.5%, annual principal payments of \$200,000	600,000	
\$23,600,000 GOB 1991 , issue of 1/15/91, due 1/15/2011, interest at 6.5%, annual principal payments of \$50,000	200,000	
\$22,025,000 GOB 1996 , issue of 8/01/96, due 8/01/2016, interest at 4.25% to 6.25%, annual principal payments of \$175,000 to \$2,235,000	875,000	
\$23,900,000 GOB 1998 , issue of 2/01/98, due 2/01/2008, interest at 4.1% to 4.5%, annual principal payments of \$765,000 to \$2,115,000	2,035,000	75,000
\$24,050,000 GOB 1999 , issue of 8/01/1999, due 8/01/2009, interest at 4.35% to 4.8%, annual principal payments of \$2,115,000 to \$2,670,000	5,274,000	1,146,000
\$39,200,000 GOB 2002 , issue of 8/01/2002, due 8/01/2022, interest at 3.0% to 5.0%, annual principal payments of \$350,000 to \$3,340,000	25,194,812	645,188
\$600,000 GOB 2002 , issue of 10/01/88, due 08/01/2012, interest at 5.60%, annual principal payments of \$60,000	360,000	
\$9,090,000 GOB 2003 , issue of 4/15/03, due 8/1/2012, interest at 2.50% to 5.00%, annual principal payments of \$480,000 to \$2,240,000	2,185,000	
\$520,000 GOB 2003 , issue of 04/15/03, due 04/15/2012, interest at 3.00% to 5.00%, annual principal payments of \$65,000	265,000	
\$39,665,000 GOB 2004 , issue of 8/1/04, due 8/01/2014, interest at 3.00% to 5.00%, annual principal payments of \$2,430,000	28,598,500	5,051,500
20,245,000 GOB 2006 , issue of 07/25/06, due 8/01/2016, interest at 4.50% to 5.00%, annual principal payments of \$2,100,000 to \$2,090,000	<u>16,134,700</u>	<u>4,110,300</u>
Total general obligation bonds	<u>\$ 82,722,012</u>	<u>11,027,988</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended, June 30	Governmental Activity		Business-type Activity	
	Principal	Interest	Principal	Interest
2008	\$ 12,777,797	3,698,378	2,087,203	531,264
2009	10,409,917	2,773,261	1,545,083	358,918
2010	9,914,917	2,310,506	1,550,083	286,649
2011	7,471,917	1,957,845	1,158,083	229,275
2012	7,421,917	1,672,947	1,158,083	185,272
2013-2017	29,145,881	4,055,689	3,509,119	338,378
2018-2022	5,229,666	479,418	20,334	432
2023-2024	350,000	7,875		
	\$ <u>82,722,012</u>	<u>16,955,919</u>	<u>11,027,988</u>	<u>1,930,188</u>

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2007 was \$797,469. The City expects to receive \$780,889 in principal payments and \$16,579 in interest payments over the next year. The principal portion of the receivable is included in the government-wide financial statements.

Bonds authorized but unissued

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The City has authorized but unissued bonds relating to capital projects at June 30, 2007, as follows:

Sewer	\$ 54,443,088
General purpose	22,687,172
Water	7,233,473
Schools	<u>16,564,753</u>
Total	<u>\$ 100,928,486</u>

A portion of bonds authorized and unissued will be reduced by grants received.

Clean Water Fund Loans Payable

The City has an outstanding balance on loans payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

These loans bear interest at 2% per annum. The balance of these loans as of June 30, 2007 was \$ 1,054,114 and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activity	
	Principal	Interest
2008	144,592	19,757
2009	144,592	16,865
2010	144,592	13,973
2011	144,592	11,081
2012	144,592	8,190
2013-2017	316,874	11,445
2018	14,281	83
	\$ 1,054,115	81,394

Other Long-term Liabilities

Landfill post-closure monitoring

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The liability for the landfill post-closure care, aggregating \$2,244,997 is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2007. However, the actual cost of closure and post-closure care maybe higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and/or state and federal grants. The Landfill was considered to capacity and was closed prior to June 30, 2007.

