

CITY OF MERIDEN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2004
DEPARTMENT OF FINANCE
MERIDEN, CONNECTICUT

CITY OF MERIDEN, CONNECTICUT

**Comprehensive
Annual Financial Report**

For

The Fiscal Year Ended

June 30, 2004

Prepared by:

City of Meriden Finance Department

**Robert Curry
Finance Director**

**CITY OF MERIDEN, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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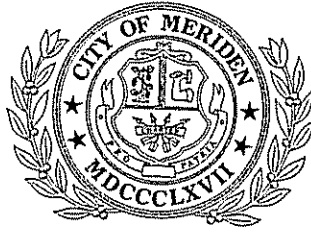
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**FINANCE DEPARTMENT
ROOM 212 CITY HALL
142 EAST MAIN STREET
MERIDEN, CONNECTICUT 06450-8022**

December 31, 2004

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

Connecticut State Statutes require that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Meriden, Connecticut for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the City of Meriden, Connecticut. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Meriden has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Meriden's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Meriden, Connecticut's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Meriden, Connecticut's financial statements have been audited by McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Meriden, Connecticut for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant

estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Meriden, Connecticut's financial statements for the fiscal year ended June 30, 2004 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Meriden, Connecticut was part of broader state and federally mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City of Meriden, Connecticut's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Meriden, Connecticut's MD&A can be found immediately following the report of the independent auditors.

Description of the Municipality

Meriden was settled in 1661, incorporated as a town in 1806, and as a city in 1867. The Town and City were consolidated in 1922. The City, which covers an area of 24.0 square miles, had a population of 59,412 in 2003, an increase of 1,268 people since 2000. Meriden is located midway between the cities of Hartford and New Haven in New Haven County at the crossroads of I-91, I-691, State Rt. 15 (Wilbur Cross Parkway) and U.S. 5. I-691 links I-91 and I-84.

The City includes a unique mix of historic buildings and neighborhoods, housing that is affordable 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 ridgetop areas. There is local transit service, Amtrak and interstate buses provide passenger transportation connecting the City to major metropolitan centers. Freight service is provided by Conrail and a number of trucking companies. The Meriden-Markham Municipal Airport provides both freight and limited passenger service.

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

Form of Government

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

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

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

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

Principal City Officials

City Officials	Name	Manner of Selection/Term	Years of Service	Employed Last Five Years
Mayor	Mark D. Benigni	Popularly elected	2	School Vice Principal
City Manager	Roger L. Kemp	Appointed - indefinite	10	City Manager
Finance Director/Treasurer	Robert M. Curry	Appointed - indefinite	1	Director of Accounting
Superintendent of Schools	Mary Cortright	Appointed - indefinite	1	School Principal

Mark Benigni, Mayor: Mayor Benigni graduated from Western Connecticut State University and received a Bachelor’s of Science degree in Business Administration. Mayor Benigni earned both a Masters in Education and a Doctorate in Education from the University of Hartford, in Connecticut. Prior to election as mayor, Mr. Benigni served on the City Council for four years. He is currently in the third year of his second term. In addition, to serving as mayor, Mr. Benigni is currently the assistant principal at Berlin High School. His prior work experience includes focus in special education.

Roger Kemp, City Manager: Roger L. Kemp, Ph.D., has held city manager positions on both the East and West Coasts for two decades. He has also been an adjunct professor at the University of California, Golden Gate University, Rutgers University, and the University of Connecticut. He holds a B.S. degree in business administration, M.P.A. and M.B.A. degrees, and a Ph.D. degree in public administration. He is a graduate of the Program for Senior Executives in State and Local Government at the John F. Kennedy School of Government, Harvard University. Dr. Kemp received the designation of ICMA Credentialed Manager in 2002.

Robert Curry, Finance Director, Treasurer: Mr. Curry, Director of Finance and Treasurer, earned a Bachelor’s of Science degree in Accounting from Central Connecticut State University. He received a Masters in Business Administration from the University of New Haven. Before his appointment to Finance Director Mr. Curry was Director of Accounting for the City of Meriden for twenty two years. He also worked for the State of Connecticut in an accounting capacity at the Department of Education in the Grant Processing Unit and at the Department of Housing in the Management Division. Mr. Curry held these positions with the State for four years. Mr. Curry is a Certified Public Finance Officer.

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

This report includes all funds of the City of Meriden. The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning and zoning, water, sewer, and general administration.

Economic Development

Meriden's Enterprise Zone has been expanded to include the Westfield Shoppingtown and an area that will include the proposed Cooper Street Development project.

Meriden has established an Information Technology Zone (ITZ), which provides tax incentives for high-tech companies that move their business to Meriden. This incentive allows eligible companies to receive real and personal property tax breaks for IT related equipment.

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

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

The City's Comprehensive Economic Development Strategy Plan (CEDS) was approved by the US Economic Development Administration (EDA) in 2000. EDA has approved all annual reports submitted since that time. The City plans to hire a consultant to update the plan in 2005. Thirty-five community leaders and company representatives sit on a steering committee, which guides the planning effort and implementation activities.

The City's Economic Development Office contracted with the Connecticut Economic Resource Council (CERC), a non-profit, Connecticut-based, economic research firm, to conduct three economic studies: 1) A mail survey of all businesses in the city and a retention plan; 2) A business/industry cluster and segmentation analysis; 3) A regionalism study. These studies will

guide the City's business retention efforts, help us target existing and emerging industries and help define Meriden's economic associations with other cities/towns in the area.

Commercial/Industrial Development

The principals of NYC-based Flat Iron Real Estate Advisors and Spin Vision Environmental recently purchased the Meriden Enterprise Center, a 438,000 sq. ft. office and industrial building at 290 Pratt Street. The new owners, known as 290 Pratt St LLC, plan to complete substantial utility/cosmetic improvements and environmental clean up activities on the site.

Ground Up formerly of New York, a warehouse and distribution company for classic and antique auto parts, will purchase 63 B Golden Street. The company has been in business since 1989 and has \$4 million in sales. Ninety five percent of business is mail order, web and catalog sales. It will generate 15-25 new jobs for the City.

The vacant Veteran's Memorial Medical Center (VMMC) property on King place in Meriden was recently sold via a court bankruptcy action to an LLC in which George DiScala is a principal. DiScala is also a principal of Paragon Builders, a Norwalk company. Paragon had debtor-in-possession status during the bankruptcy proceeding. JEM, Inc, the property's former owner, paid the City \$978,000 as a result of the bankruptcy litigation.

Eros's, LLC recently moved from Waterbury into 1,800 sq. ft. at 30 Powers Drive in Meriden. This aerospace and medical equipment parts manufacturer tripled their space and now operates two shifts, six days a week.

Electrical Wholesalers, a 45-year-old company based in Hartford with twenty locations throughout Connecticut, is situated at 54 Research Parkway. The company transferred two employees to the site and will hire 3-4 new people for this Meriden location.

Spinnet, formerly of New Britain, moved into 4,760 sq.ft. of the space at 154 Research Parkway.

Securitas, a security company, leased 2,500 sq. ft. of space at 321 Research Parkway bringing in 6-8 jobs. Siemens, a networking company, just leased 5,000 sq. ft. at this location.

Nest Egg Auctions has leased 6,000 sq. ft. in the Napier Building. Nest Egg is an auctioneer for antiques, collectibles, and estate lots and attracts people from across Connecticut.

Amerimar Enterprises, a Philadelphia-based real state investment company and Angelo, Gordon & Co., a leading investment management firm, have acquired the Ramada Plaza Hotel and Conference Center in Meriden. The property will undergo \$4.1 million in renovations. The property will be rebranded as a Sheraton Four Points. All public spaces, guest rooms, conference, meeting rooms and the hotel's restaurant will be renovated.

A 544 Megawatt gas-fired Electric Generating Plant owned by Meriden Gas Turbines is nearing completion. The plant is sited just inside the northern boundary of the City on a thirty six acre parcel off Chamberlain Highway. The total project site includes approximately 340 acres to be donated to the City of Meriden.

A twenty eight unit Holiday Inn Express Motel is being constructed on North Broad Street.

A developer/owner of property on Bee Street is assessing the market prior to building a Hilton Garden Inn on available land near the Residence Inn. Discussions are also underway regarding the feasibility of building a 50,000 sq. ft., \$15 million conference center on site. The hotel and conference center estimate 150 new jobs.

A prospect is currently in negotiations with the Howard Johnson's property owner on East Main Street. The property will undergo \$2.5 million in renovations. The prospect plans are to split the property and develop an Econolodge (66 units) and a Comfort Inn (100 room/suites). The back building will be a fitness center. A full service restaurant will be included in hotel-redesign.

SRL Realty is in the process of acquiring the City-owned properties on North Broad Street for Central Auto Auction/Statewide Recovery. The auto auction is located next door and will build a new \$1 million-dollar facility on the City's property. They are paying the city \$163,000 for the parcels.

We are working with Protein Sciences, MEDCO and Connecticut Department of Economic and Community Development (DECD) regarding construction of a new building on-site for the company's bioscience expansion.

Downtown Activity and Planned Redevelopment

Middlesex Community College opened its downtown Meriden Center in January 2004. The college holds up to forty classes for both day and evening students, bringing hundreds of students and faculty into the downtown.

William Murdy has completed total renovations to 5 Colony Street in Meriden's downtown. Two new tenants have already leased space: Sleepless Knights Media and Robert Andrade Architects.

A local developer is currently renovating a vacant structure on West Main Street downtown into eleven one-bedroom apartments and first floor commercial space.

A local entrepreneur is preparing to create a restaurant at 30 West Main Street utilizing the adjacent parcel for a patio extension. This development is in line with the City's priority for bringing restaurants to the downtown as well as with new ordinance allowing outdoor dining.

Autozone is in negotiations to purchase Carlberg gas station on West Main Street. The City secured a low-interest loan for testing for the owner from a non-profit group in New Haven.

The City Center Initiative Plan was approved for a \$250,000 state grant to further delineate and refine the redevelopment plan targeting fifty eight acres in our downtown. The Meriden Economic Resource Group is overseeing consultant work.

The City has earmarked funds to hire a traffic consultant/engineering company to conduct a comprehensive parking study of the downtown. As new investment spurs the need for additional parking for commercial and residential tenants and customers, the City wishes to develop a parking plan that meets increased demand.

The City will contract with an arts/entertainment planning and development consultant to undertake a \$75,000 arts district study of the downtown. The study will survey and assess market demand for two performance venues and artist housing, determine feasible strategies to attract the arts, artist tenants and develop a realistic implementation plan to attract developers and funding.

Retail Development

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

- ◆ Panera Bread relocated to Townline Plaza.
- ◆ Best Buy and Dick's Sporting Goods are coming to Meriden by the end of the year. The retailers plan to occupy space at Westfield Shopping Town-Meriden recently vacated by Lord and Taylor's.
- ◆ Circuit City is coming to the former Waldbaum's Shopping Plaza on Kensington Ave. The site has been approved for total redevelopment.
- ◆ Ocean State Job lot currently at 1231 East Main Street (Ames Plaza) will expand into the former Ames store building to occupy 34,000 sq. ft.
- ◆ A new farmers market is being built and is nearly complete at 1320 East Main Street. The market will be named Spoon Shop Brook. The market building is being newly constructed on this formerly vacant parcel.
- ◆ A former showroom and service center is getting renovated and three vacant homes will be razed to make way for a new Saab car dealership at 171-195 South Broad Street. Construction is underway.
- ◆ The City is negotiating with the State to take ownership of half of the State's Undercliff Road property located adjacent to Target and across from Westfield Shopping Town Meriden. This site is prime for retail development.

Municipal and Public Facility Development

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

- ◆ In early 2004, Middlesex Community College relocated into downtown Meriden.
- ◆ Lincoln Middle School is currently being constructed. It will replace an aging building with a new state of the art facility with a special focus on the arts.
- ◆ The City is currently completing a new large ballfields park complex. The twenty acre site on Thorpe Avenue will greatly expand recreational opportunities for the City's youth and young adults, and is also expected to host regional sports events.
- ◆ The City is currently completing streetscape improvements to Lewis Avenue. The project will replace sidewalks and install landscape plantings and street furniture such as lighting and benches.

- ◆ The Meriden Boys and Girls Club has \$250,000 in funding for improvement and expansion of camp facilities planned to commence in the Fall of 2004.
- ◆ The United States Postal Service has committed to constructing a new postal facility. The construction budget is approved and USPS plans to begin construction in 2005.

Residential Development

On the north side of the City, Lilly Lane and Betts Place, a fourteen lot single family subdivision was completed during the year. In addition, "Hidden Valley", a fifty seven lot single family subdivision is currently under construction. It is the largest single family residential development in Meriden since 1990.

On the west side of the City, "Rolling Hills" (Final Phase), a forty six lot single family subdivision is currently nearing completion.

On the east side of the City, Daniel Way, a twelve lot single family subdivision is nearing completion. Also on the east side, "Blue Grass Farms", a thirty four lot single family subdivision will begin construction soon.

On the south side of the City, Walt Drive, a twenty lot single family subdivision is currently under construction.

In 2004, a 180 unit rental housing complex was approved on Pomeroy Avenue near Research Parkway. The development, which will include a clubhouse, is expected to be upscale and meet the need for housing for young professionals.

In 2004, a thirty two unit garden apartment complex (Hidden Gables) and a twenty four unit condominium complex (Quarry Farms) were approved.

Community Development Program

The City of Meriden, as an entitlement community under the Housing and Community Development Act of 1974, as amended in 1977 and 1982, has received approximately \$25,545,000 in federal funds under the Community Development Block Grant for fiscal years 1976 through 2004.

Under the Community Development Program, the City has made a major commitment to preserving and rehabilitating Meriden's inner-city neighborhoods. To date, some \$14.5 million of Community Development funds has been coupled with more that \$5 million of private funds and \$1.6 million of City bond funds to implement the rehabilitation and maintenance of inner-city housing.

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

Additionally, economic development and planning activities in the area of Central Business District Revitalization, zoning ordinance revisions, and the master plan have been funded. The

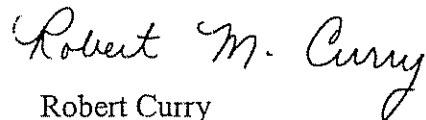
City has developed a plan for a special targeted neighborhood improvement program within the inner city.

The City has focused its efforts to clean up its neighborhoods and to encourage reinvestment in their "inner core" areas. This focus is achieved through a series of changes to the established loan tools which will encourage more owner/occupant investment. Also, the City is actively working with the private sector to augment the public loans with their private funding. Another part of this focus is through a more intense code enforcement effort. Such an effort includes the assignment of housing inspectors to work with community police officers throughout the "inner-core". Consortiums of social service agencies have organized the Gang Prevention Coalition to address youth problems. The City has utilized twenty Americorps workers to organize 28 inner-city neighborhood associations. Lastly, the City has received a \$1.4 million State grant to hire ten new police officers to increase law enforcement efforts in the "inner core" area and a \$1.2 million Federal grant to hire an additional 13 new police officers.

ACKNOWLEDGMENTS

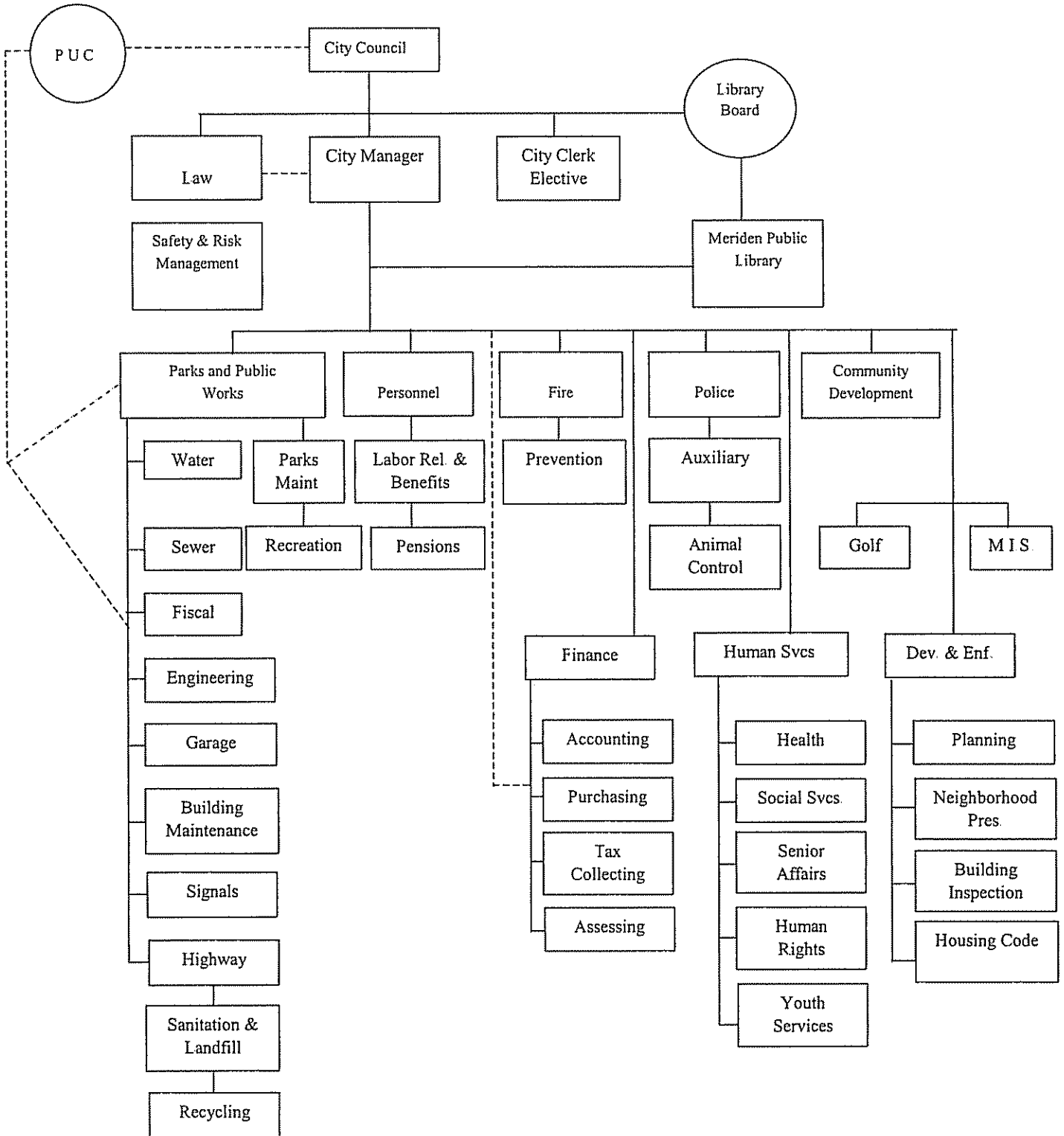
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I would like to express my appreciation and gratitude to all members of the Department who assisted and contributed to its preparation. I also appreciate the assistance and dedication of the audit team from McGladrey and Pullen, LLP. Finally, I would like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



Robert Curry
Director of Finance

ORGANIZATIONAL CHART



PRINCIPAL CITY OFFICIALS

Office	Name	Manner of Selection and Term	Length of Service
City Manager	Roger L. Kemp	Appointed - indefinite	11 years
Finance Director/Treasurer	Robert Curry	Appointed	2 years
Superintendent of Schools	Mary N. Cortright	Appointed - indefinite	1 year
Mayor	Mark Benigni	Popularly elected	3 years

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Financial Section

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the 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, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Meriden's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 17 to the financial statements, the City adopted the modified accrual basis of accounting for the recognition of compensation earned but unpaid at year-end.

In accordance with "Government Auditing Standards," we have also issued our report dated December 31, 2004 on our consideration of the City of Meriden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis information on pages 3 through 13 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's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund 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 section 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.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 31, 2004

City of Meriden, Connecticut
Management's Discussion and Analysis
June 30, 2004

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, 2004. 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 \$141.4 million. Total net assets for Governmental Activities at fiscal year-end were \$34.4 million and total net assets for Business-Type Activities were \$107.0 million.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$21.0 million or 17.5%, from \$120.4 million to \$141.4 million. Net assets increased by \$21.9 million for Governmental Activities and decreased by \$.9 million for Business-Type Activities. Government-wide expenses were \$176.8 million, while revenues were \$197.8 million.
- ◆ At the close of the year, the City's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$14.7 million, an increase of \$17.8 million from the prior fiscal year, as restated to reflect earned but unpaid compensation being recorded in conformity with generally accepted accounting principles.
- ◆ At the end of the current fiscal year, the total fund balance for the general fund alone was \$3.5 million, a increase of \$3.0 million from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2004, \$1.8 million represents unreserved General Fund fund balance. Unreserved General Fund fund balance at year-end represents 1.1% of total General Fund expenditures (\$157.3 million).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of 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 the City'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 general government, public safety, public works, human services and education. Property taxes, charges for services and state and federal grants finance most of these activities.
- ◆ Business-type activities of the City of Meriden include the Water Pollution Control Authority, Water Division and the Hunter Golf Course. They are reported here as the City charges a fee to customers to help cover all or most of the cost of operations.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 15-16 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Meriden maintains 38 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation as other governmental funds. Non-major governmental funds for the City of Meriden include: Airport Improvement, Community Development Block Grant, Day Care Center, Health Department-WIC Program, Insurance Reserve Fund, Neighborhood Mobile Health, Special Projects-Health, Tri-Town Medical Transportation, Neighborhood Preservation Program, Asset Forfeiture Fund, Recycling Fund, State & Federal Education Grants, Underage Drinking, Transit Welfare to Work, Dog Fund, Landfill Reclamation, Meriden Public School Rental, Adult Evening School, Safe Neighborhoods, Railroad Right-of-Way, Drivers Education Training, Student Fund, AmeriCorps, Summer Youth Initiative, Law Enforcement Block Grant, Lorenzo fuller Award, Charlotte Yale Ives, Downtown Property Management, School Readiness, Cops More 98, C.P. Bradley Park, Hubbard Park Fund, Liberty Trust Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets on pages 80-85 and in the combining statement of revenues, expenditures and changes in fund balance on pages 86-91.

