

**CITY OF MERIDEN
CONNECTICUT**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2010

CITY OF MERIDEN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL
REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Department of Finance

Michael Lupkas, CPFO
Director of Finance

Introductory Section

CITY OF MERIDEN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

Introductory Section		Page
	Table of Contents	i-ii
	Letter of Transmittal	iii-xi
	GFOA Certificate of Achievement	xii
	Organizational Chart	xiii
	List of Principal Officials	xiv
Exhibit	Financial Section	
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-15
	<u>Basic Financial Statements</u>	
	<u>Government-Wide Financial Statements</u>	
I	Statement of Net Assets	16
II	Statement of Activities	17
	<u>Fund Financial Statements</u>	
III	Balance Sheet - Governmental Funds	18-19
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
V	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	22
VI	Statement of Net Assets - Proprietary Funds	23
VII	Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	24
VIII	Statement of Cash Flows - Proprietary Funds	25
IX	Statement of Fiduciary Net Assets - Fiduciary Funds	26
X	Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	27
	Notes to the Financial Statements	28-62
	<u>Supplemental, Combining and Individual Fund Statements and Schedules</u>	
	<u>General Fund</u>	
A	Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Non-GAAP Budgetary Basis	63-65
	<u>Nonmajor Governmental Funds</u>	
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	66-70
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	71-75

Exhibit	Financial Section (Continued)	Page
C-1	Combining Statement of Net Assets - Internal Service Funds	76
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	77
C-3	Combining Statement of Cash Flows - Internal Service Funds	78
<u>Fiduciary Funds</u>		
D	Statement of Changes in Assets and Liabilities - Agency Funds	79-80
<u>Other Schedules</u>		
E	Property Taxes Levied, Collected and Outstanding	81
F-1	Collections of Use Charges - Sewer Authority	82
F-2	Collections of Use Charges - Water Authority	83
G-1	Revenues and Expenses - Budget and Actual, Budgetary Basis - Sewer Authority	84
G-2	Revenues and Expenses - Budget and Actual, Budgetary Basis - Water Authority	85
G-3	Revenues and Expenses - Budget and Actual, Budgetary Basis - George Hunter Memorial Golf Course	86

Table	Statistical Section	
Financial Trends:		
1	Net Assets by Component	87
2	Changes in Net Assets	88
3	Fund Balances - Governmental Funds	89
4	Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	90
Revenue Capacity:		
5	Assessed Value and Estimated Actual Value of Taxable Property	91
6	Direct and Overlapping Property Tax Rates	92
7	Principal Property Taxpayers	93
8	Property Tax Levies and Collections	94
Debt Capacity:		
9	Ratios of Outstanding Debt by Type	95
10	Ratios of General Bonded Debt Outstanding	96
11	Schedule of Debt Limitation	97
12	Legal Debt Margin Information	98
Demographic and Economic Statistics:		
13	Demographic and Economic Statistics	99
14	Principal Employers	100
Operating Information:		
15	Full-Time Equivalent Government Employees by Function/Program	101
16	Operating Indicators by Function/Type	102
17	Capital Asset Statistics by Function/Program	103



FINANCE DEPARTMENT
ROOM 212 CITY HALL
142 EAST MAIN STREET
MERIDEN, CONNECTICUT 06450-8022

November 27, 2010

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Meriden:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

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

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified opinion of the City of Meriden's financial statements for the year ended June 30, 2010. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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 an estimated 59,186 in 2009, an increase of 942 people since 2000. Meriden is located midway between the cities of Hartford and New Haven within New Haven County at the crossroads of Interstate 91, Interstate 691, State Rt.15 (Wilbur Cross Parkway) and U.S. Rt. 5. Interstate 691 links Interstate 91 and Interstate 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 citizens elect the City Council and Mayor. The City Council appoints the City Manager.

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 of the approval of the City Council and serves at the pleasure of the City Council. The Director is the fiscal officer of the City and is responsible for the operation and supervision of the Department of Finance.

ECONOMIC CONDITIONS AND DEVELOPMENT

Meriden's development points to a stable economy. The annual growth rate for commercial/industrial development is 90,500 square feet. This is the growth rate of land use approvals in the last three fiscal years, July 2007 through June 2010 (see matrix "Development Projects Approved").

The Planning Commission approved projects which, when constructed, will add:

- 271,500 sq. ft. to the commercial/industrial base;
- 71,300 sq. ft. to the institutional base;
- 51 units to the housing stock.

There has been a slowing of growth in all sectors (commercial/industrial and residential) over the last several years. The numbers listed above demonstrate greater recent expansion of the commercial/industrial base than the residential base. The development activity is charted below per type and status:

DEVELOPMENT PROJECTS APPROVED

Type of Use	Approved by Planning	Occupied	Under Construction	Anticipated Construction
Office Light Indus.	171,900 sq.ft.	151,100 sq. ft.	5,700 sq. ft.	15,100 sq. ft.
Industrial	30,000 sq.ft.	9,400 sq. ft.		20,600 sq. ft.
Commercial Retail	69,600 sq.ft.	54,400 sq. ft.	8,900 sq. ft.	6,300 sq. ft.
TOTAL COMMERCIAL	271,500 sq.ft.	214,900 sq. ft.	14,600 sq. ft.	42,000 sq. ft.
Multi-Family Residential	23 units	3 units	4 units	8 units
Single Family Residential	28 lots	3 lots		24 lots
TOTAL RESIDENTIAL	51 units	6 units		32 units
TOTAL INSTITUTIONAL	71,300 sq. ft.	55,500 sq. ft.	15,200 sq. ft.	600 sq. ft.

An encouraging aspect of this project development activity continues to be the high percentage of the commercial approvals that are either completed or under construction:

- 88% (300,200 sq. ft.) of the total non-residential development square footage (342,800 sq. ft.) approved in this period by the Planning Commission has already been built or is under construction.

The City is experiencing the effects of the national and state downturn in construction during the 2008-2010 recession. There have been two consecutive years of reduced overall development from the previous year, particularly a continued decrease in residential units approved and constructed in the last two years.

The slow residential growth rate in recent years has halted additional service costs related to new residential and has contributed directly to ending the increase in municipal spending experienced prior to this recent period.

COMPREHENSIVE PLANNING

The City has recently completed the most important planning process a community faces, that is the preparation of the Plan of Conservation & Development (a.k.a. “Master Plan” or “Plan of Development”). In March of 2009, the Planning Commission approved a new City Plan of Conservation & Development. Said Plan was also strongly endorsed by the City Council. The Plan addressed the following aspects of City function:

1. Land Use
2. Economic Development
3. Open Space
4. Housing
5. Infrastructure
6. Quality of Life, etc.

The Plan includes the following vision statement as the guiding objective of the Plan:

“There will be a diversity of cultures in Meriden’s slowly growing population; a learning, working citizenry that shop and convene together in places like an expanded and rejuvenated downtown, where residents and employees can enjoy a pleasing stroll between the historic downtown and the new City Center, and visitors to the mall can continue to the downtown and Hubbard Park for seasonal activities and festivals. There will be a balanced range of housing with a prideful majority of homeownership including a larger segment of higher value single detached homes. Condominiums and apartments will be located near convenient services; their overall quality will be improved as declining structures are renovated or removed. The City will be fiscally stable as neighborhoods and developed areas like Research Parkway retain their value and new development adequately contributes to quality services and infrastructure.”

The study process involved a determined and thorough effort to acquire public input including the Steering Committee’s presentation and receipt of input at civic groups (i.e., Chamber of Commerce and neighborhood groups). Also, the City employed the nationally recognized pollsters “Center for Public Research” to conduct a statistically true public survey on land use issues. The Committee conducted numerous Public Forums which were well attended and provided for active citizen participation.

The plan includes specific actions to promote the objectives, including targeted investments, regulatory changes and economic development.

In accordance with the Plan of Conservation & Development, in the Summer of 2010, the City Council approved Interstate Development District zoning. This modern mixed use design district has the potential to add hundreds of thousands of square feet of commercial retail, office, hotel, and recreation space, integrated with hundreds of new upscale condominium or multifamily units in a pedestrian friendly development.

The City Council also approved zoning updates to promote higher quality residential lot development. The City’s comprehensive planning implementation efforts continued to be concentrated in the areas of Neighborhood Planning, Environmental Planning and Economic Development consistent with the Plan of Conservation & Development.

A. NEIGHBORHOOD PLANNING:

The City continued its efforts to ensure the preservation and the improvement of the quality of life in our distinct and historical neighborhoods.

The preservation effort is primarily addressed through the Neighborhood Code Enforcement Walk. This program includes six inner core neighborhoods covering 525 acres and 20 miles of street. Since the 1994 inception of this award-winning program through fiscal year 2010, over 4,500 code violations were cited on approximately 2,100 properties. As of 2010, after ten (10) rounds, well over 95% of these violations have been corrected and the properties brought into compliance. Code violations include building, zoning, housing and health infractions. More specifically, the major issues addressed are painting, drainage, overgrown grass, garbage and debris, abandoned vehicles, illegal apartments, etc.

In order to build upon the Code Enforcement and to address quality of life and aesthetic issues in our neighborhoods, in 2004, the City Council adopted an “AntiBlight Ordinance.” This ordinance attacks poorly maintained and dilapidated properties. It also addresses properties that are not covered by the safety codes. The AntiBlight Ordinance covers not only buildings; it addresses unoccupied structures and commercial properties. In the five years the ordinance has been enforced, the City has identified code violations on 94 properties. To date, 708 infractions have been brought into compliance. Since 2009 the compliance ratio was substantially increased.

In 2009, the City also began a Neighborhood Stabilization Program wherein seven vacant bank foreclosed properties have been purchased for rehabilitation and sale to income qualified homebuyers. In fiscal year 2010, three units were rehabilitated and sold to new homeowners. Other work is ongoing. Currently, the City is also pursuing regulatory updates to promote higher quality neighborhood development and redevelopment.

B. ENVIRONMENTAL PLANNING

The top priority of all City projects is the Harbor Brook Flood Control project. This critical flood control project will protect most of the City through retention, improvement and creation of floodway, removal of obstructions and redirecting portions of the brook. The City has already improved some bridges and culverts in the last couple years, and has plans for remaining necessary work.

Also, the City has recently completed a nature walk/bike trail project, the Meriden Quinnipiac Trail in South Meriden, considered one of the best riparian environment based trails in the state. The City also completed the engineering for the next trail phase which will traverse from the Quinnipiac Trail toward the Central Business District (“CBD”). Said trail will eventually extend to the northeast corner of the City. This is a regional project that will connect with an existing bikeway in Cheshire and a proposed bikeway in Wallingford. This project will run parallel to the Harbor Brook Flood Control project.

Phase II of Meriden's Linear Trail system, an approximate one mile extension, is expected to start constructed in 2011. This project will provide pedestrian and bicycle access to Platt High School. The City is also seeking funding for Phase III. The Linear Trail is planned to traverse to the Central Business District (“CBD”) and other parts of the City. The Trail will run parallel to the Harbor Brook Flood Control project. This is a regional project that will connect with an existing bikeway in Cheshire and a proposed bikeway in Wallingford. This project will run parallel to the Harbor Brook Flood Control project.

The Conservation Commission, the Inland Wetlands and Watercourse Commission and Planning staff are active in preserving environmentally sensitive land throughout the City. In the Fall of 2009, a state sponsored Environment Review Team studied a large undeveloped property owned by the City, commonly known as Cathole Mountain. This property is known to include environmental resources and is adjacent to a nationally recognized trail. A report with recommendations regarding areas important to preserve was provided to the City. In the Summer of 2010, Planning staff proposed that the City Council designate 71 additional acres of permanent Open Space. Final inspection and delineation of one area is needed for the final designation of Open Space.

A major environmental protection is the Ridge Top Protection Ordinance. This is a Zoning Regulation with the stated purpose being “to restrict development on the major ridge lines of the City.” The adoption of this ordinance, the first in the State, is evidence of the City’s commitment to protect our natural resources. In recognition the City’s “outstanding” efforts in the development, maintenance and protection of trail systems, the Connecticut Forest and Park Association designed the City as a “Connecticut Trail Town.”

The City continues to monitor and preserve the City’s tree inventory through the effort of the Tree Warden. Also, the Inland Wetlands and Watercourse Commission and staff continue to oversee and limit development of the City’s wetland areas.

The City has continued to make progress with environmental clean-up of two (2) important, centrally located sites:

1. Factory “H” - which is located on Cook Avenue at the southerly entrance to the CBD. The City purchased two adjacent connected properties during 2009-2010 which will facilitate demolition of the obsolete building. The clean-up of this vacant “dirty factory” and adjacent properties will present many development opportunities.
2. Downtown HUB - The City has a concept plan for developing an urban center park that provides further development potential. The site is across from the train center. A grant funded Transit Center study is beginning in the Fall of 2010.

The new Plan of Conservation and Development includes an open space and recreation component and recommendations regarding environmentally sensitive lands. It can be a major tool in the City’s preservation and balanced development efforts. For instance, the Plan recommends preserving one half of a large 289 acre parcel that the City recently acquired; specific areas are being delineated.

C. 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 information technology companies. Information technology 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. Six 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. In 2006 the city received a \$200,000 EPA grant to remediate the vacant HUB site downtown. Over the past 3 years, the U.S. Environmental Protection Agency has given the City a total of \$2.7 million to help redevelop Brownfield sites in Meriden. In May 2007, the City was awarded \$600,000 in EPA grants for environmental testing and for cleanup of the abandoned Factory H site on Cooper and Butler Streets. In January 2008, EPA's Hazards Removal Division removed hazardous asbestos materials from the Factory H site at a cost of \$1.5 million. In October 2010, the City was approved for a \$1.5 million Section 108 loan from HUD. The funds will be used to demolish the abandoned structures on the Factory H site. The loan will be repaid from the City's future stream of CDBG grants. The U.S. Environmental Protection Agency has invested \$2.5 million for testing and clean-up. Reuse plans call for the creation of a mixed-use development that includes the rehabilitation of an adjacent 70,000 sq ft vacant medical office building purchased by the City in 2009.

In late 2009, the City was awarded \$600,000 from the State of Connecticut for HUB site cleanup and transportation improvement and reuse planning efforts. These grants and EPA funds support the City's efforts in making available more land for commercial development.

In October 2010, the U.S. Department of Housing and Urban Development (HUD) approved a \$1 million grant for downtown property acquisitions required to site the City's new intermodal transportation center. The grant will also develop a Transit Oriented Development (TOD) zone plan. The station will serve the planned New Haven to Springfield commuter rail service. CT DECD applied for the grant on Meriden's behalf for TOD development.

The City is continuing to position itself to begin major downtown redevelopment. The City owns a vacant 14 acre site adjacent to its Amtrak train station. The Station is slated to be the only full service stop on the upcoming commuter rail service between New Haven and Hartford. The City also purchased another large site on the west side of downtown, which is zoned and planned for commercial and high density residential use.

Beyond the downtown, the Plan of Conservation and Development identified four large undeveloped/underdeveloped sites, three adjacent to interstate highways, for mid to long term economic development, and efforts are ongoing to promote this.

Meriden is in its tenth 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 www.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 is included within the South Central CT's Regional Comprehensive Economic Development Strategy Plan (CEDS) which was approved by the U.S. Economic Development Administration (EDA) in 2000. This Plan allows the City to apply for funding from EDA for economic development projects.

COMMUNITY DEVELOPMENT PROGRAM

The primary function of the City's Community Development Office is the administration of the City's Community Development Block Grant (CDBG) program, which provides funds for various city departments and local non-profit agencies to operate programs benefiting low and moderate income persons. In addition, the Community Development office applies for and manages other municipal grant applications in the areas of transportation, energy, open space, economic development, brownfields and public safety. Key accomplishments of the Community Development Program office during the 2010 fiscal year included:

- Assisted 19 local non-profit agencies provide 10,999 units of social service to low and moderate income Meriden residents.
- Assisted two non-profit organizations acquire and rehabilitate seven homes that will be sold or rented to low and moderate income Meriden residents.
- Created three units of affordable housing using federal CDBG and NSP funds.
- Demolished two hazardous structures that contributed to the decline of the surrounding neighborhood.

The City of Meriden is a federal entitlement community under the Housing and Community Development Act of 1974, as amended in 1977 and 1982, and a state-designated "distressed" municipality pursuant to Section 32-9j of the Connecticut General Statutes. During fiscal year 2010, the City of Meriden received \$922,250 in US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) "entitlement" funds, which are used to promote decent housing, suitable living environment, and economic opportunities in Meriden's low and moderate income areas. Programs funded with CDBG funds include a portion of the City's code enforcement and demolition activities, as well as social services for the elderly, homeless, handicapped and at-risk youth. CDBG funds are used to support a revolving loan program that funds housing rehabilitation projects and first time homebuyer initiatives. During FY 2010, one new loan was made to a first time homebuyer in conjunction with the NSP and Meriden Housing Authority Family Self Sufficiency programs. As of June 30, 2010 there were 139 outstanding loans with a principal balance of \$2,184,287. During FY 2010 the City also received US Department of Housing and Urban Development Neighborhood Stabilization Program (NSP) funds administered by the Connecticut Department of Economic and Community Development. Grant funds were used to purchase and rehabilitate seven homes that have been foreclosed. During FY 2010, the Meriden Housing Authority used approximately \$10 million to provide affordable rental housing options to low income Meriden residents. MHA currently manages 1,364 affordable housing units that meet the Section 215 definition of affordable housing.

During FY 2010, the Community Development office managed several other state and federal grants totaling over \$8 million. Meriden received federal Recovery Act funds for Community Development, Brownfields Redevelopment, Energy Efficiency, Clean Transportation, and Police programs. The US Environmental Protection Agency and Connecticut Department of Economic and Community Development provided grants for brownfields remediation at the “HUB” and Factory H sites. The US Department of Homeland Security-Federal Emergency Management Agency, US Department of Justice and the CT Department of Emergency Management and Homeland Security provided grants for personnel and equipment costs. The Federal Aviation Authority and the Connecticut Department of Transportation provided grants for the improvement of the Meriden-Markham Airport. The Connecticut Department of Transportation also provided grants for streetscape improvements, road repair and for the purchase of clean fuel vehicles.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Meriden, Connecticut, for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. In particular, Allison Murphy, Director of Accounting, Margaret Leighton and Agnes Puzio, Accountants. I would also like to thank Corrine Eisenstein and Donna Carnot from the Board of Education business office.

This comprehensive annual financial report reflects a commitment to the citizens of Meriden, the Honorable Mayor, the City Council and all concerned readers of this report, to provide information in conformance with the highest standards of accountability.

Respectfully submitted,



Michael Lupkas, CPFO
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Meriden
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



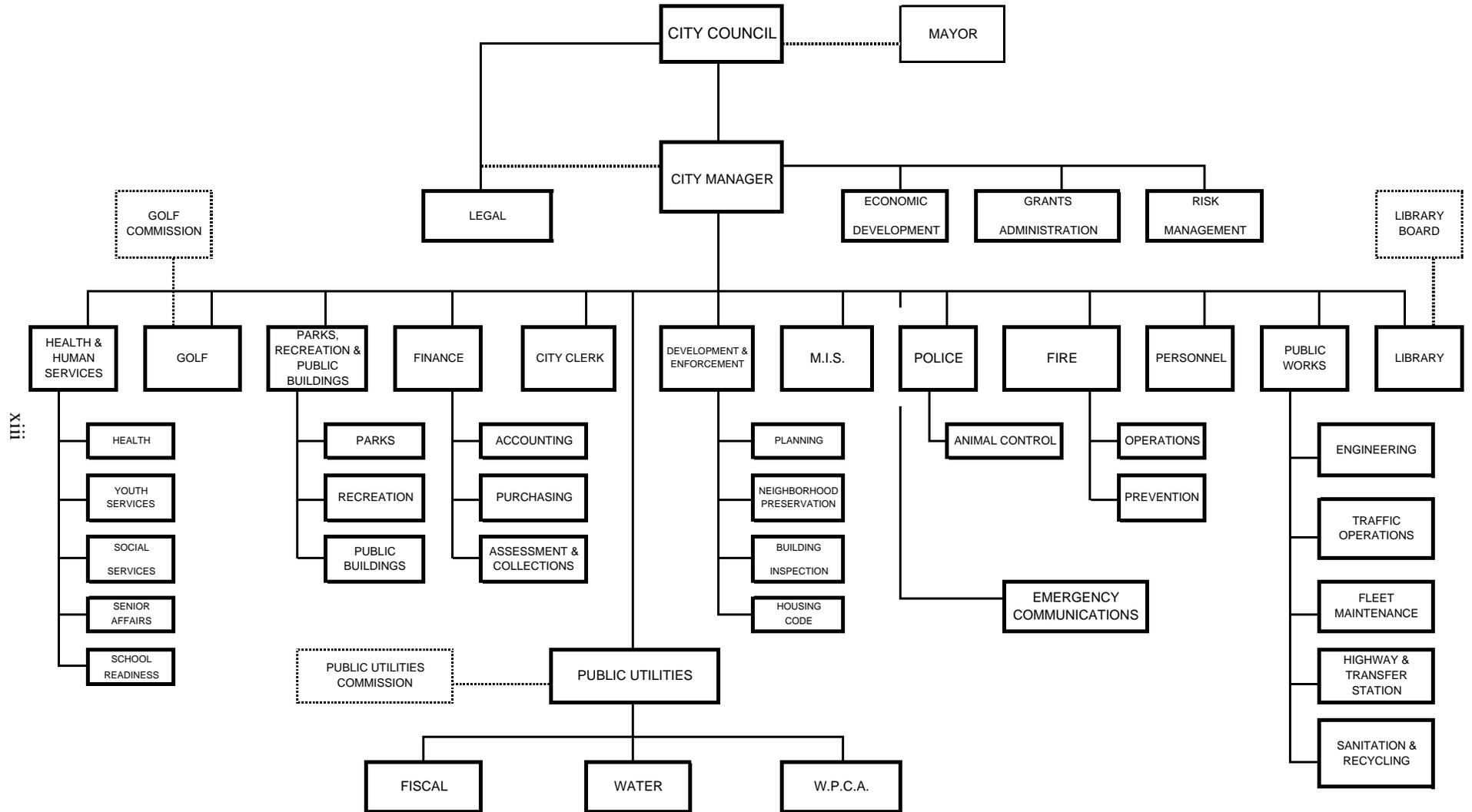
A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

CITY OF MERIDEN ORGANIZATIONAL CHART



111

CITY OF MERIDEN, CONNECTICUT

PRINCIPAL OFFICIALS
JUNE 30, 2010

MAYOR

Michael S. Rohde

CITY COUNCIL

Matthew C. Dominello, Sr., Deputy Mayor
Keith Gordon, Majority Leader
George E. McGoldrick, Deputy Majority Leader
Trevor Thorpe, Deputy Majority Leader
Walter A. Shamock, Minority Leader
Dante' J.C. Bartolomeo, City Councilor
Daniel Brunet, City Councilor
Brian P. Daniels, City Councilor
Hilda E. Santiago, City Councilor
John J. Thorp, City Councilor
Anthony D. Tomassetti, City Councilor
Bob Williams Jr., City Councilor

CITY MANAGER

Lawrence Kendzior

ADMINISTRATION

City Clerk
Director of Finance
Police Chief
Fire Chief
Corporate Counsel
Director of Economic Development
Director of Emergency Communications
Director of Health and Human Services
Director of Management Information Systems
Director of Parks, Recreation and Building Maintenance
Director of Personnel
Director of Public Works
Director of Public Utilities
Library Director
City Planner
Golf Course Facilities Manager

Irene Masse
Michael Lupkas
Jeffry Cossette
James Trainor
Deborah Moore
Marguerite Brennan
Frank Kiernan
Beth Vumbaco
Stephen Montemurro
Mark Zebora
Caroline Beitman
Robert J. Bass
David Lohman
Karen Roesler
Dominick Caruso
Thomas DeVaux

BOARD OF EDUCATION

Mark A. Hughes, President
Michael P. Cardona, Vice President
Thomas E. Bruenn, Treasurer
Robert E. Kosienski Jr., Secretary
Dr. Steven J. O'Donnell
Irene E. Parisi
Kevin M. Scarpati
John D. Lineen
Scott R. Hozebin

BOARD OF EDUCATION ADMINISTRATION

Dr. Mark Benigni, Superintendent of Schools
Robert Angeli, Associate Superintendent for Instruction
Michael Grove, Assistant Superintendent, Finance and Administration

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Meriden, Connecticut

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, 2010, which collectively comprise the City of Meriden, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund 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 November 27, 2010 on our consideration of the City of Meriden, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

November 27, 2010

City of Meriden, Connecticut
Management's Discussion and Analysis
June 30, 2010

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, 2010. 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 \$165.4 million. Total net assets for Governmental Activities at fiscal year-end were \$62.8 million and total net assets for Business-Type Activities were \$102.6 million.
- ◆ On a government-wide basis, during the year, the City's net assets decreased by \$4.1 million or 2.4%, from \$169.5 million to \$165.4 million. Net assets decreased by \$3.5 million for Governmental Activities and decreased by \$.6 million for Business-Type Activities. Governmental activities expenses were \$213.1 million, while revenues were \$209.6 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 \$14.0 million, a decrease of \$6.7 million from the prior fiscal year (Exhibit IV).
- ◆ At the end of the current fiscal year, the total fund balance for the General Fund was \$14.3 million, an increase of \$.05 million from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2010, \$13.3 million represents unreserved General Fund fund balance. Unreserved General Fund fund balance at year-end represents 7.92% of total general fund expenditures (\$167.9 million), an increase of .91% from the prior year.