Note 9 - Commitments and Contingencies

Lawsuits

There are several personal injury, negligence and personnel related lawsuits pending against the City. The outcome and eventual liability of the City, if any in these cases, is not known at this time. Based upon consultation with counsel, the City's management estimates that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

Operating Contracts

School transportation

The City contracts for the transport of students. The future payments the City is obligated to pay the bus company are approximately:

Year Ended	Amount
2008	\$ 4,420,206
Total	\$ 4,420,206

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Municipal solid waste management services contract

The City has entered into the municipal solid waste management services contract, as amended, (the Service Contract) with the Connecticut Resources Recovery Authority (the Authority) pursuant to which it participates with four other Connecticut Municipalities (the five constituting the Contracting Municipalities), in the Wallingford Resource Recovery System (the System). The System consists of mass-burn solid waste, recovery resource steam and electric generation facility (the Facility) located in the Town of Wallingford, Connecticut and various improvements and facilities related thereto, including landfills. The facility is complete and presently receiving waste from the Contracting Municipalities.

Under the Service Contract, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries with a minimum commitment of 34,500 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$59 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 125,000 tons per year. The City's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

The service payment applicable in any contract year is calculated by estimating the net cost of operation, which is the cost of operation less revenues other than Service Payments, as such terms are defined in the Service Contract. The sum of all Service Payments and other payments from the Contracting Municipalities are required to be sufficient to pay or provide for the net cost of operations.

The City has pledged its full faith and credit to the payment of Service Payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the Service Payments.

Construction Contracts

The City has several construction contracts in progress at June 30, 2007. A summary of the amounts remaining in these contracts is as follows:

Economic development projects	\$ 400,000
Education projects	250,000
Recreation projects	<u>3,500,000</u>
Total	<u>\$ 4,150,000</u>

In addition, \$372,076 of funds were held by the City on completed contracts. After a period of time, these funds will be paid to the contractors. This amount is separated in the financial statements as retainage payable

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Risk Management and Self-Insurance

The City is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims.

The worker's compensation fund purchases a self insured retention worker's compensation excess policy for claims exceeding \$500,000. All other claims are funded by the General Fund, Sewer Authority, Water Authority and the George Hunter Memorial Golf Fund. Payments to the fund are estimated based on payroll amounts, job classification rates, experience and second injury fund assessments.

Under the City's current policy, the Health Insurance Funds covers claims in excess of \$250,000 for each claim. The City also purchases the aggregate maximum per year. Settled claims have not exceeded commercial coverage in any of the past three fiscal years except for fiscal year ending June 30, 2006 where individual excess stop loss payment equaled \$313,761. The health insurance fund is funded by contributions from all funds incurring payroll charges. The health benefits consultant provides the City with suggested rates for various types of coverage. The City uses employee counts and suggested rates to compute fund contributions.

Liabilities are reported when it is probable that a loss has occurred and the amounts of the loss can be reasonably estimated or measured. Liabilities include an amount for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of pay-outs.

Under Public Act 9-342, health insurance for retired teachers, subsidy equal to the equivalents flat dollar premium amount of Blue Cross 65/Blue Shield 65 is paid by the State directly to the local school districts. Where it is applied to reduce premium payments of the retired members' 1% supplemental contributions, since July 1, 1989, have been directly to a dedicated health insurance fund. There is no cost to the City.

Changes in the balance of claims liabilities were as follows:

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Claims</u> <u>Payable</u> <u>Beginning</u>	<u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Paid</u>	<u>Claims</u> <u>Payable</u> <u>Ending</u>
Medical				
2006	1,506,113	22,556,677	22,542,043	1,520,747
2007	1,520,747	20,241,247	20,217,002	1,544,992
Workers' Compensation				
2006	3,471,736	1,455,135	1,424,411	3,502,460
2007	3,502,460	1,244,183	1,436,366	3,310,277

Note 10 - Employee Retirement Plans

Plan Description

The City administrators three single-employer, contributory, defined benefit public employee retirement system (PERS) to provide pension benefits for its employees. The PERS is considered to be a part of the City of Meriden's financial reporting entity and is included in the City's financial reports as the Pension

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Trust Funds. Stand-alone plan reports are not available for these plans. Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

The individual plan net assets are as follows:

	<u>Employees' Pension</u>	<u>Firefighters' Pension</u>	<u>Police Pension</u>
ASSETS			
Cash and cash equivalents	\$ 9,468,033	3,342,710	3,653,250
Accounts receivable	196,105	255,626	342,958
Investments	128,751,281	45,097,604	53,947,002
Total assets	<u>\$ 138,415,419</u>	<u>48,695,940</u>	<u>57,943,480</u>
LIABILITIES			
Other liabilities	\$ 2,986	1,761	1,761
Total liabilities	<u>\$ 2,986</u>	<u>1,761</u>	<u>1,761</u>
PLAN NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 138,412,433</u>	<u>48,694,179</u>	<u>57,941,719</u>

The individual changes in net assets were as follows:

	<u>Employees' Pension</u>	<u>Firefighters' Pension</u>	<u>Police Pension</u>
ADDITIONS			
Contributions:			
Employer	\$ 195,528	2,615,076	3,611,172
Plan members	1,236,368	365,035	331,969
Donations			
Total contributions	<u>\$ 1,431,896</u>	<u>2,980,111</u>	<u>3,943,141</u>
Investment earnings:			
Net increase in fair value of			
Investments	\$ 17,393,716	5,668,791	6,871,440
Interest and dividends	2,950,203	1,082,253	1,285,125
Total investment earnings	<u>\$ 20,343,919</u>	<u>6,751,044</u>	<u>8,156,565</u>
Total additions	<u>\$ 21,775,815</u>	<u>9,731,155</u>	<u>12,099,706</u>
DEDUCTIONS			
Benefits	\$ 5,099,215	3,777,025	4,652,468
Administration	748,691	280,446	329,336
Other deductions	546,968	20,927	127,558
Total deductions	<u>\$ 6,394,874</u>	<u>4,078,398</u>	<u>5,109,362</u>
Change in nets assets	\$ 15,380,941	5,652,757	6,990,344
Plan net assets, beginning	<u>\$ 123,031,492</u>	<u>43,041,422</u>	<u>50,951,375</u>
Plan net assets, ending	<u>\$ 138,412,433</u>	<u>48,694,179</u>	<u>57,941,719</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
 June 30, 2007

Employee membership of each Plan consisted of the following as based on the latest available actuarial valuation as follows:

	<u>Latest Available Actuarial Valuation</u>
Employees' Retirement	July 1, 2006
-City Employees	
-Police Employees hired after March 1, 2003	
-Fire Employees hired after March 1, 2003	
Police Pension	July 1, 2006
Firefighters Pension	July 1, 2006

	<u>Employee Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Retirees and Beneficiaries			
Currently Receiving Benefits	391	103	98
Terminated Employees Entitled To, But Not Yet Receiving Benefits	53		
Active Participants:			
Vested	332	72	26
Non-vested	304	50	66
	<u>1,080</u>	<u>225</u>	<u>190</u>

The PERS is a contributory defined benefit plan. Substantially all full-time employees of the City are eligible to participate. Participants in the State Teachers' Retirement System are excluded.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2007

Provisions of Plans	Employees' Retirement	Police Pension	Firefighters' Pension
Benefit provisions	2% of average annual pay for the highest of 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary	2.5% of average annual pay for the first 20 years of service, 1.6% after, for the highest of 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary	2.2% of average annual pay for the first 20 years of service, for the highest of 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary
Eligibility requirements	Vested after 10 years of service	Vested after 10 years of continuous service	Vested after 25 years of continuous service
Cost of living adjustment	2% per year beginning the later of 2 years from retirement age or age 62 (50% max)	2% after 20 years, 3% after 25 years (50% max)	3% after 25 years (50% max)
Early retirement provisions	City employees – age 65, 10 years of service or Rule of 80 – full benefits. Age 55, 10 years of service – reduced benefits Police & Fire - None	25 th anniversary with 10 years of service, anytime with 20 years of service	None
Obligation to contribute:			
Employee	6% of earnings*	7.5% of earnings*	7.5% of earnings**
Employer	Remaining necessary to fund Plan based on City Charter and actuarial studies	Remaining necessary to fund Plan based on City Charter and actuarial studies	Remaining necessary to fund Plan based on City Charter and actuarial studies

*Includes 2% of earnings as contributed for post-employment healthcare benefits as described in Post employment HealthCare Plan.