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 encumbrances on a budgetary basis can be found on page 20.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on pages 17–18 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority and the Water Division, both of which are considered to be major funds of the City of Meriden. The Hunter Golf Course is also provided separately and identified as a non-major fund of the City of Meriden. Individual fund data for the internal service fund is also provided as a separate column in the proprietary fund financial statements. The proprietary fund financial statements can be found on pages 21-25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the City’s constituency. The City has three pension trust funds, four agency funds and four private purpose funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 26 and 27 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 28-61 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.

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. The City's total assets exceeded its liabilities by \$141.4 million on June 30, 2004.

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

	June 30, 2003			June 30, 2004		
	Primary Government			Primary Government		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 44,455	\$ 16,620	\$ 61,075	\$ 47,839	\$ 20,028	\$ 67,867
Non-current assets	6,591	-	6,591	4,828	-	4,828
Capital assets	141,934	102,530	244,464	160,586	101,030	261,616
Total Assets	192,980	119,150	312,130	213,253	121,058	334,311
Current liabilities	29,827	1,014	30,841	29,759	1,551	31,310
Long-term liabilities	150,675	10,244	160,919	149,121	12,493	161,614
Total Liabilities	180,502	11,258	191,760	178,880	14,044	192,924
Net Assets:						
Invested in capital assets, net of related debt	42,360	93,251	135,611	59,323	88,752	148,075
Unrestricted	(29,882)	14,641	(15,241)	(24,950)	18,262	(6,688)
Total Net Assets	\$ 12,478	\$ 107,892	\$ 120,370	\$ 34,373	\$ 107,014	\$ 141,387

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 (000's)**

	June 30, 2003			June 30, 2004		
	Primary Government			Primary Government		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program Revenues:						
Charges for services	\$ 11,873	\$ 13,534	\$ 25,407	\$ 12,428	\$ 14,199	\$ 26,627
Operating grants and contributions	60,335	-	60,335	60,009	-	60,009
Capital grants and contributions	2,045	-	2,045	14,854	-	14,854
General Revenues:						
Property taxes	86,176	-	86,176	89,175	-	89,175
Grants not restricted to specific programs	7,533	-	7,533	6,071	-	6,071
Unrestricted investment earnings	508	(93)	415	865	214	1,079
Transfers	10	(10)	-	-	-	-
Total Revenues	168,480	13,431	181,911	183,402	14,413	197,815
Expenses:						
General government	15,518	-	15,518	16,967	-	16,967
Education	100,467	-	100,467	96,877	-	96,877
Public safety	25,072	-	25,072	27,820	-	27,820
Public works	9,399	-	9,399	9,202	-	9,202
Human services	6,761	-	6,761	6,546	-	6,546
Interest on long-term debt	4,381	-	4,381	4,095	-	4,095
WPCA sewer	-	6,018	6,018	-	6,074	6,074
Water	-	8,180	8,180	-	8,424	8,424
Hunter Golf Course	-	775	775	-	793	793
Total Expenses	161,598	14,973	176,571	161,507	15,291	176,798
Change in net assets	6,882	(1,542)	5,340	21,895	(878)	21,017
Net assets - beginning as restated	5,596	109,434	115,030	12,478	107,892	120,370
Net assets - ending	\$ 12,478	\$ 107,892	\$ 120,370	\$ 34,373	\$ 107,014	\$ 141,387

The City's net assets increased by \$21.0 million during the fiscal year, with net assets of Governmental Activities increasing \$21.9 million and Business-type Activities decreasing by \$.9 million.

Governmental Activities

Almost 49% of the revenues were derived from property taxes, followed by 44% from State and Federal Government program revenues, then 7% from other revenues.

Major revenue factors included:

- ◆ Property tax revenues recorded for fiscal year 2004 reflect an increase in the City's tax rate of approximately 3.61% and the total assessed value of all taxable property increased by .03%.
- ◆ An agreement in lieu of taxes with NRG Electrical Generating Plant provided \$2.95 million in revenue for fiscal year 2004. This is the second year of the agreement.
- ◆ Revenue from intergovernmental funds increased from the prior fiscal year by \$11.0 million due to the State's grants for capital projects.

For Governmental Activities, more than 60% of the City's expenditures relate to education, 17.2% relate to public safety, 10.5% to general government, more than 5.7% relate to public works, 4.1% to human services, 2.5% to interest payments on long term debt and the remaining relates to other funds.

Major expenditure factors include:

- ◆ Increases in employee wages averaged approximately 3.0%, resulting from negotiated step and general wage increases.
- ◆ Employee benefit costs rose 6.93%, due to rising health insurance costs.
- ◆ The cost of education services increased, due to negotiated wage settlements, employee health insurance cost increases, special education cost increases, and rising school enrollment.

Business-Type Activities

Business-Type activities decreased the City's net assets by \$878,000.

Financial Analysis of the Fund Financial Statements

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

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

As of the end of the current fiscal year, the City of Meriden's governmental funds reported combined ending fund balances of \$14.7 million, an increase from a \$3.2 million deficit, as restated, as of June 30, 2003.

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 \$1.8 million while total fund balance reached \$3.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 1.2% of total General Fund expenditures, while total fund balance represents 2.2% of that same amount.

The City recorded for the first time compensation earned at fiscal year-end and paid subsequent to year-end. As noted in the Notes to the Financial Statements, the July 1, 2003 balance was restated to reflect unaccrued wages of \$9.2 million reducing General Fund fund balance to \$497,375.

As stated earlier, the fund balance of the City of Meriden's General Fund increased by \$3.0 million during the current fiscal year. Key factors in this increase are as follows:

- ◆ Property tax revenues recorded for fiscal year 2004 reflect an increase in the City's tax rate of approximately 3.6% and the total assessed value of all taxable property increase .03%.
- ◆ The NRG Electrical Generating Plant provided \$2.9 million in revenues for the second year of a thirty-year agreement in lieu of taxes.

The Bonded Projects Fund has a total fund balance of \$4.4 million, up from a deficit of \$10.8 million in the prior year. The increase in the fund balance is explained by bond proceeds and state grants received in the current year.

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

Net assets of the Water Fund at the end of the year were \$50.0 million with unrestricted net assets of \$9.0 million. The Water Fund experienced a net operating loss during the year of \$306,000.

Net assets of the Sewer Fund were \$56.8 million. Unrestricted net assets of the Sewer Fund were \$9.2 million. The Water Pollution Control Authority experienced an operating loss of \$367,000.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$1,254,881. The original budget included a contingency of \$500,000 that was budgeted in the General Fund expenses to cover certain items, including unsettled labor contracts and other unanticipated expenses. The major additional appropriations approved during the year are summarized below.

- ◆ \$92,349 for snow and ice control.
- ◆ \$230,770 for Fire Department overtime.
- ◆ \$426,000 for capital equipment.
- ◆ \$587,532 for additional Board of Education expenses.

During the year, actual revenues, on a budgetary basis were \$155.4 million, which was less than budgetary estimates by \$54,000. Actual tax revenues were less than budget by \$162,000. Actual investment income was approximately \$681,000, which was over the \$430,000 that had been anticipated.

Actual expenditures and transfers out on a budgetary basis and other financing uses totaled \$159.6 million.

Capital Asset and Debt Administration

Capital assets. The City of Meriden's investment in capital assets for its governmental and business type activities as of June 30, 2004, amount to \$261.6 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 second year the City of Meriden has reported its' investment in capital assets.

CITY OF MERIDEN, CONNECTICUT CAPITAL ASSETS, net of depreciation (\$000's)

	June 30, 2003			June 30, 2004		
	Primary Government			Primary Government		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 17,943	\$ 817	\$ 18,760	\$ 20,753	\$ 1,031	\$ 21,784
Land improvements	3,761	152	3,913	4,433	1,539	5,972
Buildings and improvements	79,374	19,307	98,681	78,574	18,291	96,865
Infrastructure	28,691	75,368	104,059	27,273	73,359	100,632
Machinery and equipment	4,244	4,308	8,552	7,316	4,348	11,664
Vehicles	2,779	565	3,344	2,835	404	3,239
Construction in progress	5,142	2,013	7,155	19,402	2,058	21,460
Total	\$ 141,934	\$ 102,530	\$ 244,464	\$ 160,586	\$ 101,030	\$ 261,616

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

- ◆ Construction of Lincoln Middle School.
- ◆ Improvements and renovations to lakes at Hubbard Park.
- ◆ Water Division master control and monitoring system and other major Water infrastructure improvements.
- ◆ Infrastructure improvements including roads, bridges, and sanitary and sewer projects.
- ◆ Construction of new dog pound.
- ◆ Construction of new recreational complex.

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

Long-term debt. At the end of the current fiscal year, the City of Meriden had total bonded debt outstanding of \$76 million. 100% of this debt is backed by the full faith and credit of the City.

**CITY OF MERIDEN, CONNECTICUT
OUTSTANDING DEBT (\$000's)**

	June 30, 2003			June 30, 2004		
	Primary Government			Primary Government		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
General obligation bonds	\$ 84,724	\$ 5,246	\$ 89,970	\$ 72,224	\$ 4,231	\$ 76,455
Bond anticipation notes	14,850	2,400	17,250	28,891	5,643	34,534
Notes payable	-	1,632	1,632	-	1,487	1,487
Total	\$ 99,574	\$ 9,278	\$ 108,852	\$ 101,115	\$ 11,361	\$ 112,476

The City of Meriden's total debt increased by \$3.6 million or 3.3% during the 2003-2004 fiscal year. During the current fiscal year, the City issued \$34.5 million in bond anticipation notes.

The City of Meriden maintains a BAA1 rating from Moody's Investors Service.

The overall statutory debt limit for the City of Meriden is equal to seven times annual receipts from taxation or \$626,277,029. As of June 30, 2004, the City recorded general obligation bonds of \$72.2 million related to Governmental Activities and \$4.2 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 9.

Economic Factors

The City of Meriden has not been immune from the effects of the national economic downturn. As of May 2004, the unemployment rate for the Meriden Labor Market Area was 6.3%, up from 7.0% in the prior year. This compares with the New Haven Labor Market of 4.9%. Connecticut's overall unemployment rate stands at 4.8%, compared with 5.5% for the same time last year. Moreover, Connecticut state government is now reporting serious revenue shortfalls that may translate into reductions in State aid to the City of Meriden and other municipalities in the State.

Nevertheless, the City of Meriden is well positioned to deal with the present economic downturn. A new power generating plant will add at least \$3 million annually for the next thirty 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 and a Technology Zone to provide incentives to businesses relocating to Meriden.

Requests for Information

The financial report is designed to provide a general overview of the City of Meriden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance at 142 East Main Street, Meriden, CT 06450.

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Basic Financial Statements

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2004

	Primary Governmental		
	Governmental Activities	Proprietary Activities	Total*
Assets			
Cash and cash equivalents	\$ 30,062,092	\$ 12,935,009	\$ 42,997,101
Investments	6,270,109	-	6,270,109
Receivables:			
Property taxes - net of allowance for uncollectible property taxes of \$2,855,907	5,181,800	-	5,181,800
User charges-net of allowance for uncollectible user charges of \$462,578	-	1,947,998	1,947,998
Accounts receivable	2,021,697	92,684	2,114,381
Loans receivable, net	3,240,466	-	3,240,466
Federal and state governments	1,810,169	-	1,810,169
Estimated unbilled usage	-	3,881,915	3,881,915
Internal balances	(1,170,009)	1,170,009	-
Inventories and other assets	57,370	-	57,370
Net pension asset	365,088	-	365,088
Noncurrent assets:			
Capital assets, not being depreciated	40,154,769	3,088,998	43,243,767
Capital assets being depreciated, net of accumulated depreciation	120,431,382	97,941,307	218,372,689
Intergovernmental	4,828,428	-	4,828,428
Total assets	213,253,361	121,057,920	334,311,281
Liabilities			
Accounts payable and other accrued liabilities	18,528,121	1,550,619	20,078,740
Retainage payable	1,048,083	-	1,048,083
Cash overdraft	4,019,714	-	4,019,714
Deferred revenue	1,086,519	-	1,086,519
Claims incurred but not reported	5,076,294	-	5,076,294
Noncurrent liabilities:			
Due within one year	50,781,156	7,016,645	57,797,801
Due in more than one year	98,339,921	5,476,593	103,816,514
Total liabilities	178,879,808	14,043,857	192,923,665
Net Assets			
Investment in capital assets, net of related debt	59,323,461	88,751,897	148,075,358
Unrestricted	(24,949,908)	18,262,166	(6,687,742)
Total net assets	\$ 34,373,553	\$ 107,014,063	\$ 141,387,616

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

* After internal balance have been eliminated

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Net Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (16,967,144)	\$ 9,791,479	\$ 211,007	\$ 11,693,948	\$ 4,729,290	\$ -	\$ 4,729,290
Education	(96,876,552)	1,541,298	57,267,562	3,016,048	(35,051,644)	-	(35,051,644)
Public safety	(27,819,778)	110,692	47,074	-	(27,662,012)	-	(27,662,012)
Public works	(9,202,214)	7,050	-	143,744	(9,051,420)	-	(9,051,420)
Human services	(6,545,594)	977,769	2,482,952	-	(3,084,873)	-	(3,084,873)
Interest on long-term debt	(4,094,643)	-	-	-	(4,094,643)	-	(4,094,643)
Total governmental activities	(161,505,925)	12,428,288	60,008,595	14,853,740	(74,215,302)	-	(74,215,302)
Business-type activities:							
Sewer Authority	(6,073,623)	5,600,514	-	-	-	(473,109)	(473,109)
Water Authority	(8,424,477)	7,911,307	-	-	-	(513,170)	(513,170)
George Hunter Memorial Golf Course	(792,508)	687,199	-	-	-	(105,309)	(105,309)
Total business-type activities	(15,290,608)	14,199,020	-	-	-	(1,091,588)	(1,091,588)
Total primary government	\$ (176,796,533)	\$ 26,627,308	\$ 60,008,595	\$ 14,853,740	(74,215,302)	(1,091,588)	(75,306,890)
General revenues:							
Property taxes					89,174,598	-	89,174,598
Grants and contributions not restricted to specific programs					6,071,235	-	6,071,235
Unrestricted investment earnings					864,735	213,638	1,078,373
Total general revenues					96,110,568	213,638	96,324,206
Change in net assets					21,895,266	(877,950)	21,017,316
Net assets - beginning					12,478,287	107,892,013	120,370,300
Net assets - ending					\$ 34,373,553	\$ 107,014,063	\$ 141,387,616

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

CITY OF MERIDEN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2004

	General	Bonded Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 16,247,616	\$ 9,309,327	\$ 4,448,437	\$ 30,005,380
Investments	-	-	1,769,986	1,769,986
Receivables, net of allowances for collection losses:				
Property taxes	3,169,961	-	-	3,169,961
Accounts receivable	563,660	1,636	-	565,296
State and Federal governments	1,507,941	-	526,088	2,034,029
Loans receivable	-	696,916	2,543,550	3,240,466
Advance to golf fund	988,600	-	-	988,600
Other assets	99,222	-	-	99,222
Due from other funds	363,361	-	136,363	499,724
Total assets	\$ 22,940,361	\$ 10,007,879	\$ 9,424,424	\$ 42,372,664
Liabilities				
Accounts payable	\$ 16,834,976	\$ 3,307,893	\$ 1,105,242	\$ 21,248,111
Retainage payable	-	1,048,083	-	1,048,083
Due to other funds	-	1,194,235	475,498	1,669,733
Deferred revenues	2,588,924	-	1,086,520	3,675,444
Total liabilities	19,423,900	5,550,211	2,667,260	27,641,371
Fund balances				
Reserved for:				
Encumbrances	-	6,497,557	-	6,497,557
Flood control	703,000	-	-	703,000
Loans receivable	-	696,916	2,543,550	3,240,466
Reserve for long-term advances	988,600	-	-	988,600
Donors intentions	-	-	238,170	238,170
Unreserved, reported in:				
General fund	1,824,861	-	-	1,824,861
Special revenue funds	-	-	4,155,970	4,155,970
Capital projects funds	-	(2,736,805)	(180,526)	(2,917,331)
Total fund balances	3,516,461	4,457,668	6,757,164	14,731,293
Total liabilities and fund balances	\$ 22,940,361	\$ 10,007,879	\$ 9,424,424	

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

Capital assets, net of accumulated depreciation of \$98,840,477 purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the City as a whole	160,586,151
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported.	7,205,335
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(584,440)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(147,564,786)

Net assets of governmental activities \$ 34,373,553

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2004

	General	Bonded Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 88,259,403	\$ -	\$ -	\$ 88,259,403
State and Federal governments	59,809,983	11,693,948	16,069,750	87,573,681
Charges for services	6,138,922	-	1,925,919	8,064,841
Investment income	681,365	-	172,929	854,294
Other revenues	5,448,532	21,168	420,583	5,890,283
Total revenues	160,338,205	11,715,116	18,589,181	190,642,502
EXPENDITURES				
Current:				
General government	37,233,093	-	360,275	37,593,368
Public safety	16,943,650	-	84,515	17,028,165
Public works	5,392,356	-	-	5,392,356
Human Services	4,923,236	-	3,000,647	7,923,883
Education	75,326,596	-	15,197,821	90,524,417
Debt service:				
Principal retirements	12,500,047	-	-	12,500,047
Interest and other charges	4,900,141	-	-	4,900,141
Capital outlay	-	25,294,731	477,473	25,772,204
Total expenditures	157,219,119	25,294,731	19,120,731	201,634,581
Revenues over (under) expenditures	3,119,086	(13,579,615)	(531,550)	(10,992,079)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	100,000
Transfers out	(100,000)	-	-	(100,000)
Bond anticipation notes issued	-	28,891,200	-	28,891,200
Total other financing sources (uses)	(100,000)	28,891,200	100,000	28,891,200
Changes in fund balances	3,019,086	15,311,585	(431,550)	17,899,121
FUND BALANCES (Deficit), beginning, as restated (Note 17)	497,375	(10,853,917)	7,188,714	(3,167,828)
FUND BALANCES, ending	\$ 3,516,461	\$ 4,457,668	\$ 6,757,164	\$ 14,731,293

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

CITY OF MERIDEN, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

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

Net change in fund balances – total governmental funds	\$ 17,899,121
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	18,652,344
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	(1,740,685)
Change in pension assets.	(8,499)
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.	(16,298,976)
Some expenses previously reported in the statement of activities that required the use of current financial resources and are reported as expenditures in governmental funds.	3,457,694
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(65,733)</u>
Change in net assets of governmental activities	<u>\$ 21,895,266</u>

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 88,421,497	\$ 88,421,497	\$ 88,259,403	\$ (162,094)
Intergovernmental	55,860,544	55,860,544	54,891,983	(968,561)
Charges for services	5,343,242	5,343,242	6,138,922	795,680
Investment income	430,000	430,000	681,365	251,365
Other revenues	5,310,950	5,310,950	5,448,532	137,582
Total revenues	155,366,233	155,366,233	155,420,205	53,972
EXPENDITURES				
Current:				
General government	39,504,038	39,872,408	37,333,093	2,539,315
Education	73,287,620	73,875,152	79,803,137	(5,927,985)
Public safety	16,922,980	17,079,580	16,943,650	135,930
Public works	5,324,610	5,423,056	5,392,356	30,700
Human services	2,868,179	2,912,112	2,759,236	152,876
Debt service:				
Principal retirements	12,441,997	12,441,997	12,500,047	(58,050)
Interest and other charges	4,904,143	4,904,143	4,900,141	4,002
Total expenditures and encumbrances	155,253,567	156,508,448	159,631,660	(3,123,212)
Revenues over (under) expenditures and encumbrances	\$ 112,666	\$ (1,142,215)	\$ (4,211,455)	\$ (3,069,240)