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 George Hunter Memorial 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 Exhibits I and II 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 42 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, Education Grants Fund and the Bonded Projects Fund, all of which are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation as nonmajor governmental funds.

Individual fund data for each of these nonmajor governmental funds is provided in the combining balance sheet on Exhibit B-1 and in the combining statement of revenues, expenditures and changes in fund balance on Exhibit B-2.

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 V.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on Exhibits III and IV 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 nonmajor 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 City of Meriden adopts annual appropriated budgets for its Proprietary Funds. A budgetary comparison statement has been provided for the proprietary funds to demonstrate compliance with the authorized budget. The proprietary fund financial statements can be found on Exhibits VI - VIII 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, one post retirement benefit trust fund, five agency funds and one private purpose fund. 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 IX and X 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 28-62 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 on pages 55-56 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 \$165.4 million on June 30, 2010. Governmental activities assets exceeded liabilities by \$62.8 million. Business-type activities assets exceeded liabilities by \$102.6 million.

City of Meriden, Connecticut Statement of Net Assets (\$000s) Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 55,316	\$ 61,195	\$ 20,252	\$ 24,728	\$ 75,568	\$ 85,923
Capital assets, net of accumulated depreciation	183,152	183,909	136,200	128,318	319,352	312,227
Total assets	<u>238,468</u>	<u>245,104</u>	<u>156,452</u>	<u>153,046</u>	<u>394,920</u>	<u>398,150</u>
Current liabilities	33,960	35,577	3,033	5,120	36,993	40,697
Long-term liabilities outstanding	141,706	143,226	50,821	44,773	192,527	187,999
Total liabilities	<u>175,666</u>	<u>178,803</u>	<u>53,854</u>	<u>49,893</u>	<u>229,520</u>	<u>228,696</u>
Net Assets:						
Invested in capital assets, net of related debt	113,033	104,751	91,927	90,725	204,960	195,476
Restricted	1,257	825			1,257	825
Unrestricted	<u>(51,488)</u>	<u>(39,275)</u>	<u>10,671</u>	<u>12,428</u>	<u>(40,817)</u>	<u>(26,847)</u>
Total Net Assets	\$ <u>62,802</u>	\$ <u>66,301</u>	\$ <u>102,598</u>	\$ <u>103,153</u>	\$ <u>165,400</u>	\$ <u>169,454</u>

A portion of net assets was restricted in June 30, 2010 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.

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.

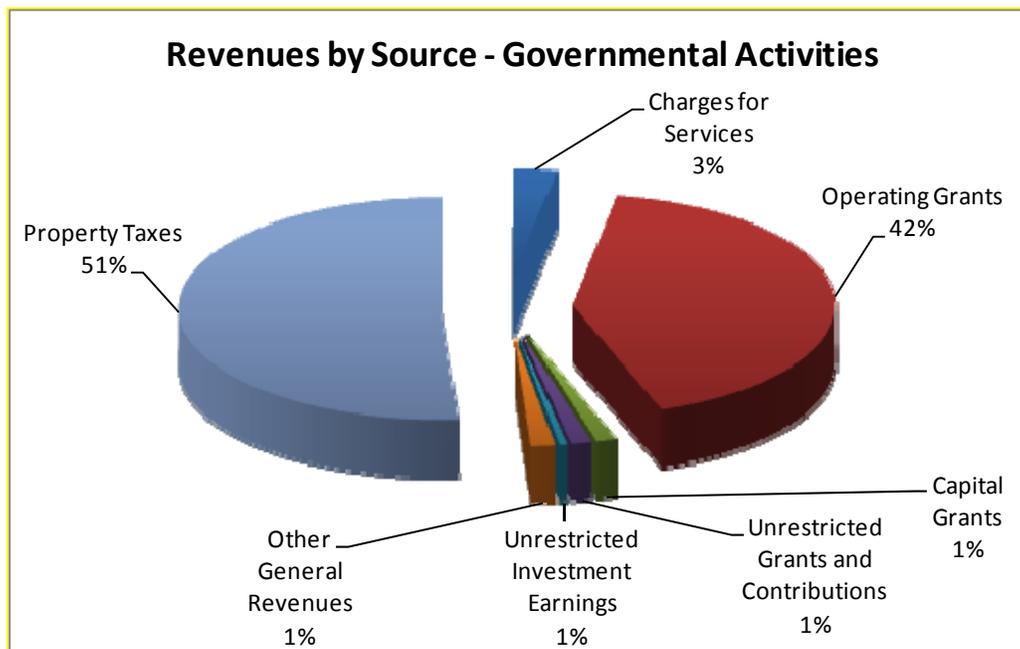
City of Meriden, Connecticut
Changes in Net Assets (\$000s)
Primary Government

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,538	\$ 6,120	\$ 15,965	\$ 14,457	\$ 21,503	\$ 20,577
Operating grants and contributions	87,388	84,594			87,388	84,594
Capital grants and contributions	2,543	3,989	2,676	7,143	5,219	11,132
General revenues:						
Property taxes	106,619	104,384			106,619	104,384
Grants not restricted to specific programs	2,720	3,425			2,720	3,425
Unrestricted investment earnings	856	693	70	121	926	814
Miscellaneous income	3,073	10,300	1,043	892	4,116	11,192
Total revenues	<u>208,737</u>	<u>213,505</u>	<u>19,754</u>	<u>22,613</u>	<u>228,491</u>	<u>236,118</u>
Expenses:						
General government	29,932	29,068			29,932	29,068
Education	132,770	133,861			132,770	133,861
Public safety	24,051	23,155			24,051	23,155
Public works	9,866	10,849			9,866	10,849
Human services	9,233	9,675			9,233	9,675
Cultural and recreation	4,414	4,472			4,414	4,472
Interest on long-term debt	2,806	3,967			2,806	3,967
Sewer Authority			7,951	8,552	7,951	8,552
Water Authority			10,546	10,628	10,546	10,628
George Hunter Golf Course			976	966	976	966
Total expenses	<u>213,072</u>	<u>215,047</u>	<u>19,473</u>	<u>20,146</u>	<u>232,545</u>	<u>235,193</u>
Income (Loss) Before Transfers	(4,335)	(1,542)	281	2,467	(4,054)	925
Transfers	<u>836</u>	<u></u>	<u>(836)</u>	<u></u>	<u>-</u>	<u>-</u>
Change in Net Assets	(3,499)	(1,542)	(555)	2,467	(4,054)	925
Net Assets at Beginning of Year	<u>66,301</u>	<u>67,843</u>	<u>103,153</u>	<u>100,686</u>	<u>169,454</u>	<u>168,529</u>
Net Assets at End of Year	<u>\$ 62,802</u>	<u>\$ 66,301</u>	<u>\$ 102,598</u>	<u>\$ 103,153</u>	<u>\$ 165,400</u>	<u>\$ 169,454</u>

The City's net assets decreased by \$4.1 million during the fiscal year, with net assets of governmental activities decreasing \$3.5 million and business-type activities decreasing by \$.6 million.

Governmental Activities

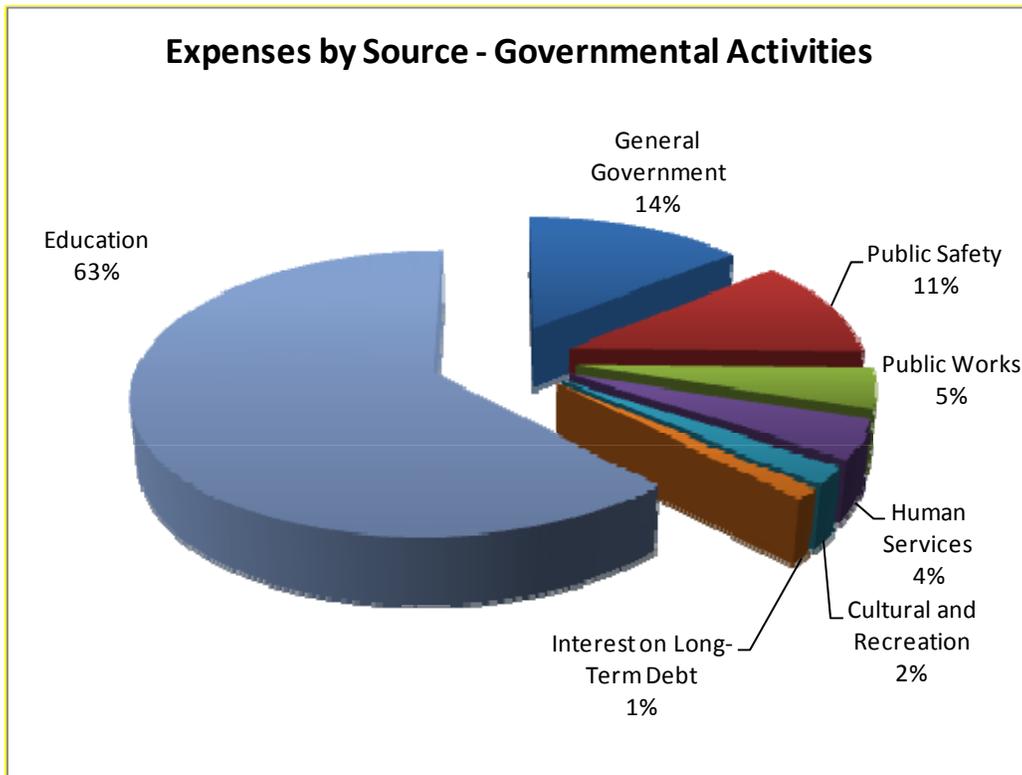
Almost 51% of the revenues were derived from property taxes, followed by 42% from State and Federal Government program revenues, then 3% from charges for services.



Major revenue factors included:

- ◆ Property tax revenues increased by \$2.2 million, for fiscal year 2010, due to an increase in the mil rate levied against taxable property, the City's tax rate increased .89 of a mil between the two years and total assessed value of all taxable property increased by .05%. Property revaluation was implemented for the calculation of property taxes for FY 2008. (Property Taxes)
- ◆ The reduction in other local revenues is due to the one-time distribution during FY09 of \$5,953,470 of accumulated reserves from the Municipal Solid Waste Management Services Contract. (Miscellaneous Income)
- ◆ An agreement in lieu of taxes with NRG Electrical Generating Plant of \$2.33 million in revenue for fiscal year 2010. This is the eighth year of the agreement. (Miscellaneous Income)

For Governmental Activities, 62.5% of the City's expenses relate to education, 14.0% to general government, 11.3% relate to public safety, 4.7% to public works, 4.3% to health and human services, 2.1% to culture and recreation and 1.3% on interest on long term debt.



Major expense factors include:

- ◆ Increases in employee wages, resulting from general wage increases, ranged from 0% to 3.35% depending on the employee group. Some employees also received negotiated step increases.
- ◆ Employee benefit costs remained flat, due to favorable health insurance costs and pension funding requirements which do not reflect the effect of the current economy.
- ◆ The cost of education services remained constant due to negotiated wage settlements, employee health insurance cost increases and special education cost increases.
- ◆ General government expenses for fiscal year 2010 increased by 3% due to increased expenses incurred by the Special Revenue Funds. Other expenses within general government remained flat between the two compared years.
- ◆ Interest on long-term debt decreased by \$1.2 million or 30% based on the existing debt schedule.

Business-Type Funds

Business-type activities decreased the City's net assets by \$555,000 due primarily to a transfer out to governmental activities.

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 \$13.3 million while total fund balance was \$14.3 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 7.92% of total General Fund expenditures (\$167.9 million), while total fund balance represents 8.52% of that same amount.

As stated earlier, the fund balance of the City of Meriden's General Fund increased by \$50,890 during the current fiscal year. This fund balance increase was attributed to the prudent review and containment of expenditure accounts. The budgeted use of \$1,000,000 of fund balance was also not necessary.

The Bonded Projects Fund has a total fund balance of (\$6,206,122), a decrease of \$6,777,573 from the prior year. This decrease can be explained by the timing of expenditures and the issuance of long-term bonds; a long-term borrowing took place in July 2010.

The Nonmajor Governmental Funds has a total fund balance of \$5,403,307, up from \$5,396,313 in the prior year. The \$71,962 increase was recognition of revenues during 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 \$41.7 million, with unrestricted net assets of \$5.9 million. The Water Fund experienced an operating loss of \$420,481.

Net assets of the Sewer fund were \$61.3 million. Unrestricted net assets were \$7.3 million. The Sewer Fund experienced an operating loss of \$1,048,862.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended expenditure budget was \$5,140. The original budget included a contingency of \$350,001 which was budgeted in the General Fund expenses to cover certain items, including unsettled labor contracts and other unanticipated expenses. The additional appropriation approved during the year is summarized below:

- ◆ The additional appropriation of \$5,140 was for General Government - General Administration - Transit. This amount accounts for additional transit expenses. This amount was also modified against the corresponding intergovernmental revenue line item.

Several departments had favorable variances in their budgets during the fiscal year. The Employee Benefits department was \$1,030,852 under budget due mainly to a favorable experience in the health insurance fund from which the department is charged. The Board of Education was under their budget by \$509,855. The Public Safety function was under their budget by \$121,021. The Public Works function was under their budget by \$53,924. During the year, actual revenues on a budgetary basis were \$169.0 million, which was under budgetary estimates by \$1,262,314. Total property tax revenues were less than budget by \$489,912. Actual investment income totaled \$447,077 which was \$512,171 below the budgeted amount; this is attributable to the continuation of national economic downturn.

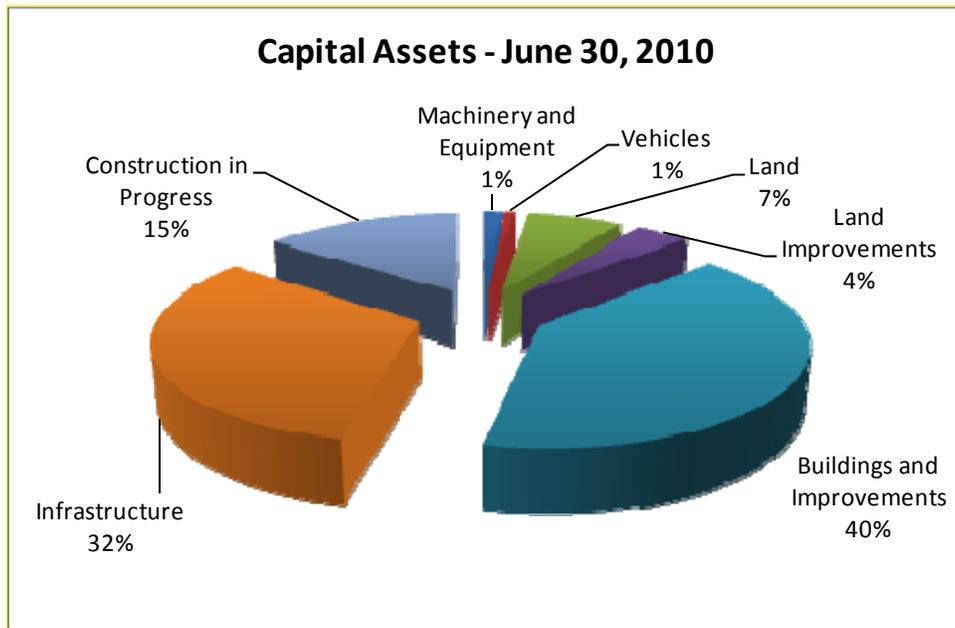
Actual revenues and other financing sources on a budgetary basis totaled \$169.0 million, exceeding actual expenditures and other financing uses on a budgetary basis by \$1,050,890.

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, 2010 amount to \$319.4 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 eighth year the City of Meriden has reported its investment in capital assets.

City of Meriden, Connecticut Capital Assets (Net of Depreciation) (\$000s) Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 21,830	\$ 21,206	\$ 920	\$ 887	\$ 22,750	\$ 22,093
Land improvements	8,517	9,153	4,517	3,391	13,034	12,544
Buildings and improvements	109,140	112,430	19,121	18,264	128,261	130,694
Infrastructure	36,196	35,712	65,608	66,932	101,804	102,644
Machinery and equipment	2,627	2,345	1,581	4,092	4,208	6,437
Vehicles	2,194	2,562	152	32	2,346	2,594
Construction in progress	2,648	501	44,301	34,720	46,949	35,221
Total	\$ 183,152	\$ 183,909	\$ 136,200	\$ 128,318	\$ 319,352	\$ 312,227



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

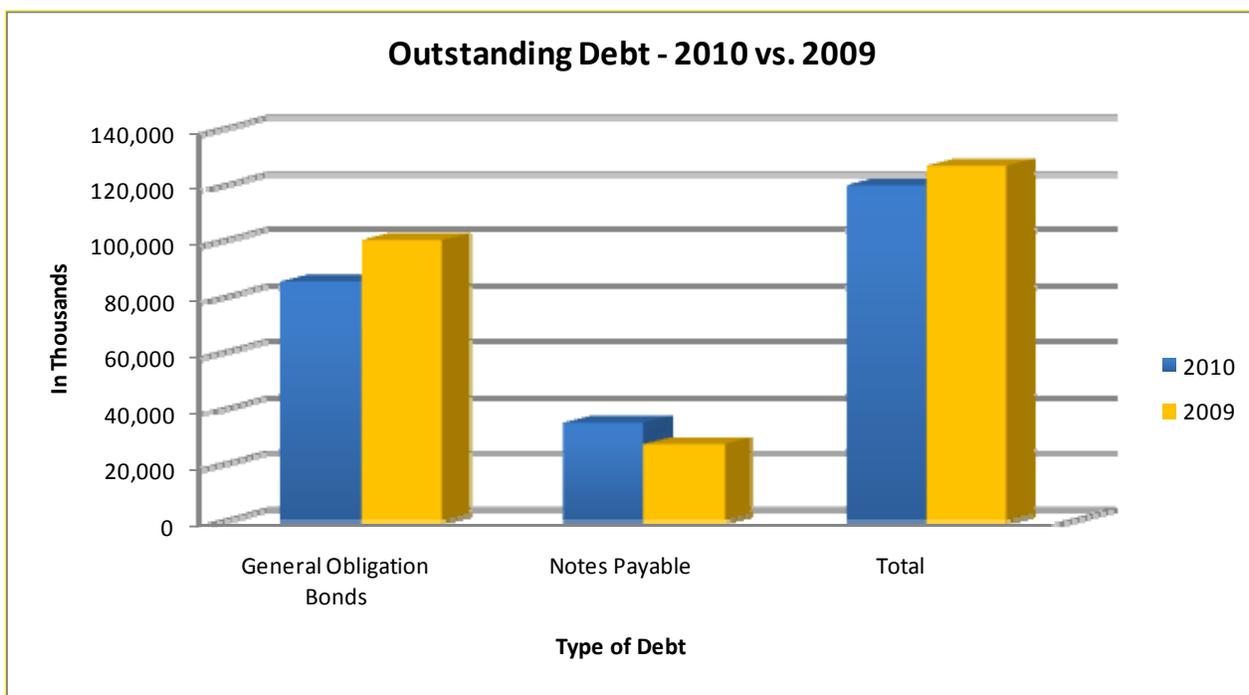
- ◆ \$8,951,945 for Construction at the Water Pollution Control Facility
- ◆ \$1,421,695 for Golf Course Irrigation System
- ◆ \$1,027,127 for Roadway Paving and Road Construction
- ◆ \$998,599 for Landfill Closure
- ◆ \$855,034 for Water Department Projects
- ◆ \$698,113 for Property Acquisition

Additional information on the City of Meriden's capital assets can be found in Note 5 on pages 42-43 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Meriden had total bonded debt outstanding of \$85.4 million. All of this debt is backed by the full faith and credit of the City.

**City of Meriden, Connecticut
Outstanding Debt (\$000s)
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 68,666	\$ 80,903	\$ 16,779	\$ 19,077	\$ 85,445	\$ 99,980
Notes payable			34,459	26,867	34,459	26,867
Total	\$ 68,666	\$ 80,903	\$ 51,238	\$ 45,944	\$ 119,904	\$ 126,847



The City of Meriden’s bonded debt decreased by \$14.5 million or 14.5% during the 2009-2010 fiscal year. During the current fiscal year the City did not issue any additional long-term bonds.

On May 4, 2010 the City issued \$38,490,000 of general obligation refunding bonds; these bonds along with premium received were placed in an irrevocable escrow account to currently refund outstanding principal amounts of \$12,220,000 from general obligation bond issue 2002, \$16,125,000 from general obligation bond issue 2004 and \$11,560,000 from general obligation bond issue 2008. These amounts are now considered defeased. This transaction resulted in a reduction of debt service payments over the next 14 years of \$1,632,666 and represents a present value savings of \$1,555,973. The majority of the savings is spread between FY2011, FY2012 and FY2013.

The City of Meriden has received an underlying rating from Standard & Poor's Inc. of AA-.

In reviewing the city's financial management; Standard & Poor's Inc. is quoted "*considers Meriden's management practices "strong" under its FMA methodology, indicating practices that are strong, well embedded, and likely sustainable.*" This is the highest level for "Financial Management Assessment".