**Includes 1% of earnings as contributed for post-employment healthcare benefits as described in Post employment HealthCare Plan.

The Plan may be discontinued or amended in any respect at any time by action of the City Council.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

The significant actuarial assumptions are as follows:

	<u>Employees' Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Valuation date	7/1/06	7/1/06	7/1/06
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Dollar, Closed	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	16 years	25 years	25 years
Asset valuation method	5 year smoothed market	20% annual phase-in	5 year smoothed market
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases	5.25	3.00-5.25	3.00-5.25

The City's annual pension cost and net pension obligation (asset) for the year ended June 30, 2007 were as follows:

	<u>Employees' Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual Required Contribution (ARC)	\$ 185,534	3,601,188	2,605,081
Interest on Net Pension Obligation (Asset)	(27,640)	1,077,718	1,056,677
Adjustment To ARC	<u>38,870</u>	<u>(1,232,105)</u>	<u>(1,208,049)</u>
Annual Pension Cost	\$ 196,764	3,446,801	2,453,709
Contributions Made	<u>195,258</u>	<u>3,611,172</u>	<u>2,615,076</u>
Increase (Decrease) In Net			
Pension Obligation (Asset)	\$ 1,236	(164,371)	(161,367)
Net Pension Obligation (Asset)			
Beginning of Year	<u>(345,505)</u>	<u>13,471,480</u>	<u>13,208,462</u>
Net Pension Obligation (Asset)			
End of Year	<u>\$ (344,269)</u>	<u>13,307,109</u>	<u>13,047,095</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2007

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Employees' Retirement			
6/30/07	196,764	99.37 %	(344,269)
6/30/06	84,984	87.90	(345,505)
6/30/05	9,335	100.40	(355,753)
Police Pension			
6/30/07	3,446,801	104.80 %	13,307,109
6/30/06	3,404,659	95.80	13,471,480
6/30/05	3,291,555	102.30	13,307,325
Firefighters' Pension			
6/30/07	2,453,709	106.60 %	13,047,095
6/30/06	2,441,757	90.36	13,208,462
6/30/05	1,787,441	106.70	12,973,025

Schedule of Employer Contributions:

Year Ended June 30,	Employees' Retirement		Police Pension		Firefighters' Pension	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2007	185,534	105.4 %	3,601,118	100.3 %	2,605,081	100.4%
2006	74,741	100.0	3,540,516	91.5	2,574,201	85.7
2005	-	N/A	3,413,205	99.0	1,906,328	100.0
2004	-	N/A	3,357,184	72.9	1,872,975	89.4
2003	-	N/A	2,489,520	98.3	1,682,036	99.6
2002	-	N/A	2,440,500	91.7	1,647,793	99.0
2001	-	N/A	2,046,300	62.5	1,494,200	64.0
2000	-	N/A	3,951,500	0	3,334,200	0

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Schedule of Funding Progress:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>- Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL As A</u> <u>Percentage</u> <u>Of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
Employees' Retirement						
6/30/06	\$ 28,680,666	114,597,050	(14,083,616)	112.29 %	30,170,844	(46.68) %
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	122,127,232	103,416,190	(18,711,042)	118.09	27,345,499	(68.42)
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	118,086,359	95,327,362	(22,758,997)	123.87	23,977,682	(94.92)
Police Pension						
6/30/06	\$ 53,745,820	79,947,211	26,201,391	67.23	5,940,009	441.10
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	48,752,364	72,823,660	24,071,296	66.95	7,039,682	341.94
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	46,554,515	70,304,895	23,750,380	66.22	6,771,911	350.72
Firefighters' Pension						
6/30/06	\$ 46,026,189	65,036,368	19,010,179	70.77 %	4,971,096	382.41
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	43,396,288	64,094,542	20,698,254	67.71	5,134,902	403.09
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	46,554,515	61,095,615	12,616,328	79.35	5,147,294	245.11

Teachers' Retirement System

Teachers with the City's school system participate in a retirement plan administered by the Connecticut State Teacher's Retirement Board.