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Funds		Activities
	Water	Sewer	George Hunter Memorial Golf	Totals	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 7,865,405	\$ 4,844,174	\$ 225,430	\$ 12,935,009	\$ 56,712
Receivables, net of allowances for collection losses:					
User charges	989,134	958,864	-	1,947,998	-
Unbilled services	2,102,980	1,778,935	-	3,881,915	-
Other	-	81,058	11,626	92,684	202,089
Investments	-	-	-	-	4,500,123
Total current assets	10,957,519	7,663,031	237,056	18,857,606	4,758,924
Noncurrent assets:					
Due from other funds	204,249	1,956,115	-	2,160,364	-
Capital assets, net of accumulated depreciation	46,833,747	53,023,087	1,173,471	101,030,305	-
Total noncurrent assets	47,037,996	54,979,202	1,173,471	103,190,669	-
Total assets	57,995,515	62,642,233	1,410,527	122,048,275	4,758,924
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,156,601	455,153	81,667	1,693,421	267,070
Claims incurred but not reported	-	-	-	-	2,404,693
Due to other funds	966,129	-	24,226	990,355	-
Bond anticipation notes	2,570,265	3,072,535	-	5,642,800	-
Bonds payable - current	817,340	316,588	13,917	1,147,845	-
Total current liabilities	5,510,335	3,844,276	119,810	9,474,421	2,671,763
Noncurrent liabilities:					
Bonds payable	2,466,820	1,965,705	138,666	4,571,191	-
Claims incurred but not reported	-	-	-	-	2,671,601
Advance from general fund	-	-	988,600	988,600	-
Total noncurrent liabilities	2,466,820	1,965,705	1,127,266	5,559,791	2,671,601
Total liabilities	7,977,155	5,809,981	1,247,076	15,034,212	5,343,364
NET ASSETS					
Invested in capital assets, net of related debt	40,979,322	47,668,259	104,316	88,751,897	-
Unrestricted	9,039,038	9,163,993	59,135	18,262,166	(584,440)
Total net assets	\$ 50,018,360	\$ 56,832,252	\$ 163,451	\$ 107,014,063	\$ (584,440)

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT) -
 PROPRIETARY FUNDS

For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Funds		Activities
	Water	Sewer	George Hunter Memorial Golf	Totals	Internal Service Fund
OPERATING REVENUES					
Charges for services	\$ 6,468,766	\$ 5,585,114	\$ 687,199	\$ 12,741,079	\$ 17,890,944
Fiscal Division	1,017,395	-	-	1,017,395	-
Miscellaneous	425,146	15,400	-	440,546	2,796,594
Total operating revenues	7,911,307	5,600,514	687,199	14,199,020	20,687,538
OPERATING EXPENSES					
Salaries, benefits and claims	1,250,979	1,881,071	474,321	3,606,371	20,414,569
Materials and supplies	321,639	612,959	147,201	1,081,799	231,311
Depreciation	1,602,648	1,864,132	83,798	3,550,578	-
Utilities	665,935	594,081	-	1,260,016	-
Administration and operation	4,375,706	1,015,759	77,451	5,468,916	118,894
Total operating expenses	8,216,907	5,968,002	782,771	14,967,680	20,764,774
Operating loss	(305,600)	(367,488)	(95,572)	(768,660)	(77,236)
NONOPERATING REVENUES (EXPENSES)					
Interest income	172,013	41,625	-	213,638	11,503
Interest expense	(207,570)	(105,621)	(9,737)	(322,928)	-
Total nonoperating revenues (expenses)	(35,557)	(63,996)	(9,737)	(109,290)	11,503
Change in net assets	(341,157)	(431,484)	(105,309)	(877,950)	(65,733)
NET ASSETS (DEFICIT), beginning	50,359,517	57,263,736	268,760	107,892,013	(518,707)
NET ASSETS (DEFICIT), ending	\$ 50,018,360	\$ 56,832,252	\$ 163,451	\$ 107,014,063	\$ (584,440)

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

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CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Major		Non-Major
	Water	Sewer	George Hunter Memorial Fund
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 8,263,316	\$ 3,753,441	\$ 710,365
Payments to suppliers	(5,567,554)	(2,566,425)	(239,669)
Payments to employees	(1,194,421)	(1,807,331)	(426,806)
Net cash provided by (used in) operating activities	1,501,341	(620,315)	43,890
Cash Flows From Capital and Related Financing Activities			
Principal payments on debt	(2,248,140)	(1,297,588)	(13,917)
Interest paid on debt	(207,570)	(105,621)	(9,737)
Proceeds from notes payable	2,570,424	3,072,535	-
Purchase of property and equipment	(1,131,068)	(898,583)	(21,507)
Net cash provided by (used in) capital and related financing activities	(1,016,354)	770,743	(45,161)
Cash Flows From Investing Activities			
Sale of investments	-	-	-
Interest received on investments	172,013	41,625	-
Net cash provided by investing activities	172,013	41,625	-
Net increase (decrease) in cash and cash equivalents	657,000	192,053	(1,271)
Cash and Cash Equivalents			
Beginning	7,208,405	4,652,121	226,701
Ending	\$ 7,865,405	\$ 4,844,174	\$ 225,430
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	\$ (305,600)	\$ (367,488)	\$ (95,572)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities			
Depreciation	1,602,648	1,864,132	83,798
Changes in assets and liabilities:			
Decrease (increase) in receivable accounts	537,326	62,336	23,166
Decrease in other receivables	18,932	46,706	-
Increase in due to other funds	(326,968)	(1,956,115)	-
Increase (decrease) in accounts payable	(24,997)	(269,886)	8,844
Increase in advance to general fund	-	-	23,654
Net cash provided by (used in) operating activities	\$ 1,501,341	\$ (620,315)	\$ 43,890

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

		Governmental Activities	
Totals		Internal Service Fund	
\$	12,727,122	\$	20,634,517
	(8,373,648)		(20,261,776)
	(3,428,558)		-
	<u>924,916</u>		<u>372,741</u>
	(3,559,645)		-
	(322,928)		-
	5,642,959		-
	(2,051,158)		-
	<u>(290,772)</u>		<u>-</u>
	-		(3,985,519)
	213,638		11,503
	<u>213,638</u>		<u>(3,974,016)</u>
	847,782		(3,601,275)
	<u>12,087,227</u>		<u>3,657,987</u>
\$	<u>12,935,009</u>	\$	<u>56,712</u>
\$	(768,660)	\$	(77,236)
	3,550,578		-
	622,828		(53,021)
	65,638		-
	(2,283,083)		100,899
	(286,039)		402,099
	23,654		-
\$	<u>924,916</u>	\$	<u>372,741</u>

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2004

	Pension Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 11,291,469	\$ 281,532	\$ 2,697,592
Investments, at fair value			
U.S. government obligations	12,926,790	-	-
Corporate bonds	12,307,658	-	-
Corporate stocks	100,443,376	-	-
Equity funds	13,680,676	-	-
Mutual funds	37,064,759	-	-
Total investments	176,423,259	-	-
Receivables	-	2,342	-
Total assets	187,714,728	283,874	2,697,592
LIABILITIES			
Amounts held as agent	-	-	2,697,592
Other liabilities	174,718	22,282	-
	174,718	22,282	2,697,592
Net Assets Held in Trust for Pension Benefits and Other Purposes	\$ 187,540,010	\$ 261,592	\$ -

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 For the Year Ended June 30, 2004

	Pension Trust Funds	Private Purpose Trust Fund
Additions		
Contributions		
Employer	\$ 4,123,200	\$ -
Plan members	2,586,485	-
Private donations	-	11,779
Total contributions	<u>6,709,685</u>	<u>11,779</u>
Investment Income		
Net appreciation in fair value of investments	6,124,576	-
Interest and dividends	7,205,073	12,638
	<u>13,329,649</u>	<u>12,638</u>
Less investment management fees	860,345	
Net investment income	<u>12,469,304</u>	<u>12,638</u>
Total additions	<u>19,178,989</u>	<u>24,417</u>
Deductions		
Benefits	11,651,352	-
Other	365,116	20,031
Total deductions	<u>12,016,468</u>	<u>20,031</u>
Other Financing Sources (Uses)		
Transfers in	755,534	-
Transfers out	(755,534)	-
	<u>-</u>	<u>-</u>
Change in net assets	7,162,521	4,386
Net Assets Held in Trust for Pension Benefits and Other Purposes		
Beginning of year	<u>180,377,489</u>	<u>257,206</u>
End of year	<u>\$ 187,540,010</u>	<u>\$ 261,592</u>

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2004

Note 1. Summary of Significant Accounting Policies

Reporting entity

The City of Meriden, Connecticut (the "City") was incorporated in 1867. The City covers an area of 23.8 square miles, and is located midway between Hartford and New Haven. The City operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification Section 2100 has been considered and there are no agencies or entities which should be, but are not, combined with the financial statements of the City.

The following is a summary of the more significant accounting policies used by the City.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. 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.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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. 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 when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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. Expenditures generally are recorded when a liability is incurred except for 1) debt service expenditures; 2) expenditures related to compensated absences and 3) landfill closure costs and claims and judgments, which are recorded only when payment is due (matured).

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

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 *Bonded Projects Fund* accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or 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 operation of the City's water supply system. It is independent in terms of its relationship to other City functions. Its operations are financed from direct charges to the users of the service.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

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 through direct charges to the users of the service.

Additionally, the City reports the following fund types:

The *internal service fund* accounts for employee health insurance and workers' compensation benefits provided to other departments of the City.

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

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

The *agency funds* account for monies held as a custodian for outside groups and agencies. Agency funds follow the accrual basis of accounting and have no measurement focus.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are 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 government-wide and proprietary fund financial statements, 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 Water and Sewer Funds and various other functions of the City. 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 in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

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

Accounting estimates

The preparation of financial statements in conformity with 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

Property taxes

Property taxes consist of real estate, personal property and motor vehicle taxes. They are assessed as of October 1 and are levied for on the following July 1. Real estate taxes are payable in quarterly installments, July 1, October 1, January 1 and April 1. Personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

Cash equivalents

Cash equivalents are money market accounts and certificates of deposit with original maturities of 90 days or less.

Investments

Investments are stated at fair value using quoted market prices.

Inventories

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

Loans receivable

The City records loans receivable in the Neighborhood Preservation Revolving Loan Program special revenue fund and the Bonded Project capital project fund as the loan proceeds are advanced. An allowance for estimated uncollectible amounts of \$520,830 is provided.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2004

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$25,000 for equipment and \$100,000 for infrastructure and an estimated useful life in excess of two years. Purchased and constructed assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Capital assets of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Building improvements	20
Distribution and collection systems	50-100
Public domain infrastructure	50
Infrastructure	30
Machinery and equipment	5-20

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

Compensated absences

City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations and retirements.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2004

Long-term obligations

In the government-wide and proprietary fund type 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.

Pension accounting

Pension Trust Funds:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Governmental Funds:

The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plans since 1986, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Annual pension cost expenditures are recognized when they are paid or are expected to be paid with current available resources. The liability is typically paid out of the general fund. The pension (asset) obligation is recorded as a noncurrent asset/liability in the government-wide financial statements.

Funding Policy:

The City makes annual contributions at the discretion of the City Council.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute expenditures or liabilities.

Estimated unbilled usage

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

Advances

Advances to and advances from governmental funds represent noncurrent portions of interfund receivables and payables. The governmental fund making the advance establishes a fund balance reserve equal to the amount of the advance.

Fund Equity and Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Unrestricted Net Assets – This category represents the net assets of the City which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in two separate categories.

Reserved Fund Balance – indicates that portion of fund equity which has been legally segregated or specific purposes.

Undesignated and Unreserved Fund Balance – indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$147,564,786 difference are as follows:

Bonds payable	\$ 72,223,853
BANS payable	28,891,200
Accrued interest payable	1,032,633
Capital leases payable	147,637
Claims, judgments	1,800,000
Compensated absences	14,280,318
Accrued payroll	26,478,069
Deferred revenue, unrelated to debt	(2,588,924)
Landfill post-closure monitoring	<u>5,300,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 147,564,786</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$18,652,344 difference are as follows:

Capital outlay	\$ 25,217,145
Depreciation expense	<u>(6,564,801)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 18,652,344</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(16,298,976) difference are as follows:

Principal repayments:	
General obligation debt	\$ 12,500,047
Payment of capital lease	92,177
BAN proceeds	<u>(28,891,200)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (16,298,976)</u>

Another element of that reconciliation states that “Some expenses previously reported in the statement of activities that required the use of current financial resources and are reported in governmental funds.” The details of this \$3,457,694 difference are as follows:

Accrued interest on debt	\$ 1,093,635
Claims and judgments	(300,000)
Pension liability	(900,696)
Other	<u>3,564,755</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,457,694</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 3. Budgets and Budgetary Accounting

General Fund

The City's general budget policies are as follows:

- A. The head of every department, office and agency submits to the Finance Director, at such date as he determines, estimates of revenues and expenditures for the following year.
- B. The City Manager reviews these estimates and may revise them as he deems advisable, except that in the case of the department of education, he has the authority to revise only the total estimated expenditures.
- C. On or before March 1, not later than 120 days prior to the beginning of the fiscal year, the City Manager submits to the City Council a balanced annual budget.
- D. The City Council shall hold one (1) public hearing on the budget to obtain public comments not later than seventy-five (75) days prior to the beginning of the fiscal year.
- E. Within twenty (20) days after the final public hearing the City Council shall adopt the 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 submit veto message within five (5) days of the adoption of the budget by the City Council.
- 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 transfer between departments or additional appropriations, must be approved by the City Council. Additional appropriations by the City Council may not exceed 1 ½% of the general fund budget as established for the current year, without levying a special tax. There were additional appropriations of approximately \$1,264,000 during the year ended June 30, 2004.
- J. The Board of Education may transfer unexpended balances from one account to another within its total line appropriation. A number of such transfers occurred during the year.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2004

K. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.

L. A reconciliation of General Fund revenues as presented in accordance with GAAP and revenues presented on the budgetary basis is as follows:

Revenues and transfers, budgetary basis	\$ 155,420,205
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	2,754,000
On-behalf payments, paid directly by the Public Health Department to WIC recipients, not recognized for budgetary purposes.	<u>2,164,000</u>
Revenues and transfers in, GAAP basis	<u>\$ 160,338,205</u>

M. A reconciliation of expenditures of the General Fund as presented in accordance with GAAP, expenditures and transfers out and encumbrances presented on the budgetary basis is as follows:

Expenditures, encumbrances and transfers out, budgetary basis	\$ 159,631,660
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	2,754,000
On-behalf payments, paid directly by the Public Health Department to WIC recipients, not recognized for budgetary purposes.	2,164,000
Education wages previously recognized for GAAP purposes but unrecorded for budgetary purposes.	<u>(7,230,541)</u>
Expenditures and transfers out, GAAP basis	<u>\$ 157,319,119</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Special revenue funds

The City does not adopt annual budgets for the special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital projects funds

Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations for construction or for other permanent improvements, from whatever source derived, do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned. If three fiscal years pass without any expenditure or encumbrance of the appropriation being made, the project is deemed to have been abandoned.

Note 4. Deposits and Investments

The following is a summary of cash and cash equivalents as of June 30, 2004:

Deposits	\$ 55,879,851
* Tax Exempt Proceeds Fund	<u>1,387,843</u>
Total cash and cash equivalents	<u><u>\$ 57,267,694</u></u>

- * These amounts are not subject to investment risk categorization since the City does not own identifiable securities, but invests as a shareholder of the investment pool. Fair value of the position of the City is equal to the value of the investment pool shares.

As of June 30, 2004, the carrying amount of the City's deposits totaled \$55,880,000 with a bank balance of \$57,300,000.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

The insured and collateral status of the year-end bank balance was as follows:

Covered by federal depository insurance or by collateral held by the City's agent in the City's name	\$ 700,000
Uninsured and uncollateralized, except as described below	<u>56,600,000</u>
	<u>\$ 57,300,000</u>

The uninsured and uncollateralized balance is partially protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of deposit insurance through assessment against segregated collateral required to be maintained by all qualified public depositories in the amount of 10% to 25% of their outstanding public deposits depending on the bank's financial strength as shown by its risk-based capital ratio. At June 30, 2004, approximately \$5,588,000 of uninsured deposits were collateralized under these statutes. It is unclear whether the collateral required for public deposits would stand if challenged by the FDIC since there is no perfected security agreement between the depository and the depositor as required by Federal laws.

The level of the City's deposits varies significantly throughout the year as a result of higher cash flow during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were significantly higher than at year end.

The City's investments as of June 30, 2004 consisted of the following:

Type of Investment	Fund Type	Market/ Carrying Amount	Credit Risk Category
Corporate Debt	Special Revenue	\$ 400,133	3
Common Stock	Special Revenue	1,122,521	3
Mutual Funds	Special Revenue	247,332	*
Repurchase Agreement	Internal Service Fund	4,500,123	3
U.S. Government Obligations	Pension Trust Fund	12,926,790	3
Corporate Bonds	Pension Trust Fund	12,307,658	3
Corporate Stocks	Pension Trust Fund	100,443,376	3
Equity Funds	Pension Trust Fund	13,680,676	3
Mutual Funds	Pension Trust Fund	37,064,759	*
		<u>\$ 182,693,368</u>	

* Mutual funds and money market funds are excluded from this risk classification because specific securities related to the City cannot be identified

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

City investments are categorized above to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered, with securities held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name. Mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

State statutes allow the City to invest in obligations of the United States, including its agencies; in obligations of any state or of any political subdivisions, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Note 5. Receivables - Fund Basis

Receivables on the fund basis at June 30, 2004, including the applicable allowance for collection losses, are as follows:

	Governmental Funds			Enterprise Funds			Totals
	General	Bonded Projects	Nonmajor Governmental Funds	Water	Sewer	George Hunter Memorial Golf	
Current Receivables:							
Property taxes	\$ 6,025,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,025,868
Accounts receivable	563,660	1,636	526,088	-	81,057	11,626	1,184,067
Unbilled services	-	-	-	2,102,980	1,778,935	-	3,881,915
Usage receivable	-	-	-	1,270,612	1,139,965	-	2,410,577
Federal and state governments	1,507,941	-	-	-	-	-	1,507,941
Loans receivable	-	872,916	2,888,380	-	-	-	3,761,296
Total gross receivables	8,097,469	874,552	3,414,468	3,373,592	2,999,957	11,626	18,771,664
Less allowance for collection losses	2,855,907	176,000	344,830	281,478	181,100	-	3,839,315
Total net receivables	\$ 5,241,562	\$ 698,552	\$ 3,069,638	\$ 3,092,114	\$ 2,818,857	\$ 11,626	\$ 14,932,349

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2004

Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due to Other Funds
General	\$ 363,361	\$ -
Bonded Projects	-	1,194,235
Non-Major Governmental Funds	136,363	475,498
Water Fund	204,249	966,129
Sewer Fund	1,956,115	-
Non-Major Enterprise Fund	-	24,226
Total	\$ 2,660,088	\$ 2,660,088

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

Interfund transfers during the year ended June 30, 2004 were as follows:

	Nonmajor and Other Funds
Transfers out:	
General Fund	\$ 100,000
Total	\$ 100,000

Transfers are used to account for unrestricted revenue collected mainly in the Special Revenue Fund to finance various programs accounted for in other funds.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 17,943,186	\$ 2,810,042	\$ -	\$ 20,753,228
Construction in progress	5,142,153	16,181,406	1,922,018	19,401,541
Total capital assets, not being depreciated	23,085,339	18,991,448	1,922,018	40,154,769
Capital assets, being depreciated:				
Land improvements	8,424,488	1,433,604	-	9,858,092
Buildings and improvements	123,259,662	1,936,154	2,378,163	122,817,653
Machinery and equipment	10,011,205	2,779,611	(2,378,163)	15,168,979
Infrastructure	60,991,582	1,106,809	-	62,098,391
Vehicles	8,437,207	891,537	-	9,328,744
Total capital assets, being depreciated	211,124,144	8,147,715	-	219,271,859
Less accumulated depreciation for:				
Land improvements	4,663,252	761,594	-	5,424,846
Buildings and improvements	43,885,202	1,811,056	1,452,555	44,243,703
Machinery and equipment	5,767,391	633,091	(1,452,555)	7,853,037
Infrastructure	32,301,262	2,523,579	-	34,824,841
Vehicles	5,658,569	835,481	-	6,494,050
Total accumulated depreciation	92,275,676	6,564,801	-	98,840,477
Total capital assets, being depreciated, net	118,848,468	1,582,914	-	120,431,382
Governmental activities capital assets, net	\$ 141,933,807	\$ 20,574,362	\$ 1,922,018	\$ 160,586,151

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 816,675	\$ 214,556	\$ -	\$ 1,031,231
Construction in progress	2,013,289	165,620	121,142	2,057,767
Total capital assets, not being depreciated	<u>2,829,964</u>	<u>380,176</u>	<u>121,142</u>	<u>3,088,998</u>
Capital assets, being depreciated:				
Land improvements	668,423	1,417,329	-	2,085,752
Buildings and improvements	38,559,044	-	-	38,559,044
Infrastructure	115,730,441	-	232,623	115,497,818
Machinery and equipment	13,526,607	374,795	(232,623)	14,134,025
Vehicles	1,783,549	-	-	1,783,549
Total capital assets, being depreciated	<u>170,268,064</u>	<u>1,792,124</u>	<u>-</u>	<u>172,060,188</u>
Less accumulated depreciation for:				
Land improvements	516,860	29,894	-	546,754
Buildings and improvements	19,252,306	1,015,437	-	20,267,743
Infrastructure	40,362,108	1,777,049	-	42,139,157
Machinery and equipment	9,218,166	567,501	-	9,785,667
Vehicles	1,218,863	160,697	-	1,379,560
Total accumulated depreciation	<u>70,568,303</u>	<u>3,550,578</u>	<u>-</u>	<u>74,118,881</u>
Total capital assets, being depreciated, net	<u>99,699,761</u>	<u>(1,758,454)</u>	<u>-</u>	<u>97,941,307</u>
Business activities capital assets, net	<u>\$ 102,529,725</u>	<u>\$ (1,378,278)</u>	<u>\$ 121,142</u>	<u>\$ 101,030,305</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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

Governmental Activities:	
General government	\$ 91,440
Education	2,402,998
Public safety	715,307
Public works	2,885,384
Human services	<u>469,672</u>
Total depreciation expense – governmental activities	<u>\$ 6,564,801</u>
Business-type activities:	
Sewer Authority	\$ 1,864,132
Water Fund	1,602,648
George Hunter Memorial Golf Course	<u>83,798</u>
Total depreciation expense – business-type activities	<u>\$ 3,550,578</u>

Note 8. Bond Anticipation Notes and Subsequent Event

The City had \$34,534,000 of bond anticipation notes outstanding as of June 30, 2004. On August 1, 2004, the City borrowed \$39,665,000 of general obligation bonds with interest ranging from 3.0% to 5.00% due in 2019. The City also issued \$14,985,000 in Bond Anticipation Notes due August 1, 2005 with interest at 2.75%.