The overall statutory debt limit for the City of Meriden is equal to seven times annual receipts from taxation or \$749,462,000. As of June 30, 2010, the City recorded long-term debt of \$68.7 million related to Governmental Activities and \$16.8 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 7 on pages 45-49 of this report.

Economic Factors (Updated through September 2010)

The City of Meriden has not been immune from the effects of the national economic downturn. As of September 2010, the unemployment rate for the Meriden Labor Market Area was 10.4%, an increase from 10.2% in the prior year. This compares with the September 2010 New Haven Labor Market rate of 9.1%. Larger cities in Connecticut have higher September 2010 unemployment rates than the City of Meriden. The City of New Haven is at 12.8% and the City of Hartford at 15.8% unemployment. In September 2010 Connecticut's overall unemployment rate stands at 9.1%, compared with 8.4% for the same time last year. The United States' September 2010 unemployment rate is 9.6% compared to 9.8% percent last year. In addition, it is forecasted that state and federal governments will continue the trend of reducing grants to municipalities.

Nevertheless, the City of Meriden is well positioned to deal with the present economic downturn. A power generating plant PILOT agreement will add in excess of \$1.8 million annually for the next three years, followed by another payment schedule for the next 20 years. 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, a Technology Zone and financing incentives for businesses relocating to or expanding in 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.

Basic Financial Statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 31,622,601	\$ 7,841,248	\$ 39,463,849
Investments	11,549,065	1,036,683	12,585,748
Receivables, net	16,182,459	6,552,092	22,734,551
Internal balances	(4,822,347)	4,822,347	-
Inventory	234,560		234,560
Other assets	224,878		224,878
Pension assets	324,550		324,550
Capital assets, nondepreciable	24,478,083	45,221,242	69,699,325
Capital assets, net of accumulated depreciation	158,673,418	90,978,331	249,651,749
Total assets	<u>238,467,267</u>	<u>156,451,943</u>	<u>394,919,210</u>
Liabilities:			
Accounts payable and accrued liabilities	17,966,002	929,779	18,895,781
Retainage payable	127,131		127,131
Due to other governments	6,187		6,187
Accrued interest	990,729		990,729
Unearned revenue	2,704,089		2,704,089
Noncurrent liabilities:			
Due within one year	12,165,905	2,103,550	14,269,455
Due in more than one year	141,705,625	50,820,778	192,526,403
Total liabilities	<u>175,665,668</u>	<u>53,854,107</u>	<u>229,519,775</u>
Net Assets:			
Invested in capital assets, net of related debt	113,032,614	91,927,014	204,959,628
Restricted for:			
Enabling legislation	825,001		825,001
Trust purposes	431,547		431,547
Unrestricted	<u>(51,487,563)</u>	<u>10,670,822</u>	<u>(40,816,741)</u>
Total Net Assets	<u>\$ 62,801,599</u>	<u>\$ 102,597,836</u>	<u>\$ 165,399,435</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 29,931,483	\$ 2,246,025	\$ 2,007,496	\$ 1,359,722	\$ (24,318,240)	\$	\$ (24,318,240)
Education	132,770,936	1,143,368	79,258,680		(52,368,888)		(52,368,888)
Public safety	24,050,759	46,500	372,711	272,032	(23,359,516)		(23,359,516)
Public works	9,865,815	1,690,559	35,470	869,597	(7,270,189)		(7,270,189)
Human services	9,232,998	378,163	5,547,042		(3,307,793)		(3,307,793)
Culture and recreation	4,414,094	33,725	166,285	41,609	(4,172,475)		(4,172,475)
Interest on long-term debt	2,805,767				(2,805,767)		(2,805,767)
Total governmental activities	<u>213,071,852</u>	<u>5,538,340</u>	<u>87,387,684</u>	<u>2,542,960</u>	<u>(117,602,868)</u>	<u>-</u>	<u>(117,602,868)</u>
Business-type activities:							
Sewer Authority	7,951,151	6,458,719		2,675,980		1,183,548	1,183,548
Water Authority	10,546,049	8,719,026				(1,827,023)	(1,827,023)
George Hunter Golf Course	975,809	786,799				(189,010)	(189,010)
Total business-type activities	<u>19,473,009</u>	<u>15,964,544</u>	<u>-</u>	<u>2,675,980</u>	<u>-</u>	<u>(832,485)</u>	<u>(832,485)</u>
Total Primary Government	<u>\$ 232,544,861</u>	<u>\$ 21,502,884</u>	<u>\$ 87,387,684</u>	<u>\$ 5,218,940</u>	<u>(117,602,868)</u>	<u>(832,485)</u>	<u>(118,435,353)</u>
General revenues:							
Property taxes					106,618,637		106,618,637
Grants and contributions not restricted to specific programs					2,720,064		2,720,064
Unrestricted investment earnings					856,427	70,466	926,893
Miscellaneous income					3,072,583	1,043,322	4,115,905
Transfers					836,212	(836,212)	-
Total general revenues					<u>114,103,923</u>	<u>277,576</u>	<u>114,381,499</u>
Change in net assets					(3,498,945)	(554,909)	(4,053,854)
Net Assets at Beginning of Year, as Restated					<u>66,300,544</u>	<u>103,152,745</u>	<u>169,453,289</u>
Net Assets at End of Year					<u>\$ 62,801,599</u>	<u>\$ 102,597,836</u>	<u>\$ 165,399,435</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Education Grants</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 16,738,624	\$ 4,672,106	\$ 1,435,229	\$ 3,900,972	\$ 26,746,931
Investments	7,180,930			1,574,807	8,755,737
Receivables, net of allowance for collections	3,634,161		1,526,958	3,603,420	8,764,539
Inventory	129,670			104,890	234,560
Due from other funds	1,470,549		1,639,481	88,260	3,198,290
Total Assets	<u>\$ 29,153,934</u>	<u>\$ 4,672,106</u>	<u>\$ 4,601,668</u>	<u>\$ 9,272,349</u>	<u>\$ 47,700,057</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 11,406,163	\$ 2,463,553	\$ 1,677,882	\$ 707,997	\$ 16,255,595
Retainage payable			127,131		127,131
Due to other governments				6,187	6,187
Due to other funds	307,740		7,130,948	559,846	7,998,534
Deferred revenue	3,137,206	1,692,837	1,871,829	2,595,012	9,296,884
Total liabilities	<u>14,851,109</u>	<u>4,156,390</u>	<u>10,807,790</u>	<u>3,869,042</u>	<u>33,684,331</u>
Fund balances:					
Reserved:					
Encumbrances	27,098		4,906,922		4,934,020
Inventory	129,670			104,890	234,560
Trust purposes				431,547	431,547
Loans receivable			1,479,829		1,479,829
Enabling legislation	825,001				825,001
Unreserved and reported in:					
General fund	13,321,056				13,321,056
Special revenue funds		515,716		3,208,874	3,724,590
Capital projects funds			(12,592,873)	266,927	(12,325,946)
Permanent funds				1,391,069	1,391,069
Total fund balances	<u>14,302,825</u>	<u>515,716</u>	<u>(6,206,122)</u>	<u>5,403,307</u>	<u>14,015,726</u>
Total Liabilities and Fund Balances	<u>\$ 29,153,934</u>	<u>\$ 4,672,106</u>	<u>\$ 4,601,668</u>	<u>\$ 9,272,349</u>	<u>\$ 47,700,057</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

Fund balances - total governmental funds (Exhibit III)	\$ 14,015,726
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 330,889,219	
Less accumulated depreciation	<u>(147,737,718)</u>	
Net capital assets		183,151,501

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

Net pension assets	324,550
Property tax receivables greater than 60 days	2,517,954
Loan receivables greater than 60 days	4,074,841
Interest and lien receivable on property taxes	7,417,919
Issuance costs on refunding	216,403

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

(65,646)

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

Bonds payable	(68,666,078)
Bond premium	(3,448,574)
Deferred amount in refunding	1,995,765
Interest payable on bonds	(990,729)
Compensated absences	(17,083,352)
Landfill post-closure monitoring	(1,136,156)
Net pension obligation	(25,454,199)
OPEB obligation	(26,318,326)
Pollution remediation	(7,000,000)
Claims and judgments	<u>(750,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 62,801,599</u>
---	----------------------

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Education Grants</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 106,582,511	\$	\$	\$	\$ 106,582,511
Federal and state government	61,269,332	20,257,273	510,037	10,613,566	92,650,208
Charges for services	3,969,834			1,568,506	5,538,340
Investment income	447,077		140,112	155,909	743,098
Other local revenues	2,819,096		226,557	435,048	3,480,701
Total revenues	<u>175,087,850</u>	<u>20,257,273</u>	<u>876,706</u>	<u>12,773,029</u>	<u>208,994,858</u>
Expenditures:					
Current:					
General government	28,071,602			1,828,327	29,899,929
Public safety	20,323,396			728,619	21,052,015
Public works	6,798,264				6,798,264
Health and welfare	2,840,372			5,391,617	8,231,989
Culture and recreation	3,845,039			134,596	3,979,635
Education	99,309,776	20,192,305		3,939,748	123,441,829
Debt service:					
Principal retirement	10,985,917				10,985,917
Interest and other charges	3,412,629				3,412,629
Capital outlay	417,852		8,066,520	417,995	8,902,367
Total expenditures	<u>176,004,847</u>	<u>20,192,305</u>	<u>8,066,520</u>	<u>12,440,902</u>	<u>216,704,574</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(916,997)</u>	<u>64,968</u>	<u>(7,189,814)</u>	<u>332,127</u>	<u>(7,709,716)</u>
Other Financing Sources (Uses):					
Refunding bonds issued	32,769,000				32,769,000
Premium on refunding bonds	3,490,123				3,490,123
Payment to refunded bond escrow agent	(36,040,113)				(36,040,113)
Transfers in	811,979		836,212	63,577	1,711,768
Transfers out	(62,875)		(423,971)	(388,710)	(875,556)
Total other financing sources (uses)	<u>968,114</u>	<u>-</u>	<u>412,241</u>	<u>(325,133)</u>	<u>1,055,222</u>
Net Change in Fund Balances	51,117	64,968	(6,777,573)	6,994	(6,654,494)
Fund Balances at Beginning of Year	<u>14,251,708</u>	<u>450,748</u>	<u>571,451</u>	<u>5,396,313</u>	<u>20,670,220</u>
Fund Balances at End of Year	<u>\$ 14,302,825</u>	<u>\$ 515,716</u>	<u>\$ (6,206,122)</u>	<u>\$ 5,403,307</u>	<u>\$ 14,015,726</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (6,654,494)
---	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	8,384,375
Depreciation expense	(8,996,100)
Loss on disposal of capital assets	(146,250)

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

Property taxes collected after 60 days	(50,936)
Loans collected after 60 days	(411,058)
Decrease in interest and liens receivable	87,062
Change in pension assets	(6,119)

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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond proceeds	(32,769,000)
Premium on bonds issued	(3,490,123)
Deferred amount in refunding	2,019,810
Issuance costs on refunding	216,403
Accrued interest	321,110
Principal payments	45,006,220
Amortization of premium and deferred amount in refunding	72,788

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.

Change in long-term compensated absences	86,966
Change in landfill post-closure monitoring	1,008,599
Change in net pension obligation	320,155
Change in OPEB obligation	(7,611,273)
Change in claims and judgments	(300,000)

The net expense of the internal service funds is reported with governmental activities.	<u>(587,080)</u>
---	------------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u><u>\$ (3,498,945)</u></u>
--	------------------------------

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest and lien fees	\$ 107,072,423	\$ 107,072,423	\$ 106,582,511	\$ (489,912)
Intergovernmental revenues	53,549,934	53,555,074	53,393,010	(162,064)
Charges for services	4,349,857	4,349,857	3,969,834	(380,023)
Investment income	959,248	959,248	447,077	(512,171)
Other revenues	2,739,033	2,739,033	2,822,536	83,503
Total revenues	<u>168,670,495</u>	<u>168,675,635</u>	<u>167,214,968</u>	<u>(1,460,667)</u>
Expenditures:				
Current:				
General government	28,279,586	28,382,477	26,716,672	1,665,805
Finance	1,699,336	1,772,945	1,772,782	163
Public safety	20,212,804	20,444,421	20,323,400	121,021
Public works	6,852,386	6,852,184	6,798,260	53,924
Health and welfare	2,850,685	2,850,685	2,840,372	10,313
Culture and recreation	3,827,525	3,855,037	3,845,039	9,998
Education	91,936,787	91,951,788	91,441,933	509,855
Debt service:				
Principal retirement	10,985,917	10,985,917	10,985,917	-
Interest and other charges	3,647,347	3,197,059	3,197,059	-
Total expenditures	<u>170,292,373</u>	<u>170,292,513</u>	<u>167,921,434</u>	<u>2,371,079</u>
Deficiency of Revenues over Expenditures	<u>(1,621,878)</u>	<u>(1,616,878)</u>	<u>(706,466)</u>	<u>910,412</u>
Other Financing Sources (Uses):				
Contribution from fund balance	1,000,000	1,000,000		(1,000,000)
Cancellation of prior year encumbrances			8,252	8,252
Transfers in	621,878	621,878	811,979	190,101
Transfers out		(5,000)	(62,875)	(57,875)
Total other financing sources (uses)	<u>1,621,878</u>	<u>1,616,878</u>	<u>757,356</u>	<u>(859,522)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	50,890	<u>\$ 50,890</u>
Fund Balance at Beginning of Year			<u>14,224,837</u>	
Fund Balance at End of Year			<u>\$ 14,275,727</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund	Total	Internal Service Funds
	Water	Sewer	George Hunter Memorial Golf Course		
Assets:					
Current assets:					
Cash and cash equivalents	\$ 3,348,515	\$ 4,474,781	\$ 17,952	\$ 7,841,248	\$ 4,875,670
Investments	519,904	516,779		1,036,683	2,793,328
Accounts receivable, net	3,466,632	3,085,460		6,552,092	
Due from other funds	6,073,919	1,057,029		7,130,948	
Other assets				-	8,475
Total current assets	<u>13,408,970</u>	<u>9,134,049</u>	<u>17,952</u>	<u>22,560,971</u>	<u>7,677,473</u>
Noncurrent assets:					
Capital assets, nondepreciable	1,205,631	43,840,661	174,950	45,221,242	
Capital assets, net of accumulated depreciation	<u>42,511,434</u>	<u>46,421,576</u>	<u>2,045,321</u>	<u>90,978,331</u>	
Total noncurrent assets	<u>43,717,065</u>	<u>90,262,237</u>	<u>2,220,271</u>	<u>136,199,573</u>	<u>-</u>
Total assets	<u>57,126,035</u>	<u>99,396,286</u>	<u>2,238,223</u>	<u>158,760,544</u>	<u>7,677,473</u>
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	403,649	492,611	33,519	929,779	125,561
Claims payable				-	3,588,382
Due to other funds			2,308,601	2,308,601	22,103
Current portion of bonds and notes payable	1,264,020	659,987	15,667	1,939,674	
Current portion of compensated absences	<u>92,478</u>	<u>38,583</u>	<u>32,815</u>	<u>163,876</u>	
Total current liabilities	<u>1,760,147</u>	<u>1,191,181</u>	<u>2,390,602</u>	<u>5,341,930</u>	<u>3,736,046</u>
Noncurrent liabilities:					
Compensated absences	955,604	270,080	131,261	1,356,945	
Bonds and notes payable, less current portion	12,533,489	36,659,172	105,667	49,298,328	
Premium on refunding bonds	550,294			550,294	
Deferred amount in refunding	(384,789)			(384,789)	
Claims incurred but not reported				-	4,007,073
Total noncurrent liabilities	<u>13,654,598</u>	<u>36,929,252</u>	<u>236,928</u>	<u>50,820,778</u>	<u>4,007,073</u>
Total liabilities	<u>15,414,745</u>	<u>38,120,433</u>	<u>2,627,530</u>	<u>56,162,708</u>	<u>7,743,119</u>
Net Assets:					
Invested in capital assets, net of related debt	35,827,970	54,000,107	2,098,937	91,927,014	
Unrestricted	<u>5,883,320</u>	<u>7,275,746</u>	<u>(2,488,244)</u>	<u>10,670,822</u>	<u>(65,646)</u>
Total Net Assets	<u>\$ 41,711,290</u>	<u>\$ 61,275,853</u>	<u>\$ (389,307)</u>	<u>\$ 102,597,836</u>	<u>\$ (65,646)</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Major Funds</u>			<u>Nonmajor</u>	<u>Activities</u>
			<u>George</u>	<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Sewer</u>	<u>Hunter</u>		
		<u>Memorial</u>		<u>Funds</u>	
		<u>Golf Course</u>			
Operating Revenues:					
Charges for services	\$ 8,719,026	\$ 6,458,719	\$ 786,799	\$ 15,964,544	\$ 24,730,092
Miscellaneous	744,933	292,392	5,997	1,043,322	175,170
Total operating revenues	<u>9,463,959</u>	<u>6,751,111</u>	<u>792,796</u>	<u>17,007,866</u>	<u>24,905,262</u>
Operating Expenses:					
Salaries and benefits	3,795,537	1,557,655	554,265	5,907,457	
Medical claims				-	24,165,451
Materials and supplies	797,449	1,226,958	204,127	2,228,534	
Utilities	1,044,053	1,068,762		2,112,815	
Administration and operation	2,094,868	647,380		2,742,248	1,397,030
Depreciation	1,640,947	1,973,584	88,170	3,702,701	
Other	511,586	1,325,634	123,770	1,960,990	43,190
Total operating expenses	<u>9,884,440</u>	<u>7,799,973</u>	<u>970,332</u>	<u>18,654,745</u>	<u>25,605,671</u>
Operating Loss	<u>(420,481)</u>	<u>(1,048,862)</u>	<u>(177,536)</u>	<u>(1,646,879)</u>	<u>(700,409)</u>
Nonoperating Revenues (Expenses):					
Interest income	31,359	39,102	5	70,466	113,329
Interest expense	(661,609)	(151,178)	(5,477)	(818,264)	
Total nonoperating revenues (expenses)	<u>(630,250)</u>	<u>(112,076)</u>	<u>(5,472)</u>	<u>(747,798)</u>	<u>113,329</u>
Loss Before Transfers and Contributions	(1,050,731)	(1,160,938)	(183,008)	(2,394,677)	(587,080)
Transfers and Contributions:					
Capital contributions		2,675,980		2,675,980	
Transfer out	(836,212)			(836,212)	
Total transfers and contributions	<u>(836,212)</u>	<u>2,675,980</u>	<u>-</u>	<u>1,839,768</u>	<u>-</u>
Change in Net Assets	(1,886,943)	1,515,042	(183,008)	(554,909)	(587,080)
Net Assets at Beginning of Year, as Restated	<u>43,598,233</u>	<u>59,760,811</u>	<u>(206,299)</u>	<u>103,152,745</u>	<u>521,434</u>
Net Assets at End of Year	<u>\$ 41,711,290</u>	<u>\$ 61,275,853</u>	<u>\$ (389,307)</u>	<u>\$ 102,597,836</u>	<u>\$ (65,646)</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Total	Activities
	Water	Sewer	George Hunter Memorial Golf Course		Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 9,299,053	\$ 6,742,777	\$ 792,796	\$ 16,834,626	\$ 24,896,787
Receipts from interfund services provided	1,171,388	47,107	1,684	1,220,179	722,672
Payments to suppliers	(4,385,890)	(5,894,572)	(353,308)	(10,633,770)	(1,344,262)
Payments to employees	(3,625,711)	(1,476,458)	(524,552)	(5,626,721)	(23,205,965)
Payments for interfund services used			1,395,001	1,395,001	22,103
Net cash provided by (used in) operating activities	<u>2,458,840</u>	<u>(581,146)</u>	<u>1,311,621</u>	<u>3,189,315</u>	<u>1,091,335</u>
Cash Flows from Noncapital Financing Activities:					
Transfers out	(836,212)			(836,212)	
Cash Flows from Capital and Related Financing Activities:					
Capital contributions		2,675,980		2,675,980	
Additions to capital assets	(873,030)	(9,480,646)	(1,421,685)	(11,775,361)	
Issuance of refunding bonds	5,229,000	425,000	67,000	5,721,000	
Premium on refunding bonds	556,924			556,924	
Deferred amount on refunding	(389,425)			(389,425)	
Issuance of clean water fund loans		7,736,567		7,736,567	
Principal payments of bonds	(6,953,572)	(977,543)	(87,665)	(8,018,780)	
Principal payments of clean water fund loans		(144,592)		(144,592)	
Interest paid on capital debt	(663,603)	(151,178)	(5,477)	(820,258)	
Net cash provided by (used in) capital and related financing activities	<u>(3,093,706)</u>	<u>83,588</u>	<u>(1,447,827)</u>	<u>(4,457,945)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Purchases of investments	(22,730)	(22,590)		(45,320)	(2,793,328)
Interest on investments	31,359	39,102	5	70,466	113,329
Net cash provided by (used in) investing activities	<u>8,629</u>	<u>16,512</u>	<u>5</u>	<u>25,146</u>	<u>(2,679,999)</u>
Net Decrease in Cash and Cash Equivalents	(1,462,449)	(481,046)	(136,201)	(2,079,696)	(1,588,664)
Cash and Cash Equivalents at Beginning of Year	<u>4,810,964</u>	<u>4,955,827</u>	<u>154,153</u>	<u>9,920,944</u>	<u>6,464,334</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,348,515</u>	<u>\$ 4,474,781</u>	<u>\$ 17,952</u>	<u>\$ 7,841,248</u>	<u>\$ 4,875,670</u>
Reconciliation of Operating Loss to Net Cash Provided By Operating Activities:					
Operating loss	\$ (420,481)	\$ (1,048,862)	\$ (177,536)	\$ (1,646,879)	\$ (700,409)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	1,640,947	1,973,584	88,170	3,702,701	
Loss on disposal of capital assets		190,886		190,886	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(164,906)	(8,334)		(173,240)	
(Increase) decrease in due from other funds	1,171,388	47,107	1,684	1,220,179	722,672
(Increase) decrease in other assets				-	(8,475)
Increase (decrease) in accounts payable and accrued items	62,066	(1,816,724)	(25,411)	(1,780,069)	95,958
Increase (decrease) in compensated absences	169,826	81,197	29,713	280,736	959,486
Increase (decrease) in due to other funds			1,395,001	1,395,001	22,103
Total adjustments	<u>2,879,321</u>	<u>467,716</u>	<u>1,489,157</u>	<u>4,836,194</u>	<u>1,791,744</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,458,840</u>	<u>\$ (581,146)</u>	<u>\$ 1,311,621</u>	<u>\$ 3,189,315</u>	<u>\$ 1,091,335</u>
Noncash Investing, Capital, and Financing Activities:					
Construction in progress completed	\$ -	\$ -	(49,999)	(49,999)	\$ -

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>OPEB Trust Funds</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 13,272,963	\$ 378,723	\$ 204,080	\$ 4,024,283
Investments, at fair value:				
Stocks and options	93,004,274	1,083,247		
Fixed income securities	70,579,630	1,189,615		
Mutual funds	13,323,985			
Preferreds/fixed rate cap secs	68,716			
Other	25,425,916	55,280		
Total investments	<u>202,402,521</u>	<u>2,328,142</u>	<u>-</u>	<u>-</u>
Accounts receivable	<u>662,910</u>			
Total assets	<u>216,338,394</u>	<u>2,706,865</u>	<u>204,080</u>	<u>\$ 4,024,283</u>
Liabilities:				
Other liabilities	<u>2,900</u>			<u>\$ 4,024,283</u>
Net Assets:				
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 216,335,494</u>	<u>\$ 2,706,865</u>	<u>\$ 204,080</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Funds</u>	<u>OPEB Trust Funds</u>	<u>Private Purpose Trust Fund Scholarship Fund</u>
Additions:			
Contributions:			
Employer	\$ 6,428,516	\$ 3,218,187	\$
Plan members	2,903,024	3,508,353	
Total contributions	<u>9,331,540</u>	<u>6,726,540</u>	<u>-</u>
Investment earnings (losses):			
Net increase (decrease) in fair value of investments	23,801,062	(50,410)	
Interest and dividends	5,352,420	30,774	5,309
Total investment earnings (losses)	<u>29,153,482</u>	<u>(19,636)</u>	<u>5,309</u>
Less investment expenses:			
Investment management fees	1,275,856		
Net investment earnings (losses)	<u>27,877,626</u>	<u>(19,636)</u>	<u>5,309</u>
Total additions	<u>37,209,166</u>	<u>6,706,904</u>	<u>5,309</u>
Deductions:			
Benefits	17,984,483	5,527,615	4,267
Administrative expense	94,568	198,924	
Other	409,998		1,253
Total deductions	<u>18,489,049</u>	<u>5,726,539</u>	<u>5,520</u>
Change in Net Assets	18,720,117	980,365	(211)
Net Assets at Beginning of Year	<u>197,615,377</u>	<u>1,726,500</u>	<u>204,291</u>
Net Assets at End of Year	<u>\$ 216,335,494</u>	<u>\$ 2,706,865</u>	<u>\$ 204,080</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Meriden, Connecticut (the City) was settled in 1661, incorporated as a Town in 1806 and as a City in 1867. It 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.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities 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; therefore, data from these units are combined with data of the primary government. Discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, special assessments, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term liabilities such as debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The City reports the following major governmental funds:

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

The *State and Federal Education Grants Fund* is used to account for education related grants from the State and Federal Government.