Covered Employees

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Vesting Requirements

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

Pension Contribution Requirements/Amounts by State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in CGS Sections 10-183l and 10-183z. For the fiscal year ended June 30, 2007, \$3,516,163 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2007 did not contain information which would show the development of the State's actuarial cost by local school district. The State's estimated total payroll was \$3,281,061,109. The State's appropriation represented 12.56% of the estimated total payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b(7). For the 2006-2007 school year, 7.25% mandatory contributions were deducted from the salaries of teachers who were participants in the plan during the school year. The estimated covered payroll for the City was \$46,882,177.

For the year ended June 30 2007, the following information is applicable to the City:

Total Number of Teachers Participants	<u>685</u>
Participant Contributions	<u>\$ 3,516,163</u>
On-Behalf State Payments	<u>\$ 5,880,401</u>

Other Post-employment benefits

The City provides post-employment health benefits for city, police and fire department retirees. These benefits are provided per a stipulated judgment entered into on June 1, 1982. The judgment requires the City to pay to the retiree the cost of insurance premiums on behalf of each retired policeman and fireman and their respective dependents, in an amount equal to one half (1/2) of the total premium attributed to each active policeman and fireman and their respective dependents.

For fiscal year 2007, the payments aggregated approximately \$1.3. The approximate number of participants eligible to receive these benefits was 515.

The City also provides benefits to certain retired members and their families of the police and fire department for claims resulting from hypertension and heart disease, as required by provisions of the Connecticut General Statutes. Approximately 20 retirees and their families are currently receiving benefits under this provision and expenditures are recognized and funded on a pay as you go basis. Benefits paid in the year ended June 30, 2007 approximated \$646,480.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 11 - Fund Deficits and Restrictions to Net Assets

Fund Deficits

The City has the following Fund Deficits at June 30, 2007 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>June 30, 2007</u>	<u>Fund Deficit</u> <u>Plan for Eliminating Deficit</u>
Community development block grant	\$ 57,053	Future federal grants receipts
Women, infant and children	9,117	Future federal grants receipts
Paddock Ave. rental	11,015	Future rent payments
Dog Fund	6,858	Future collections
Railroad right of way	10,330	Future federal grants receipts
Americorps	15,512	Refund of payroll taxes
Summer youth initiative	1,468	Future federal grants receipts
School readiness program	19,993	Future federal grants receipts
Capital and nonrecurring	77,050	Future federal grants receipts
Bonded projects	12,012,560	Future G.O. Bond Issuance
Workers Compensation	2,850,383	Future Contributions

Restricted Net Assets

In fiscal year ended June 30, 2007, the City Council enacted enabling legislation to restrict \$1,875,000 for future debt payments. In accordance with GASB Statement 46, *Net Assets Restricted by Enabling Legislation*, this amount is presented in the government-wide financial statements as restricted net assets

The assets were restricted for the following:

<u>Land Acquisition</u>				
	<u>Flood Control</u>	<u>Economic Development and Open Space</u>	<u>NRG Contract</u>	<u>Total</u>
Balance on July 1, 2006	\$ 703,000	1,081,411	2,916,590	4,701,001
Expenses	(228,733)	(21,843)		(250,576)
Additions		126,951		126,951
Balance on June 30, 2007	<u>\$ 474,267</u>	<u>1,081,519</u>	<u>2,916,590</u>	<u>4,621,062</u>

The current legislative action provides for no additional increase to fund Flood Control purposes and 1/5 of each annual operating budget surplus shall be designated to fund property acquisitions for the economic development and open space purposes.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2007

Note 12 - Subsequent Events

Bond Anticipation Note

On August 3, 2007, the City issued a bond anticipation note in the amount of \$22,356,000. The note will be due August 1, 2008 with a stated interest of 4.25% with a yield of 3.7%. The purpose of the note was to pay the bond anticipation note issued August 4, 2006 and to provide interim funding for several capital projects.

Construction Contracts

Subsequent to June 30, 2007, the City was accepting bids for a project that includes the modification to the 11.6 mgd water pollution control facility. Work includes an upgrade to the plant for biological nitrogen removal, upgrades to the solids processing train, conservation to disinfection with sodium hypochlorite, odor control improvements and other miscellaneous upgrades. The estimated cost of the projects is approximately 40 million dollars and is expected to begin in the fiscal year ended June 30, 2008.

Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2007 that have effective dates that may impact future financial presentations and have not been implemented as of June 30, 2007.

The following statement may have a significant impact on the financial statements depending upon the results of an actuarial study to be undertaken before the effective date.

GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, issued June 2004, will be effective for the City beginning with its fiscal year ending June 2009. This statement establishes standards for the measurement, recognition, and display of other post employment benefit expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

Appendix B

Form of Legal Opinion of Bond Counsel

(This page intentionally left blank)

ROBINSON & COLE_{LLP}

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

City of Meriden
Meriden,
Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Meriden, Connecticut (the "City") a Tax Regulatory Agreement of the City dated August 1, 2008 (the "Tax Regulatory Agreement") and other proofs submitted to us relative to the issuance and sale of \$33,050,000 City of Meriden, Connecticut General Obligation Bonds, Issue of 2008, dated August 1, 2008 (the "Bonds"), maturing on August 1 in each of the years in the principal amounts and bearing interest payable on February 1, 2009 and semiannually thereafter on August 1 and February 1 in each year until maturity, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2009	\$ 1,655,000	%
2010	1,655,000	
2011	1,655,000	
2012	1,655,000	
2013	1,655,000	
2014	1,655,000	
2015	1,655,000	
2016	1,655,000	
2017	1,655,000	
2018	1,655,000	
2019	1,650,000	
2020	1,650,000	
2021	1,650,000	
2022	1,650,000	
2023	1,650,000	
2024	1,650,000	
2025	1,650,000	
2026	1,650,000	
2027	1,650,000	
2028	1,650,000	

with principal payable at the principal office of U.S. Bank National Association, Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the City kept for such purpose.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and statutes of the State of Connecticut and that the Bonds are a valid and binding general obligation of the City of Meriden the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the City.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds remain excluded from gross income for federal income tax purposes. The City has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest in the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations,

statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights generally and by application of equitable principles, whether considered at law or in equity.

Respectfully yours,

(This page intentionally left blank)

Appendix C

Form of Continuing Disclosure Agreement

(This page intentionally left blank)

CONTINUING DISCLOSURE AGREEMENT

By The CITY OF MERIDEN, CONNECTICUT

Dated As Of August 1, 2008

In Connection With The Issuance And Sale Of

\$33,050,000 City Of Meriden, Connecticut

General Obligation Bonds, Issue of 2008, Dated August 1, 2008

WHEREAS, the City of Meriden, Connecticut (the "Issuer") has heretofore authorized the issuance of \$33,050,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2008, (the "Bonds") to be dated August 1, 2008 and to mature in the principal amounts and on the dates set forth in the Issuer's final Official Statement dated July 24, 2008 describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer has offered the Bonds for sale through competitive bid pursuant to its Notice of Sale dated July 18, 2008 (the "Notice of Sale"); and

WHEREAS, in the Notice of Sale the Issuer has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Section 3-20e of the Connecticut General Statutes to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

"NRMSIR" shall mean any nationally recognized municipal securities information repository for purposes of the Rule.

"SID" shall mean any state information depository established or designated by the State of Connecticut for the purposes of the Rule. As of the date of this Agreement no SID has been so established or designated by the State of Connecticut.

Section 2. Annual Reports.

(a) The Issuer shall provide or cause to be provided to each NRMSIR and to the SID the following annual financial information and operating data regarding the Issuer:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Issuer per capita;

(G) the ratios of total direct debt and total overall net debt of the Issuer to the Issuer's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Issuer's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's [comprehensive annual financial report, including] audited financial statements. The information may be provided in whole or in part by cross-reference to other documents provided to each NRMSIR and the SID, including official statements of the Issuer which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within 60 days of receipt.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of the occurrence of any of the following events, if material:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the securities; and
- (xi) rating changes.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of any failure by the Issuer to provide the annual financial information described in Section 2(a) of this Continuing Disclosure Agreement.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) each NRMSIR or the MSRB, and (ii) the SID. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means

of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

Section 12. Miscellaneous. Any filing under this Continuing Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

CITY OF MERIDEN,
CONNECTICUT

By _____
Lawrence Kendzior
City Manager

By _____
Robert Tait
City Treasurer

(This page intentionally left blank)