Bond anticipation note transactions for the year ended June 30, 2004 were as follows:

Outstanding, June 30, 2003	\$ 17,250,000
New borrowings	34,534,000
Repayments	<u>(17,250,000)</u>
Outstanding, June 30, 2004	<u>\$ 34,534,000</u>

Of the amounts outstanding, \$28,891,200 is recorded in the Bonded Project Fund as other financing sources, and is considered long-term in the government-wide statements.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 9. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 84,723,900	\$ -	\$ 12,500,047	\$ 72,223,853	\$ 12,171,747
Bond anticipation notes	-	28,891,200	-	28,891,200	-
Total bonds and notes payable	84,723,900	28,891,200	12,500,047	101,115,053	12,171,747
Capital leases	239,814	-	92,177	147,637	100,409
Claims and judgments	1,500,000	300,000	-	1,800,000	360,000
Landfill post-closure monitoring	5,300,000	-	-	5,300,000	759,000
Compensated absences	18,484,000	-	4,203,682	14,280,318	2,856,000
Net pension obligation	25,577,373	900,696	-	26,478,069	-
Governmental activity long-term liabilities	\$ 135,825,087	\$ 30,091,896	\$ 16,795,906	\$ 149,121,077	\$ 16,247,156
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 5,246,100	\$ -	\$ 1,014,954	\$ 4,231,146	\$ 1,003,253
Notes payable	1,632,481	-	144,591	1,487,890	144,592
Bond anticipation notes	-	5,642,800	-	5,642,800	5,642,800
Total bonds and notes payable	6,878,581	5,642,800	1,159,545	11,361,836	6,790,645
Compensated absences	1,035,593	95,809	-	1,131,402	226,000
Business-type activity long-term liabilities	\$ 7,914,174	\$ 5,738,609	\$ 1,159,545	\$ 12,493,238	\$ 7,016,645

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Bonded indebtedness

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 property located in the City. The City has not pledged any assets as collateral for general obligation bonds.

As of June 30, 2004, the outstanding bonded indebtedness of the City was as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
<u>General Obligation Bonds</u>		
\$23,945,000 GOB 1988, issue of 10/01/88, due 10/1/2008, interest at 6.75% to 6.9%, annual principal payments of \$500,000	\$ 2,500,000	\$ -
\$12,332,000 GOB 1989, issue of 7/15/89, due 7/15/2009, interest at 5.5% to 7.5%, annual principal payments of \$200,000	1,200,000	-
\$23,600,000 GOB 1991, issue of 7/15/91, due 7/15/2010, interest at 6.4%, annual principal payments of \$50,000	350,000	-
\$22,025,000 GOB 1996, issue of 8/1/96, due 8/1/2011, interest at 4.25% to 6.25%, annual principal payments range from \$175,000 to \$2,235,000	6,668,000	207,000
\$23,900,000 GOB 1998, issue of 2/1/98, due 2/1/2008, interest at 4.1% to 5.0%, annual principal payments of \$2,115,000	8,155,000	300,000
\$24,050,000 GOB 1999, issue of 8/1/99, due 8/1/2009, interest at 4.35% to 4.8%, annual principal payments range from \$2,140,000 to \$2,670,000	11,057,350	2,312,650

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
 June 30, 2004

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
<u>General Obligation Bonds, Continued</u>		
\$39,200,000 GOB 2002, issue of 8/1/02, due 8/1/2023, interest at 1.427% to 4.620%, annual principal payments range from \$350,000 to \$3,340,000.	34,751,003	1,108,896
\$600,000 GOB 2002, issue of 8/1/02, due 8/1/2013, interest at 2.25% to 5.3%, annual principal payments of \$60,000.	540,000	-
\$9,090,000 GOB 2003, issue of 4/15/03, due 10/15/09, interest at 0.0% to 3.625%, annual principal payments range from \$480,000 to \$2,240,000.	6,547,500	302,500
\$520,000 GOB 2003, issue of 4/15/03, due 10/15/11, interest at 0.0% to 3.625%, annual principal payments range from \$55,000 to \$65,000.	455,000	-
	<u>\$ 72,223,853</u>	<u>\$ 4,231,146</u>
<u>Clean Water Fund Notes</u>		
\$2,891,832 Clean Water Fund due 6/30/2012, interest at 2%, annual principal payments ranging from \$144,592 to \$14,283.	-	<u>\$ 1,487,890</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

The following is a summary at June 30, 2004, of the future principal and interest requirements for the City's general obligations:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 12,171,747	\$ 3,016,744	\$ 15,188,491	\$ 1,003,253	\$ 168,141	\$ 1,171,394
2006	11,049,397	2,501,676	13,551,073	680,603	132,914	813,517
2007	11,014,397	1,963,501	12,977,898	680,603	100,914	781,517
2008	9,227,897	1,471,213	10,699,110	612,102	70,860	682,962
2009	5,785,217	1,078,527	6,863,744	459,783	45,027	504,810
2010	5,270,217	832,435	6,102,652	459,783	23,845	483,628
2011	2,827,217	675,024	3,502,241	77,783	12,128	89,911
2012	2,777,217	568,171	3,345,388	77,783	9,366	87,149
2013	2,552,217	451,671	3,003,888	77,783	6,022	83,805
2014	1,779,666	353,872	2,133,538	20,334	3,691	24,025
2015	1,779,666	285,577	2,065,243	20,334	2,910	23,244
2016	1,779,666	215,503	1,995,169	20,334	2,110	22,444
2017	1,779,666	143,204	1,922,870	20,334	1,284	21,618
2018	679,666	92,055	771,721	20,334	432	20,766
2019	350,000	70,088	420,088	-	-	-
2020	350,000	54,906	404,906	-	-	-
2021	350,000	39,375	389,375	-	-	-
2022	350,000	23,625	373,625	-	-	-
2023	350,000	7,875	357,875	-	-	-
	<u>\$ 72,223,853</u>	<u>\$ 13,845,042</u>	<u>\$ 86,068,895</u>	<u>\$ 4,231,146</u>	<u>\$ 579,644</u>	<u>\$ 4,810,790</u>

Business-Type Activities – Clean Water Fund Notes

	Principal	Interest
2005	\$ 144,592	\$ 31,329
2006	144,592	28,401
2007	144,592	25,392
2008	144,592	82,397
2009	144,592	3,187
2010-2014	664,947	12,832
2015-2018	99,988	-
	<u>\$ 1,487,890</u>	<u>\$ 183,538</u>

The State of Connecticut reimburses the City for eligible school bond principal and interest costs. The amount of such reimbursement for the year ended June 30, 2004 was approximately \$2,754,000. Additional payments aggregating approximately \$3,837,000 are expected to be received through the bonds' maturity dates.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Capital lease obligations

Property and equipment with a carrying value of approximately \$514,000 has been acquired under capital lease arrangements. Future minimum payments under capital lease arrangements are as follows:

2005	\$	106,182
2006		53,000
Total		<u>159,182</u>
Less amount representing interest		11,545
	\$	<u>147,637</u>

Authorized but unissued bonds

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

The City has authorized but unissued bonds relating to capital projects at June 30, 2004 as follows:

Water	\$	1,445,300
Sewers		6,076,000
General purpose		20,821,989
Schools		66,636,800
Total	\$	<u>37,665,000</u>

Legal Debt Limit

The City's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the State, does not exceed the legal debt limitation as required by the Connecticut General Statutes, as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose ⁽¹⁾	\$ 201,303,331	\$ 90,754,284	\$ 110,549,047
Unfunded Pension Benefit Obligation	268,404,441	-	268,404,441
Schools	402,606,662	90,032,660	312,574,002
Sewers	335,505,551	11,430,829	324,074,722
Urban renewal	290,771,478	7,786,898	282,984,580

(1) Excluded from above is \$3,284,160 of outstanding water bonds, \$1,445,300 of water debt authorized but unissued and \$152,583 of self-supporting golf course bonds.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$626,277,029.

Prior Years' Debt Defeasance

In prior years, the City defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2004, the amount of defeased debt outstanding, but removed from the government-wide statements, amounted to \$5,775,000.

Note 10. Commitments and Contingencies

Lawsuits

The City is a defendant in various lawsuits including personal injury, negligence and other miscellaneous claims. For certain of these cases, where it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated, a loss contingency has been accrued.

Municipal Solid Waste Management Services Contract

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

Under the service contract, the City is required to deliver, or cause to be delivered, to the System solid waste generated within its boundaries up to its minimum commitment of 39,500 tons per year and to pay a uniform per ton disposal service payment (the "service payment"). The current fee is \$88 per ton. The aggregate minimum commitment of the five Contracting Municipalities is 125,000 tons per year. The City's service payment commitment is a "put-or-pay" commitment, in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City is responsible for its minimum commitment.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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.

Service payments shall be payable so long as the System is accepting solid waste delivered by or on behalf of the City, whether or not such solid waste is processed at the facility. The City has pledged its full faith and credit to the payment of service payments and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to provide for the payment of the service payments.

Note 11. Fund Deficits

The following funds had fund deficits as of June 30, 2004:

Special Revenue Funds:

Community Development Block Grant	\$	41,909
School Readiness		7,132
Railroad Right of Way		10,331
Student Fund		152
Americorps		47,728
Summer Youth Initiative		1,468
Safe Neighborhood		6,527

Capital Project Funds:

Capital-Non-recurring		182,644
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Internal Service:

Workers' Compensation		3,748,332
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The fund deficits in the Special Revenue and Internal Service Funds will be funded by future revenues. The capital and non-recurring deficit will be funded with future bond issues/grants.

Note 12. Pension Plans

The City of Meriden administers three single employer, contributory, defined benefit pension plans, which cover substantially all full-time employees except certified personnel at the Board of Education. The three pension plans are part of the City's financial reporting entity and stand-alone plan reports are not available for these plans. Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan. The three City plans are as follows:

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

- A. Employees' Retirement Plan
 - 1. City employees
 - 2. Police employees hired after March 1, 2003
 - 3. Fire employees hired after March 1, 2003
- B. Police Pension Plan
- C. Firefighters' Pension Plan

Provisions of Pension Plans	Employees' Retirement	Police Pension	Firefighters' Pension
Benefit provisions	2% of average annual pay for the highest 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary.	2.5% of average annual pay for the first 20 years of service, 1.6% after, for the highest 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary.	2.2% of average annual pay for the first 20 years of service, for the highest 3 consecutive years in the last 10 years prior to retirement multiplied by the years of continuous service in the plan, with a maximum of 60% of salary.
Eligibility requirements	Vest after 10 years of service.	Vest after 10 years of continuous service.	Vest after 25 years of continuous service.
Cost of Living adjustment	None	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 service - reduced benefits. Police and Fire - None.	25 th anniversary with 10 years of service, anytime with 20 years of service.	None.
Obligation to contribute:			
Employee	6% of earnings*	7.5% of earnings*	7.5% of earnings**
Employer	Remaining necessary to fund Plan based on City Charter and actuarial studies.	Remaining necessary to fund Plan based on City Charter and actuarial studies.	Remaining necessary to fund Plan based on City Charter and actuarial studies.

* Includes 2% of earnings is contributed for post-employment healthcare benefits as described in Note 13.

** Includes 1% of earnings is contributed for post-employment healthcare benefits as described in Note 13.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Membership in the Plans consisted of the following at July 1, 2002:

	Employees' Retirement	Police Pension	Firefighters' Pension
Retirees and beneficiaries receiving benefits	390	106	98
Terminated plan members entitled to, but not yet receiving benefits	65	-	-
Active plan members	599	124	96
Total	<u>1,054</u>	<u>230</u>	<u>194</u>

The City's annual pension cost and net pension obligation (asset) for the Plans for the year ended June 30, 2004 were as follows:

	Employees' Retirement	Police Pension	Firefighters' Pension
Annual required contribution	\$ -	\$ 3,357,184	\$ 1,872,975
Interest on net pension obligation (asset)	(29,887)	1,007,077	1,039,913
Adjustment to annual required contribution	(38,386)	(1,108,554)	(1,144,699)
Annual pension cost	8,499	3,255,707	1,768,189
Contributions made	-	2,448,000	1,675,200
Increase (decrease) in net pension obligation (asset)	8,499	807,707	92,989
Net pension obligation (asset) beginning of year	(373,587)	12,588,458	12,988,915
Net pension obligation (asset) end of year	<u>\$ (365,088)</u>	<u>\$ 13,396,165</u>	<u>\$ 13,081,904</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Three-Year Trend Information:

Employees' Retirement

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/02	\$ 7,148	0%	\$ (381,442)	\$ -
6/30/03	\$ 7,855	0%	\$ (373,587)	\$ -
6/30/04	\$ 8,499	0%	\$ (365,088)	\$ -

Police Pension

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/02	\$ 2,359,697	95.0%	\$ 12,627,403	\$ 2,238,485
6/30/03	\$ 2,409,055	101.6%	\$ 12,588,458	\$ 2,448,000
6/30/04	\$ 3,255,707	75.1%	\$ 13,396,165	\$ 2,448,000

Firefighters' Pension

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
6/30/02	\$ 1,564,600	104.0%	\$ 13,077,043	\$ 1,632,000
6/30/03	\$ 1,587,072	105.5%	\$ 12,988,915	\$ 1,675,200
6/30/04	\$ 1,768,189	94.7%	\$ 13,081,904	\$ 1,675,200

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

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

	Employees' Retirement	Police Pension	Firefighters' Pension
Valuation Date	7/1/02	7/1/02	7/1/02
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Dollar, Closed	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	18 years	27 years	27 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	5.5%	3.25%-5.25%	3.25%-5.25%

Year Ended June 30,	Employees' Retirement		Police Pension		Firefighters' Pension	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2004	\$ -	-	\$ 3,357,184	72.9%	\$ 1,872,975	89.4%
2003	-	-	2,489,520	98.3%	1,682,036	99.5%
2002	-	-	2,440,500	91.7%	1,647,793	99.0%
2001	-	-	2,046,300	62.5%	1,494,200	63.9%
2000	-	-	3,951,500	0%	3,334,200	0%
1999	245,900	87.0%	3,696,100	76.7%	3,450,800	69.3%
1998	181,700	118.5%	3,645,000	75.7%	3,405,500	68.2%

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Underfunded (Overfunded) AAL	Funded Ratio	Covered Payroll	Underfunded (Overfunded) AAL as a Percentage of Covered Payroll
Employees' Retirement						
July 1, 2003	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
July 1, 2002	118,086,359	95,327,362	(22,758,997)	123.87%	23,977,682	(94.92)%
July 1, 2001	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2000	109,269,458	82,598,002	(26,671,456)	132.29%	21,181,333	(125.92)%
July 1, 1999	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 1998	89,530,600	64,878,200	(24,652,400)	138.00%	20,752,300	(118.79)%
July 1, 1997	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 1996	72,100,300	58,546,000	(13,554,300)	123.15%	18,990,000	(71.38)%

Police Pension

July 1, 2003	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
July 1, 2002	46,554,515	70,304,895	23,750,380	66.22%	6,771,911	350.72%
July 1, 2001	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2000	47,533,800	62,801,100	15,267,400	75.69%	6,098,900	250.33%
July 1, 1999	* 45,525,200	56,997,300	11,472,600	79.87%	6,150,900	186.52%
July 1, 1998	31,181,100	57,141,300	25,960,200	54.57%	6,138,200	418.53%
July 1, 1997	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 1996	23,942,200	51,111,500	27,169,300	46.84%	4,862,700	558.73%

Firefighters' Pension

July 1, 2003	\$ N/A	\$ N/A	\$ N/A	N/A	\$ N/A	N/A
July 1, 2002	48,479,287	61,095,615	12,616,328	79.35%	5,147,294	245.11%
July 1, 2001	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 2000	49,656,100	59,676,600	10,020,500	83.21%	4,463,500	224.50%
July 1, 1999	* 47,360,400	56,017,200	8,656,800	84.55%	4,600,200	188.18%
July 1, 1998	32,626,200	56,236,600	23,610,400	58.02%	4,462,500	529.08%
July 1, 1997	N/A	N/A	N/A	N/A	N/A	N/A
July 1, 1996	25,622,500	51,562,800	25,940,200	49.69%	4,251,800	610.10%

* Reflects one-time adjustment to market

N/A - Not Available

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The financial statements of the Plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings to the plan. The City does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level is determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$2,754,000 for the year ended June 30, 2004.

Note 13. Postemployment Healthcare Plan

The City of Meriden administers the Employee Retirement Healthcare Plan (ERHCP), a single employer defined benefit postemployment healthcare plan. ERHCP provides a healthcare premium subsidy to retirees of the City who retire under the provisions of the Employees' Retirement Plan.

The ERHCP is available to all employees who retire with at least 15 years of service. Authority to establish and amend benefit provisions is granted through the City Charter.

ERHCP membership consisted of the following at July 1, 2002, the date of the last actuarial valuation:

Retirees and beneficiaries receiving healthcare benefits	390
Terminated plan members entitled to but not yet receiving healthcare benefits	65
Active plan members	<u>599</u>
Total	<u>1,054</u>

ERHCP's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and healthcare premium subsidies are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value.

Plan members are required to contribute 2% of their annual covered salary to the plan. Administrative costs are financed through investment earnings.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Note 14. Other Postemployment Benefits

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

For fiscal year 2004, the payments aggregated approximately \$781,200. The approximate number of participants eligible to receive these benefits was 102 for police retirees and 99 for fire department retirees.

The City also provides benefits to certain retired members and their families of the police and fire department for claims resulting from hypertension and heart disease, as required by provision of the Connecticut General Statutes. Approximately 19 retirees and their families are currently receiving benefits under this provision and expenditures are recognized and funded on a pay as you go basis. Benefits paid in the year ended June 30, 2004 approximated \$473,000.

Note 15. Risk Management

The City is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the City's current policy, the Meriden health insurance fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The City also purchases aggregate stop-loss coverage for claims in excess of 120% of expected claim level. The City purchases commercial insurance for claims in excess of coverage provided by the workers' compensation fund with an individual claim maximum of \$500,000 and a \$5,000,000 aggregate maximum per year. Settled claims for all types have not exceeded commercial coverage in any of the past three years.

The workers' compensation fund is funded by the General Fund, sewer fund, water fund and golf fund. Payments to the fund are estimated based on the number and dollar amount of claims over the past five years.

The health insurance fund is funded by monthly contributions from all funds incurring payroll charges. Blue Cross/Blue Shield, administrator of the claims process, provides the City with suggested rates for various types of coverage. The City uses monthly 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 incurred but not reported.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors.

Under Public Act 89-342, health insurance for retired teachers, a subsidy equal to the equivalent flat dollar premium amount for Blue Cross 65/Blue Shield 65 is paid by the State directly to the local school districts, where it is applied to reduce premium payments of the retired member/spouse covered by the local school district. The retired member/spouse is required to pay the difference directly to the local school district. The funding for the subsidy is provided by the members' 1% supplemental contributions, which, since July 1, 1989, have been directed to a dedicated health insurance fund. There is no cost to the City.

Changes in the balances of claims liabilities were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning	Claims and Changes in Estimates	Claims Paid	Claims Payable Ending
Medical:				
2004	\$ 1,321,007	\$ 19,053,600	\$ 18,800,773	\$ 1,573,834
2003	\$ 1,588,625	\$ 15,970,224	\$ 16,237,842	\$ 1,321,007
Workers' Compensation:				
2004	\$ 3,353,188	\$ 1,763,068	\$ 1,613,796	\$ 3,502,460
2003	\$ 2,029,650	\$ 3,593,232	\$ 2,269,694	\$ 3,353,188

Note 16. Closure and Postclosure Care Cost

State and federal laws and regulations require the City to place a final cover on its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated closure and postclosure care cost of \$5,300,000, is based on an estimate of the current cost of acquiring equipment, facilities and services required to close, monitor and maintain the landfill as of June 30, 2004. However, the actual cost of closure and postclosure may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 17. Restatement

Prior to July 1, 2003, the City's policy for the recognition of a liability and expenditure in the General Fund for compensation earned at year-end, but paid subsequent to year-end was not in accordance with accounting principals generally accepted in the United States of America (GAAP) which require a liability and an expense be recorded when incurred.