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. 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* accounts for assets held by the City in a trustee capacity for various scholarship trusts.

The *Pension Trust Funds* are used to account for activities of the City's three defined benefit plans which accumulate resources for pension benefit payments to qualified employees. As part of these trust funds, an amount is segregated to pay for retiree health benefits. These funds are also presented with the pension trust funds.

The *OPEB (Other Post Employment Benefit) Trust Fund* is used to account for the activities for both City and Board of Education for other post employment benefits (e.g., health insurance, life insurance) which accumulate resources for other post employment benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of outside groups 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 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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

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

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

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

E. Inventories

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the 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 governmental funds to indicate that they are not available for appropriation and are not expendable available 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.

An estimate has been recorded for utility service provided, but not billed, at the end of the fiscal year.

G. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the 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 market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	40-50
Building improvements	7-30
Infrastructure	65
Machinery and equipment	5-30
Vehicles	7

H. 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.

I. Net Pension and Other Post Employment (OPEB) Assets/Obligations

Governmental Funds:

The net pension asset/obligation and net OPEB obligation represent the cumulative difference between the annual pension/OPEB cost and the City's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent asset and a noncurrent liability, accordingly, in the government-wide financial statements.

J. Long-Term Obligations

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

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

K. Equity

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

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

Restricted Net Assets - Net asset restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

L. Property Taxes

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. Statutory interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. The City files a lien on the property for taxes which were due July 1 and remain unpaid on the following May 1.

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 to be used to pay liabilities of the current period. The City defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

M. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted by the City Council and employed for management control of the General Fund, Water Fund, Sewer Fund and Golf Fund.

The budget process is as follows:

- a. At least 180 days prior to the beginning of the fiscal year, 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. At least 180 days prior to the beginning of the fiscal year, 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.
- 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 \$948,819 for the sewer fund, \$78,600 for the water fund, during the year ended June 30, 2010, which was funded through fund balance.
- 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 commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

The City's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order, contract or commitment is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as reservations of fund balance.

A reconciliation of revenues, expenditures and fund balance of the General Fund between the accounting treatment required by GAAP and budgetary requirements is as follows:

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Fund Balance</u>
Balance, budgetary basis	\$ 168,035,199	\$ 167,984,309	\$ 14,275,727
Encumbrances outstanding at June 30, 2009, liquidated during the year ended June 30, 2010		18,619	
Encumbrances outstanding at June 30, 2010, charged to budgetary expenditures during the year ended June 30, 2010		(27,098)	27,098
Encumbrances outstanding at June 30, 2009, canceled during the year ended June 30, 2010	(8,252)		
State Teachers' Retirement on-behalf payment	7,876,322	7,876,322	
Issuance costs on refunding bonds	<u>(3,440)</u>	<u>215,570</u>	
Balance, GAAP Basis	<u>\$ 175,899,829</u>	<u>\$ 176,067,722</u>	<u>\$ 14,302,825</u>

B. Deficit Fund Equity

For the year ended June 30, 2010, the following funds had deficit balances:

Bonded Projects Fund	\$ 6,206,122
Nonmajor Enterprise Fund:	
George Hunter Memorial Golf Course	389,307
Nonmajor Governmental Funds:	
Community Development Block Grant Fund	80,455
Law Enforcement Block Grant	24,408
NSP Program Fund	100,239
Capital and Nonrecurring	58,349

These amounts will be funded through bonds, contributions and future revenues.

C. Fund Balance Designations

Fund balance of \$1,000,000 has been designated for subsequent year's budget (fiscal year 2011) in the General Fund for the year ended June 30, 2010.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$40,170,828 of the City's bank balance of \$42,780,139 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 35,953,744
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>4,217,084</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 40,170,828</u>

Cash Equivalents

At June 30, 2010 the City's cash equivalents amounted to \$12,906,398. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
Reich and Tang Tax Exempt Proceeds Fund	*
State Short-Term Investment Fund (STIF)	AAAm
Wachovia (Pension funds)	*
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Multi-Bank Securities, Inc.	*
Northern Capital Securities Corp.	*
Stifel Nicolaus & Company, Incorporated	*

*Not rated

Investments

As of June 30, 2010, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)			
			N/A	Less Than 1	1-10	More Than 10
Mutual Funds	N/A	\$ 13,608,441	\$ 13,608,441	\$	\$	
U.S. Government Agencies	AAA	1,143				1,143
Corporate and Foreign Bonds	AA	25,550			25,550	
Corporate and Foreign Bonds	A	137,975		25,524	112,451	
Corporate and Foreign Bonds	BBB	25,750		25,750		
Certificates of Deposit	N/A	6,911,503		3,074,347	3,837,156	
Common Equity Securities	N/A	600,107	600,107			
Preferred Equity Securities	N/A	57,241	57,241			
Fixed Income Securities	AAA	49,364,463		8,619,287	33,583,087	7,162,089
Fixed Income Securities	AA	3,959,598		157,458	3,802,140	
Fixed Income Securities	A	11,765,438		570,090	11,195,348	
Fixed Income Securities	BBB	6,333,971			6,333,971	
Fixed Income Securities	N/A	599,925	599,925			
Taxable Fixed Income Funds	N/A	1,704,024	188,174		1,515,850	
Closed End Fixed Income	N/A	44,677	44,677			
Stocks and Options	N/A	96,626,694	96,626,694			
Preferreds/Fixed Rate Cap Securities	N/A	68,715	68,715			
Other	N/A	25,481,196	55,280	3,466,992	21,958,924	
Total Investments		\$ 217,316,411	\$ 111,849,254	\$ 15,939,448	\$ 82,364,477	\$ 7,163,232

N/A - Not applicable

Interest Rate Risk - The City's investment policy states that the weighted average maturity of the portfolio shall not exceed 12 years and the maturity of any single issue shall not exceed 30 years. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. 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.

Concentration of Credit Risk - The City's investment policy states that the exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, shall not exceed 8% of the market value of the fixed income portfolio.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2010, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

Pension

The investments of the City's pension funds have their own policies and limitations on investments.

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.

Equity investments in any one company by any one advisor shall be limited at purchase of 10% of the total assets under management and/or 5% of the company's total outstanding equity. 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. In no event should the debt securities of any corporation exceed 10% of the assets under management of any one advisor.

There shall be no investments in:

- Securities of foreign issuers, other than those of the Canadian government, and also excepting American Depository Receipts (ADRs) of foreign securities, and further excepting foreign securities purchased by an investment advisor specifically designated by the Board as an "international" or "global" manager;
- Securities issued by a participating employer, except to the extent permitted under ERISA;
- Private placements, without affirmative Board approval;
- Real estate, other than securities of exchange-traded or non-traded Real Estate Investment Trusts.

Uninvested cash balances should be kept at a minimum through the prompt investment of available funds in short-term or more permanent security holdings.

Each investment advisor, consultant, custodian or contractor shall be required to be available for at least one annual meeting with the Meriden Retirement Board. 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.

4. RECEIVABLES AND DEFERRED REVENUE

The receivables as of June 30, 2010 for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Governmental and Fiduciary Type Funds			
	General Fund	Bonded Projects Fund	Nonmajor and Fiduciary Funds	Total
Property taxes	\$ 7,184,119	\$	\$	\$ 7,184,119
Accounts	367,671	47,129	763,439	1,178,239
Intergovernmental	5,697		907,879	913,576
Loans		1,479,829	2,816,329	4,296,158
Gross receivables	<u>7,557,487</u>	<u>1,526,958</u>	<u>4,487,647</u>	<u>13,572,092</u>
Less: Allowance for collection losses	<u>3,923,326</u>		<u>221,317</u>	<u>4,144,643</u>
Net Total Receivables	<u>\$ 3,634,161</u>	<u>\$ 1,526,958</u>	<u>\$ 4,266,330</u>	<u>\$ 9,427,449</u>
	Business-Type Funds			
	Water Authority	Sewer Authority	Total	
Use charges	\$ 1,430,896	\$ 1,371,170	\$ 2,802,066	
Assessments		20,222	20,222	
Unbilled	2,167,122	1,832,661	3,999,783	
Other	1,406	1,398	2,804	
Gross receivables	<u>3,599,424</u>	<u>3,225,451</u>	<u>6,824,875</u>	
Less: Allowance for collection losses	<u>132,792</u>	<u>139,991</u>	<u>272,783</u>	
Net Total Receivables	<u>\$ 3,466,632</u>	<u>\$ 3,085,460</u>	<u>\$ 6,552,092</u>	

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of 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 current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 2,517,954	\$
Property taxes collected in advance		619,252
Education Grants:		
Advances on grants		1,692,837
Bonded Projects:		
Loans receivable	1,479,829	
Premium on temporary notes		392,000
Nonmajor governmental funds:		
Loans receivable	<u>2,595,012</u>	
 Total Deferred Revenue for Governmental Funds	 <u>\$ 6,592,795</u>	 <u>\$ 2,704,089</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,206,440	\$ 769,805	\$ 146,250	\$ 21,829,995
Construction in progress	501,310	2,434,464	287,686	2,648,088
Total capital assets not being depreciated	<u>21,707,750</u>	<u>3,204,269</u>	<u>433,936</u>	<u>24,478,083</u>
Capital assets being depreciated:				
Land improvements	17,412,234	40,000		17,452,234
Buildings and improvements	178,314,627	801,928	76,586	179,039,969
Machinery and equipment	8,752,502	900,252	120,569	9,532,185
Vehicles	12,381,193	369,465	321,162	12,429,496
Infrastructure	84,601,105	3,356,147		87,957,252
Total capital assets being depreciated	<u>301,461,661</u>	<u>5,467,792</u>	<u>518,317</u>	<u>306,411,136</u>
Less accumulated depreciation for:				
Land improvements	8,259,218	675,874		8,935,092
Buildings and improvements	65,884,831	4,091,474	76,586	69,899,719
Machinery and equipment	6,407,610	618,332	120,569	6,905,373
Vehicles	9,819,645	737,321	321,162	10,235,804
Infrastructure	48,888,631	2,873,099		51,761,730
Total accumulated depreciation	<u>139,259,935</u>	<u>8,996,100</u>	<u>518,317</u>	<u>147,737,718</u>
Total capital assets being depreciated, net	<u>162,201,726</u>	<u>(3,528,308)</u>	<u>-</u>	<u>158,673,418</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,909,476</u>	<u>\$ (324,039)</u>	<u>\$ 433,936</u>	<u>\$ 183,151,501</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 887,281	\$ 33,000	\$	\$ 920,281
Construction in progress	34,719,709	9,631,251	49,999	44,300,961
Total capital assets not being depreciated	<u>35,606,990</u>	<u>9,664,251</u>	<u>49,999</u>	<u>45,221,242</u>
Capital assets being depreciated:				
Land improvements	4,237,388	1,346,036		5,583,424
Buildings and improvements	43,293,014	29,489		43,322,503
Machinery and equipment	14,604,995	155,156	2,058,734	12,701,417
Vehicles	216,590	131,216		347,806
Infrastructure	118,005,528	499,212		118,504,740
Total capital assets being depreciated	<u>180,357,515</u>	<u>2,161,109</u>	<u>2,058,734</u>	<u>180,459,890</u>
Less accumulated depreciation for:				
Land improvements	846,312	220,126		1,066,438
Buildings and improvements	25,029,104	1,040,043	1,867,848	24,201,299
Machinery and equipment	10,512,888	607,208		11,120,096
Vehicles	184,850	11,056		195,906
Infrastructure	51,073,552	1,824,268		52,897,820
Total accumulated depreciation	<u>87,646,706</u>	<u>3,702,701</u>	<u>1,867,848</u>	<u>89,481,559</u>
Total capital assets being depreciated, net	<u>92,710,809</u>	<u>(1,541,592)</u>	<u>190,886</u>	<u>90,978,331</u>
Business-Type Activities Capital Assets, Net	<u>\$ 128,317,799</u>	<u>\$ 8,122,659</u>	<u>\$ 240,885</u>	<u>\$ 136,199,573</u>

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

Governmental activities:	
General government	\$ 437,293
Education	3,520,122
Public safety	751,047
Public works	3,469,963
Human services	<u>817,675</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,996,100</u>
Business-type activities:	
Water Authority	\$ 1,640,947
Sewer Authority	1,973,584
Golf Course	<u>88,170</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,702,701</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans were generally as a result of the timing between the date payments occur between funds for various activities including capital outlay. The composition of interfund balances as of June 30, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund \$	559,846
	Internal Service	22,103
	Nonmajor Proprietary Fund	888,600
		<u>1,470,549</u>
Bonded Projects Fund	General Fund	219,480
	Nonmajor Proprietary Fund	1,420,001
		<u>1,639,481</u>
Nonmajor Governmental Funds	General Fund	<u>88,260</u>
Water Fund	Bonded Projects Fund	<u>6,073,919</u>
Sewer Fund	Bonded Projects Fund	<u>1,057,029</u>
		<u>\$ 10,329,238</u>

For the most part, all balances are expected to be repaid within a year.

Interfund balances are a result of temporary loans to various funds. The transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$	\$ 62,875	\$ 62,875
Bonded Projects Fund	423,269		702	423,971
Nonmajor Governmental Funds	388,710			388,710
Water Fund		<u>836,212</u>		<u>836,212</u>
Total Transfers In	<u>\$ 811,979</u>	<u>\$ 836,212</u>	<u>\$ 63,577</u>	<u>\$ 1,711,768</u>

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 80,903,298	\$ 32,769,000	\$ 45,006,220	\$ 68,666,078	\$ 8,854,917
Premium on bonds	55,284	3,490,123	96,833	3,448,574	
Deferred amount in refunding		(2,019,810)	(24,045)	(1,995,765)	
Compensated absences	17,170,318	625,243	712,209	17,083,352	807,451
Workman's compensation	1,595,805	3,723,806	3,341,521	1,978,090	659,363
Heart and hypertension	3,396,810	1,820,825	1,185,115	4,032,520	1,344,174
Landfill post-closure monitoring	2,144,755		1,008,599	1,136,156	100,000
Net pension obligation	25,774,354	5,745,929	6,066,084	25,454,199	
OPEB obligation	18,707,053	10,829,460	3,218,187	26,318,326	
Pollution remediation	7,000,000			7,000,000	
Claims and judgments	450,000	750,000	450,000	750,000	400,000
Total Governmental Activities Long-Term Liabilities	\$ <u>157,197,677</u>	\$ <u>57,734,576</u>	\$ <u>61,060,723</u>	\$ <u>153,871,530</u>	\$ <u>12,165,905</u>
Business-Type Activities:					
General obligation bonds	\$ 19,076,702	\$ 5,721,000	\$ 8,018,780	\$ 16,778,922	\$ 1,795,082
Premium on bonds		556,924	6,630	550,294	
Deferred amount in refunding		(389,425)	(4,636)	(384,789)	
Compensated absences	1,240,086	281,507	772	1,520,821	163,876
Clean water fund notes	26,867,094	7,736,578	144,592	34,459,080	144,592
Total Business-Type Activities Long-Term Liabilities	\$ <u>47,183,882</u>	\$ <u>13,906,584</u>	\$ <u>8,166,138</u>	\$ <u>52,924,328</u>	\$ <u>2,103,550</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

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.

General obligation bonds are direct obligations of the City for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the City. Certain general obligation bonds are to be repaid by revenues of the enterprise funds.

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2010</u>
Governmental:						
General purpose:						
General obligation	1/15/91	1/15/11	6.4-6.5%	\$ 23,600,000	\$ various	\$ 50,000
General obligation	8/1/96	8/1/16	4.25-6.25%	21,997,500	various	350,000
General obligation	8/1/02	8/1/22	3-5%	37,936,400	various	4,984,434
General obligation	10/1/02	8/1/12	5.60%	600,000	various	180,000
General obligation	4/15/03	4/15/12	3-5%	520,000	various	100,000
General obligation	8/1/04	8/1/19	3-5%	33,433,300	various	5,366,644
General obligation	8/1/06	8/1/16	4.125-5%	16,134,700	various	12,040,000
General obligation	8/1/08	8/1/28	3-4.9%	21,369,000	various	12,826,000
General obligation	5/4/10	8/1/22	3-5%	11,627,000	various	11,627,000
General obligation	5/4/10	8/1/23	3-5%	21,142,000	various	21,142,000
Total governmental activities						<u>68,666,078</u>
Business-Type:						
General purpose:						
General obligation	8/1/02	8/1/22	3-5%	1,263,600	various	155,566
General obligation	8/1/04	8/1/14	3-5%	6,231,700	various	1,303,356
General obligation	8/1/06	8/1/16	4.5-5%	4,110,300	various	2,590,000
General obligation	8/1/08	8/1/28	3-4.9%	11,681,000	various	7,009,000
General obligation	5/4/10	8/1/22	3-5%	163,000	various	163,000
General obligation	5/4/10	8/1/23	3-5%	5,558,000	various	5,558,000
Total business-type activities						<u>16,778,922</u>
Total Outstanding						<u>\$ 85,445,000</u>

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 8,854,917	\$ 2,411,827	\$ 1,795,082	\$ 620,980
2012	8,009,161	2,477,449	1,625,840	629,445
2013	7,537,000	2,174,515	1,483,000	570,896
2014	7,284,000	1,872,215	1,441,000	513,029
2015	7,431,000	1,542,191	1,464,000	451,243
2016	5,575,000	1,240,010	975,000	398,046
2017	5,584,000	990,968	976,000	356,058
2018	2,786,000	799,463	599,000	319,813
2019	2,471,000	673,238	584,000	290,338
2020	2,475,000	553,138	585,000	261,113
2021	1,424,000	464,558	586,000	234,768
2022	1,416,000	402,428	584,000	208,448
2023	1,417,000	335,103	583,000	179,273
2024	1,067,000	274,753	583,000	150,123
2025	1,067,000	224,070	583,000	122,430
2026	1,067,000	175,388	583,000	95,831
2027	1,067,000	126,039	583,000	68,867
2028	1,067,000	76,024	583,000	41,539
2029	1,067,000	25,341	583,000	13,846
Total	\$ <u>68,666,078</u>	\$ <u>16,838,718</u>	\$ <u>16,778,922</u>	\$ <u>5,526,086</u>

General Obligation Bonds - Advance Refunding

On May 4, 2010, the City issued \$38,490,000 of general obligation refunding bonds with interest rates ranging from 3% to 5% to currently refund the outstanding principal amounts of \$12,220,000 General Obligation Bonds, Series 2002, dated August 1, 2002, \$16,125,000 General Obligations Bonds, Series 2004 dated August 1, 2004, and \$11,560,000 General Obligation Bonds, Series 2008, dated August 1, 2008.

The net proceeds of \$42,332,203 (including a premium of \$4,099,449 and issuance costs of \$257,246, including underwriter's fees) will reduce total debt service payments over the next 14 years by approximately \$1,632,666 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$1,555,973. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. The balance in escrow was \$42,664,901 at June 30, 2010. The outstanding balance of the defeased bonds as of June 30, 2010 is \$39,905,000.

Subsequent Event

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs - Direct Payment). General Obligation Bonds, Issue of 2010 were issued as Taxable BABs -

Direct Payment on July 1, 2010 for \$22,330,000. Pursuant to the Recovery Act, the City will receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. Such subsidy payment will be revenue to the City under the General Bond Resolution. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the City is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption.

Clean Water Fund Loans Payable

The State of Connecticut under the Clean Water Fund Program issued the project loan obligation. The loan proceeds financed the sanitary sewer construction projects. The obligation will be paid from future user fees.

Project loan obligations payable to the State of Connecticut mature as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 144,592	\$ 15,298
2012	144,592	12,407
2013	144,592	9,515
2014	144,592	6,623
2015	86,569	3,721
2016-2018	99,994	4,571
Not yet determined	<u>33,694,149</u>	<u>Unknown</u>
	<u>\$ 34,459,080</u>	<u>\$ 52,135</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2010 is \$25,538,996. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

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 \$1,136,156 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, 2010. However, the actual cost of closure and post-closure care may be 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 be at capacity and was closed during 1991.

Pollution Remediation

Pursuant to local laws, the City has recorded a liability of \$7,000,000 for remediation of Factory H. Management has estimated this liability taking in to account data based on estimates from the engineering department. Management anticipates possible recoveries from the State and Federal government. Provision for the recovery amount has not been factored into the liability because it is too early to determine.

8. RISK MANAGEMENT

The City of Meriden is exposed to various risks of loss related to 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 of workers' compensation and employee health and medical claims. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2010.

The workers' compensation fund purchases a self-insured retention workers' compensation excess policy for claims exceeding \$500,000. All other claims are funded by the General Fund, Sewer Authority, Water Authority and 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 Fund covers claims in excess of \$250,000 per 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. 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 amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another

component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

	Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
Workers' Compensation and Heart and Hypertension							
2010-09	\$ 4,992,615	\$	5,544,631	\$	4,526,636	\$	6,010,610
2009-08	3,851,692		5,877,082		4,736,159		4,992,615
Health Insurance							
2010-09	\$ 1,643,354	\$	19,580,306	\$	19,638,815	\$	1,584,845
2009-08	1,556,323		17,546,903		17,459,872		1,643,354

9. EMPLOYEE RETIREMENT PLANS

A. Pension Trust Fund

The City of Meriden administers three single-employer, contributory, defined benefit public employee retirement system (PERS) plans 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 Pension 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.