Appendix D

Notice of Sale & Bid Form

(This page intentionally left blank)

NOTICE OF SALE
\$33,050,000
CITY OF MERIDEN, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2008

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF MERIDEN, CONNECTICUT** (the "City"), until 11:30 o'clock A.M. (E.D.T.) Thursday,

JULY 24, 2008

for the purchase of all, but not less than all, of \$33,050,000 City of Meriden, Connecticut General Obligation Bonds, Issue of 2008 (the "Bonds"). Sealed proposals will be received at the office of Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103. (See "Sealed Proposal Procedures"). Electronic bids must be submitted via **PARITY®** (See "Electronic Bidding Procedures").

The Bonds

The Bonds will be dated August 1, 2008, mature \$1,655,000 on August 1 in each of the years 2009-2018, both inclusive, and \$1,650,000 on August 1 in each of the years 2019-2028, both inclusive, bear interest payable on February 1, 2009 and semiannually thereafter on August 1 and February 1 in each year until maturity, as further described in the Preliminary Official Statement for the Bonds dated July 18, 2008 (the "Preliminary Official Statement").

The Bonds maturing on August 1, 2017 and thereafter are subject to redemption prior to maturity, at the election of the City, on and after August 1, 2016, at any time, in whole or in part and by lot within a maturity, in such amounts and in such order of maturity as the City may determine, at the respective prices (expressed as percentages of the principal amounts of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
From: August 1, 2016 and thereafter	100%

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

The Bonds will be general obligations of the City payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the City without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

Bank Qualification

The Bonds shall NOT be designated by the City as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of *PARITY*®. Subscription to the i-Deal LLC BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of *PARITY*® shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, *PARITY*®, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by *PARITY*® as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about *PARITY*®, including any fee charged, may be obtained from *PARITY*®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com.)

For purposes of both the sealed proposal process and the electronic bidding process, the time as maintained by *PARITY*® shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below, and in the written form of Proposal for Bonds. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and form of Proposal for Bonds.

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Bonds at the place and time indicated above. Bids must be enclosed in sealed envelopes marked "Proposal for Bonds" and addressed to Mr. Robert G. Tait, City Treasurer, City of Meriden.

Bid Specifications/Basis of Award

Each bid must be for the entire \$33,050,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

Bidders may specify that the principal amount of the Bonds specified to mature in any two or more consecutive years may, in lieu of maturing in such years, be combined to comprise one or more maturities of Bonds ("Term Bond") scheduled to mature in the latest of the combined years in each case. If the successful bidder designates principal amounts to be combined into one or more Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on August 1 of the first year which has been combined to form such Term Bond and continuing on August 1 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amounts shown on the maturity schedule on the form of Proposal for Bonds. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot among the Bonds then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the City or which have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

The successful bidder for all of the Bonds may request that the Bonds be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the

City at the time of the submission of the winning bid. The City reserves the right to decline any request to issue the Bonds in non-book-entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 1, 2008, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 1, 2008, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost to the City, computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on July 24, 2008. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

The Bonds will be certified by U.S. Bank National Association. The legality of the issue will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge. The winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Bonds is included in the gross income of the owners thereof for purposes of federal income taxation under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Bonds, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain material events with respect to the Bonds; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

Settlement of the Bonds

It shall be the responsibility of the winning bidder to certify to the City before delivery of the Bonds the prices at which a substantial amount of the Bonds of each maturity of and any Term Bonds of the Bonds were initially offered and sold to the public.

The Bonds will be available for delivery on or about August 1, 2008. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The winning bidder will be furnished 100 copies of the final Official Statement prepared for the Bonds at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder by 12:00 o'clock noon of the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other

pages, if necessary, indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned or Mr. Matthew Spoerndie, Managing Director, Phoenix Advisors LLC, 53 River Street, Milford, CT 06460, Tel. (203) 878-4945.