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2004

As of July 1, 2003, the City changed their policy to be in accordance with GAAP, and therefore had the following effect on the General Fund:

July 1, 2003 Fund Balance, as reported	\$ 9,677,472
Accrued wages, not previously reported	<u>(9,180,097)</u>
July 1, 2003 Fund Balance, as restated	<u>\$ 497,375</u>

Note 18. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2004 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

- ♦ GASB Statement No. 40, Deposit and Investment Risk Disclosures, issued March 2003, will be effective for the City beginning with its year ending June 30, 2005. This Statement establishes and modifies disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also establishes and modifies disclosure requirements for deposit risks.
- ♦ GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, will be effective for the City beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.
- ♦ GASB Statement No. 44, Economic Condition Reporting: The Statistical Section, issued in May 2004, will be effective for the City beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.
- ♦ GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, issued June 2004, will be effective for the City beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

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**Supplemental and Combining
Nonmajor Fund Statements and Schedules**

General Fund

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS IN - BUDGETARY BASIS -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
PROPERTY TAXES				
Current year's levy	\$ 84,568,598	\$ 84,568,598	\$ 83,988,905	\$ (579,693)
Prior years' levies	2,500,000	2,500,000	3,054,044	554,044
Motor vehicle supplement	1,352,899	1,352,899	1,216,454	(136,445)
Total taxes, interest and lien fees	88,421,497	88,421,497	88,259,403	(162,094)
INTERGOVERNMENTAL				
State property pilot	532,900	532,900	533,620	720
Circuit court rent and fees	532,000	532,000	625,428	93,428
Public Act 217A - private schools	112,153	112,153	96,586	(15,567)
In lieu of taxes 080 Pilot-6	137,335	137,335	157,466	20,131
In lieu of taxes nonprofit institutions	985,688	985,688	984,712	(976)
LOCIP reimbursement	523,797	523,797	523,797	-
Town aid roads	147,507	147,507	143,743	(3,764)
Public Act 461 manufacturers inventory	1,527,216	1,527,216	1,077,342	(449,874)
Transportation non-public schools	244,301	244,301	211,535	(32,766)
Interest subsidy - school bonds	321,173	321,173	565,742	244,569
In lieu of taxes - boats	8,815	8,815	8,815	-
Transit district	139,665	139,665	174,134	34,469
State of CT Elderly Freeze	1,130,480	1,130,480	-	(1,130,480)
Telephone access line	868,321	868,321	613,524	(254,797)
School building grants	1,785,003	1,785,003	2,450,306	665,303
Transportation	903,340	903,340	875,318	(28,022)
Special education	850,000	850,000	712,745	(137,255)
Education for the blind	100,000	100,000	119,251	19,251
State Pequot Grant	1,501,303	1,501,303	1,435,102	(66,201)
State Education ECS Grant	43,461,307	43,461,307	43,543,685	82,378
State Aviation Pilot	40,740	40,740	38,255	(2,485)
Public Act 97-261 Pilot Municipal	7,500	7,500	-	(7,500)
Welfare reimbursement	-	-	877	877
Total intergovernmental	55,860,544	55,860,544	54,891,983	(968,561)

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS IN - BUDGETARY BASIS -
 BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
CHARGES FOR SERVICES				
Police Department:				
Parking tag fund	25,000	25,000	17,197	(7,803)
Licenses and permits	7,100	7,100	7,501	401
Administrative charges	25,000	25,000	26,288	1,288
Abandoned motor vehicles	10,000	10,000	4,180	(5,820)
Alarm fees	10,000	10,000	15,000	5,000
Total police department	77,100	77,100	70,166	(6,934)
Building Department:				
Building department fees	800,000	800,000	837,295	37,295
City Clerk:				
City Clerk fees	1,549,000	1,549,000	1,925,309	376,309
Tax Collector:				
Interest	1,315,600	1,315,600	1,503,788	188,188
Lien fees	35,000	35,000	28,510	(6,490)
Total tax collector	1,350,600	1,350,600	1,532,298	181,698
Water Department:				
Tax collector service	759,423	759,423	849,213	89,790
Total water department	759,423	759,423	849,213	89,790
Sewer Department:				
Tax collector service	759,423	759,423	849,213	89,790
Total sewer department	759,423	759,423	849,213	89,790
Health Department:				
Licenses and fees	28,176	28,176	54,185	26,009
Health special project reimbursement	100,000	100,000		(100,000)
	128,176	128,176	54,185	(73,991)
Parks and Recreation:				
Recreation fees	3,700	3,700	6,525	2,825
Concession leases	1,350	1,350	(57)	(1,407)
Total parks and recreation	5,050	5,050	6,468	1,418
Library:				
Fines - lost and damaged books	14,470	14,470	14,775	305
Total charges for services	5,343,242	5,343,242	6,138,922	795,680

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS IN - BUDGETARY BASIS -
 BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
INVESTMENT INCOME				
Income from investments:				
General Fund	300,000	300,000	134,890	(165,110)
Bonded projects fund	130,000	130,000	546,475	416,475
Total investment income	430,000	430,000	681,365	251,365
OTHER REVENUE				
Miscellaneous				
Interest - Joseph E. Coe Estate	8,000	8,000	10,445	2,445
VMMC P & I reimbursement	322,300	322,300	298,650	(23,650)
Other revenues	250,000	250,000	823,570	573,570
Sale of surplus property	100,000	100,000	14,843	(85,157)
YMCA reimbursement	52,681	52,681	27,546	(25,135)
Parking Commission revenue	129,360	129,360	91,681	(37,679)
Bradley Trust revenue	195,000	195,000	195,000	-
Bulk waste fees	150,000	150,000	74,055	(75,945)
Narcotic task force	24,000	24,000	44,000	20,000
NRG contract	2,976,610	2,976,610	2,950,109	(26,501)
Reimbursed exemptions	1,102,999	1,102,999	918,633	(184,366)
Total other revenue	5,310,950	5,310,950	5,448,532	137,582
TOTAL REVENUES	\$ 155,366,233	\$ 155,366,233	\$ 155,420,205	\$ 53,972

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Court of Common Council:				
Elected officials	\$ 79,488	\$ 79,488	\$ 67,788	\$ 11,700
Codification	500	5,685	5,685	-
Office expenditures and supplies	30,000	30,000	28,570	1,430
Administration	30,000	30,000	49,384	(19,384)
MMEA	74,067	74,067	74,423	(356)
Meetings and memberships	21,000	15,815	-	15,815
Total Court of Common Council	235,055	235,055	225,850	9,205
City Manager:				
Administration	184,383	184,383	188,989	(4,606)
MMEA	73,830	73,830	73,223	607
Deferred compensation	8,500	8,500	8,501	(1)
Vehicle maintenance	7,800	7,800	6,137	1,663
Management non-union	35,000	35,000	-	35,000
Office expenditures and supplies	14,000	14,000	12,973	1,027
Membership and meetings	43,000	43,000	42,674	326
Total City Manager	366,513	366,513	332,497	34,016
Law:				
Administration	180,066	180,066	182,640	(2,574)
MMEA	127,463	135,228	134,110	1,118
Streets and sidewalks	25,000	25,000	15,654	9,346
Attorney fees	286,000	268,165	264,347	3,818
Assessment filing fees	55,000	55,000	55,000	-
Office expenditures and supply	20,000	28,000	24,078	3,922
Membership and meetings	5,295	5,295	5,130	165
Deferred compensation	8,500	8,500	8,501	(1)
CWA	104,003	111,717	111,433	284
Court settlement	-	-	14,193	(14,193)
Total Law	811,327	816,971	815,086	1,885
Personnel:				
Administration	95,956	95,956	117,396	(21,440)
MMEA	36,515	42,515	42,251	264
EAP services	15,000	15,000	7,224	7,776
Training	6,000	3,000	1,460	1,540
Tuition reimbursement	10,000	12,000	11,955	45
Alcohol/drug testing	7,000	7,000	2,215	4,785
Recruitment	1,000	1,000	-	1,000
Office expenditures and supply	10,800	10,800	11,655	(855)
Meetings and memberships	4,500	5,500	5,385	115
Attorney fees	75,000	75,000	53,395	21,605
Total Personnel	261,771	267,771	252,936	14,835

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
BUDGETARY BASIS - BUDGET AND ACTUAL, Continued

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Library:				
Vehicle maintenance	1,500	500	464	36
Grounds maintenance	2,500	1,200	1,200	-
Miscellaneous part time	25,480	25,480	26,289	(809)
Administrative	77,778	77,778	80,988	(3,210)
MMEA	662,517	655,317	628,540	26,777
Public utilities	50,000	57,200	54,946	2,254
Telephones	7,000	7,000	5,094	1,906
Security service	700	700	440	260
Other purchased services	82,000	82,000	81,820	180
Building supplies and materials	35,000	36,300	34,723	1,577
Library	144,000	144,000	143,914	86
Office expenditures and supplies	27,000	28,000	27,525	475
Memberships and meetings	2,000	2,000	2,000	-
CWA	658,352	673,101	653,577	19,524
Video services	20,000	20,000	16,750	3,250
Total Library	1,795,827	1,810,576	1,758,270	52,306
City Clerk:				
Elected official	64,053	64,053	64,052	1
Overtime contingency	10,000	10,000	6,692	3,308
Other non-union	25,725	25,725	25,929	(204)
MMEA	194,803	194,803	190,349	4,454
Land records	80,000	98,000	88,796	9,204
Vital statistics	8,000	8,000	8,000	-
Office expenditures and supplies	15,000	25,547	21,977	3,570
Membership and meetings	2,200	3,653	3,583	70
Restoration	2,500	2,500	2,383	117
Total City Clerk	402,281	432,281	411,761	20,520
Aviation:				
Airport taxes	34,370	36,895	36,895	-
Office expenditures and supplies	400	400	214	186
Aviation maintenance	20,000	17,475	17,245	230
Other purchased services	1,500	1,500	1,460	40
Total Aviation	56,270	56,270	55,814	456
Elections:				
Primaries	54,600	54,600	38,934	15,666
Membership and meetings	2,000	2,000	988	1,012
Elected officials	43,639	43,639	43,639	-
Other non-union	43,502	43,502	38,936	4,566
Office expenditures and supplies	17,200	17,200	14,206	2,994
Elections	50,965	45,965	40,200	5,765
Total Elections	211,906	206,906	176,903	30,003

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Finance:				
Administrative	91,886	91,886	96,835	(4,949)
Overtime contingency	3,000	3,000	115	2,885
MMEA	197,181	197,181	161,115	36,066
CWA	163,779	165,249	146,810	18,439
Telephone	117,933	117,933	95,403	22,530
Office expenditures and supplies	22,401	21,400	22,799	(1,399)
Contingency	500,000	227,310	193,355	33,955
Membership and meetings	4,582	5,582	5,317	265
Total Finance	1,100,762	829,541	721,749	107,792
Insurance:				
Boilers and machinery	6,532	6,698	6,698	-
Bond money and securities	8,383	8,320	8,320	-
Fire and vandalism	120,587	120,587	120,587	-
Liability insurance	1,058,183	1,038,487	1,038,487	-
Workers' compensation	1,042,654	517,000	517,000	-
Police professional liability	74,370	61,594	61,594	-
Public official liability	29,855	25,784	25,784	-
Second Injury Fund	147,678	173,553	147,678	25,875
Workers' Compensation excess liability	41,018	41,018	41,018	-
School District Legal	-	536,219	525,654	10,565
Total Insurance	2,529,260	2,529,260	2,492,820	36,440
Employee Benefits:				
Life insurance	59,319	59,319	64,831	(5,512)
Longevity	50,000	50,000	59,792	(9,792)
Severance	100,000	100,000	-	100,000
Unemployment compensation	80,000	80,000	78,468	1,532
Unused sick leave	220,000	220,000	238,247	(18,247)
Hypertension	558,834	558,834	473,442	85,392
Social security	1,854,461	1,854,461	1,868,875	(14,414)
Police benefits	1,250,000	1,250,000	869,574	380,426
Police pension funding	250,000	250,000	249,600	400
Police retiree medical benefit	385,621	385,621	353,100	32,521
Police social security medicare	80,000	80,000	80,282	(282)
Police retirement	1,813,543	1,813,543	1,813,200	343
Police medical	1,369,168	1,369,168	1,106,474	262,694
Police life	22,686	22,686	24,879	(2,193)
Police with compensation and hypertension	137,495	137,495	258,144	(120,649)
Fire benefits	1,100,000	1,100,000	860,330	239,670
Police vision pool	6,000	6,000	8,128	(2,128)

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Employee Benefits, Continued:				
Police hearing pool	1,500	1,500		1,500
Fire pension funding	250,000	250,000	249,600	400
Fire retiree medical benefits	397,100	397,100	428,100	(31,000)
Fire social security	42,000	42,000	44,573	(2,573)
Fire retirement	1,030,227	1,030,227	1,029,600	627
Fire medical	1,056,918	1,056,918	786,650	270,268
Fire life	17,137	17,137	18,203	(1,066)
Fire with compensation and hypertension	115,041	115,041	218,163	(103,122)
Police certification bonus	74,400	74,400	70,800	3,600
Police longevity	40,200	40,200	96,975	(56,775)
Fire longevity	34,703	34,703	(29,854)	64,557
Fire vision pool	4,500	4,500	-	4,500
Fire hearing pool	1,500	1,500	-	1,500
Uniforms guards	6,870	6,870	5,651	1,219
City medical benefits	2,551,690	2,530,954	2,383,234	147,720
Education medical benefits	9,820,932	9,820,932	9,372,105	448,827
AmeriCorps	85,051	85,051	38,425	46,626
Headstart	10,700	10,700	-	10,700
CASA medical	4,869	4,869	3,354	1,515
Total Employee Benefits	24,882,465	24,861,729	23,122,945	1,738,784
Finance General Administration:				
Transit	143,540	190,560	193,227	(2,667)
Pupil transportation	602,720	602,720	602,602	118
Advertising, printing, binding	15,000	15,000	1,828	13,172
Street lighting	570,376	570,376	570,691	(315)
Water	150,000	150,000	90,552	59,448
Hydrants	61,960	61,960	61,960	-
Sewers	70,000	70,000	63,569	6,431
Rod and Gun Fish Club	1,000	1,000	1,000	-
Cultural Diversity Fund	7,000	2,900	4,389	(1,489)
Park maintenance	-	9,000	9,000	-
Maloney scholarship	24,100	24,100	24,000	100
Veterans' organization	35,000	35,000	35,000	-
Ambulance	125,000	125,000	125,000	-
Nerden Day Camp	54,380	54,380	54,380	-
Day care	5,000	5,000	5,000	-
C med	115,632	115,632	108,880	6,752
Audit	70,000	70,000	68,456	1,544
Probate court	20,000	20,000	18,792	1,208
Zoning expenditures and supplies	12,000	12,000	9,200	2,800
Solomon Goffe House	500	500	500	-

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Finance General Administration, Continued:				
Handicapped commission	1,000	1,000	20	980
Daffodil festival	30,000	30,000	30,018	(18)
Regional mental health	1,000	1,000	1,000	-
Repay housing authority	11,411	11,411	11,411	-
Textbook loan	38,000	38,000	37,632	368
Meriden Symphony	7,500	7,500	7,500	-
Special events and celebrations	35,000	35,000	30,199	4,801
Conservation committee	500	500	54	446
Marketing promotion	100,000	100,000	84,918	15,082
Flood supplies	5,000	1,000	774	226
Cemetary maintenance	9,000	-	-	-
Regional growth partners	16,935	16,935	16,935	-
Humane Society	6,000	6,000	6,219	(219)
Friends of Library	18,000	18,000	18,000	-
AmeriCorps	35,000	35,000	35,000	-
Day Camp	15,000	15,000	15,000	-
Camp Vol. Program	10,000	10,000	9,250	750
Evening of Celebration	2,000	2,000	2,000	-
Meriden Scholastic Scholars	40,000	40,000	36,000	4,000
Neighborhood associations	10,000	10,000	6,645	3,355
Teen satellite programs	150,000	150,000	149,883	117
Gallery 53	5,000	5,000	5,000	-
Curtis Utilization	44,000	44,000	44,000	-
Total Finance General Administration	2,673,554	2,712,474	2,595,484	116,990
Purchasing:				
Overtime contingency	500	500	-	500
MMEA	159,546	182,304	178,876	3,428
CWA	76,669	78,403	69,654	8,749
Office expenditures and supplies	4,000	4,000	3,888	112
Memberships, meetings and other	2,500	2,500	2,382	118
Petty cash	1	1	55	(54)
Total Purchasing	243,216	267,708	254,855	12,853
Tax Collector:				
Overtime contingency	2,000	2,000	39	1,961
MMEA	233,486	225,986	214,344	11,642
CWA	122,200	124,963	123,896	1,067
Office expenditures and supplies	65,000	71,000	66,784	4,216
Memberships and meetings	2,000	3,500	2,873	627
Total Tax Collector	424,686	427,449	407,936	19,513

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Data Processing				
CWA	167,374	170,061	143,618	26,443
Administrative	80,339	80,339	82,057	(1,718)
Overtime contingency	1,000	1,000	-	1,000
MMEA	101,803	134,466	145,820	(11,354)
Training	10,000	10,000	9,952	48
Rental of equipment	238,420	238,420	234,664	3,756
Office expenditures and supplies	17,000	17,000	16,607	393
Software	10,000	10,000	8,829	1,171
Memberships and meetings	2,000	2,000	2,000	-
Telephones	60,696	60,696	54,427	6,269
Total Data Processing	688,632	723,982	697,974	26,008
Assessor:				
Audit	10,000	5,700	5,000	700
MMEA	177,278	177,278	174,905	2,373
CWA	134,888	137,813	136,939	874
Revaluation	10,000	14,300	14,300	-
Office expenditures and supplies	10,800	10,800	11,171	(371)
Membership and meetings	1,610	1,610	1,015	595
Vehicle maintenance	1,200	1,200	566	634
Total Assessor	345,776	348,701	343,896	4,805
Board of Tax Relief:				
Miscellaneous part-time	1,500	1,500	1,500	-
Other expenditures and supplies	750	750	750	-
Total Board of Tax Relief	2,250	2,250	2,250	-
Planning:				
Administrative	86,028	86,028	88,701	(2,673)
Overtime	6,000	6,000	3,665	2,335
MMEA	361,427	403,942	397,947	5,995
CWA	173,618	177,095	144,520	32,575
Vehicle maintenance	6,500	6,500	8,412	(1,912)
Design review board	100	100	35	65
Office expenditures and supplies	6,000	6,000	6,362	(362)
Memberships and meetings	4,000	4,000	2,789	1,211
Unsafe buildings	100	100		100
Total Planning	643,773	689,765	652,431	37,334
Inland Wetlands:				
Other purchased services	1,500	1,500	79	1,421
Office expenditures and supplies	700	700	1,371	(671)
Memberships and meetings	200	200	175	25
Total Inland Wetlands	2,400	2,400	1,625	775

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Park:				
Miscellaneous part-time	65,000	65,000	64,245	755
Administrative	96,480	96,480	99,165	(2,685)
Overtime contingency	60,000	95,000	99,255	(4,255)
Public works	773,474	738,474	721,638	16,836
CWA	64,480	65,938	65,386	552
Parks and rec exp and supplies	65,000	65,000	66,572	(1,572)
Vehicle maintenance	55,000	55,000	67,191	(12,191)
Heat, energy and lights	90,000	90,000	104,954	(14,954)
Park maintenance vandalism	20,000	20,000	19,623	377
Vandalism	5,000	5,000	4,679	321
Security	15,000	15,000	11,189	3,811
Memberships and meetings	1,500	1,500	1,500	-
Tree removal and replacement	6,000	6,000	5,477	523
Downtown	15,000	15,000	9,623	5,377
Total Park	1,331,934	1,333,392	1,340,497	(7,105)
Recreation:				
Other non-union	75,000	101,400	99,488	1,912
Public works	85,632	85,632	97,238	(11,606)
MMEA	77,230	77,230	76,188	1,042
Recreation program expense	10,000	10,000	11,025	(1,025)
Concerts	4,000	4,000	4,000	-
League subsidy	30,000	30,000	30,000	-
Office expenditures and supplies	10,200	10,200	9,011	1,189
Memberships and meetings	1,000	1,000	1,000	-
CWA	47,819	48,856	48,450	406
Holiday display replacement	6,000	6,000	5,973	27
Overtime	6,000	8,500	9,462	(962)
Guiffrida Camp	7,000	7,365	7,291	74
Total Recreation	359,881	390,183	399,126	(8,943)
Parking Administrative				
Vehicle maintenance	1,000	1,000	1,488	(488)
Parking administrative	500	-	-	-
Parking payroll	76,534	75,534	109,487	(33,953)
Parking maintenance	4,000	3,000	1,100	1,900
Parking telephones	600	600	333	267
Parking utilities	17,000	17,000	18,172	(1,172)
Parking general	2,500	5,000	4,660	340
CWA	32,365	33,097	-	33,097
Total Parking Administrative	134,499	135,231	135,240	(9)
Capital outlay	-	426,000	135,148	290,852
Total General Government	39,504,038	39,872,408	37,333,093	2,539,315