Plan Description

Substantially all full-time employees of the City are eligible to participate. Participants in the State Teachers' Retirement System are excluded. The Plans' provisions are as follows:

Provisions	Employees' Retirement Plan	Police Pension Plan	Firefighters' Pension Plan
Benefit	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 30 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 70% 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 66% of salary.
Eligibility requirements	Vested after 10 years of service.	Vested after 10 years of continuous service.	Vested after 10 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 and Fire - none.	25 th anniversary with 10 years of service, anytime with 20 years of service.	None.
Contributions	Employee - 6% of earnings (includes 2% of earnings as contributed for post-employment healthcare benefits. Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.	Employee - 8% of earnings (includes 2% of earnings as contributed for post-employment healthcare benefits. Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.	Employee - 8% of earnings (includes 2% of earnings as contributed for post-employment healthcare benefits. Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.

At July 1, 2008, Plan membership consisted of the following:

	Employees' Retirement Plan	Police Pension Plan	Firefighters' Pension Plan
Retirees and beneficiaries currently receiving benefits	427	132	105
Vested terminated employees	100	1	-
Active participants	641	75	76
Total Participants	1,168	208	181

Summary of Significant Accounting Policies

Basis of Accounting - Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments - Investments are reported at market value. Investment income is recognized as earned.

Administrative Costs - Administrative costs of the Plan are financed through investment earnings.

The individual plan net assets at June 30, 2010 and changes in net assets for the year then ended are as follows:

	Pension Trust Funds						
	Employees' Retirement Plan	Police Pension Fund	Firefighters' Pension Plan	Employees' Healthcare Plan	Police Healthcare Plan	Firefighters' Healthcare Plan	Total Pension Trust Funds
Assets:							
Cash and cash equivalents	\$ 6,431,065	\$ 3,356,997	\$ 2,918,808	\$ 155,020	\$ 273,684	\$ 137,389	\$ 13,272,963
Interest receivable	351,925	165,536	136,480	8,754	156	59	662,910
Investments, at fair value:							
Stocks and options	50,874,293	22,381,915	18,453,329	1,265,490	21,167	8,080	93,004,274
Fixed income securities	39,414,341	16,532,572	13,630,690	980,425	15,635	5,967	70,579,630
Mutual funds	7,919,039	2,852,455	2,351,778	196,985	2,698	1,030	13,323,985
Preferreds/fixed rate cap secs	38,641	15,946	13,147	961	15	6	68,716
Other	12,500,921	6,908,842	5,696,167	310,958	6,534	2,494	25,425,916
Total investments	110,747,235	48,691,730	40,145,111	2,754,819	46,049	17,577	202,402,521
Total assets	117,530,225	52,214,263	43,200,399	2,918,593	319,889	155,025	216,338,394
Liabilities:							
Other liabilities	779	1,342	779				2,900
Interfund balances	(957,422)			957,422			-
Total liabilities	(956,643)	1,342	779	957,422	-	-	2,900
Net Assets:							
Held in Trust for Pension							
Benefits and Other Purposes	\$ 118,486,868	\$ 52,212,921	\$ 43,199,620	\$ 1,961,171	\$ 319,889	\$ 155,025	\$ 216,335,494

Pension Trust Funds

	Employees' Retirement Plan	Police Pension Fund	Firefighters' Pension Plan	Employees' Healthcare Plan	Police Healthcare Plan	Firefighters' Healthcare Plan	Total Pension Trust Funds
Additions:							
Contributions:							
Employer	\$ 362,432	\$ 3,646,850	\$ 2,419,234	\$	\$	\$	\$ 6,428,516
Plan members	1,389,168	306,380	335,447	694,583	102,127	75,319	2,903,024
Total contributions	<u>1,751,600</u>	<u>3,953,230</u>	<u>2,754,681</u>	<u>694,583</u>	<u>102,127</u>	<u>75,319</u>	<u>9,331,540</u>
Investment earnings:							
Net increase in fair value of investments	13,037,959	5,717,102	4,728,968	309,825	5,217	1,991	23,801,062
Dividends and interest	2,969,931	1,263,954	1,046,367	70,575	1,153	440	5,352,420
Total investment earnings	<u>16,007,890</u>	<u>6,981,056</u>	<u>5,775,335</u>	<u>380,400</u>	<u>6,370</u>	<u>2,431</u>	<u>29,153,482</u>
Less investment expenses:							
Investment management fees	706,173	311,788	257,895				1,275,856
Net investment earnings	<u>15,301,717</u>	<u>6,669,268</u>	<u>5,517,440</u>	<u>380,400</u>	<u>6,370</u>	<u>2,431</u>	<u>27,877,626</u>
Total additions	<u>17,053,317</u>	<u>10,622,498</u>	<u>8,272,121</u>	<u>1,074,983</u>	<u>108,497</u>	<u>77,750</u>	<u>37,209,166</u>
Deductions:							
Benefits	6,520,799	5,654,544	4,373,095	1,054,768	247,352	133,925	17,984,483
Administration	25,801	25,796	25,801	16,779	285	106	94,568
Other	404,467	4,084	1,447				409,998
Total deductions	<u>6,951,067</u>	<u>5,684,424</u>	<u>4,400,343</u>	<u>1,071,547</u>	<u>247,637</u>	<u>134,031</u>	<u>18,489,049</u>
Change in net assets	10,102,250	4,938,074	3,871,778	3,436	(139,140)	(56,281)	18,720,117
Net Assets at Beginning of Year	<u>108,384,618</u>	<u>47,274,847</u>	<u>39,327,842</u>	<u>1,957,735</u>	<u>459,029</u>	<u>211,306</u>	<u>197,615,377</u>
Net Assets at End of Year	<u>\$ 118,486,868</u>	<u>\$ 52,212,921</u>	<u>\$ 43,199,620</u>	<u>\$ 1,961,171</u>	<u>\$ 319,889</u>	<u>\$ 155,025</u>	<u>\$ 216,335,494</u>

Annual Pension Cost and Net Pension Obligations

The City of Meriden's annual pension cost and net pension obligation (asset) for the year ended June 30, 2010 were as follows:

	Employees' Retirement Plan	Police Pension Plan	Firefighters' Pension Plan
Annual required contribution (ARC)	\$ 354,382	\$ 3,646,850	\$ 2,419,234
Interest on net pension obligation (asset)	(26,454)	1,041,146	1,020,802
Adjustment to annual required contribution	40,623	(1,202,803)	(1,179,300)
Annual pension cost	368,551	3,485,193	2,260,736
Contributions made	362,432	3,646,850	2,419,234
Increase (decrease) in net pension obligation	6,119	(161,657)	(158,498)
Net pension obligation (asset), beginning of year	(330,669)	13,014,329	12,760,025
Net Pension Obligation (Asset), End of Year	\$ (324,550)	\$ 12,852,672	\$ 12,601,527

The following is a summary of certain significant actuarial assumptions and other plan information:

	Employees' Retirement Plan	Police Pension Plan	Firefighters' Pension Plan
Actuarial valuation date	7/1/08	7/1/08	7/1/08
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	14 years	23 years	23 years
Asset valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:			
Investment rate of return	8.00%	8.00%	8.00%
Projected salary increases*	5.00%	4.25%	4.00%
*Includes inflation at	3.50%	3.50%	3.50%

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Employees' Retirement Plan			
6/30/10	\$ 368,551	98.34 %	\$ (324,550)
6/30/09	775,195	98.60	(330,669)
6/30/08	662,084	99.60	(341,727)
Police Pension Plan			
6/30/10	\$ 3,485,193	104.64 %	\$ 12,852,672
6/30/09	3,434,881	103.60	13,014,329
6/30/08	3,338,792	105.12	13,136,309
Firefighters' Pension Plan			
6/30/10	\$ 2,260,736	107.01 %	\$ 12,601,527
6/30/09	2,344,765	105.10	12,760,025
6/30/08	2,267,926	107.38	12,879,621

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Under Funded AAL as a % of Covered Payroll ((a-b)/c)
Employees' Retirement Plan						
7/01/08	\$ 140,853,728	\$ 123,480,133	\$ (17,373,595)	114.07 %	\$ 31,405,160	(55.32) %
7/01/06	128,680,666	114,597,050	(14,083,616)	112.29	30,170,844	(46.68)
7/01/04	122,127,232	103,416,190	(18,711,042)	118.09	27,345,499	(68.42)
Police Pension Plan						
7/01/08	\$ 60,974,656	\$ 89,709,424	\$ 28,734,768	67.97 %	\$ 5,030,979	571.16 %
7/01/06	53,745,820	79,947,211	26,201,391	67.23	5,940,009	441.10
7/01/04	48,752,364	72,823,660	24,071,296	66.95	7,039,682	341.94
Firefighters' Pension Plan						
7/01/08	\$ 51,281,856	\$ 70,302,239	\$ 19,020,383	72.94 %	\$ 4,696,251	405.01 %
7/01/06	46,026,189	65,036,368	19,010,179	70.77	4,971,096	382.41
7/01/04	43,396,288	64,094,542	20,698,254	67.71	5,134,902	403.09

Schedule of Employer Contributions

Fiscal Year Ended	Employees' Retirement Plan		Police Pension Plan		Firefighters' Pension Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/10	\$ 354,382	102.3 %	\$ 3,646,850	100.0 %	\$ 2,419,234	100.0 %
6/30/09	764,137	100.0	3,556,861	100.0	2,464,361	100.0
6/30/08	649,414	101.6	3,509,801	100.0	2,435,594	100.0
6/30/07	185,534	105.4	3,601,118	100.3	2,605,081	100.4
6/30/06	74,741	100.0	3,540,516	91.5	2,574,201	85.7
6/30/05	-	N/A	3,413,205	99.0	1,906,328	100.0

B. Teachers' Retirement

All City of Meriden teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$50,915,324.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. In the current year, an additional amount was contributed to the plan by the State from proceeds of pension obligation bonds. For the year ended June 30, 2010 the City has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$7,876,322 as payments made by the State of Connecticut on behalf of the City. The City does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

10. POSTEMPLOYMENT HEALTHCARE PLAN - CITY OF MERIDEN AND MERIDEN BOARD OF EDUCATION

Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Postemployment Healthcare Plan (PHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the City.

Investments are reported at fair value. Investment income is recognized as earned.

Plan Description

The PHP is a single-employer defined benefit healthcare plan administered by the City of Meriden. The PHP provides medical, dental and prescription benefits to eligible retirees and their spouses. All employees of the City are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees.

The plan is considered to be part of the City’s financial reporting entity and is included in the City’s financial report as various pension trust funds. A portion of the employees’ pension contributions is required to be recognized in these healthcare plan pension funds: the Employees Healthcare Plan, the Police Healthcare Plan, and the Firefighters’ Healthcare Plan. The plan does not issue a stand-alone financial report.

At July 1, 2008, plan membership consisted of the following:

	City			Board of Education		Total
	Police	Fire	Other	Teachers	Other	
Active employees	113	94	323	734	307	1,571
Retired employees*	54	53	194	165	68	534
Total Participants	167	147	517	899	375	2,105

* Counts do not include spouses of retirees

Funding Policy

The contribution requirements of plan members and the City are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

City/Non-Teacher BOE	2.00% of Salary
Police	2.00% of Salary
Fire	2.00% of Salary
Teachers	1.25% of Salary

For the year ended June 30, 2010, plan members contributed \$3,508,353. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan of \$3,218,187 were made in accordance with actuarially determined requirements. Of this amount \$2,218,187 represents premium payments, and \$1,000,000 was contributed to prefund future benefits.

Annual OPEB Cost and Net OPEB Obligations

The City of Meriden's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (asset):

	Retiree Health Plan
Annual required contribution (ARC)	\$ 10,871,305
Interest on net OPEB obligation	1,496,564
Adjustment to annual required contribution	<u>(1,538,409)</u>
Annual OPEB cost (expense)	10,829,460
Contributions made	<u>3,218,187</u>
Increase in net OPEB obligation	7,611,273
Net OPEB obligation, beginning of year	<u>18,707,053</u>
Net OPEB Obligation, End of Year	<u><u>\$ 26,318,326</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2010 is presented below. Data is only presented beginning with fiscal year ended June 30, 2008, the year of implementation.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 10,829,460	\$ 3,218,187	29.72 %	\$ 26,318,326
6/30/2009	10,672,816	3,516,897	32.95	18,707,053
6/30/2008	16,701,796	5,150,662	30.84	11,551,134

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Postemployment Healthcare Plan						
7/1/2008	\$ 3,622,326	\$ 102,478,635	\$ 98,856,309	3.7 %	\$ 105,582,188	93.6 %
7/1/2006	3,172,002	231,478,641	228,306,639	1.4	n/a	n/a

n/a - The covered payroll is not available for the July 1, 2006 valuation.

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 10,871,305	29.60 %
6/30/2009	10,698,778	32.90
6/30/2008	16,701,796	30.84

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual medical/dental cost trend rate is 10% initially, graded to 5% over 5 years. The annual dental cost trend rate is 5%. The general inflation assumption is 3%. Projected salary increases were not a factor in the calculation. The actuarial value of assets was determined using the market value method. The UAAL is being amortized as a level payments method on a closed basis. The remaining amortization period at July 1, 2008 was 30 years.

11. CONTINGENCIES AND COMMITMENTS

Contingent Liabilities

There are various suits and claims pending against the City of Meriden, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the City's financial position.

The City has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, City management believes such disallowances, if any, will not be material.

The City may be subject to rebate penalties to the federal government relating to various bond and note issues. The City expects such amounts, if any, to be immaterial.

Construction Commitments

The government has active construction projects as of June 30, 2010. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Falcon Field Construction	\$ 3,950
Hanover Elementary School Addition	348,402
City Street Reconstruction	863,913
Bridges Reconstruction Design	116,581
Parks - City Hall Grounds	2,635
Engineering - Landfill Closure	286,312
Engineer West Main Street Traffic Study	16,013
Traffic Signal Upgrade Program	121,752
Flood City - Wide Drainage Projects	413,772
Citywide Drainage	17,819
Sodom Brook Trail	95,708
Paving Program	31,673
Police Radio System Upgrade	1,444,883
Fire Station Renovations	10,512
Alternative Fuel Station	99,630
City Buildings Renovations	129,858
Public Works Equipment	158,727
Golf Irrigation System/Pump	119,678
Fire Pumper Truck	493,737
Parks Department Equipment	1,540
Sidewalk Program	25,182
Emergency Backup Generator	32,603
Sewer - Hanover Pond 24" Sewer Line	9,934
WPCF - Facility/BNR Improvements	679,797
Britannia St. Sanitary Sewer Replacement	1,095
Elemere/Merimere Lagoon Improvement	189,938
Small Water Line Rehabilitation	32,738
Steel Tank Rehabilitation	145,123
Water Supply Plan	4,500
Water Level "A" Mapping	4,170
Water Roof Eval/Repair/Replacement	30,819
Scada Technology Upgrade	4,950
Water Department Equipment	17,172
	<u>\$ 5,955,116</u>

The commitments are being financed with bonds, bond anticipation notes and state and federal grants.

Municipal Solid Waste Management Services Contract

The City has entered into a municipal solid waste management services contract, as amended, (Service Contract) with the Connecticut Resources Recovery Authority (Authority) pursuant to which it participates with four other Connecticut municipalities (Contracting Municipalities), in the Wallingford Resource Recovery System (System). The System consists of mass-burn solid waste, recover resource steam and electric generation facility (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 (Service Payment). The current fee is \$61 per ton. The aggregated minimum commitment of the 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 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 also has 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.

12. PRIOR PERIOD ADJUSTMENTS

Sewer Fund

Clean Water fund loans were incorrectly recognized as revenue in the prior year, resulting in a decrease in net assets and increase in loans payable of \$26,102,173.

Government-Wide Net Assets

FICA was incorrectly excluded from compensated absences in the prior year, resulting in a decrease to net assets and an increase to compensated absences of \$1,035,750.

**Supplemental, Combining
and Individual Fund**

Statements

and

Schedules

General Fund

GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all unrestricted resources, except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the City. These activities are funded principally by property taxes, user fees and grants from other governmental units.

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL - NON GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current year's levy	\$ 102,862,423	\$ 102,862,423	\$ 102,457,163	\$ (405,260)
Prior years' levies	2,160,000	2,160,000	2,263,001	103,001
Motor vehicle supplement	1,000,000	1,000,000	726,319	(273,681)
Suspense	25,000	25,000	7,519	(17,481)
Interest and liens	1,025,000	1,025,000	1,128,509	103,509
Total property taxes	<u>107,072,423</u>	<u>107,072,423</u>	<u>106,582,511</u>	<u>(489,912)</u>
Intergovernmental:				
State grants for education	48,219,359	48,219,359	48,127,877	(91,482)
Other state grants	5,330,575	5,335,715	5,265,133	(70,582)
Total intergovernmental	<u>53,549,934</u>	<u>53,555,074</u>	<u>53,393,010</u>	<u>(162,064)</u>
Charges for services:				
Licenses and permits and fines	172,585	172,585	173,945	1,360
Department fees and other	3,887,609	3,887,609	3,530,525	(357,084)
Rents	289,663	289,663	265,364	(24,299)
Total charges for services	<u>4,349,857</u>	<u>4,349,857</u>	<u>3,969,834</u>	<u>(380,023)</u>
Investment income	<u>959,248</u>	<u>959,248</u>	<u>447,077</u>	<u>(512,171)</u>
Miscellaneous revenues	<u>2,739,033</u>	<u>2,739,033</u>	<u>2,822,536</u>	<u>83,503</u>
Other financing sources:				
Cancellation of prior year encumbrances			8,252	8,252
Appropriation of fund balance	1,000,000	1,000,000	1,000,000	-
Transfers in	621,878	621,878	811,979	190,101
Total other financing sources	<u>1,621,878</u>	<u>1,621,878</u>	<u>1,820,231</u>	<u>198,353</u>
Total revenues and other financing sources	<u>170,292,373</u>	<u>170,297,513</u>	<u>169,035,199</u>	<u>(1,262,314)</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL - NON GAAP BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget - Positive (Negative)
Expenditures:				
General government:				
City council	\$ 218,036	\$ 222,036	\$ 218,255	\$ 3,781
City manager	543,926	543,926	532,253	11,673
Legal	587,932	706,932	703,373	3,559
Personnel	251,819	272,819	253,833	18,986
City clerk	393,162	418,162	414,410	3,752
Aviation	45,388	45,388	41,201	4,187
Elections	211,957	216,965	201,790	15,175
Insurance	2,753,596	2,753,596	2,747,118	6,478
Employee benefits	18,315,301	18,137,768	17,106,916	1,030,852
Finance general administration	2,508,524	2,592,564	2,563,335	29,229
Capital equipment	600,503	600,503	417,852	182,651
Management information systems	817,267	819,538	801,765	17,773
Development and enforcement	538,643	597,510	592,621	4,889
Inland wetlands	1,001	1,139	1,138	1
Parking	142,530	142,530	120,812	21,718
Contingency	350,001	311,101		311,101
Total general government	<u>28,279,586</u>	<u>28,382,477</u>	<u>26,716,672</u>	<u>1,665,805</u>
Finance:				
Finance	660,104	782,398	782,392	6
Purchasing	254,324	251,347	251,194	153
Tax collector/Assessor	781,658	736,050	736,046	4
Board of assessment appeals	3,250	3,150	3,150	-
Total finance	<u>1,699,336</u>	<u>1,772,945</u>	<u>1,772,782</u>	<u>163</u>
Public safety:				
Police	11,206,735	11,286,254	11,189,245	97,009
Fire	7,963,826	8,076,440	8,076,384	56
Emergency communications	944,815	984,299	984,295	4
South Meriden volunteer fire	74,414	74,414	64,278	10,136
Emergency management	23,014	23,014	9,198	13,816
Total public safety	<u>20,212,804</u>	<u>20,444,421</u>	<u>20,323,400</u>	<u>121,021</u>
Public works:				
Engineering	835,017	833,187	833,184	3
Garage and warehouse	421,560	405,708	405,705	3
Traffic engineering	446,757	410,735	410,729	6
Highway safety	2,319,977	2,453,723	2,449,548	4,175
Transfer station	122,160	125,552	125,549	3
Waste collection	1,398,675	1,357,975	1,356,544	1,431
Bulky waste	181,702	152,487	140,218	12,269
Building maintenance	1,126,538	1,112,817	1,076,783	36,034
Total public works	<u>6,852,386</u>	<u>6,852,184</u>	<u>6,798,260</u>	<u>53,924</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) - BUDGET AND ACTUAL - NON GAAP BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Health and welfare:				
Health	\$ 2,047,215	\$ 2,055,780	\$ 2,055,775	\$ 5
Social services	197,631	193,410	186,134	7,276
Senior center	457,664	453,853	450,821	3,032
Youth services	148,175	147,642	147,642	-
Total health and welfare	<u>2,850,685</u>	<u>2,850,685</u>	<u>2,840,372</u>	<u>10,313</u>
Culture and recreation:				
Library	1,979,002	1,983,079	1,973,094	9,985
Parks	1,444,943	1,485,820	1,485,813	7
Recreation	403,580	386,138	386,132	6
Total culture and recreation	<u>3,827,525</u>	<u>3,855,037</u>	<u>3,845,039</u>	<u>9,998</u>
Education:				
Board of Education	91,935,287	91,935,287	91,426,798	508,489
School building committee	1,500	16,501	15,135	1,366
Total education	<u>91,936,787</u>	<u>91,951,788</u>	<u>91,441,933</u>	<u>509,855</u>
Debt service:				
Principal retirement	10,985,917	10,985,917	10,985,917	-
Interest	3,647,347	3,197,059	3,197,059	-
Total debt service	<u>14,633,264</u>	<u>14,182,976</u>	<u>14,182,976</u>	<u>-</u>
Other financing uses:				
Transfers out		5,000	62,875	(57,875)
Total expenditures and other financing uses	<u>170,292,373</u>	<u>170,297,513</u>	<u>167,984,309</u>	<u>2,313,204</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,050,890</u>	<u>\$ 1,050,890</u>

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

Document Preservation - To account for the City Clerk's document preservation program, which is funded through fees and State grants.

Airport Improvement - To account for the activity funds for airport improvements.

School Resource Office Grant - To account for the State-funded program.

Community Development Block Grant - To account for the revenues and expenditures related to the Federal Block Grant.

Day Care Center - To account for the operations of the Meriden Day Care Center, which is partially funded by State grants.

Women, Infant and Children Program - To account for grants from the State Department of Social Services.

Insurance Reserve Fund - To account for unexpected insurance claim funds.

Health Grants - To account for revenues and various grants from the State of Connecticut.

Meals on Wheels Program - To account for grant funds from the State Health Department.

Tree Preservation Fund - To account for funds collected and designated for tree preservation.

Neighborhood Preservation Program - To account for revolving loan funds.

Asset Forfeiture Fund - To account for drug seizure money from the State and Federal Governments.

School Readiness - To account for grant funds from the State Department of Education for school readiness and child day care programs.

Law Enforcement Block Grant - To account for a grant from the Federal government for law enforcement.

Emergency Service Grant - To account for the Emergency Services Grant.