LAWRENCE KENDZIOR
City Manager

ROBERT G. TAIT
City Treasurer

July 18, 2008

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

July __, 2008

LAWRENCE KENDZIOR, City Manager
 ROBERT G. TAIT, City Treasurer
 City of Meriden, Connecticut
 c/o Robinson & Cole LLP
 280 Trumbull Street
 Conference Room 601
 Hartford, CT 06103

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 18, 2008, which Notice is made a part of this proposal, we offer to purchase all \$33,050,000 bonds of the City of Meriden, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$....., provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate¹</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate¹</u>
August 1, 2009	\$ 1,655,000	_____	August 1, 2019	\$ 1,650,000	_____
August 1, 2010	1,655,000	_____	August 1, 2020	1,650,000	_____
August 1, 2011	1,655,000	_____	August 1, 2021	1,650,000	_____
August 1, 2012	1,655,000	_____	August 1, 2022	1,650,000	_____
August 1, 2013	1,655,000	_____	August 1, 2023	1,650,000	_____
August 1, 2014	1,655,000	_____	August 1, 2024	1,650,000	_____
August 1, 2015	1,655,000	_____	August 1, 2025	1,650,000	_____
August 1, 2016	1,655,000	_____	August 1, 2026	1,650,000	_____
August 1, 2017	1,655,000	_____	August 1, 2027	1,650,000	_____
August 1, 2018	1,655,000	_____	August 1, 2028	1,650,000	_____

⁽¹⁾ Provide rate only for the years in which serial bonds mature.

TERM BONDS (IF ANY)

\$ _____ Term Bond maturing on August 1, ____ at ____% per annum.

\$ _____ Term Bond maturing on August 1, ____ at ____% per annum.

.....
 (Name of Bidder)

.....
 (Authorized Signature)

.....
 (Mailing Address)

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$33,050,000 bonds under the foregoing proposal:

Percent True Interest Cost %
 (Four Decimals)

(This page intentionally left blank)

Appendix E

Financial Guaranty Insurance Policy

(This page intentionally left blank)

The Insurance Policy

Assured Guaranty has made a commitment to issue the Policy relating to the Bonds, effective as of the date of issuance of such Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the Bonds, the stated maturity date thereof, or the date on which such Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Bond in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

The Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Insurer

Assured Guaranty Corp. ("Assured Guaranty") is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty's business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" by Fitch, Inc. ("Fitch") and "Aaa" by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

On July 21, 2008, Moody's issued a press release stating that it had placed the "Aaa" insurance financial strength rating of Assured Guaranty Corp. under review for possible downgrade. Moody's noted in its press release that, while the outcome of the review was uncertain, a downgrade of Assured Guaranty's insurance financial strength rating below "Aa2" was currently seen as unlikely. A copy of the press release is available at www.moodys.com

Assured Guaranty intends to cooperate with Moody's in connection with its review. Assured Guaranty cannot give any assurance as to the outcome of the review or the timing of when such review may be completed.

On July 17, 2008, Fitch issued a report to provide an update on its views with respect to the outlook for the monoline financial guaranty industry. In such report, Fitch stated that Assured Guaranty continues to maintain a "AAA" insurer financial strength rating from Fitch with a stable rating outlook.

On June 18, 2008, S&P issued a press release in which it affirmed its "AAA" financial strength and financial enhancement ratings on Assured Guaranty. In such press release, S&P stated that Assured Guaranty's outlook is stable.

Capitalization of Assured Guaranty Corp.

As of March 31, 2008, Assured Guaranty had total admitted assets of \$1,518,398,730 (unaudited), total liabilities of \$1,138,285,708 (unaudited), total surplus of \$380,113,022 (unaudited) and total statutory capital (surplus plus contingency reserves) of \$1,001,533,924 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of \$1,361,538,502 (audited), total liabilities of \$961,967,238 (audited), total surplus of \$399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of \$982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the Securities and Exchange Commission (the "SEC") on February 29, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008); and
- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading "Bond Insurance - The Insurer" shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at <http://www.sec.gov> and at AGL's web site at <http://www.assuredguaranty.com>, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "Bond Insurance."

(This page intentionally left blank)

Financial Guaranty Insurance Policy

Issuer:

Policy No.:

Obligations:

Premium:

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("Assured Guaranty"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "Trustee") or the paying agent (the "Paying Agent") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Avoided Payment" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "Business Day" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "Due for Payment" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "Holder" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "Insured Payments" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "Nonpayment" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "Receipt" or "Received" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "Term" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "Fiscal Agent") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By: _____
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

Counsel