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EDUCATION				
Board of Education:	73,286,108	73,873,640	79,773,613	(5,899,973)
Total Board of Education	73,286,108	73,873,640	79,773,613	(5,899,973)
School Building Committee:				
Salary clerical	1,080	1,080	29,445	(28,365)
Com, Adv, Print & Bind	144	144	-	144
Other purchased services	288	288	79	209
Total School Building Committee	1,512	1,512	29,524	(28,012)
Total Education	73,287,620	73,875,152	79,803,137	(5,927,985)
PUBLIC SAFETY				
Police:				
Administrative	165,250	165,250	178,569	(13,319)
Overtime contingency	740,000	744,100	719,933	24,167
MMEA	472,875	444,986	446,610	(1,624)
Police	7,081,791	7,109,680	7,083,343	26,337
CWA	295,154	295,154	236,094	59,060
Vehicle maintenance	175,000	175,000	234,252	(59,252)
Communications and finance	80,000	80,000	76,503	3,497
Training	138,000	138,000	132,646	5,354
South Central Justice	10,200	10,200	10,200	-
Auxiliary police	5,000	5,000	3,560	1,440
Canine unit	12,000	12,000	3,980	8,020
Police expenditures and supplies	88,000	96,000	130,923	(34,923)
Memberships and meetings	8,900	8,900	5,008	3,892
Police private duty	1	1	(20,801)	20,802
Public works	86,684	86,684	60,662	26,022
MIS technology	209,600	201,600	137,194	64,406
Bicycle Patrol	3,500	3,500	112	3,388
Hostage Crisis	10,000	10,000	9,724	276
Accreditation	12,000	12,000	7,362	4,638
Crime Prevention	15,000	15,000	17,786	(2,786)
Police Explorers	2,750	2,750	2,750	-
Total Police	9,611,705	9,615,805	9,476,410	139,395
Fire:				
Office expenditures and supplies	20,000	18,500	17,342	1,158
Administrative	160,648	160,648	168,407	(7,759)
Overtime contingency	600,000	830,775	826,228	4,547
Public works	54,592	54,592	55,772	(1,180)
Fire	5,235,062	5,140,287	5,133,469	6,818
MMEA	78,754	78,754	74,586	4,168
Vehicle maintenance	70,000	67,500	54,722	12,778

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Fire:				
Communications and maintenance	20,000	20,000	18,493	1,507
Training	24,500	20,500	20,540	(40)
Physicals	40,000	24,000	17,141	6,859
Maintenance supplies	30,000	42,500	34,460	8,040
Heat energy lights	65,000	81,500	83,749	(2,249)
Fire equipment	40,000	50,000	46,661	3,339
Memberships and meetings	6,000	6,000	6,004	(4)
Total Fire	6,444,556	6,595,556	6,557,574	37,982
South Meriden Fire Department:				
Firefighter physicals	10,000	10,000	6,597	3,403
Hepatitis vaccine	1,500	1,500	199	1,301
Vehicle maintenance	5,200	5,200	5,508	(308)
Communications and maintenance	8,260	8,260	8,151	109
Training	4,100	4,100	4,010	90
Maintenance supplies	700	700	700	-
Heat, energy, lights	7,800	7,800	8,673	(873)
Food	2,700	2,700	2,700	-
Office expenditures and supplies	500	500	496	4
Fire equipment	22,265	22,265	22,233	32
Membership and meetings	1,000	1,000	725	275
Fire prevention and education	300	300	300	-
Total South Meriden Fire Department	64,325	64,325	60,292	4,033
Public Safety Dispatch:				
Office expenditures and supplies	3,000	5,500	4,318	1,182
MMEA	527,366	467,670	476,868	(9,198)
Training	6,000	6,000	4,163	1,837
Overtime contingency	184,687	249,383	287,078	(37,695)
Communications and printing	7,400	1,400	250	1,150
Fire	62,691	62,691	66,923	(4,232)
Total Public Safety Dispatch	791,144	792,644	839,600	(46,956)
Civil Preparedness:				
Miscellaneous part-time	8,250	8,250	8,250	-
Civil preparedness	2,000	2,000	-	2,000
Office expenditures and supplies	1,000	1,000	1,524	(524)
Total Civil Preparedness	11,250	11,250	9,774	1,476
Total Public Safety	16,922,980	17,079,580	16,943,650	135,930

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
BUDGETARY BASIS - BUDGET AND ACTUAL, Continued

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC WORKS				
Engineering:				
Overtime	5,000	5,000	5,324	(324)
MMEA	415,011	415,011	397,242	17,769
CWA	208,915	212,117	199,962	12,155
Vehicle maintenance	5,500	5,500	7,073	(1,573)
Office expenditures and supplies	9,000	9,000	8,561	439
Membership and meetings	2,000	2,000	1,251	749
Total Engineering	645,426	648,628	619,413	29,215
Garage and Warehouse:				
Overtime contingency	9,000	9,000	6,289	2,711
Public works	332,384	332,384	302,988	29,396
MMEA	49,421	49,421	50,025	(604)
Repairs and maintenance	8,000	8,000	7,856	144
Office expenditures and supplies	7,000	7,000	4,051	2,949
Memberships and meetings	2,000	2,000	350	1,650
Garage materials	1	1	-	1
Total Garage and Warehouse	407,806	407,806	371,559	36,247
Traffic Engineering:				
Street lighting	10,000	10,000	7,575	2,425
CWA	76,669	78,403	77,730	673
Part time summer help	12,000	7,000	7,978	(978)
Overtime contingency	20,000	25,000	27,624	(2,624)
MMEA	200,552	200,552	197,007	3,545
Vehicle maintenance	12,000	12,000	14,748	(2,748)
Safety equipment	1,000	1,000	696	304
Signalization	62,000	62,000	88,921	(26,921)
Signs and alarms	35,000	35,000	33,019	1,981
Alarm system	2,000	2,000	2,066	(66)
Office expenditures and supplies	1,000	1,000	756	244
Memberships and meetings	1,000	1,000	916	84
Total Traffic Engineering	433,221	434,955	459,036	(24,081)

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Highway:				
Office expenditures and supplies	8,500	8,500	8,120	380
Overtime contingency	30,000	30,000	33,224	(3,224)
Public works	638,330	638,330	617,654	20,676
CWA	147,992	151,217	143,194	8,023
Snow and ice control	375,000	467,349	476,568	(9,219)
Vehicle maintenance	150,000	150,000	166,647	(16,647)
Street maintenance supplies	12,000	12,000	10,028	1,972
Sidewalk, basin construction	4,000	4,000	1,850	2,150
Street construction	30,000	30,000	27,072	2,928
Storm drain construction	10,000	10,000	8,340	1,660
Brook dredging	1,000	1,000	31	969
Memberships and meetings	1,000	1,000	993	7
Bulky Waste	12,000	12,000	10,250	1,750
Clothing	6,000	6,000	5,887	113
Total Highway	1,425,822	1,521,396	1,509,858	11,538
Landfill Operations:				
Overtime contingency	23,000	23,000	19,858	3,142
Monitoring	27,000	27,000	25,225	1,775
Vehicle maintenance	12,500	12,500	13,262	(762)
Other purchased services	6,000	6,000	5,996	4
Office expenditures and supplies	1,500	1,500	1,504	(4)
Total Landfill Operations	70,000	70,000	65,845	4,155
Waste Collection Second District				
Office expenditures and supplies	225	225	84	141
Dumping fees	500,000	500,000	491,261	8,739
Contract	435,000	435,000	434,987	13
Total Waste Collection Second District	935,225	935,225	926,332	8,893
Bulky Waste Collection Bureau				
Overtime contingency	3,000	5,266	6,047	(781)
Vehicle maintenance	19,000	19,000	18,913	87
Office expenditures and supplies	2,300	2,300	2,258	42
Public works	279,677	276,277	271,844	4,433
MMEA	46,364	46,364	45,975	389
Dumping fees	258,552	256,286	240,501	15,785
Clothing allowance	2,340	2,340	1,639	701
Total Bulky Waste Collection Bureau	611,233	607,833	587,177	20,656

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Building Maintenance:				
Overtime contingency	34,000	39,500	42,558	(3,058)
Public works	267,453	261,953	265,358	(3,405)
CWA	58,724	60,060	59,687	373
Vehicle maintenance	700	700	885	(185)
Maintenance supplies	35,000	35,000	31,951	3,049
Heat, energy, lights	400,000	400,000	452,697	(52,697)
Total Building Maintenance	795,877	797,213	853,136	(55,923)
Total Public Works	5,324,610	5,423,056	5,392,356	30,700
HUMAN SERVICES				
Health Department:				
Certified salaries	377,137	377,137	301,058	76,079
Miscellaneous part-time	7,525	7,525	4,500	3,025
Administration	86,309	86,309	88,991	(2,682)
Overtime contingency	1,600	1,600	-	1,600
Public health nurses	899,359	915,467	927,848	(12,381)
MMEA	488,601	509,859	476,683	33,176
CWA	137,800	140,916	138,854	2,062
Vehicle maintenance	4,400	4,400	4,424	(24)
Other purchased services	1	1	-	1
Office expenditures and supplies	11,000	11,000	10,906	94
Environmental supplies	14,350	14,350	13,319	1,031
Health supplies	9,700	9,700	6,323	3,377
Public Act 10 217A supplies	10,000	10,000	9,736	264
Memberships and meetings	4,000	4,000	3,965	35
Special projects	1	1	(2,170)	2,171
Rabies exposure	300	300	-	300
Lead program	5,000	5,000	3,235	1,765
Emergency fund sewer	1	1	-	1
Total Health Department	2,057,084	2,097,566	1,987,672	109,894
Social Services:				
MMEA	118,789	118,789	117,783	1,006
Office expenditures and supplies	800	800	800	-
Evictions	71,504	71,504	60,579	10,925
Total Social Services	191,093	191,093	179,162	11,931

(Continued)

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES, ENCUMBRANCES AND TRANSFERS OUT -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Senior Affairs:				
CWA	69,907	71,830	71,223	607
Memberships and meetings	750	750	545	205
Other non-union	25,000	25,000	25,398	(398)
MMEA	343,647	343,647	313,379	30,268
Vehicle maintenance	10,000	10,000	16,233	(6,233)
Office expenditures and supplies	12,000	12,000	12,720	(720)
Elderly nutrition	32,500	32,500	26,282	6,218
Total Senior Affairs	493,804	495,727	465,780	29,947
Youth Services Bureau:				
Overtime contingency	508	508	430	78
Memberships and meetings	800	800	800	-
MMEA	50,648	50,648	50,224	424
Office expenditures and supplies	1,500	1,500	1,501	(1)
Youth activities	2,500	2,500	2,507	(7)
CWA	70,242	71,770	71,160	610
Total Youth Services Bureau	126,198	127,726	126,622	1,104
Total Human Services	2,868,179	2,912,112	2,759,236	152,876
DEBT SERVICE				
Principal bonds	12,441,997	12,441,997	12,500,047	(58,050)
Interest	4,379,219	4,379,219	4,315,074	64,145
BAN interest	524,924	524,924	585,067	(60,143)
Total Debt Service	17,346,140	17,346,140	17,400,188	(54,048)
TOTAL	\$ 155,253,567	\$ 156,508,448	\$ 159,631,660	\$ (3,123,212)

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds - are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Airport Improvement - is used to account for the activity funds for airport improvements.

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

Day Care Center - is used to account for operations of the Meriden Day Care Center which is partially funded by State Grants.

Health Department WIC Program - is used to account for grants from the State Department of Social Services.

Insurance Reserve Fund - is used to account for unexpended insurance claim funds.

Neighborhood Mobile Health - is used to account for grant funds from the State Health Department.

Special Projects-Health - is used to account for revenues and various grants from the State of Connecticut.

Tri-Town Medical Transportation - is used to account for revenues and grant funds from the State of Connecticut.

Neighborhood Preservation Program - is used to account for revolving loan funds.

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

Recycling Fund - is used to account for tipping fees collected from the trash haulers.

State & Federal Education Grants - is used to account for education related grants from State and Federal Governments.

Underage Drinking - is used to account for programs to curb underage drinking.

Transit Welfare to Work - is used to account for grants relating to back to work programs.

Dog Fund - is used to account for revenue from dog license fees and related expenditures.

Landfill Reclamation - is used to account for dump tipping fees and to pay for landfill closing.

Cafeteria - is used to account for operations of the school lunch program.

Meriden Public School Rental - is used to account for rental activities related to the schools.

Adult Evening School - is used to account for activities related to the Adult Education program.

Safe Neighborhoods - is used to account for grants used to subsidize hiring of additional police officers.

Railroad Right-of-Way - is used to account for the renovation of the Railroad Canopy and Railroad Avenue area.

Drivers Education Training - is used to account for activities relating to the drivers education program.

Student Fund - is used by the schools for various miscellaneous activities.

AmeriCorps - is used to hire youths to perform community service work.

Summer Youth Initiative - is used to account for a grant from the government to employ youths.

Law Enforcement Block Grant - is used to account for a grant from the government for law enforcement.

Lorenzo Fuller Award – is used to account for a scholarship fund given to a high school.

Charlotte Yale Ives – is used to account for supportive health services to needy families.

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

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

Cops More 98 – is used to account for grants for law enforcement.

C.P. Bradley Park Fund – is used to account for funds used to care for the public parks of the City.

Walter Hubbard Park Fund – is used to account for the care and maintenance of Hubbard Park.

Library Trust Fund – is used to account for the donations and additional funds for the library.

Capital Projects Funds

Capital Project Funds - are used to account for the acquisition of major capital facilities other than those financed by proprietary funds.

Parks and Recreation Capital and Non-Recurring Fund - this fund is used to account for the financial resources used for various parks and recreation projects.

Capital and Non-Recurring Fund - this fund is used to account for capital items funded through grants and special appropriations.

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CITY OF MERIDEN, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004

	Special Revenue				
	Airport Improvement	Community Development Block Grant	Day Care Center	Health Department WIC Program	Insurance Reserve Fund
ASSETS					
Cash and cash equivalents	\$ 14,744	\$ 24,567	\$ 89,963	\$ 37,322	\$ 248,659
Intergovernmental receivable	-	-	-	37,341	-
Loans receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Investments	-	-	-	-	-
Total assets	\$ 14,744	\$ 24,567	\$ 89,963	\$ 74,663	\$ 248,659
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable and accrued liabilities	\$ -	\$ 66,476	\$ 16,531	\$ 8,817	\$ -
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	40,000	-
Total liabilities	-	66,476	16,531	48,817	-
Fund balances (deficits)					
Reserved for loans receivable	-	-	-	-	-
Reserved for donor's intentions	-	-	-	-	-
Unreserved and undesignated	14,744	(41,909)	73,432	25,846	248,659
Total fund balances (deficits)	14,744	(41,909)	73,432	25,846	248,659
Total liabilities and fund balances (deficits)	\$ 14,744	\$ 24,567	\$ 89,963	\$ 74,663	\$ 248,659

Special Revenue							
Neighborhood Mobile Health	Special Projects- Health	Tri-Town Medical Transportation	Neighborhood Preservation Program	Asset Forfeiture Fund	Recycling Fund	State & Federal Education Grants	Underage Drinking
\$ -	\$ 576,310	\$ 83,940	\$ 374,011	\$ 8,990	\$ -	\$ 1,428,125	\$ 11,576
-	89,623	5,816	632	-	-	-	-
-	-	-	2,543,550	-	-	-	-
-	120,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 785,933</u>	<u>\$ 89,756</u>	<u>\$ 2,918,193</u>	<u>\$ 8,990</u>	<u>\$ -</u>	<u>\$ 1,428,125</u>	<u>\$ 11,576</u>
\$ -	\$ 133,761	\$ 21,971	\$ 26,540	\$ -	\$ -	\$ 341,605	\$ 2,254
-	-	-	-	-	-	1,086,520	-
-	100,000	-	-	-	-	-	-
-	233,761	21,971	26,540	-	-	1,428,125	2,254
-	-	-	2,543,550	-	-	-	-
-	-	-	-	-	-	-	-
-	552,172	67,785	348,103	8,990	-	-	9,322
-	552,172	67,785	2,891,653	8,990	-	-	9,322
<u>\$ -</u>	<u>\$ 785,933</u>	<u>\$ 89,756</u>	<u>\$ 2,918,193</u>	<u>\$ 8,990</u>	<u>\$ -</u>	<u>\$ 1,428,125</u>	<u>\$ 11,576</u>

(Continued)

CITY OF MERIDEN, CONNECTICUT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2004

	Special Revenue				
	Transit Welfare to Work	Dog Fund	Landfill Reclamation	Cafeteria	Meriden Public School Rental
ASSETS					
Cash and cash equivalents	\$ -	\$ 17,537	\$ 52,246	\$ 286,494	\$ 104,124
Intergovernmental receivable	21,579	4,875	3,000	302,228	-
Loans receivable, net	-	-	-	-	-
Due from other funds	-	-	-	-	-
Investments	-	-	-	-	-
Total assets	\$ 21,579	\$ 22,412	\$ 55,246	\$ 588,722	\$ 104,124
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable and accrued liabilities	\$ 15,665	\$ 2,997	\$ -	\$ 22,679	\$ -
Deferred revenue	-	-	-	-	-
Due to other funds	-	3,916	-	-	-
Total liabilities	15,665	6,913	-	22,679	-
Fund balances (deficits)					
Reserved for loans receivable	-	-	-	-	-
Reserved for donor's intentions	-	-	-	-	-
Unreserved and undesignated	5,914	15,499	55,246	566,043	104,124
Total fund balances (deficits)	5,914	15,499	55,246	566,043	104,124
Total liabilities and fund balances (deficits)	\$ 21,579	\$ 22,412	\$ 55,246	\$ 588,722	\$ 104,124

Special Revenue								
Adult Evening School	Safe Neighborhoods	Railroad Right-of-Way	Drivers Education Training	Student Fund	AmeriCorps	Summer Youth Initiative	Law Enforcement Block Grant	
\$ 105,433	\$ -	\$ -	\$ 15,529	\$ -	\$ 12,771	\$ -	\$ 43,873	
-	-	-	254	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 105,433	\$ -	\$ -	\$ 15,783	\$ -	\$ 12,771	\$ -	\$ 43,873	
\$ 3,859	\$ 6,527	\$ 10,331	\$ -	\$ 152	\$ 10,499	\$ 1,468	\$ 10,098	
-	-	-	-	-	-	-	-	-
-	-	-	-	-	50,000	-	-	-
3,859	6,527	10,331	-	152	60,499	1,468	10,098	
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
101,574	(6,527)	(10,331)	15,783	(152)	(47,728)	(1,468)	33,775	
101,574	(6,527)	(10,331)	15,783	(152)	(47,728)	(1,468)	33,775	
\$ 105,433	\$ -	\$ -	\$ 15,783	\$ -	\$ 12,771	\$ -	\$ 43,873	

(Continued)

CITY OF MERIDEN, CONNECTICUT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS, Continued
 June 30, 2004

	Special Revenue					
	Lorenzo		Downtown			CP National
	Fuller	Charlotte	Property	School	Reading	Science
	Yale Ives	Management	Readiness	Video	Foundation	
ASSETS						
Cash and cash equivalents	\$ 6,445	\$ 3,949	\$ 56,858	\$ 190,395	\$ 10,677	\$ 242
Intergovernmental receivable	-	-	3,350	-	-	-
Loans receivable, net	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	\$ 6,445	\$ 3,949	\$ 60,208	\$ 190,395	\$ 10,677	\$ 242
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 938	\$ 167,527	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	30,000	-	-
Total liabilities	-	-	938	197,527	-	-
Fund balances (deficits)						
Reserved for loans receivable	-	-	-	-	-	-
Reserved for donor's intentions	1,017	3,000	-	-	-	-
Unreserved and undesignated	5,428	949	59,270	(7,132)	10,677	242
Total fund balances (deficits)	6,445	3,949	59,270	(7,132)	10,677	242
Total liabilities and fund balances (deficits)	\$ 6,445	\$ 3,949	\$ 60,208	\$ 190,395	\$ 10,677	\$ 242

Special Revenue Funds				Capital Projects		Totals
Cops More 98	C.P. Bradley Park Fund	Walter Hubbard Park Fund	Library Trust Fund	Parks and Recreation Capital and Non-Recurring	Capital and Non-Recurring	
\$ 13,602	\$ 313,481	\$ 67,520	\$ 224,262	\$ 2,118	\$ 22,674	\$ 4,448,437
-	-	-	-	-	57,390	526,088
-	-	-	-	-	-	2,543,550
-	-	-	-	-	16,363	136,363
-	1,022,273	512,486	235,227	-	-	1,769,986
<u>\$ 13,602</u>	<u>\$ 1,335,754</u>	<u>\$ 580,006</u>	<u>\$ 459,489</u>	<u>\$ 2,118</u>	<u>\$ 96,427</u>	<u>\$ 9,424,424</u>
\$ -	\$ 171,563	\$ 35,495	\$ -	\$ -	\$ 27,489	\$ 1,105,242
-	-	-	-	-	-	1,086,520
-	-	-	-	-	251,582	475,498
-	171,563	35,495	-	-	279,071	2,667,260
-	-	-	-	-	-	2,543,550
-	50,000	50,000	134,153	-	-	238,170
13,602	1,114,191	494,511	325,336	2,118	(182,644)	3,975,444
<u>13,602</u>	<u>1,164,191</u>	<u>544,511</u>	<u>459,489</u>	<u>2,118</u>	<u>(182,644)</u>	<u>6,757,164</u>
<u>\$ 13,602</u>	<u>\$ 1,335,754</u>	<u>\$ 580,006</u>	<u>\$ 459,489</u>	<u>\$ 2,118</u>	<u>\$ 96,427</u>	<u>\$ 9,424,424</u>

CITY OF MERIDEN, CONNECTICUT

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

For the Year Ended June 30, 2004

	Special Revenue				
	Airport Improvement	Community Development Block Grant	Day Care Center	Health Department WIC Program	Insurance Reserve Fund
REVENUES					
Intergovernmental	\$ -	\$ 1,071,664	\$ 284,527	\$ 333,082	\$ -
Charges for services	-	-	141,361	-	-
Investment income	-	-	-	-	-
Other	-	-	28,716	-	153,000
Total revenues	-	1,071,664	454,604	333,082	153,000
EXPENDITURES					
General	-	-	-	-	-
Education	-	-	502,320	-	-
Human services	-	1,111,133	-	322,455	-
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	1,111,133	502,320	322,455	-
Revenue over (under) expenditures	-	(39,469)	(47,716)	10,627	153,000
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Change in fund balances (deficits)	-	(39,469)	(47,716)	10,627	153,000
FUND BALANCES (DEFICITS), beginning	14,744	(2,440)	121,148	15,219	95,659
FUND BALANCES (DEFICITS), ending	\$ 14,744	\$ (41,909)	\$ 73,432	\$ 25,846	\$ 248,659