Underage Drinking - To account for grants relating to underage drinking.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED)

Downtown Property Management - To account for management of City-owned property in the downtown area.

Brownfield Assessment - To account for funds used in a local environmental hazard study.

Dog Fund - To account for revenue from dog license fees and related expenditures.

Public School Lunch - To account for the operations of the school lunch program.

Public School Rental - To account for rental of school facilities.

Adult Evening School - To account for the activities of the Adult Education Program.

Reading Video - To account for an educational program funded through grants.

Anti-Blight Fund - To account for funds used in a human services program.

Smoke Detector Fund - To account for funds collected for fire prevention programs.

Miscellaneous Grants Fund - To account for revenues and expenses for grants received for miscellaneous purposes.

Summer Student Fund - To account for the summer school program.

NSP Program Fund - To account for Neighborhood Stabilization Program Grant revenues and expenditures related to Federal Block Grant

Vehicle Replacement Fund - To account for vehicle purchases.

CAPITAL PROJECT FUNDS

Parks and Recreation Capital and Nonrecurring Fund - To account for the financial resources used for various parks and recreation projects.

Capital and Nonrecurring Fund - To account for capital items funded through grants and special appropriations.

Land Acquisition Fund - To account for funds restricted for the acquisition of land.

Planning Commission Subdivision Development - To account for funds collected from developers for sidewalk construction.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

PERMANENT FUNDS

Walter Hubbard Park Fund - To account for the care and maintenance of Hubbard Park.

C.P. Bradley Park Fund - To account for the care and maintenance of C.P. Bradley Park.

Library Trust Fund - To account for donations and additional funds for the library.

Lorenzo Fuller Award - To account for a scholarship fund given to the high school.

Charlotte Yale Ives - To account for supportive health service for needy families.

CITY OF MERIDEN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Special Revenue Funds</u>								
	<u>Document Preservation Fund</u>	<u>Airport Improvement Fund</u>	<u>School Resource Office Grant</u>	<u>Community Development Block Grant</u>	<u>Day Care Center</u>	<u>Women Infant and Children Program</u>	<u>Insurance Reserve Fund</u>	<u>Health Grants</u>	<u>Meals on Wheels Program</u>
ASSETS									
Cash and cash equivalents	\$ 63,651	\$ 31,706	\$	\$	\$ 43,139	\$ 154,677	\$ 172,881	\$ 668,472	\$ 143,466
Investments									
Accounts receivable		12,691		27,946					
Due from other funds			25,963	45,117			80,000		
Inventory									
Total Assets	\$ 63,651	\$ 44,397	\$ 25,963	\$ 73,063	\$ 43,139	\$ 154,677	\$ 172,881	\$ 748,472	\$ 143,466
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$ 43,516	\$	\$ 54,338	\$	\$ 64,062	\$ 15,496
Deferred revenue									
Due to other governments									
Due to other funds		32,158	25,963	110,002		40,000			
Total liabilities	-	32,158	25,963	153,518	-	94,338	-	64,062	15,496
Fund Balances:									
Reserved for inventory									
Reserved for trust purposes									
Unreserved and undesignated	63,651	12,239		(80,455)	43,139	60,339	172,881	684,410	127,970
Total fund balances	63,651	12,239	-	(80,455)	43,139	60,339	172,881	684,410	127,970
Total Liabilities and Fund Balances	\$ 63,651	\$ 44,397	\$ 25,963	\$ 73,063	\$ 43,139	\$ 154,677	\$ 172,881	\$ 748,472	\$ 143,466

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Special Revenue Funds</u>								
	<u>Tree Preservation Fund</u>	<u>Neighborhood Preservation (CDBG)</u>	<u>Neighborhood Preservation (Bonded)</u>	<u>Asset Forfeiture Fund</u>	<u>School Readiness</u>	<u>Law Enforcement Block Grant</u>	<u>Emergency Services Grant</u>	<u>Underage Drinking</u>	<u>Downtown Property Management</u>
ASSETS									
Cash and cash equivalents	\$ 122,319	\$ 208,245	\$ 55,060	\$ 168,385	\$ 176,739	\$ 30	\$ 3,003	\$ 687	\$ 203,082
Investments									
Accounts receivable		1,962,970	632,042		220,613				
Due from other funds			173,665			17,180			
Inventory									
Total Assets	\$ 122,319	\$ 2,171,215	\$ 860,767	\$ 168,385	\$ 397,352	\$ 17,210	\$ 3,003	\$ 687	\$ 203,082
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$ 228,865	\$ 3,918	\$	\$	\$
Deferred revenue		1,962,970	632,042						
Due to other governments		6,187							
Due to other funds			188,710		40,000	37,700			
Total liabilities	-	1,969,157	820,752	-	268,865	41,618	-	-	-
Fund Balances:									
Reserved for inventory									
Reserved for trust purposes									
Unreserved and undesignated	122,319	202,058	40,015	168,385	128,487	(24,408)	3,003	687	203,082
Total fund balances	122,319	202,058	40,015	168,385	128,487	(24,408)	3,003	687	203,082
Total Liabilities and Fund Balances	\$ 122,319	\$ 2,171,215	\$ 860,767	\$ 168,385	\$ 397,352	\$ 17,210	\$ 3,003	\$ 687	\$ 203,082

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Special Revenue Funds</u>							
	<u>Brownfield Assessment</u>	<u>Dog Fund</u>	<u>Public School Lunch</u>	<u>Public School Rental</u>	<u>Adult Evening School</u>	<u>Reading Video</u>	<u>Anti-Blight Fund</u>	<u>Smoke Detector Fund</u>
ASSETS								
Cash and cash equivalents	\$ 62,266	\$ 20,212	\$ 683,234	\$ 114,678	\$ 64,381	\$ 1,288	\$ 12,058	\$ 58
Investments								
Accounts receivable	19,716		499,372					
Due from other funds								
Inventory			104,890					
Total Assets	<u>\$ 81,982</u>	<u>\$ 20,212</u>	<u>\$ 1,287,496</u>	<u>\$ 114,678</u>	<u>\$ 64,381</u>	<u>\$ 1,288</u>	<u>\$ 12,058</u>	<u>\$ 58</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 14,478	\$ 17,894	\$ 145,412	\$ 5,964	\$ 848	\$	\$	\$
Deferred revenue								
Due to other governments								
Due to other funds	5,045							
Total liabilities	<u>19,523</u>	<u>17,894</u>	<u>145,412</u>	<u>5,964</u>	<u>848</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for inventory			104,890					
Reserved for trust purposes								
Unreserved and undesignated	62,459	2,318	1,037,194	108,714	63,533	1,288	12,058	58
Total fund balances	<u>62,459</u>	<u>2,318</u>	<u>1,142,084</u>	<u>108,714</u>	<u>63,533</u>	<u>1,288</u>	<u>12,058</u>	<u>58</u>
Total Liabilities and Fund Balances	<u>\$ 81,982</u>	<u>\$ 20,212</u>	<u>\$ 1,287,496</u>	<u>\$ 114,678</u>	<u>\$ 64,381</u>	<u>\$ 1,288</u>	<u>\$ 12,058</u>	<u>\$ 58</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	Special Revenue Funds				Capital Project Funds			
	Misc. Grants Fund	Summer Student Fund	NSP Program Fund	Vehicle Replacement Fund	P & R Capital and Nonrecurring	Capital and Nonrecurring	Land Acquisition	Planning Commission Subdivision Development
ASSETS								
Cash and cash equivalents	\$ 51,154	\$ 11,108	\$ 65,653	\$ 20,167	\$ 122	\$ 6,088	\$ 250,530	\$ 74,624
Investments								
Accounts receivable	11,260		216,810					
Due from other funds								
Inventory								
Total Assets	<u>\$ 62,414</u>	<u>\$ 11,108</u>	<u>\$ 282,463</u>	<u>\$ 20,167</u>	<u>\$ 122</u>	<u>\$ 6,088</u>	<u>\$ 250,530</u>	<u>\$ 74,624</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$ 113,206	\$	\$	\$	\$	\$
Deferred revenue								
Due to other governments								
Due to other funds			269,496			64,437		
Total liabilities	<u>-</u>	<u>-</u>	<u>382,702</u>	<u>-</u>	<u>-</u>	<u>64,437</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for inventory								
Reserved for trust purposes								
Unreserved and undesignated	62,414	11,108	(100,239)	20,167	122	(58,349)	250,530	74,624
Total fund balances	<u>62,414</u>	<u>11,108</u>	<u>(100,239)</u>	<u>20,167</u>	<u>122</u>	<u>(58,349)</u>	<u>250,530</u>	<u>74,624</u>
Total Liabilities and Fund Balances	<u>\$ 62,414</u>	<u>\$ 11,108</u>	<u>\$ 282,463</u>	<u>\$ 20,167</u>	<u>\$ 122</u>	<u>\$ 6,088</u>	<u>\$ 250,530</u>	<u>\$ 74,624</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Permanent Funds</u>						<u>Total</u>
	<u>Walter Hubbard Park</u>	<u>C.P. Bradley Park Fund</u>	<u>Library Trust Fund</u>	<u>Lorenzo Fuller Award</u>	<u>Charlotte Yale Ives</u>	<u>Eliminating Entries</u>	
ASSETS							
Cash and cash equivalents	\$ 39,137	\$ 79,395	\$ 117,439	\$ 8,594	\$ 3,244	\$	\$ 3,900,972
Investments	464,124	900,592	210,091				1,574,807
Accounts receivable							3,603,420
Due from other funds						(253,665)	88,260
Inventory							104,890
Total Assets	<u>\$ 503,261</u>	<u>\$ 979,987</u>	<u>\$ 327,530</u>	<u>\$ 8,594</u>	<u>\$ 3,244</u>	<u>\$ (253,665)</u>	<u>\$ 9,272,349</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$	\$	\$ 707,997
Deferred revenue							2,595,012
Due to other governments							6,187
Due to other funds						(253,665)	559,846
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,665)</u>	<u>3,869,042</u>
Fund Balances:							
Reserved for inventory							104,890
Reserved for trust purposes	50,000	50,000	327,530	1,017	3,000		431,547
Unreserved and undesignated	453,261	929,987		7,577	244		4,866,870
Total fund balances	<u>503,261</u>	<u>979,987</u>	<u>327,530</u>	<u>8,594</u>	<u>3,244</u>	<u>-</u>	<u>5,403,307</u>
Total Liabilities and Fund Balances	<u>\$ 503,261</u>	<u>\$ 979,987</u>	<u>\$ 327,530</u>	<u>\$ 8,594</u>	<u>\$ 3,244</u>	<u>\$ (253,665)</u>	<u>\$ 9,272,349</u>

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds							
	Document Preservation Fund	Airport Improvement Fund	Community Development Block Grant	Day Care Center	Women Infant and Children Program	Insurance Reserve Fund	Health Grants	Meals on Wheels Program
Revenues:								
Intergovernmental revenues	\$ 10,000	\$ 77,556	\$ 897,086	\$ 388,940	\$ 710,874	\$	\$ 810,214	\$ 141,022
Charges for services	18,704						262,615	39,940
Investment income								
Other		12,843	46,315			820		3,709
Total revenues	<u>28,704</u>	<u>90,399</u>	<u>943,401</u>	<u>388,940</u>	<u>710,874</u>	<u>820</u>	<u>1,072,829</u>	<u>184,671</u>
Expenditures:								
General government	18,316		181,676					
Public safety			446,757					
Health and welfare			367,673	401,267	780,823	820	873,599	259,910
Culture and recreation			30,227					
Capital outlay		77,727						
Education								
Total expenditures	<u>18,316</u>	<u>77,727</u>	<u>1,026,333</u>	<u>401,267</u>	<u>780,823</u>	<u>820</u>	<u>873,599</u>	<u>259,910</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,388</u>	<u>12,672</u>	<u>(82,932)</u>	<u>(12,327)</u>	<u>(69,949)</u>	<u>-</u>	<u>199,230</u>	<u>(75,239)</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out							(200,000)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Net Change in Fund Balances	10,388	12,672	(82,932)	(12,327)	(69,949)	-	(770)	(75,239)
Fund Balances at Beginning of Year	<u>53,263</u>	<u>(433)</u>	<u>2,477</u>	<u>55,466</u>	<u>130,288</u>	<u>172,881</u>	<u>685,180</u>	<u>203,209</u>
Fund Balances at End of Year	<u>\$ 63,651</u>	<u>\$ 12,239</u>	<u>\$ (80,455)</u>	<u>\$ 43,139</u>	<u>\$ 60,339</u>	<u>\$ 172,881</u>	<u>\$ 684,410</u>	<u>\$ 127,970</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

72

	Special Revenue Funds								
	Tree Preservation Fund	Neighborhood Preservation (CDBG)	Neighborhood Preservation (Bonded)	Asset Forfeiture Fund	School Readiness	Law Enforcement Block Grant	Emergency Services Grant	Underage Drinking	Downtown Property Management
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$ 199,901	\$ 2,707,938	\$ 147,287	\$	\$	\$
Charges for services									62,484
Investment income									
Other		80,099	28,810						18,421
Total revenues	<u>-</u>	<u>80,099</u>	<u>28,810</u>	<u>199,901</u>	<u>2,707,938</u>	<u>147,287</u>	<u>-</u>	<u>-</u>	<u>80,905</u>
Expenditures:									
General government									25,658
Public safety				103,534		145,909			
Health and welfare					2,707,525				
Culture and recreation									
Capital outlay				84,717					
Education									
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,251</u>	<u>2,707,525</u>	<u>145,909</u>	<u>-</u>	<u>-</u>	<u>25,658</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>80,099</u>	<u>28,810</u>	<u>11,650</u>	<u>413</u>	<u>1,378</u>	<u>-</u>	<u>-</u>	<u>55,247</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out			(188,710)						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(188,710)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>80,099</u>	<u>(159,900)</u>	<u>11,650</u>	<u>413</u>	<u>1,378</u>	<u>-</u>	<u>-</u>	<u>55,247</u>
Fund Balances at Beginning of Year	<u>122,319</u>	<u>121,959</u>	<u>199,915</u>	<u>156,735</u>	<u>128,074</u>	<u>(25,786)</u>	<u>3,003</u>	<u>687</u>	<u>147,835</u>
Fund Balances at End of Year	<u>\$ 122,319</u>	<u>\$ 202,058</u>	<u>\$ 40,015</u>	<u>\$ 168,385</u>	<u>\$ 128,487</u>	<u>\$ (24,408)</u>	<u>\$ 3,003</u>	<u>\$ 687</u>	<u>\$ 203,082</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds							
	Brownfield Assessment	Dog Fund	Public School Lunch	Public School Rental	Adult Evening School	Reading Video	Anti-Blight Fund	Smoke Detector Fund
Revenues:								
Intergovernmental revenues	\$ 34,651		\$ 2,893,200					
Charges for services		16,235	1,047,837	43,256	52,275		12,200	
Investment income			5,083	389				
Other	80,000		61,159					500
Total revenues	<u>114,651</u>	<u>16,235</u>	<u>4,007,279</u>	<u>43,645</u>	<u>52,275</u>	<u>-</u>	<u>12,200</u>	<u>500</u>
Expenditures:								
General government	101,776						4,744	
Public safety		21,130						465
Health and welfare								
Culture and recreation								
Capital outlay								
Education			3,868,171	30,345	41,232			
Total expenditures	<u>101,776</u>	<u>21,130</u>	<u>3,868,171</u>	<u>30,345</u>	<u>41,232</u>	<u>-</u>	<u>4,744</u>	<u>465</u>
Excess (Deficiency) of Revenues over Expenditures	<u>12,875</u>	<u>(4,895)</u>	<u>139,108</u>	<u>13,300</u>	<u>11,043</u>	<u>-</u>	<u>7,456</u>	<u>35</u>
Other Financing Sources (Uses):								
Transfers in		5,000						
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	12,875	105	139,108	13,300	11,043	-	7,456	35
Fund Balances at Beginning of Year	<u>49,584</u>	<u>2,213</u>	<u>1,002,976</u>	<u>95,414</u>	<u>52,490</u>	<u>1,288</u>	<u>4,602</u>	<u>23</u>
Fund Balances at End of Year	<u>\$ 62,459</u>	<u>\$ 2,318</u>	<u>\$ 1,142,084</u>	<u>\$ 108,714</u>	<u>\$ 63,533</u>	<u>\$ 1,288</u>	<u>\$ 12,058</u>	<u>\$ 58</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					Capital Project Funds			
	Asst to Firefighters Grant Fund	Misc. Grants Fund	Summer Student Fund	NSP Program Fund	Vehicle Replacement Fund	P & R Capital and Nonrecurring	Capital and Nonrecurring	Land Acquisition	Planning Commission Subdivision Development
Revenues:									
Intergovernmental revenues	\$	\$ 290,031	\$	\$ 1,304,866	\$	\$	\$	\$	\$
Charges for services				12,960					
Investment income									
Other							3,937		1,155
Total revenues	<u>-</u>	<u>290,031</u>	<u>-</u>	<u>1,317,826</u>	<u>-</u>	<u>-</u>	<u>3,937</u>	<u>-</u>	<u>1,155</u>
Expenditures:									
General government				1,418,065				127	
Public safety	702	10,122							
Health and welfare									
Culture and recreation		7,915							
Capital outlay		218,333			29,833				7,385
Education									
Total expenditures	<u>702</u>	<u>236,370</u>	<u>-</u>	<u>1,418,065</u>	<u>29,833</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>7,385</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(702)</u>	<u>53,661</u>	<u>-</u>	<u>(100,239)</u>	<u>(29,833)</u>	<u>-</u>	<u>3,937</u>	<u>(127)</u>	<u>(6,230)</u>
Other Financing Sources (Uses):									
Transfers in	702	7,875			50,000				
Transfers out									
Total other financing sources (uses)	<u>702</u>	<u>7,875</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	61,536	-	(100,239)	20,167	-	3,937	(127)	(6,230)
Fund Balances at Beginning of Year	<u>-</u>	<u>878</u>	<u>11,108</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>(62,286)</u>	<u>250,657</u>	<u>80,854</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 62,414</u>	<u>\$ 11,108</u>	<u>\$ (100,239)</u>	<u>\$ 20,167</u>	<u>\$ 122</u>	<u>\$ (58,349)</u>	<u>\$ 250,530</u>	<u>\$ 74,624</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Permanent Funds</u>						<u>Total</u>
	<u>Walter Hubbard Park</u>	<u>C.P. Bradley Park Fund</u>	<u>Library Trust Fund</u>	<u>Lorenzo Fuller Award</u>	<u>Charlotte Yale Ives</u>	<u>Eliminating Entries</u>	
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$ 10,613,566
Charges for services							1,568,506
Investment income	48,567	91,396	10,375	72	27		155,909
Other			97,280				435,048
Total revenues	<u>48,567</u>	<u>91,396</u>	<u>107,655</u>	<u>72</u>	<u>27</u>	<u>-</u>	<u>12,773,029</u>
Expenditures:							
General government	15,040	62,925					1,828,327
Public safety							728,619
Health and welfare							5,391,617
Culture and recreation			96,454				134,596
Capital outlay							417,995
Education							3,939,748
Total expenditures	<u>15,040</u>	<u>62,925</u>	<u>96,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,440,902</u>
Excess (Deficiency) of Revenues over Expenditures	<u>33,527</u>	<u>28,471</u>	<u>11,201</u>	<u>72</u>	<u>27</u>	<u>-</u>	<u>332,127</u>
Other Financing Sources (Uses):							
Transfers in							63,577
Transfers out							(388,710)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325,133)</u>
Net Change in Fund Balances	33,527	28,471	11,201	72	27	-	6,994
Fund Balances at Beginning of Year	<u>469,734</u>	<u>951,516</u>	<u>316,329</u>	<u>8,522</u>	<u>3,217</u>	<u>-</u>	<u>5,396,313</u>
Fund Balances at End of Year	<u>\$ 503,261</u>	<u>\$ 979,987</u>	<u>\$ 327,530</u>	<u>\$ 8,594</u>	<u>\$ 3,244</u>	<u>\$ -</u>	<u>\$ 5,403,307</u>

Internal Service Funds

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds - Internal Service Funds are used for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The City has two such funds.

Workers' Compensation Fund - To account for the self-insured operations of workers' compensation activities.

Meriden Health Insurance - To account for the self-insured operations of health insurance claims and charges for employees' health insurance.