Special Revenue							
Neighborhood Mobile Health	Special Projects- Health	Tri-Town Medical Transportation	Neighborhood Preservation Program	Asset Forfeiture Fund	Recycling Fund	State & Federal Education Grants	Underage Drinking
\$ -	\$ 717,684	\$ 54,160	\$ -	\$ 2,491	\$ -	\$ 9,907,030	\$ 10,561
-	119,102	132,049	10,590	-	-	-	903
-	2	-	-	-	-	-	-
-	9,574	3,164	2,085	-	-	-	-
-	846,362	189,373	12,675	2,491	-	9,907,030	11,464
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,907,030	-
-	979,011	165,023	157,153	-	-	-	-
-	-	-	-	11,222	-	-	11,315
-	-	-	132,408	-	-	-	-
-	979,011	165,023	289,561	11,222	-	9,907,030	11,315
-	(132,649)	24,350	(276,886)	(8,731)	-	-	149
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(132,649)	24,350	(276,886)	(8,731)	-	-	149
-	684,821	43,435	3,168,539	17,721	-	-	9,173
\$ -	\$ 552,172	\$ 67,785	\$ 2,891,653	\$ 8,990	\$ -	\$ -	\$ 9,322

(Continued)

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS, Continued
 For the Year Ended June 30, 2004

	Special Revenue				
	Transit Welfare to Work	Dog Fund	Land Reclamation	Cafeteria	Meriden Public School Rental
REVENUES					
Intergovernmental	\$ 71,166	\$ -	\$ -	\$ 1,731,163	\$ -
Charges for services	-	35,843	-	1,230,729	76,590
Investment income	-	-	-	-	803
Other	-	-	7,050	71,041	-
Total revenues	71,166	35,843	7,050	3,032,933	77,393
EXPENDITURES					
General	-	-	-	-	-
Education	71,441	-	-	2,890,019	65,304
Human services	-	-	-	-	-
Public safety	-	35,247	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	71,441	35,247	-	2,890,019	65,304
Revenue over (under) expenditures	(275)	596	7,050	142,914	12,089
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Change in fund balances (deficits)	(275)	596	7,050	142,914	12,089
FUND BALANCES (DEFICITS), beginning	6,189	14,903	48,196	423,129	92,035
FUND BALANCES (DEFICITS), ending	\$ 5,914	\$ 15,499	\$ 55,246	\$ 566,043	\$ 104,124

Special Revenue							
Adult Evening School	Safe Neighborhoods	Railroad Right-of-Way	Drivers Education Training	Student Fund	AmeriCorps	Summer Youth Initiative	Law Enforcement Block Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,484	\$ -	\$ 34,022
76,084	-	-	-	16,534	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,563	6,050	-	3,780
76,084	-	-	-	29,097	211,534	-	37,802
-	-	-	-	-	-	-	-
86,965	-	-	-	29,180	-	-	-
-	-	-	-	-	219,179	-	-
-	-	-	-	-	-	-	22,020
-	-	-	-	-	-	-	-
86,965	-	-	-	29,180	219,179	-	22,020
(10,881)	-	-	-	(83)	(7,645)	-	15,782
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(10,881)	-	-	-	(83)	(7,645)	-	15,782
112,455	(6,527)	(10,331)	15,783	(69)	(40,083)	(1,468)	17,993
\$ 101,574	\$ (6,527)	\$ (10,331)	\$ 15,783	\$ (152)	\$ (47,728)	\$ (1,468)	\$ 33,775

(Continued)

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS, Continued
 For the Year Ended June 30, 2004

	Special Revenue				
	Lorenzo		Downtown		
	Fuller	Charlotte	Property	School	Reading
	Award	Yale Inves	Management	Readiness	Video
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,644,796	\$ 1,920
Charges for services	-	-	86,134	-	-
Investment income	153	764	-	-	-
Other	-	-	-	-	-
Total revenues	153	764	86,134	1,644,796	1,920
EXPENDITURES					
General	842	-	-	-	-
Education	-	-	-	1,644,762	800
Human services	-	-	46,693	-	-
Public safety	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	842	-	46,693	1,644,762	800
Revenue over (under) expenditures	(689)	764	39,441	34	1,120
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Total other financing sources	-	-	-	-	-
Change in fund balances (deficits)	(689)	764	39,441	34	1,120
FUND BALANCES (DEFICITS), beginning	7,134	3,185	19,829	(7,166)	9,557
FUND BALANCES (DEFICITS), ending	\$ 6,445	\$ 3,949	\$ 59,270	\$ (7,132)	\$ 10,677

Special Revenue					Capital Projects		Totals
CP National Science Foundation	Cops More 98	C.P. Bradley Park Fund	Walter Hubbard Park Fund	Library Trust Fund	Parks and Recreation Capital and Non-Recurring	Capital and Non-Recurring	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,069,750
-	-	-	-	-	-	-	1,925,919
36	-	93,264	51,511	26,396	-	-	172,929
-	-	-	-	106,423	-	17,137	420,583
36	-	93,264	51,511	132,819	-	17,137	18,589,181
-	-	202,729	52,317	104,387	-	-	360,275
-	-	-	-	-	-	-	15,197,821
-	-	-	-	-	-	-	3,000,647
-	4,711	-	-	-	-	-	84,515
-	-	-	-	-	-	345,065	477,473
-	4,711	202,729	52,317	104,387	-	345,065	19,120,731
36	(4,711)	(109,465)	(806)	28,432	-	(327,928)	(531,550)
-	-	-	-	-	-	100,000	100,000
-	-	-	-	-	-	100,000	100,000
36	(4,711)	(109,465)	(806)	28,432	-	(227,928)	(431,550)
206	18,313	1,273,656	545,317	431,057	2,118	45,284	7,188,714
\$ 242	\$ 13,602	\$ 1,164,191	\$ 544,511	\$ 459,489	\$ 2,118	\$ (182,644)	\$ 6,757,164

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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 – is a self-insurance fund used to account for workers' compensation activities.

Meriden Health Insurance – is a self-insurance fund used to account for the employees' health insurance activities.

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2004

	Workers' Compensation Fund	Meriden Health Insurance	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 6,770	\$ 49,942	\$ 56,712
Investments	-	4,500,123	4,500,123
Accounts receivable	11,487	190,602	202,089
Total current assets	<u>18,257</u>	<u>4,740,667</u>	<u>4,758,924</u>
LIABILITIES			
Current Liabilities			
Accounts payable	264,129	-	264,129
Retiree funds payable	-	2,941	2,941
Claims payable	830,859	1,573,834	2,404,693
Total current liabilities	<u>1,094,988</u>	<u>1,576,775</u>	<u>2,671,763</u>
Noncurrent Liabilities			
Long-term claims payable	2,671,601	-	2,671,601
Total noncurrent liabilities	<u>2,671,601</u>	<u>-</u>	<u>2,671,601</u>
Total liabilities	<u>3,766,589</u>	<u>1,576,775</u>	<u>5,343,364</u>
Net Assets (Deficit)			
Unrestricted (deficit)	<u>\$ (3,748,332)</u>	<u>\$ 3,163,892</u>	<u>\$ (584,440)</u>

CITY OF MERIDEN CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS (DEFICIT)
 INTERNAL SERVICE FUNDS
 For the Year Ended June 30, 2004

	Workers' Compensation Fund	Meriden Health Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 1,563,097	\$ 16,327,847	\$ 17,890,944
Other revenue	72,393	2,724,201	2,796,594
Total operating revenues	1,635,490	19,052,048	20,687,538
OPERATING EXPENSES			
Claims incurred	1,613,796	18,800,773	20,414,569
Administration	118,894	-	118,894
Other expenses	231,311	-	231,311
Total operating expenses	1,964,001	18,800,773	20,764,774
Operating income (loss)	(328,511)	251,275	(77,236)
NONOPERATING REVENUES			
Investment income	609	10,894	11,503
Changes in net assets	(327,902)	262,169	(65,733)
NET ASSETS (DEFICIT), beginning of year	(3,420,430)	2,901,723	(518,707)
NET ASSETS (DEFICIT), end of year	\$ (3,748,332)	\$ 3,163,892	\$ (584,440)

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2004

	Workers' Compensation Fund	Meriden Health Insurance	Totals
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,661,381	\$ 18,973,136	\$ 20,634,517
Payments to suppliers	(1,713,830)	(18,547,946)	(20,261,776)
Net cash provided by (used in) operating activities	(52,449)	425,190	372,741
Cash Flows From Investing Activities			
Interest received on investments	609	10,894	11,503
Purchase of investments	-	(3,985,519)	(3,985,519)
Net cash provided by (used in) investing activities	609	(3,974,625)	(3,974,016)
Net decrease in cash and cash equivalents	(51,840)	(3,549,435)	(3,601,275)
Cash and Cash Equivalents			
Beginning	58,610	3,599,377	3,657,987
Ending	\$ 6,770	\$ 49,942	\$ 56,712
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ (328,511)	\$ 251,275	\$ (77,236)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Changes in assets and liabilities:			
(Increase) Decrease in receivable accounts	25,891	(78,912)	(53,021)
Increase in payable accounts	100,899	-	100,899
(Decrease) in accrued expenses/accounts payable	149,272	252,827	402,099
Net cash provided by (used in) operating activities	\$ (52,449)	\$ 425,190	\$ 372,741

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Fiduciary Funds

Fiduciary Funds

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, Private Purpose Trusts and Agency Funds.

Pension Trust Funds – utilize the accrual basis of accounting and are used for the accumulation of resources to be used for retirement benefits. The City's Pension Trust Funds are listed below:

- Employees Retirement
- Firefighters' Pension
- Police Pension
- Postemployment Healthcare Plan
- Firemen's Health Fund
- Policemen's Health Fund

Private Purpose Trust Funds – utilize the accrual basis of accounting and are used for various purposes. The principal must be maintained intact and invested. The City's Private Purpose Funds are listed below:

- Board of Education Prize Fund
- Acabhuk Scholarship Fund
- Senior Center Scholarship Fund
- Platt and Maloney Scholarship Fund
- Police Evidence Fund
- Firemen's Health Fund
- Policemen's Health Fund

Agency Funds – utilize the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for senior activities and performance bonds. The City's Agency Funds are listed below:

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

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CITY OF MERIDEN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS
COMBINING FIDUCIARY FUNDS

June 30, 2004

	Pension Trust Funds			
	Employees Retirement	Firefighters' Pension	Police Pension	Post- employment Healthcare Plan
ASSETS				
Cash and cash equivalents	\$ 5,908,187	\$ 2,497,825	\$ 2,715,810	\$ -
Accounts receivable	-	-	-	-
Investments	100,583,889	34,395,499	39,382,588	2,015,113
Total assets	106,492,076	36,893,324	42,098,398	2,015,113
LIABILITIES				
Other liabilities	658	658	658	172,744
Total liabilities	658	658	658	172,744
Net Assets Held in Trust	\$ 106,491,418	\$ 36,892,666	\$ 42,097,740	\$ 1,842,369

Pension Trust Funds			Private Purpose Trust Funds					
Firemen's Health Fund	Policemen's Health Fund	Total Pension Trust Funds	Board of Education Prize Fund	Acabhuk Scholarship Fund	Senior Center Scholarship Fund	Platt & Maloney Scholarship Fund	Police Evidence Fund	Total Private Purpose Trust Funds
\$ 35,061	\$ 134,586	\$ 11,291,469	\$ 101,993	\$ 6,652	\$ 1,760	\$ 140,508	\$ 30,619	\$ 281,532
-	-	-	-	-	-	-	2,342	2,342
12,754	33,416	176,423,259	-	-	-	-	-	-
47,815	168,002	187,714,728	101,993	6,652	1,760	140,508	32,961	283,874
-	-	174,718	-	-	-	-	22,282	22,282
-	-	174,718	-	-	-	-	22,282	22,282
\$ 47,815	\$ 168,002	\$ 187,540,010	\$ 101,993	\$ 6,652	\$ 1,760	\$ 140,508	\$ 10,679	\$ 261,592

(Continued)

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS, Continued

June 30, 2004

	Agency Funds				
	Project RAVE	Senior Trips	Student Activity Fund	Performance Bonds	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 3,084	\$ 1,116	\$ 452,151	\$ 2,241,241	\$ 2,697,592
Total assets	3,084	1,116	452,151	2,241,241	2,697,592
LIABILITIES					
Due to students	3,084	1,116	452,151	-	456,351
Other liabilities	-	-	-	2,241,241	2,241,241
Total liabilities	3,084	1,116	452,151	2,241,241	2,697,592
Net Assets Held in Trust	\$ -	\$ -	\$ -	\$ -	\$ -

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CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2004

	Pension Trust Funds				
	Employees' Retirement	Firefighters' Pension	Police Pension	Post- employment Healthcare Plan	Firemen's Health Fund
Additions					
Contributions					
Employer	\$ -	\$ 1,675,200	\$ 2,448,000	\$ -	\$ -
Plan members	1,073,164	351,204	374,642	536,582	68,712
Donations and other	-	-	-	-	-
Total additions	1,073,164	2,026,404	2,822,642	536,582	68,712
Investment Income					
Net appreciation in fair value of investments	3,621,011	1,135,534	1,295,972	70,578	409
Interest and dividends	4,066,071	1,428,201	1,629,685	79,254	514
	7,687,082	2,563,735	2,925,657	149,832	923
Less investment expense	473,766	177,715	199,630	9,234	-
Net investment income	7,213,316	2,386,020	2,726,027	140,598	923
Total additions	8,286,480	4,412,424	5,548,669	677,180	69,635
Deductions					
Benefits	4,266,266	3,176,697	3,324,206	845,966	21,764
Other deductions	286,022	27,756	51,136	-	56
Total deductions	4,552,288	3,204,453	3,375,342	845,966	21,820
Other Financing Sources (Uses)					
Transfers in	755,534	-	-	-	-
Transfers out	-	-	(755,534)	-	-
	755,534	-	(755,534)	-	-
Net change in net assets	4,489,726	1,207,971	1,417,793	(168,786)	47,815
Net Assets Held in Trust for Pension					
Benefits					
Beginning of year	102,001,692	35,684,695	40,679,947	2,011,155	-
End of year	\$ 106,491,418	\$ 36,892,666	\$ 42,097,740	\$ 1,842,369	\$ 47,815

Pension Trust Funds		Private Purpose Trust Funds					
Policemen's Health Fund	Total Pension Trust Funds	Board of Education Price Fund	Acabhuk Scholarship Fund	Senior Center Scholarship Fund	Platt & Maloney Scholarship Fund	Police Evidence Fund	Total Private Purpose Trust Funds
\$ -	\$ 4,123,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
182,181	2,586,485	-	-	-	-	-	-
-	-	-	-	1,100	-	10,679	11,779
182,181	6,709,685	-	-	1,100	-	10,679	11,779
1,072	6,124,576	-	-	-	-	-	-
1,348	7,205,073	5,245	87	3	7,303	-	12,638
2,420	13,329,649	5,245	87	3	7,303	-	12,638
-	860,345	-	-	-	-	-	-
2,420	12,469,304	5,245	87	3	7,303	-	12,638
184,601	19,178,989	5,245	87	1,103	7,303	-	13,738
16,453	11,651,352	-	-	-	-	-	-
146	365,116	14,970	239	1,000	3,822	-	20,031
16,599	12,016,468	14,970	239	1,000	3,822	-	20,031
-	755,534	-	-	-	-	-	-
-	(755,534)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
168,002	7,162,521	(9,725)	(152)	103	3,481	10,679	4,386
-	180,377,489	111,718	6,804	1,657	137,027	-	257,206
\$ 168,002	\$ 187,540,010	\$ 101,993	\$ 6,652	\$ 1,760	\$ 140,508	\$ 10,679	\$ 261,592

CITY OF MERIDEN, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
PROJECT RAVE				
Assets				
Other receivable	\$ 5,727	\$ -	\$ 2,643	\$ 3,084
Liabilities				
Other liabilities	\$ 5,727	\$ -	\$ 2,643	\$ 3,084
SENIOR TRIPS				
Assets				
Cash and cash equivalents	\$ 4,690	\$ -	\$ 3,574	\$ 1,116
Liabilities				
Other liabilities	\$ 4,690	\$ -	\$ 3,574	\$ 1,116
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 422,940	\$ 1,144,669	\$ 1,115,458	\$ 452,151
Liabilities				
Other liabilities	\$ 422,940	\$ 1,144,669	\$ 1,115,458	\$ 452,151
PERFORMANCE BONDS				
Assets				
Cash and cash equivalents	\$ 460,491	\$ 2,056,751	\$ 276,001	\$ 2,241,241
Liabilities				
Other liabilities	\$ 460,491	\$ 2,056,751	\$ 276,001	\$ 2,241,241
Total Assets	\$ 893,848	\$ 3,201,420	\$ 1,397,676	\$ 2,697,592
Total Liabilities	\$ 893,848	\$ 3,201,420	\$ 1,397,676	\$ 2,697,592

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

CITY OF MERIDEN, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
BY CATEGORY

June 30, 2004

Governmental funds capital assets	
Land	\$ 20,753,228
Land improvements	9,858,092
Buildings and improvements	122,817,653
Machinery and equipment	15,168,979
Infrastructure	62,098,391
Vehicles	9,328,744
Construction in progress	19,401,541
Total governmental funds capital assets	\$ 259,426,628

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Other Schedules

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CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND

For the Year Ended June 30, 2004

Grand List Year	Uncollected Balance July 1, 2003	Current Year Levy	Lawful Corrections	Transfers to (Recoveries from) Suspense	Balance to be Collected
1988	\$ 37,848	\$ -	\$ (3,131)	\$ 5,023	\$ 39,740
1988 *	1	-	(752)	1,343	592
1989	42,194	-	(5,909)	7,911	44,196
1989 *	26	-	(1,624)	1,827	229
1990	58,088	-	(7,078)	7,851	58,861
1990 *	(1)	-	(1,099)	1,333	233
1991	61,488	-	(5,584)	1,475	57,379
1991 *	-	-	(1,302)	1,340	38
1992	50,877	-	(5,400)	6,845	52,322
1992 *	65	-	(698)	954	321
1993	58,570	-	(5,289)	5,635	58,916
1993 *	517	-	(851)	1,256	922
1994	66,498	-	(1,781)	5,108	69,825
1994 *	81	-	(1,412)	1,932	601
1995	164,524	-	(10,175)	8,285	162,634
1995 *	25	-	(1,725)	2,665	965
1996	160,383	-	(8,907)	9,827	161,303
1996 *	4,699	-	(1,555)	2,578	5,722
1997	194,162	-	(6,669)	14,601	202,094
1997 *	200	-	(1,412)	3,393	2,181
1998	645,198	-	(10,555)	-	634,643
1998 *	36,561	-	(1,876)	-	34,685
1999	796,766	-	(11,355)	-	785,411
1999 *	64,288	-	(2,924)	-	61,364
2000	1,176,258	-	(17,667)	-	1,158,591
2000 *	87,601	-	(2,243)	-	85,358
2001	2,885,099	-	(342,985)	-	2,542,114
2001 *	217,473	-	4,841	-	222,314
2002	-	86,939,798	(829,550)	-	86,110,248
2002 *	-	1,441,986	(31,656)	-	1,410,330
	\$ 6,809,489	\$ 88,381,784	\$ (1,318,323)	\$ 91,182	\$ 93,964,132

* Supplemental tax levy

Collections

	Taxes	Interest	Lien Fees	Total	Uncollected Balance June 30, 2004
\$	1,832	\$ 5,210	\$ 96	\$ 7,138	\$ 37,908
	591	1,511	-	2,102	1
	2,908	6,697	48	9,653	41,288
	200	471	-	671	29
	6,807	15,483	48	22,338	52,054
	235	484	-	719	(2)
	4,426	9,842	96	14,364	52,953
	38	75	-	113	-
	2,333	4,972	-	7,305	49,989
	256	451	-	707	65
	1,216	2,079	24	3,319	57,700
	405	600	-	1,005	517
	1,713	2,609	24	4,346	68,112
	519	764	-	1,283	82
	14,609	19,615	120	34,344	148,025
	677	796	-	1,473	288
	16,642	17,948	216	34,806	144,661
	1,023	1,109	-	2,132	4,699
	32,171	28,985	408	61,564	169,923
	1,981	1,770	-	3,751	200
	194,718	39,785	812	235,315	439,925
	2,242	1,649	-	3,891	32,443
	281,015	72,259	1,584	354,858	504,396
	4,198	2,662	5,208	12,068	57,166
	624,279	171,975	-	796,254	534,312
	20,085	9,004	16,210	45,299	65,273
	2,052,238	812,219	-	2,864,457	489,876
	150,925	24,043	3,664	178,632	71,389
	83,301,732	225,764	-	83,527,496	2,808,516
	1,216,250	20,494	-	1,236,744	194,080
\$	87,938,264	\$ 1,501,325	\$ 28,558	\$ 89,468,147	\$ 6,025,868