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2010

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Fund	Meriden Health Insurance	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 161,667	\$ 4,714,003	\$ 4,875,670
Investments		2,793,328	2,793,328
Other assets		8,475	8,475
Total assets	<u>161,667</u>	<u>7,515,806</u>	<u>7,677,473</u>
Liabilities:			
Current liabilities:			
Accounts payable	9,697	115,864	125,561
Claims payable	2,003,537	1,584,845	3,588,382
Due to other funds	14,369	7,734	22,103
Total current liabilities	<u>2,027,603</u>	<u>1,708,443</u>	<u>3,736,046</u>
Noncurrent liabilities:			
Claim incurred but not reported	<u>4,007,073</u>		<u>4,007,073</u>
Total liabilities	<u>6,034,676</u>	<u>1,708,443</u>	<u>7,743,119</u>
Total Net Assets	<u>\$ (5,873,009)</u>	<u>\$ 5,807,363</u>	<u>\$ (65,646)</u>

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Workers' Compensation Fund</u>	<u>Meriden Health Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 3,210,733	\$ 21,519,359	\$ 24,730,092
Other revenues	175,170		175,170
Total operating revenues	<u>3,385,903</u>	<u>21,519,359</u>	<u>24,905,262</u>
Operating Expenses:			
Claims	4,526,636	19,638,815	24,165,451
Administrative	165,129	1,231,901	1,397,030
Other expenses	1,480	41,710	43,190
Total operating expenses	<u>4,693,245</u>	<u>20,912,426</u>	<u>25,605,671</u>
Operating Income (Loss)	<u>(1,307,342)</u>	<u>606,933</u>	<u>(700,409)</u>
Nonoperating Revenues:			
Investment income	2,332	110,997	113,329
Total nonoperating revenues	<u>2,332</u>	<u>110,997</u>	<u>113,329</u>
Change in Net Assets	(1,305,010)	717,930	(587,080)
Net Assets at Beginning of Year	<u>(4,567,999)</u>	<u>5,089,433</u>	<u>521,434</u>
Net Assets at End of Year	<u>\$ (5,873,009)</u>	<u>\$ 5,807,363</u>	<u>\$ (65,646)</u>

CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Fund	Meriden Health Insurance	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 3,385,903	\$ 21,510,884	\$ 24,896,787
Receipts for interfund services provided	28,141	694,531	722,672
Payments to suppliers	(166,811)	(1,177,451)	(1,344,262)
Payments to vendors	(3,508,641)	(19,697,324)	(23,205,965)
Payments for interfund services used	14,369	7,734	22,103
Net cash provided by (used in) operating activities	<u>(247,039)</u>	<u>1,338,374</u>	<u>1,091,335</u>
Cash Flows from Investing Activities:			
Purchases of investments		(2,793,328)	(2,793,328)
Interest on investments	2,332	110,997	113,329
Net cash provided by (used in) investing activities	<u>2,332</u>	<u>(2,682,331)</u>	<u>(2,679,999)</u>
Net Decrease in Cash and Cash Equivalents	(244,707)	(1,343,957)	(1,588,664)
Cash and Cash Equivalents at Beginning of Year	<u>406,374</u>	<u>6,057,960</u>	<u>6,464,334</u>
Cash and Cash Equivalents at End of Year	<u>\$ 161,667</u>	<u>\$ 4,714,003</u>	<u>\$ 4,875,670</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ (1,307,342)	\$ 606,933	\$ (700,409)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in due from other funds	28,141	694,531	722,672
(Increase) decrease in other assets		(8,475)	(8,475)
Increase (decrease) in accounts payable	(202)	96,160	95,958
Increase (decrease) in claims payable	1,017,995	(58,509)	959,486
Increase (decrease) in due to other funds	14,369	7,734	22,103
Total adjustments	<u>1,060,303</u>	<u>731,441</u>	<u>1,791,744</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (247,039)</u>	<u>\$ 1,338,374</u>	<u>\$ 1,091,335</u>

Fiduciary Funds

FIDUCIARY FUNDS

Agency Funds - To account for monies held for third parties. Agency funds are custodial in nature (assets equal liabilities) and are used to account for senior activities, student activities and performance bonds. The City's Agency Funds are as follows:

- Project RAVE
- Senior Trips
- Student Activity Fund
- Performance Bonds
- Police Evidence Fund

CITY OF MERIDEN, CONNECTICUT

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Project RAVE				
Assets:				
Cash and cash equivalents	\$ 4,618	\$ 41,652	\$ 45,700	\$ 570
Liabilities:				
Deposits held for others	\$ 4,618	\$ 41,652	\$ 45,700	\$ 570
Senior Trips Activities Fund				
Assets:				
Cash and cash equivalents	\$ 2,465	\$ 16,409	\$ 15,902	\$ 2,972
Liabilities:				
Deposits held for others	\$ 2,465	\$ 16,409	\$ 15,902	\$ 2,972
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 593,641	\$ 1,452,884	\$ 1,413,476	\$ 633,049
Liabilities:				
Deposits held for others	\$ 593,641	\$ 1,452,884	\$ 1,413,476	\$ 633,049

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 2,542,454	\$ 522,608	\$ 672,583	\$ 2,392,479
Liabilities:				
Deposits held for others	\$ 2,542,454	\$ 522,608	\$ 672,583	\$ 2,392,479
Police Evidence Fund				
Assets:				
Cash and cash equivalents	\$ 344,642	\$ 781,938	\$ 131,367	\$ 995,213
Liabilities:				
Deposits held for others	\$ 344,642	\$ 781,938	\$ 131,367	\$ 995,213
Total				
Assets:				
Cash and cash equivalents	\$ 3,487,820	\$ 2,815,491	\$ 2,279,028	\$ 4,024,283
Liabilities:				
Deposits held for others	\$ 3,487,820	\$ 2,815,491	\$ 2,279,028	\$ 4,024,283

Other Schedules

CITY OF MERIDEN, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2010

Grand List of October 1,	Uncollected Balance July 1, 2009	Current Year Levy	Lawful Corrections	Transfers to (Recoveries from Suspense)	Balance to be Collected	Collections				Uncollected Balance June 30, 2010
						Taxes	Interest	Liens	Total	
1993	\$ 6,467	\$	\$ (6,467)	\$ 44	\$ 44	\$ 44	\$ 118	\$	\$ 162	\$ -
1994	8,192		(1,021)	1,293	8,464	806	1,554		2,360	7,658
1995	14,025		(504)	1,573	15,094	1,398	3,108		4,506	13,696
1996	11,700		(249)	1,764	13,215	1,635	3,857		5,492	11,580
1997	6,807		(773)	2,845	8,879	2,402	4,905		7,307	6,477
1998	261,634		(2,197)		259,437	2,708	4,669	24	7,401	256,729
1999	306,224		(1,600)		304,624	3,920	5,887	24	9,831	300,704
2000	402,304		(695)		401,609	9,111	12,260	24	21,395	392,498
2001	357,714		(760)		356,954	8,849	12,463	24	21,336	348,105
2002	415,285		(1,157)		414,128	13,701	14,001	568	28,270	400,427
2003	421,313		(6,248)		415,065	14,133	12,794	96	27,023	400,932
2004	635,360		(8,947)		626,413	37,299	24,585	297	62,181	589,114
2005	673,319		(40,958)		632,361	115,033	96,238	1,128	212,399	517,328
2006	800,316		(125,818)		674,498	255,790	140,240	3,240	399,270	418,708
2007	2,849,457		(202,771)		2,646,686	1,779,552	341,180	15,817	2,136,549	867,134
Total	7,170,117		(400,165)	7,519	6,777,471	2,246,381	677,859	21,242	2,945,482	4,531,090
2008		106,496,335	(613,717)		105,882,618	103,229,589	425,765	3,644	103,658,998	2,653,029
	\$ 7,170,117	\$ 106,496,335	\$ (1,013,882)	\$ 7,519	\$ 112,660,089	\$ 105,475,970	\$ 1,103,624	\$ 24,886	\$ 106,604,480	\$ 7,184,119

CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF COLLECTIONS OF USE CHARGES - SEWER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2010

Fiscal Year	Uncollected Balance July 1, 2009	Current Year Charges	Corrections		Balance to be Collected	Collections				Uncollected Balance June 30, 2010
			Additions	Deductions		Sewer Use Charges	Interest	Liens	Total	
1995	\$ 1,055	\$	\$	\$ 1,055	\$ -	\$	\$	\$	\$ -	\$ -
1996	2,386				2,386				-	2,386
1997	1,558				1,558	275	460		735	1,283
1998	1,411				1,411				-	1,411
1999	1,714				1,714				-	1,714
2000	1,214				1,214				-	1,214
2001	954				954				-	954
2002	1,562				1,562				-	1,562
2003	4,449				4,449				-	4,449
2004	3,668				3,668				-	3,668
2005	2,016				2,016	293	237	48	578	1,723
2006	2,450				2,450	1,444	780	258	2,482	1,006
2007	10,710			147	10,563	7,416	3,275	1,008	11,699	3,147
2008	88,754			552	88,202	72,045	18,249	8,229	98,523	16,157
2009	<u>1,373,556</u>			<u>23,084</u>	<u>1,350,472</u>	<u>1,251,155</u>	<u>98,354</u>	<u>60,374</u>	<u>1,409,883</u>	<u>99,317</u>
Total	1,497,457	-	-	24,838	1,472,619	1,332,628	121,355	69,917	1,523,900	139,991
2010		<u>6,304,955</u>	<u>1,059</u>	<u>6,269</u>	<u>6,299,745</u>	<u>5,068,566</u>	<u>48,066</u>	<u>27,905</u>	<u>5,144,537</u>	<u>1,231,179</u>
	<u>\$ 1,497,457</u>	<u>\$ 6,304,955</u>	<u>\$ 1,059</u>	<u>\$ 31,107</u>	<u>\$ 7,772,364</u>	<u>\$ 6,401,194</u>	<u>\$ 169,421</u>	<u>\$ 97,822</u>	<u>\$ 6,668,437</u>	<u>\$ 1,371,170</u>

CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF COLLECTIONS OF USE CHARGES - WATER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2010

Fiscal Year	Uncollected Balance July 1, 2009	Current Year Charges	Corrections		Balance to be Collected	Collections				Uncollected Balance June 30, 2010
			Additions	Deductions		Water Use Charges	Interest	Liens	Total	
1995	\$ 1,498	\$	\$	\$ 1,498	\$ -	\$	\$	\$	\$ -	\$ -
1996	3,418				3,418				-	3,418
1997	2,221				2,221	606	610		1,216	1,615
1998	2,007				2,007				-	2,007
1999	2,443				2,443				-	2,443
2000	1,724				1,724				-	1,724
2001	1,350				1,350				-	1,350
2002	2,220				2,220				-	2,220
2003	4,744				4,744				-	4,744
2004	4,136				4,136				-	4,136
2005	2,114				2,114	169	98	48	315	1,945
2006	2,190				2,190	1,325	869	240	2,434	865
2007	8,750			31	8,719	5,885	2,843	983	9,711	2,834
2008	74,988			211	74,777	60,547	15,923	8,323	84,793	14,230
2009	1,470,469			2,365	1,468,104	1,378,843	101,464	59,652	1,539,959	89,261
Total	1,584,272	-	-	4,105	1,580,167	1,447,375	121,807	69,246	1,638,428	132,792
2010		7,369,606	1,290	3,155	7,367,741	6,069,637	56,559	28,307	6,154,503	1,298,104
	<u>\$ 1,584,272</u>	<u>\$ 7,369,606</u>	<u>\$ 1,290</u>	<u>\$ 7,260</u>	<u>\$ 8,947,908</u>	<u>\$ 7,517,012</u>	<u>\$ 178,366</u>	<u>\$ 97,553</u>	<u>\$ 7,792,931</u>	<u>\$ 1,430,896</u>

CITY OF MERIDEN, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS - BUDGET
AND ACTUAL - SEWER AUTHORITY**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues:				
Sewer connection and use charges	\$ 6,730,520	\$ 6,730,520	\$ 6,458,719	\$ (271,801)
Miscellaneous income	187,730	187,730	292,392	104,662
Total operating revenues	<u>6,918,250</u>	<u>6,918,250</u>	<u>6,751,111</u>	<u>(167,139)</u>
Operating Expenses:				
Part time seasonal	11,520	11,520	3,069	8,451
Overtime	179,970	179,970	155,969	24,001
Wages - public works	626,075	626,075	588,896	37,179
Wages - MMEA	55,612	55,612	55,592	20
Wages - supervisor	356,483	356,483	308,704	47,779
Employee benefits	478,315	478,315	445,425	32,890
Utilities	1,200,000	1,200,000	1,068,762	131,238
Repairs and maintenance	170,000	175,000	130,049	44,951
Vehicle maintenance	26,000	26,000	17,986	8,014
Audit fees	18,000	18,000	9,170	8,830
Call before you dig	1	1		1
Hepatitis B shots	7,500	6,080	2,470	3,610
Fiscal division services	676,985	662,380	652,807	9,573
General fund services	560,378	574,983	574,983	-
Claims	10,000	10,000		10,000
Nitrogen credit purchase	450,000	450,000	424,665	25,335
Supplies	648,900	603,308	298,924	304,384
Biosolid disposals	665,450	600,450	542,924	57,526
Pumping station operations	88,300	88,300	33,409	54,891
Capital outlay	1	950,240	680,004	270,236
Memberships and meeting	9,400	9,400	8,206	1,194
Insurance	624,973	571,998	571,978	20
Total operating expenses	<u>6,863,863</u>	<u>7,654,115</u>	<u>6,573,992</u>	<u>1,080,123</u>
Nonoperating Revenues (Expenses):				
Debt service - principal	(527,396)	(671,988)	(671,988)	-
Interest on investments	125,400	125,400	39,102	(86,298)
Debt service - interest	(137,216)	(151,191)	(151,178)	13
Debt service - BANS interest	(1)	(1)		1
Total nonoperating revenues (expenses)	<u>(539,213)</u>	<u>(697,780)</u>	<u>(784,064)</u>	<u>(86,284)</u>
Deficiency of Revenues over Expenses	\$ <u>(484,826)</u>	\$ <u>(1,433,645)</u>	\$ <u>(606,945)</u>	\$ <u>826,700</u>

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS - BUDGET
AND ACTUAL - WATER AUTHORITY

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Operating Revenues:				
Water sales and charges	\$ 9,042,289	\$ 9,042,289	\$ 8,719,026	\$ (323,263)
Miscellaneous income	717,381	717,381	744,933	27,552
Total operating revenues	<u>9,759,670</u>	<u>9,759,670</u>	<u>9,463,959</u>	<u>(295,711)</u>
Operating Expenses:				
Part time seasonal	33,600	33,600	2,496	31,104
Administration	106,934	106,934	106,758	176
Overtime	164,000	164,000	130,307	33,693
Wages - public works	1,637,920	1,637,920	1,576,839	61,081
Wages - MMEA	172,396	172,396	172,076	320
Wages - supervisor	237,398	237,398	237,153	245
Employee benefits	1,504,535	1,504,535	1,569,908	(65,373)
Gasoline	36,000	46,374	45,552	822
Taxes paid to other towns	47,418	45,998	43,744	2,254
Utilities	1,100,000	1,100,000	901,999	198,001
Repairs and maintenance	18,000	18,000	73,983	(55,983)
Vehicle maintenance	97,900	96,526	62,139	34,387
Attorney fees	14,000	14,000	4,022	9,978
Audit fees	7,750	9,170	9,170	-
Water purchased	144,275	144,275	142,054	2,221
Other purchased services	51,850	51,850	35,756	16,094
Hepatitis B shots	4,000	4,000	3,043	957
Fiscal division services	733,294	718,689	718,689	-
General fund services	1,068,921	1,083,526	1,083,526	-
Maintenance of mains	30,000	30,000	23,724	6,276
Maintenance of reservoirs	40,000	41,500	39,618	1,882
Maintenance of pump station	40,000	40,000	34,440	5,560
Maintenance of meters	15,000	15,000	14,131	869
Supplies	60,750	60,750	54,539	6,211
Services - materials	6,550	6,550	2,064	4,486
Treatment expenses	521,700	554,856	512,243	42,613
Water equipment	31,100	32,100	18,065	14,035
Hydrants and mains - materials	5,001	5,001	3,336	1,665
Repairs - trenches	21,000	21,000	16,951	4,049
Capital outlay	1	78,601	76,660	1,941
Memberships and meeting	11,470	13,470	12,521	949
Insurance	396,162	349,506	331,970	17,536
Total operating expenses	<u>8,358,925</u>	<u>8,437,525</u>	<u>8,059,476</u>	<u>378,049</u>
Nonoperating Revenues (Expenses):				
Interest on investments	133,250	133,250	31,359	(101,891)
Debt service - principal	(1,592,020)	(1,592,020)	(1,592,020)	-
Debt service - interest	(628,655)	(628,655)	(661,609)	32,954
Debt service - BANS interest	(1)	(1)		(1)
Total nonoperating revenues (expenses)	<u>(2,087,426)</u>	<u>(2,087,426)</u>	<u>(2,222,270)</u>	<u>(68,938)</u>
Deficiency of Revenues over Expenses	\$ <u>(686,681)</u>	\$ <u>(765,281)</u>	\$ <u>(817,787)</u>	\$ <u>13,400</u>

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS - BUDGET
AND ACTUAL - GEORGE HUNTER MEMORIAL GOLF COURSE

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Operating Revenues:				
Golf fees	\$ 862,660	\$ 862,660	\$ 786,799	\$ (75,861)
Miscellaneous income			5,997	5,997
Total operating revenues	<u>862,660</u>	<u>862,660</u>	<u>792,796</u>	<u>(69,864)</u>
Operating Expenses:				
Miscellaneous overtime	94,198	94,198	101,750	(7,552)
Overtime	16,550	16,550	16,723	(173)
Wages - public works	206,486	206,486	200,310	6,176
Wages - supervisors	83,490	83,490	83,353	137
Employee benefits	94,495	94,495	152,129	(57,634)
Golf supplies and expenses	195,530	195,530	178,855	16,675
Golf pros	10,000	10,000	10,000	-
Club house expenses	32,500	32,500	34,168	(1,668)
Liability and general insurance	76,867	76,867	73,435	3,432
Gas			57	(57)
Capital outlay	5,000	5,000	4,218	782
Memberships and meeting	2,400	2,400	1,950	450
Total operating expenses	<u>817,516</u>	<u>817,516</u>	<u>856,948</u>	<u>(39,432)</u>
Nonoperating Expenses:				
Debt service - principal	39,667	39,667	14,667	25,000
Debt service - interest	5,477	5,477	5,477	-
Total nonoperating expenses	<u>45,144</u>	<u>45,144</u>	<u>20,144</u>	<u>25,000</u>
Deficiency of Revenues over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (84,296)</u>	<u>\$ (84,296)</u>

Statistical Section

STATISTICAL SECTION

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

Statistical section information is presented in the following categories:

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

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

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

CITY OF MERIDEN, CONNECTICUT

NET ASSETS BY COMPONENT

LAST NINE YEARS
(In Thousands)
(Accrual Basis of Accounting)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002*
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 113,033	\$ 104,751	\$ 101,766	\$ 94,127	\$ 107,105	\$ 104,144	\$ 59,323	\$ 42,360	\$ 37,844
Restricted	1,257	825	4,220	6,497	5,284	6,485			
Unrestricted	(51,488)	(38,240)	(37,108)	(20,224)	(54,963)	(63,007)	(24,950)	(29,882)	(32,248)
Total Governmental Activities Net Assets	<u>\$ 62,802</u>	<u>\$ 67,336</u>	<u>\$ 68,878</u>	<u>\$ 80,400</u>	<u>\$ 57,426</u>	<u>\$ 47,622</u>	<u>\$ 34,373</u>	<u>\$ 12,478</u>	<u>\$ 5,596</u>
Business-Type Activities:									
Invested in capital assets, net of related debt	\$ 91,927	\$ 116,827	\$ 84,022	\$ 77,019	\$ 85,780	\$ 89,674	\$ 88,752	\$ 93,251	\$ 94,508
Unrestricted	10,671	12,428	16,664	27,207	19,366	18,644	18,262	14,641	14,926
Total Business-Type Activities Net Assets	<u>\$ 102,598</u>	<u>\$ 129,255</u>	<u>\$ 100,686</u>	<u>\$ 104,226</u>	<u>\$ 105,146</u>	<u>\$ 108,318</u>	<u>\$ 107,014</u>	<u>\$ 107,892</u>	<u>\$ 109,434</u>
Primary Government:									
Invested in capital assets, net of related debt	\$ 204,960	\$ 221,578	\$ 185,788	\$ 171,146	\$ 192,885	\$ 193,818	\$ 148,075	\$ 135,611	\$ 132,352
Restricted	1,257	825	4,220	6,497	5,284	6,485			
Unrestricted	(40,817)	(25,812)	(20,444)	6,983	(35,597)	(44,363)	(6,688)	(15,241)	(17,322)
Total Governmental Activities Net Assets	<u>\$ 165,400</u>	<u>\$ 196,591</u>	<u>\$ 169,564</u>	<u>\$ 184,626</u>	<u>\$ 162,572</u>	<u>\$ 155,940</u>	<u>\$ 141,387</u>	<u>\$ 120,370</u>	<u>\$ 115,030</u>

*The information was not maintained prior to fiscal year ended June 30, 2002.

CITY OF MERIDEN, CONNECTICUT

CHANGES IN NET ASSETS

LAST NINE YEARS
(In Thousands)
(Accrual Basis of Accounting)

	FISCAL YEAR								
	2010	2009	2008	2007	2006	2005	2004	2003	2002*
Expenses:									
Governmental activities:									
General government	\$ 29,931	\$ 29,068	\$ 28,682	\$ 34,754	\$ 24,804	\$ 64,519	\$ 16,967	\$ 15,518	\$ 21,904
Education	132,771	133,862	158,802	115,598	106,287	90,527	96,877	100,467	88,865
Public safety	24,051	23,155	23,479	19,433	29,390	18,104	27,820	25,072	24,873
Public works	9,866	10,849	10,037	10,569	10,104	9,277	9,202	9,399	8,725
Human services	9,233	9,675	8,665	10,262	6,413	8,719	6,546	6,761	6,595
Culture and recreation	4,414	4,472	4,287						
Interest on long-term debt	2,806	3,967	3,209	3,614	4,275	6,583	4,095	4,381	4,821
Total governmental activities expenses	<u>213,072</u>	<u>215,048</u>	<u>237,161</u>	<u>194,230</u>	<u>181,273</u>	<u>197,729</u>	<u>161,507</u>	<u>161,598</u>	<u>155,783</u>
Business-type activities:									
Sewer Authority	7,951	8,552	7,893	7,480	6,662	6,390	6,074	6,018	5,689
Water Authority	10,546	10,628	10,312	8,276	7,885	8,015	8,424	8,180	7,201
George Hunter Golf Course	976	966	927	881	944	754	793	775	686
Total business-type activities expenses	<u>19,473</u>	<u>20,146</u>	<u>19,132</u>	<u>16,637</u>	<u>15,491</u>	<u>15,159</u>	<u>15,291</u>	<u>14,973</u>	<u>13,576</u>
Total Primary Government Expenses	<u>\$ 232,545</u>	<u>\$ 235,194</u>	<u>\$ 256,293</u>	<u>\$ 210,867</u>	<u>\$ 196,764</u>	<u>\$ 212,888</u>	<u>\$ 176,798</u>	<u>\$ 176,571</u>	<u>\$ 169,359</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	\$ 2,246	\$ 2,931	\$ 3,597	\$ 3,376	\$ 5,662	\$ 28,079	\$ 9,791	\$ 8,656	\$ 11,067
Education	1,143	1,208	1,207	1,742	1,386	1,510	1,541	1,599	4,906
Public safety	46	42	65	991	112	118	111	112	1,992
Public works	1,691	1,634	1,583	117	223	166	7	788	10,182
Human services	378	274	723	195	365	553	978	719	1,277
Culture and recreation	34	31	42	6					1,519
Operating grants and contributions	87,388	84,594	109,223	19,914	21,265	12,437	60,009	60,335	34,192
Capital grants and contributions	2,543	3,989	6,413	6,491	5,895	11,140	14,854	2,045	2,500
Total governmental activities	<u>95,469</u>	<u>94,703</u>	<u>122,853</u>	<u>32,832</u>	<u>34,908</u>	<u>54,003</u>	<u>87,291</u>	<u>74,254</u>	<u>67,635</u>
Business-type activities:									
Charges for services:									
Sewer Authority	6,459	5,967	5,964	7,023	6,169	4,950	5,601	5,093	4,352
Water Authority	8,719	7,663	7,719	7,322	7,458	7,855	7,911	7,790	7,421
George Hunter Golf Course	787	827	816	798	786	826	687	650	752
Capital grants and contributions	2,676	33,244							
Total business-type activities	<u>18,641</u>	<u>47,701</u>	<u>14,499</u>	<u>15,143</u>	<u>14,413</u>	<u>13,631</u>	<u>14,199</u>	<u>13,533</u>	<u>12,525</u>
Total Primary Government Revenues	<u>\$ 114,110</u>	<u>\$ 142,404</u>	<u>\$ 137,352</u>	<u>\$ 47,975</u>	<u>\$ 49,321</u>	<u>\$ 67,634</u>	<u>\$ 101,490</u>	<u>\$ 87,787</u>	<u>\$ 80,160</u>
Net Revenues (Expenses):									
Governmental activities	\$ (117,603)	\$ (120,345)	\$ (114,308)	\$ (161,399)	\$ (146,366)	\$ (143,727)	\$ (74,216)	\$ (87,344)	\$ (88,972)
Business-type activities	(832)	27,555	(4,633)	(1,494)	(1,078)	(1,528)	(1,092)	(1,440)	(1,051)
Total Primary Government Net Expense	<u>\$ (118,435)</u>	<u>\$ (92,790)</u>	<u>\$ (118,941)</u>	<u>\$ (162,893)</u>	<u>\$ (147,444)</u>	<u>\$ (145,255)</u>	<u>\$ (75,308)</u>	<u>\$ (88,784)</u>	<u>\$ (90,023)</u>
General Revenues and Other									
Changes in Net Assets:									
Governmental activities:									
Property taxes	\$ 106,619	\$ 104,384	\$ 100,322	\$ 105,354	\$ 94,042	\$ 92,580	\$ 89,175	\$ 86,176	\$ 72,155
Grants and contributions not restricted to specific programs	2,720	3,425	3,917	59,928	55,252	57,502	6,071	7,533	9,732
Unrestricted investment earnings	856	694	1,430	2,483	1,455	925	865	508	637
Miscellaneous income	3,073	10,300	4,207	6,512	4,866	6,731			
Transfers	836							10	
Total governmental activities	<u>114,104</u>	<u>118,803</u>	<u>109,876</u>	<u>174,277</u>	<u>155,615</u>	<u>157,738</u>	<u>96,111</u>	<u>94,227</u>	<u>82,524</u>
Business-type activities:									
Unrestricted investment earnings	70	121	400	574	461	242	214	(93)	183
Miscellaneous income	1,043	893	914						
Transfers	(836)							(10)	
Total business-type activities	<u>277</u>	<u>1,014</u>	<u>1,314</u>	<u>574</u>	<u>461</u>	<u>242</u>	<u>214</u>	<u>(103)</u>	<u>183</u>
Total Primary Government	<u>\$ 114,381</u>	<u>\$ 119,817</u>	<u>\$ 111,190</u>	<u>\$ 174,851</u>	<u>\$ 156,076</u>	<u>\$ 157,980</u>	<u>\$ 96,325</u>	<u>\$ 94,124</u>	<u>\$ 82,707</u>
Change in Net Assets:									
Governmental activities	\$ (3,499)	\$ (1,542)	\$ (4,432)	\$ 12,878	\$ 9,249	\$ 14,011	\$ 21,895	\$ 6,883	\$ (6,448)
Business-type activities	(555)	28,569	(3,319)	(920)	(617)	(1,286)	(878)	(1,543)	(868)
Total Primary Government	<u>\$ (4,054)</u>	<u>\$ 27,027</u>	<u>\$ (7,751)</u>	<u>\$ 11,958</u>	<u>\$ 8,632</u>	<u>\$ 12,725</u>	<u>\$ 21,017</u>	<u>\$ 5,340</u>	<u>\$ (7,316)</u>

*The information was not maintained prior to fiscal year ended June 30, 2002.

CITY OF MERIDEN, CONNECTICUT

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

		FISCAL YEAR									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund:											
Reserved	\$	982	\$ 985	\$ 5,515	\$ 7,850	\$ 6,803	\$ 7,779	\$ 1,692	\$ 2,900	\$ 1,889	\$ 782
Unreserved		<u>13,321</u>	<u>13,267</u>	<u>3,960</u>	<u>3,644</u>	<u>3,009</u>	<u>1,833</u>	<u>1,825</u>	<u>6,778</u>	<u>3,146</u>	<u>2,566</u>
Total General Fund	\$	<u>14,303</u>	<u>14,252</u>	<u>9,475</u>	<u>11,494</u>	<u>9,812</u>	<u>9,612</u>	<u>3,517</u>	<u>9,678</u>	<u>5,035</u>	<u>3,348</u>
All other governmental funds:											
Reserved	\$	6,923	\$ 4,879	\$ 5,716	\$ 6,823	\$ 5,481	\$ 238	\$ 2,782	\$ 3,072	\$	\$ 12,635
Unreserved, reported in:											
Special revenue funds		3,725	3,723	4,038	4,152	5,128	4,598	4,156	4,069	6,910	1,527
Capital projects funds		(12,326)	(2,183)	(17,843)	(16,392)	(27,054)	(32)	(181)	47	402	(25,831)
Permanent funds		<u>1,391</u>									
Total All Other Governmental Funds	\$	<u>(287)</u>	<u>6,419</u>	<u>(8,089)</u>	<u>(5,417)</u>	<u>(16,445)</u>	<u>4,804</u>	<u>6,757</u>	<u>7,188</u>	<u>7,312</u>	<u>(11,669)</u>
Total	\$	<u>14,016</u>	<u>20,671</u>	<u>1,386</u>	<u>6,077</u>	<u>(6,633)</u>	<u>14,416</u>	<u>10,274</u>	<u>16,866</u>	<u>12,347</u>	<u>(8,321)</u>

CITY OF MERIDEN, CONNECTICUT

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(In Thousands)

(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:										
Property taxes, interest and lien fees	\$ 106,583	\$ 104,179	\$ 102,505	\$ 103,735	\$ 95,956	\$ 91,365	\$ 88,259	\$ 84,907	\$ 79,388	\$ 77,364
Federal and state government	92,650	92,008	119,192	87,064	83,638	82,828	87,574	74,388	75,161	74,672
Charges for services	5,538	6,120	7,217	8,198	7,747	8,097	8,065	9,060	5,940	5,682
Investment income	743	643	1,311	2,646	1,455	910	854	508	750	927
Other revenues	3,481	9,331	4,441	5,252	4,866	5,954	5,890	2,973	1,746	1,724
Total revenues	<u>208,995</u>	<u>212,281</u>	<u>234,666</u>	<u>206,895</u>	<u>193,662</u>	<u>189,154</u>	<u>190,642</u>	<u>171,836</u>	<u>162,985</u>	<u>160,369</u>
Expenditures:										
Current:										
General government	29,900	29,016	30,830	34,809	25,875	41,189	37,593	35,705	49,507	32,650
Public safety	21,052	20,525	19,673	18,608	28,558	17,478	17,029	16,402	15,812	15,115
Public works	6,798	7,128	6,191	6,038	6,617	5,903	5,392	5,401	4,956	5,352
Health and welfare	8,232	8,537	7,457	9,574	6,342	8,246	7,924	5,556	5,693	4,997
Culture and recreation	3,980	3,963	3,817							
Education	123,442	122,568	148,186	112,427	102,765	86,755	90,525	87,909	82,930	77,310
Debt service:										
Principal	10,986	10,410	12,778	13,889	13,009	41,062	12,500	10,378	10,753	12,702
Interest	3,413	3,791	4,206	4,174	4,950	3,696	4,900	4,031	4,047	4,614
Capital outlay	8,902	7,709	6,219	11,201	15,967	28,504	25,771	6,899	15,352	17,963
Total expenditures	<u>216,705</u>	<u>213,647</u>	<u>239,357</u>	<u>210,720</u>	<u>204,083</u>	<u>232,833</u>	<u>201,634</u>	<u>172,281</u>	<u>189,050</u>	<u>170,703</u>
Excess (Deficiency) of Revenues over Expenditures	(7,710)	(1,366)	(4,691)	(3,825)	(10,421)	(43,679)	(10,992)	(445)	(26,065)	(10,334)
Other Financing Sources (Uses):										
Transfers in	1,712	1,015	570	693	342	5,550	100	258	918	1,032
Transfers out	(876)	(1,015)	(570)	(693)	(342)	(5,550)	(100)	(248)	(918)	(1,032)
Bond proceeds		21,369		16,135		34,460				
Bond premium	3,490	58								
Proceeds refunding bonds	32,769							8,274		
Payment to escrow	(36,040)							(8,039)		
Lease proceeds										224
Total other financing sources (uses)	<u>1,055</u>	<u>21,427</u>	<u>-</u>	<u>16,135</u>	<u>-</u>	<u>34,460</u>	<u>-</u>	<u>245</u>	<u>-</u>	<u>224</u>
Net Change in Fund Balances	\$ <u>(6,655)</u>	\$ <u>20,061</u>	\$ <u>(4,691)</u>	\$ <u>12,310</u>	\$ <u>(10,421)</u>	\$ <u>(9,219)</u>	\$ <u>(10,992)</u>	\$ <u>(200)</u>	\$ <u>(26,065)</u>	\$ <u>(10,110)</u>
Debt service as a percentage of noncapital expenditures	6.9%	6.9%	7.3%	9.1%	9.5%	21.8%	9.9%	8.7%	8.4%	11.3%

CITY OF MERIDEN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS
(In Thousands)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Tax Exempt Property</u>	<u>City-wide Assessed Value</u>	<u>Total Direct Basic Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Estimated Actual Tax Value</u>
2010	\$ 2,419,387	\$ 844,179	\$ 230,017	\$ 3,864,377	28.85	70%	\$ 5,520,539
2009	2,411,971	851,316	220,274	3,879,478	27.96	70%	5,542,111
2008	2,382,465	850,333	221,915	3,830,329	27.96	70%	5,471,899
2007	* 2,381,692	865,337	599,566	2,561,231	42.20	70%	3,658,901
2006	1,884,648	802,272	140,582	2,521,867	40.40	70%	3,602,667
2005	1,854,673	793,407	148,428	2,531,849	39.10	70%	3,616,927
2004	1,800,892	788,517	193,055	2,539,654	37.30	70%	3,628,077
2003	1,771,890	799,349	211,036	2,419,954	36.00	70%	3,457,077
2002	* 1,848,883	795,469	90,129	2,037,758	40.40	70%	2,911,083
2001	1,558,776	518,667	96,222	2,012,192	35.80	70%	2,874,560

* Revaluation year

CITY OF MERIDEN, CONNECTICUT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

(Rates per \$1,000 of Assessed Value)

Fiscal Year	City Direct Rate	Overlapping Rates		Total Direct & Overlapping Rates
	Basic Rate	District 1	District 2	
2010	28.85	0.00	1.74	30.59
2009	27.96	0.00	1.93	29.89
2008	27.96	0.00	2.31	30.27
2007	42.20	0.00	2.31	44.51
2006	40.43	0.00	1.90	42.33
2005	39.09	0.00	1.90	40.99
2004	37.30	0.00	1.90	39.20
2003	36.00	0.00	1.80	37.80
2002	40.40	0.00	2.10	42.50
2001	35.80	0.00	2.10	37.90

CITY OF MERIDEN, CONNECTICUT
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

93

<u>Taxpayer</u>	<u>Fiscal Year Ended June 30, 2010</u>			<u>Taxpayer</u>	<u>Fiscal Year Ended June 30, 2001</u>		
	<u>Assessment</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>Assessment</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Meriden Square #3 LLC et al	\$ 73,662,140	1	2.03 %	Meriden Square Partnership	\$ 28,340,150	3	1.46 %
Computer Sciences Corp.	53,678,280	2	1.48	C.S.C. Outsourcing, Inc.	18,522,010	4	0.95
Connecticut Light & Power	52,629,410	3	1.45	Connecticut Light & Power	32,052,770	2	1.65
Radio Frequency System	24,885,520	4	0.68				
Urstadt Biddle Properties, Inc.	23,665,670	5	0.65				
Yankee Gas	20,125,840	6	0.55	Yankee Gas	37,184,810	1	1.91
Carabetta Enterprises, Inc.	15,157,490	7	0.42				
Newbury Village Development	12,694,710	8	0.35				
Denmeri Associates LP	10,984,320	9	0.30				
TC Meriden LLC	10,370,710	10	0.29				
	<u>\$ 297,854,090</u>		<u>8.20 %</u>	HRE Properties	11,044,660	5	0.57
				CUNO, Inc	10,268,400	6	0.53
				Springwich Cellular Ltd.	9,862,790	7	0.51
				SNET Real Estate, Inc.	7,725,410	8	0.40
				Fusco-Meriden Assoc. Ltd.	7,224,100	9	0.37
				IBM Credit Corporation	6,735,240	10	0.35
					<u>\$ 90,045,410</u>		<u>8.70 %</u>

CITY OF MERIDEN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Levy
2001	\$ 78,806,191	\$ 74,395,268	94.40%	\$ 4,110,219	\$ 78,505,487	99.62%
2002	78,353,996	75,144,010	95.90%	2,817,488	77,961,498	99.50%
2003	84,731,222	81,598,743	96.30%	2,784,374	84,383,117	99.59%
2004	86,935,391	83,723,025	96.30%	2,811,939	86,534,964	99.54%
2005	92,968,119	89,339,544	96.10%	3,227,643	92,567,187	99.57%
2006	97,595,530	93,994,623	96.31%	3,011,793	97,006,416	99.40%
2007	104,173,221	100,818,674	96.78%	2,837,219	103,655,893	99.50%
2008	103,064,985	99,842,370	96.87%	2,803,907	102,646,277	99.59%
2009	103,280,297	100,430,840	97.24%	1,982,323	102,413,163	99.16%
2010	105,882,618	103,229,589	97.49%	-	103,229,589	97.49%

CITY OF MERIDEN, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(In Thousands)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Total Primary Government (2)	Percentage of Personal Income	Aggregate Personal Income	Population (3)	Per Capita (3)
	General Obligation Bonds	Capital Leases	Resources Restricted for Debt Payments (1)	Water Bonds	Sewer Bonds	Golf Course Bonds					
2010	\$ 68,666	\$	\$	\$ 13,797	\$ 37,319	\$ 122	\$ 119,904	6.08 %	\$ 1,972,000	59	34
2009	80,903			15,522	30,280	142	126,847	5.07	1,972,000	59	34
2008	69,944		275	5,860	2,956	125	79,160	4.01	1,972,000	58	34
2007	82,722		1,875	7,223	3,663	141	95,624	4.85	1,972,000	58	34
2006	80,476		5,062	6,411	2,968	128	95,045	5.12	1,856,000	58	32
2005	93,486	50	15,867	7,288	2,082	139	118,912	6.41	1,856,000	58	32
2004	72,224	147	17,400	3,284	794	153	94,002	5.06	1,856,000	58	32
2003	85,006	240	14,174	3,874	923	167	104,384	5.81	1,798,000	58	31
2002	56,257	327	14,800	4,286	798	10	76,478	4.24	1,805,564	58	31
2001	66,721	409	17,316	5,167	1,063	200	90,876	5.03	1,805,564	58	31

(1) Includes intergovernmental grants receivable from the State Department of Education and restrictions from enabling legislation

(2) All of the City of Meriden's debt is considered general obligation with no other revenues specifically pledged

(3) U.S. Bureau of Economic Analysis

CITY OF MERIDEN, CONNECTICUT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Bonded Debt (thousands)	Net Assessed Value (thousands)	Ratio of Net Bonded Debt to Net Assessed Value	Population	Debt Per Capita
2010	\$ 119,904	\$ 3,634,360	3.30	59,186 *	\$ 2,026
2009	126,847	3,659,204	3.47	59,186	2,143
2008	78,885	3,608,414	2.19	59,468	1,327
2007	93,750	2,420,649	3.87	59,468	1,576
2006	88,785	2,373,437	3.74	59,468	1,493
2005	102,945	2,338,868	4.40	58,962	1,746
2004	76,455	2,331,434	3.28	58,675	1,303
2003	89,970	2,329,825	3.86	58,244	1,545
2002	61,350	1,941,536	3.16	58,244	1,053
2001	73,150	1,916,270	3.82	58,244	1,256

* Source: U.S. Census Bureau's (USCB) Population Estimates Program

CITY OF MERIDEN, CONNECTICUT

DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 2010

(In Thousands)

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 106,604
Reimbursement for Revenue Loss on: Tax relief for elderly and disabled	<u>462</u>
Base	<u><u>\$ 107,066</u></u>

	<u>General Long-Term Debt</u>				
	<u>General Purposes</u> (2.25 x base)	<u>Schools</u> (4.50 x base)	<u>Urban Renewal</u> (3.25 x base)	<u>Sewers</u> (3.75 x base)	<u>Pension Bonding</u> (3.00 x base)
Debt Limitation: Statutory debt limits by function	\$ <u>240,899</u>	\$ <u>481,797</u>	\$ <u>347,965</u>	\$ <u>401,498</u>	\$ <u>321,198</u>
Debt:					
Bonds payable	68,666				
Bonds authorized but unissued	<u>25,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>94,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u><u>\$ 146,694</u></u>	<u><u>\$ 481,797</u></u>	<u><u>\$ 347,965</u></u>	<u><u>\$ 401,498</u></u>	<u><u>\$ 321,198</u></u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$749,462.

CITY OF MERIDEN, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN YEARS
(In Thousands)

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt limitation	\$ 749,462	\$ 729,330	\$ 717,668	\$ 734,819	\$ 659,509	\$ 648,281	\$ 626,277	\$ 593,370	\$ 554,098	\$ 514,622
Total net debt applicable to limit	<u>94,205</u>	<u>99,416</u>	<u>130,409</u>	<u>194,045</u>	<u>95,045</u>	<u>118,912</u>	<u>94,002</u>	<u>104,384</u>	<u>76,478</u>	<u>90,876</u>
Legal Debt Margin	<u>\$ 655,257</u>	<u>\$ 629,914</u>	<u>\$ 587,259</u>	<u>\$ 540,774</u>	<u>\$ 564,464</u>	<u>\$ 529,369</u>	<u>\$ 532,275</u>	<u>\$ 488,986</u>	<u>\$ 477,620</u>	<u>\$ 423,746</u>
Total net debt applicable to the limit as a percentage of debt limit	12.6%	13.6%	18.2%	26.4%	14.4%	18.3%	15.0%	17.6%	13.8%	17.7%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the City exceed seven (7) times the annual receipts from taxation. The calculation of the current year debt limit can be found on Table 11 of this report.

CITY OF MERIDEN, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	59,186	\$ 49,644 *	10.4 %
2009	59,186	49,644 *	10.2
2008	59,653	49,644 *	6.5
2007	59,653	49,644 *	5.1
2006	59,653	31,459	5.4
2005	59,653	31,459	5.9
2004	59,653	31,459	5.9
2003	59,171	31,459	6.8
2002	58,961	30,795	5.2
2001	58,622	30,580	3.8

Sources: Department of Labor, State of Connecticut, U.S. Census Bureau and the State Department of Economic and Community Development

* Information from the State Department of Economic and Community Development. As of 2007, per capita income is no longer available; however, the Department tracks median household income.

TABLE 14

CITY OF MERIDEN, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2010			2001				
	Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
	Midstate Medical Center	1,250	1	4.4 %	Midstate Medical Center	945	2	3.2 %
	AT&T	650	2	2.3	Southern New England Telephone	1,470	1	5.0
	Hunters Ambulance	440	3	1.6				
	Canberra	352	4	1.3				
	CUNO, Inc.	299	5	1.1	CUNO, Inc.	357	6	1.2
	Bob's Stores	274	6	1.0	Bob's Stores	360	5	1.2
	Radio Frequency System	258	7	0.9				
	Target Stores	233	8	0.8				
	Record Journal	98	9	0.3				
	BL Company	93	10	0.3				
				14.0 %	State of Connecticut	870	3	2.9
					Walbro Automotive	641	4	2.2
					Filene's	300	7	1.0
					J.C. Penney Co., Inc.	215	8	0.7
					Sears Roebuck and Co.	215	8	0.7
					AGC, Inc.	213	10	0.7
								18.9 %

Source: Connecticut Department of Labor

CITY OF MERIDEN, CONNECTICUT

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST FIVE FISCAL YEARS*

	FISCAL YEAR ENDED JUNE 30,				
	2010	2009	2008	2007	2006*
General Government	165.5	174	178	185.5	185
Public Safety					
Police					
Officers	118	118	115	121	116
Civilians	32	31	30.5	31.5	31
Fire					
Firefighters and officers	96	96	97	95	95
Civilians	3	3	3	3	3
Emergency Communications	14	15	14	15	13
Highways and Streets					
Engineering	12	12	11	12.5	12.5
Maintenance	28	29	29	32	31
Culture and Recreation	36	29	35.5	32.5	34.5
Golf	15	13	14	14	12
Water	34	34	30.5	30.5	34
Sewer	16	15	18.5	19	17
Total	<u>569.5</u>	<u>569.0</u>	<u>576.0</u>	<u>591.5</u>	<u>584.0</u>

* City began to collect information in fiscal year ended 2006

CITY OF MERIDEN, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/TYPE
LAST FIVE FISCAL YEARS*

Function / Operating Indicator	FISCAL YEAR				
	2006*	2007	2008	2009	2010
<u>Police</u>					
Cases Investigated	36,812	34,784	38,313	34,390	35,973
Arrests	3,059	3,147	3,225	3,083	3,491
Traffic Citations	6,809	6,866	4,520	7,579	5,958
Parking Citations	922	1,229	1,693	1,396	1,442
<u>Fire</u>					
Emergency Responses	5,787	6,033	6,021	6,424	7,299
Non-emergency Responses	1,965	1,643	1,911	1,937	1,612
Inspections	2,335	1,527	2,542	2,656	1,774
<u>Refuse Collection</u>					
Refuse Collected (Tons)	23,215	34,952	31,978	31,908	32,702
Recyclables Collected (Tons)	1,797	1,777	1,775	1,812	1,813
<u>Other Public Works</u>					
Street Resurfacing (Miles)	5	2	1	2.24	2.17
Potholes Repaired	275	705	650	900	785
<u>Library</u>					
Volumes in Collection (Print)	239,196	239,314	234,897	233,157	232,783
Volumes in Collection (Non-print)	27,742	13,546	14,069	16,860	14,028
Total Volumes Borrowed	202,214	208,194	191,651	228,224	248,017
<u>Water</u>					
Average Daily Production (thousands of gallons)	6,893	6,504	6,050	5,960	5,422
Average Daily Demand (thousands of gallons)	6,880	6,333	5,980	5,960	5,422
<u>Wastewater</u>					
Average Daily Treatment (thousands of gallons)	9,400	9,400	11,800	11,400	12,917
<u>Transit</u>					
Total Route Miles	52,980	52,926	52,999	52,999	27,600 **
Passengers	18,638	16,493	15,537	17,521	18,638
<u>Human Services</u>					
Environmental inspections and Responses	2,989	2,885	2,402	3,454	3,251
Health and Clinic Services Provided	89,200	5,252	4,869	2,982	9,366
School Health Services Provided	93,429	107,061	138,513	116,696	158,557
Social Services Provided	451	2,377	2,233	1,572	1,683
Youth Program Participants	5,562	6,843	8,576	10,765	10,498
Senior Program Participants	19,246	20,204	20,471	19,947	17,973

*City began to collect information in fiscal year ended 2006

** Change in formula used by the State of Connecticut implemented in 2010.

CITY OF MERIDEN, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST SIX FISCAL YEARS*

Function	FISCAL YEAR					
	2005	2006	2007	2008	2009	2010
Police stations	1	1	1	1	1	1
Police sub-stations	3	3	3	3	3	2
Fire stations	5	5	5	5	5	5
Municipal buildings	10	10	10	10	10	10
Schools	13	13	13	13	13	13
High Schools	2	2	2	2	2	2
Elementary Schools	8	8	8	8	8	8
Middle Schools	2	2	2	2	2	2
Magnet Schools	1	1	1	1	1	1
Parks and recreation						
Fields - Municipal	8	8	8	8	8	11
Fields - Schools	9	9	9	9	9	9
Water						
Water mains (Municipal) (feet)	1,197,433	1,203,815	1,205,030	1,210,732	1,216,560	1,217,120
Fire hydrants (Municipal)	1,544	1,544	1,549	1,552	1,552	1,544
Fire hydrants (Private)	239	239	239	256	274	275
Wastewater						
Sewer line (feet)	1,111,026	1,111,026	1,111,026	1,111,026	1,111,026	1,111,026
Highway						
Paved miles	187.45	187.45	187.45	187.45	187.45	187.45
Unimproved miles	0.58	0.58	0.58	0.58	0.58	0.58

* only six years of data is available