CITY OF MERIDEN, CONNECTICUT

REPORT OF COLLECTIONS OF USE CHARGES - SEWER AUTHORITY
For the Year Ended June 30, 2004

Grand List Year	Uncollected Balance July 1, 2003	Current Year Levy	Corrections			Adjusted Amount Collectible
			Additions	Deletions	Adjustments	
1990	\$ 631	\$ -	\$ -	\$ -	\$ -	\$ 631
1991	2,340	-	-	(120)	-	2,220
1992	6,034	-	-	(258)	-	5,776
1993	4,733	-	-	(348)	-	4,385
1994	5,803	-	-	(867)	-	4,936
1995	4,418	-	-	(1,170)	-	3,248
1996	6,339	-	-	(546)	-	5,793
1997	7,938	-	-	(889)	-	7,049
1998	15,175	-	-	(2,106)	-	13,069
1999	17,937	-	-	(915)	-	17,022
2000	29,174	-	-	(826)	-	28,348
2001	21,538	-	-	(1,104)	-	20,434
2002	106,530	-	6,798	(2,304)	-	111,024
2003	997,097	-	2,634	(3,455)	-	996,276
2004	-	5,298,988	23,492	(6,047)	-	5,316,433
	<u>\$ 1,225,687</u>	<u>\$ 5,298,988</u>	<u>\$ 32,924</u>	<u>\$ (20,955)</u>	<u>\$ -</u>	<u>\$ 6,536,644</u>

Collections

Sewer Use Charges	Interest	Lien Fees	Total	Uncollected Balance June 30, 2004
\$ -	\$ -	\$ -	\$ -	\$ 631
46	33	24	103	2,174
130	96	48	274	5,646
-	-	-	-	4,385
-	-	-	-	4,936
-	-	-	-	3,248
-	-	-	-	5,793
-	-	-	-	7,049
961	565	168	1,694	12,108
2,144	1,280	432	3,856	14,878
4,538	2,710	695	7,943	23,810
10,928	4,912	1,684	17,524	9,506
89,403	26,939	5,987	122,329	21,621
954,586	74,165	44,877	1,073,628	41,690
4,343,300	32,301	12,941	4,388,542	973,133
<u>\$ 5,406,036</u>	<u>\$ 143,001</u>	<u>\$ 66,856</u>	<u>\$ 5,615,893</u>	<u>\$ 1,130,608</u>

CITY OF MERIDEN, CONNECTICUT

REPORT OF COLLECTIONS OF USE CHARGES - WATER FUND

For the Year Ended June 30, 2004

Grand List Year	Uncollected Balance July 1, 2003	Current Year Levy	Corrections			Adjusted Amount Collectible
			Additions	Deletions	Adjustments	
1990	\$ 1,099	\$ -	\$ -	\$ -	\$ -	\$ 1,099
1991	3,530	-	-	(154)	-	3,376
1992	7,307	-	-	(348)	-	6,959
1993	7,820	-	-	(545)	-	7,275
1994	8,834	-	-	(956)	-	7,878
1995	7,416	-	-	(1,660)	-	5,756
1996	8,406	-	-	(1,050)	-	7,356
1997	13,243	-	-	(1,461)	-	11,782
1998	24,307	-	-	(3,115)	-	21,192
1999	27,129	-	-	(1,378)	-	25,751
2000	43,248	-	-	(1,101)	-	42,147
2001	30,431	-	-	(1,350)	-	29,081
2002	140,676	-	16,779	(3,101)	-	154,354
2003	1,456,356	-	499	(1,905)	-	1,454,950
2004	-	6,256,246	1,954	(25,803)	-	6,232,397
	<u>\$ 1,779,802</u>	<u>\$ 6,256,246</u>	<u>\$ 19,232</u>	<u>\$ (43,927)</u>	<u>\$ -</u>	<u>\$ 8,011,353</u>

Collections					Uncollected Balance June 30, 2004
Water Use Charges	Interest	Lien Fees	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099
59	129	24	212		3,317
178	394	48	620		6,781
-	-	-	-		7,275
-	-	-	-		7,878
-	-	-	-		5,756
-	-	-	-		7,356
-	-	-	-		11,782
1,251	944	168	2,363		19,941
2,628	1,715	432	4,775		23,123
5,690	3,586	682	9,958		36,457
14,374	6,628	1,648	22,650		14,707
124,161	36,955	5,849	166,965		30,193
1,390,635	98,437	44,557	1,533,629		64,315
5,201,762	37,149	12,273	5,251,184		1,030,635
\$ 6,740,738	\$ 185,937	\$ 65,681	\$ 6,992,356	\$ 1,270,615	

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF EXPENSES AND TRANSFERS - BUDGETARY BASIS - BUDGET AND ACTUAL
 SEWER AUTHORITY
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
OPERATING EXPENSES				
Memberships and meetings	\$ 6,000	\$ 6,000	\$ 1,269	\$ 4,731
Overtime	142,597	112,597	102,722	9,875
Labor public works	587,039	567,039	596,413	(29,374)
Administration:				
MMEA	46,363	46,363	47,230	(867)
CWA	384,821	384,821	402,258	(17,437)
Employee benefits	398,860	398,860	332,380	66,480
Hepatitis B shot	5,000	5,000	1,640	3,360
Repairs and maintenance	211,800	161,800	139,297	22,503
Engineering	477,036	477,036		477,036
Fiscal Division Services	370,250	318,750	477,036	(158,286)
Pump station operation and maintenance	66,000	66,000	37,221	28,779
Sewer expense and supplies	-	-	611,690	(611,690)
Insurance	472,034	472,034	400,067	71,967
Claims	10,000	-		-
Capital outlay	-	31,776	(191,337)	223,113
Utilities	560,000	560,000	594,083	(34,083)
Call Before You Dig	10,000	-		-
Vehicle maintenance	54,510	54,510		54,510
Audit fees	8,554	8,554	9,656	(1,102)
Allocation General Fund	318,750	542,245	542,245	-
Disposal Bio Solids	496,985	616,985		616,985
Total operating expenses	4,626,599	4,830,370	4,103,870	726,500
NONOPERATING EXPENSES AND TRANSFERS				
Debt service - principal	312,888	312,888	-	312,888
Debt service - interest	79,988	79,988	75,118	4,870
BAN interest	29,430	29,430	30,503	(1,073)
Total nonoperating expenses and transfers	422,306	422,306	105,621	316,685
Total expenses	\$ 5,048,905	\$ 5,252,676	\$ 4,209,491	\$ 1,043,185

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF EXPENSES AND TRANSFERS - BUDGETARY BASIS - BUDGET AND ACTUAL
 WATER FUND
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
OPERATING EXPENSES				
Fiscal Division:				
Overtime	\$ 15,000	\$ 15,000	\$ 464	\$ 14,536
Public works	138,866	138,866	127,975	10,891
MMEA	64,677	64,677	56,743	7,934
CWA	59,093	59,093	61,600	(2,507)
Employee benefits	127,702	127,702	105,630	22,072
Vehicle maintenance	4,000	4,000	6,888	(2,888)
Other purchased services	39,120	39,120	26,336	12,784
Office expense and supplies	1,100	1,100	952	148
Meter materials	15,000	15,000	13,099	1,901
Attorney fees	24,000	24,000	7,933	16,067
Tax collector services	447,478	447,478	447,478	-
Water meters	21,500	21,500	17,832	3,668
Liability insurance	67,025	67,025	58,797	8,228
Hepatitis B shots	400	400	-	400
Total Fiscal Division	1,024,961	1,024,961	931,727	93,234
WATER				
Overtime	162,500	162,500	193,411	(30,911)
Capital outlay	94,582	559,582	529,974	29,608
Public works	1,313,059	1,313,059	1,171,913	141,146
MMEA	97,365	97,365	99,559	(2,194)
CWA	212,493	212,493	222,080	(9,587)
Employee benefits	808,125	808,125	704,954	103,171
Taxes to other towns	87,714	87,714	37,094	50,620
Public utilities	633,596	633,596	665,935	(32,339)
Repairs and maintenance	10,000	10,000	9,596	404
Vehicle maintenance	70,000	70,000	72,374	(2,374)
Audit and attorney	9,554	9,554	9,656	(102)
Water purchased	101,400	101,400	101,297	103
Engineering services	529,122	529,122	540,359	(11,237)
Fiscal division services	540,359	540,359	529,122	11,237
Office expense and supplies	44,100	44,100	63,578	(19,478)
Maintenance:				
Mains and accessories	25,000	25,000	7,316	17,684
Reservoir	30,000	30,000	25,516	4,484
Pump stations	35,000	35,000	30,585	4,415
Service-materials	5,000	5,000	(12,663)	17,663
Treatment expense	414,250	414,250	372,933	41,317
Water equipment	12,700	12,700	7,957	4,743
Hydrants-materials	5,000	5,000	3,019	1,981

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF EXPENSES AND TRANSFERS - BUDGETARY BASIS - BUDGET AND ACTUAL, Continued

WATER FUND

For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
WATER, Continued				
Memberships and meetings	8,000	8,000	2,841	5,159
Insurance	367,097	367,097	283,519	83,578
New mains and accessories	1	1	-	1
Repair trenches	11,000	11,000	10,607	393
Hepatitis	2,000	2,000	-	2,000
Call Before You Dig	25,000	25,000	-	25,000
Total Water	5,654,017	6,119,017	5,682,532	436,485
Total operating expenses	6,678,978	7,143,978	6,614,259	529,719
NONOPERATING EXPENSES				
Debt service - principal	814,040	814,040	-	814,040
Debt service - interest	185,309	185,309	165,836	19,473
Interest	42,573	42,573	41,734	839
Total nonoperating expenses and transfers	1,041,922	1,041,922	207,570	834,352
Total expenses	\$ 7,720,900	\$ 8,185,900	\$ 6,821,829	\$ 1,364,071

CITY OF MERIDEN, CONNECTICUT

SCHEDULE OF EXPENSES - BUDGETARY BASIS - BUDGET AND ACTUAL
 GEORGE HUNTER MEMORIAL GOLF COURSE
 For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Budget	Final		
OPERATING EXPENSES				
Liability and general insurance	\$ 78,421	\$ 78,421	\$ 77,336	\$ 1,085
Miscellaneous part-time	108,619	108,619	112,620	(4,001)
Overtime	10,620	10,620	13,034	(2,414)
Public works	116,521	116,521	129,581	(13,060)
CWA	59,446	59,446	62,156	(2,710)
Employee benefits	71,663	71,663	65,675	5,988
Golf expense and supplies	190,022	185,022	147,201	37,821
Golf pro	-	5,000	5,000	-
Capital equipment	-	58,741	31,795	26,946
Memberships and meetings	3,640	3,640	13,917	(10,277)
Clubhouse expense	32,987	32,987	38,849	(5,862)
Golf security services	-	-	1,809	(1,809)
Total operating expenses	671,939	730,680	698,973	31,707
NONOPERATING EXPENSES				
Debt service - interest	378	378	9,737	(9,359)
Bond payments	25,000	25,000	-	25,000
Total nonoperating expenses	25,378	25,378	9,737	15,641
Total expenses	\$ 697,317	\$ 756,058	\$ 708,710	\$ 47,348

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Statistical Section

A. GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCE

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND REVENUES AND TRANSFERS BY SOURCE

Last Ten Fiscal Years (GAAP BASIS)

(Thousands)

Fiscal Year	Property Taxes	Intergovernmental	Other	Total
1994-1995	\$ 62,369	\$ 42,238	\$ 7,974	\$ 112,581
1995-1996	66,821	44,952	5,791	117,564
1996-1997	63,673	47,542	4,927	116,142
1997-1998	64,507	48,473	4,501	117,481
1998-1999	64,949	51,028	5,191	121,168
1999-2000	67,005	54,205	6,691	127,901
2000-2001	77,363	58,055	5,827	141,245
2001-2002	79,388	58,856	10,444	148,688
2002-2003	84,906	57,538	9,669	152,113
2003-2004	88,259	59,810	12,269	160,338

CITY OF MERIDEN, CONNECTICUT

GENERAL FUND EXPENDITURES AND TRANSFERS OUT BY FUNCTION

Last Ten Fiscal Years

(Thousands)

Fiscal Year	General Government	Education	Public Safety	Public Works	Human Services	Debt Service	Total
1994-1995	\$ 26,744	\$ 47,890	\$ 11,216	\$ 4,912	\$ 4,517	\$ 12,944	\$ 108,223
1995-1996	27,682	51,292	11,562	5,687	3,877	14,383	114,483
1996-1997	28,252	54,377	12,071	5,211	3,326	13,120	116,357
1997-1998	28,728	55,807	12,534	5,102	2,483	15,192	119,846
1998-1999	31,389	58,730	13,088	5,142	2,431	17,073	127,853
1999-2000	27,025	62,026	13,962	4,852	2,486	14,890	125,241
2000-2001	33,761	64,468	14,741	5,352	2,510	17,316	138,148
2001-2002	34,174	69,584	15,265	4,956	2,621	14,800	141,400
2002-2003	35,533	73,736	16,148	5,401	2,723	14,174	147,715
2003-2004	37,333	75,327	16,944	5,392	4,923	17,400	157,319

CITY OF MERIDEN, CONNECTICUT

SUMMARY OF REVENUES, EXPENDITURES, TRANSFERS AND
CHANGES IN FUND BALANCE (DEFICIT) - GENERAL FUND

Last Ten Fiscal Years

	1994-1995	1995-1996	1996-1997	1997-1998
REVENUES AND TRANSFERS				
Property taxes	\$ 62,369,244	\$ 66,821,102	\$ 63,672,601	\$ 64,506,758
Intergovernmental	42,237,682	44,952,222	47,541,527	48,473,245
Other revenue and transfers	7,974,031	5,845,446	4,928,164	4,500,168
Total revenues and transfers	112,580,957	117,618,770	116,142,292	117,480,171
EXPENDITURES AND TRANSFERS				
General government	26,744,148	27,681,694	28,252,398	28,728,008
Education	47,890,373	51,291,852	54,377,310	55,807,188
Public safety	11,216,204	11,561,924	12,070,649	12,534,128
Public works	4,911,853	5,687,321	5,210,701	5,101,786
Human Services	4,516,491	3,877,604	3,326,170	2,482,980
Debt service	12,943,903	14,382,693	13,119,342	15,191,816
Total expenditures	108,222,972	114,483,088	116,356,570	119,845,906
Change in fund balance (deficit)	4,357,985	3,135,682	(214,278)	(2,365,735)
FUND BALANCE (DEFICIT), beginning	(863,172)	3,494,813	6,630,495	6,416,217
FUND BALANCE (DEFICIT), ending	\$ 3,494,813	\$ 6,630,495	\$ 6,416,217	\$ 4,050,482

* General Fund - fund balance was restated as of July 1, 2003 to record earned but unpaid wages that were not previously recorded.

	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
\$	64,948,840	\$ 67,004,837	\$ 77,363,055	\$ 79,387,699	\$ 84,906,039	\$ 88,259,403
	51,028,144	54,204,986	58,055,306	58,856,398	57,538,170	59,809,983
	5,191,437	7,059,676	5,827,509	5,523,385	9,913,880	12,268,819
	121,168,421	128,269,499	141,245,870	143,767,482	152,358,089	160,338,205
	31,389,384	27,392,317	33,536,892	34,855,210	35,533,421	37,333,093
	58,729,805	62,026,715	64,467,649	69,583,833	73,736,502	75,326,596
	13,088,297	13,961,527	14,741,369	15,265,107	16,147,749	16,943,650
	5,142,299	4,852,324	5,351,824	4,956,248	5,401,140	5,392,356
	2,431,339	2,485,720	2,510,468	2,621,178	2,722,687	4,923,236
	17,071,535	14,890,455	17,315,907	14,799,855	14,173,605	17,400,188
	127,852,659	125,609,058	137,924,109	142,081,431	147,715,104	157,319,119
	(6,684,238)	2,660,441	3,321,761	1,686,051	4,642,985	3,019,086
	4,050,482	(2,633,756)	26,685	3,348,446	5,034,497	* 497,375
\$	(2,633,756)	\$ 26,685	\$ 3,348,446	\$ 5,034,497	\$ 9,677,482	\$ 3,516,461

CITY OF MERIDEN, CONNECTICUT

**GENERAL FUND BALANCE (DEFICIT) COMPARED TO ANNUAL
EXPENDITURES/TRANSFERS
Last Ten Fiscal Years**

Fiscal Year Ending June 30th	Undesignated Fund Balance (Deficit)	Annual Expenditures and Transfers GAAP Basis	Balance as % of Expenditures and Transfers
1995	\$ 3,494,813	\$ 108,222,972	3.23 %
1996	2,982,840	114,483,088	2.61 %
1997	2,151,423	116,356,570	1.85 %
1998	(769,626)	119,845,906	(0.64) %
1999	(8,234,766)	127,852,659	(6.44) %
2000	(747,022)	125,609,058	(0.59) %
2001	1,896,234	137,924,109	1.37 %
2002	5,034,497	142,081,431	3.54 %
2003	9,677,472	147,950,414	6.54 %
*2004	3,516,461	157,319,119	2.23 %

* As of July 1, 2003, the City restated opening fund balances to properly record earned but unpaid wages at year-end

B. PROPERTY VALUES AND TAXES

CITY OF MERIDEN, CONNECTICUT

PROPERTY TAX RATES (MILLS)

Last Ten Fiscal Years

<u>Tax List</u>	<u>Year</u>	<u>Dist. 1</u>	<u>Dist. 2*</u>	<u>Total</u>
October 1, 1993	1994-95	35.80	2.50	38.30
October 1, 1994	1995-96	35.80	2.50	38.30
October 1, 1995	1996-97	35.80	2.50	38.30
October 1, 1996	1997-98	35.80	2.10	37.90
October 1, 1997	1998-99	35.80	2.10	37.90
October 1, 1998	1999-00	35.80	2.10	37.90
October 1, 1999	2000-01	35.80	2.10	37.90
October 1, 2000	2001-02	40.40	2.10	42.50
October 1, 2001	2002-03	36.00	1.80	37.80
October 1, 2002	2003-04	37.30	1.90	39.20

* District 2 required to pay District 1 taxes – differences covers refuse collection. District 1 does not have to pay the additional District 2 taxes

CITY OF MERIDEN, CONNECTICUT

TAXABLE GRAND LIST (000'S)
Last Ten Fiscal Years

Grand List as of Oct. 1	Real Residential Property	Commercial and Industrial Real Property	All Land	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
1993	\$ 730,730	\$ 275,478	\$ 516,708	\$ 116,336	\$ 151,563	\$ 1,790,815	\$ 52,275	\$ 1,738,540
1994	733,637	252,643	509,104	118,771	162,649	1,776,804	54,892	1,721,912
1995	731,248	243,892	507,253	197,916	183,960	1,864,269	71,151	1,793,118
1996	731,637	245,812	507,088	211,215	188,153	1,883,905	79,258	1,804,647
1997	734,043	249,787	508,521	239,141	188,702	1,920,194	86,381	1,833,813
1998	737,051	260,885	510,315	279,207	199,610	1,987,068	100,557	1,886,511
*1999	1,140,721	375,463	12,733	265,384	217,850	2,012,151	95,922	1,916,229
2000	1,145,722	379,821	12,497	269,011	230,707	2,037,758	96,222	1,941,536
2001	1,343,075	578,369	9,680	251,675	237,155	2,419,954	90,129	2,329,825
2002	1,352,595	610,192	10,170	325,436	244,077	2,542,470	211,036	2,331,434

* Revaluation year

CITY OF MERIDEN, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS -- GENERAL FUND
Last Ten Years

Fiscal Year Ended 6/30	Taxable Grand List	District	Tax Rate (in mills)	Total Adjusted Tax Levy Before Lawful Collections ⁽¹⁾	% Collected as of 6/30 Each Year
1995	\$ 1,738,540,000	First Second	35.80 2.50	\$ 62,443,977	94.00
1996	1,721,912,000	First Second	35.80 2.50	62,746,772	94.60
1997	1,793,118,310	First Second	35.80 2.50	65,600,945	93.10
1998	1,804,647,490	First Second	35.80 2.10	65,923,290	93.70
1999	1,833,812,830	First Second	35.80 2.10	66,813,524	93.30
2000	1,886,510,860	First Second	35.80 2.10	68,779,625	95.00
2001	1,916,269,649	First Second	35.80 2.10	78,808,547	94.40
2002	1,941,535,686	First Second	40.40 2.10	78,356,632	95.90
2003	2,329,824,832	First Second	36.00 1.80	84,733,897	96.30
2004	2,331,434,357	First Second	37.30 1.90	86,939,798	96.30

⁽¹⁾ The amount collected to the end of each fiscal year represents collections of twelve months. Taxes for the fiscal year are levied on the Grand List of October 1, and are due and payable in four equal installments, July 1, October 1, January 1, and April 1. Failure to pay an installment within one month of the installment due date makes the installment delinquent (effective July 1, 1982 P.A. 82-141 of the 1982 Connecticut General Assembly). If the installment is not paid by August 1, the tax becomes delinquent and a penalty of 1-1/2% per month (18% per annum) is charged from the due date on the tax.

Note: The City of Meriden is not subject to property taxes of overlapping governments and is not obligated for special assessment debt.

Source: City of Meriden, Tax Collector's Office

CITY OF MERIDEN, CONNECTICUT

PRINCIPAL TAXPAYERS

Taxpayer	Nature of Business	Assessment ¹	Percent of Net Taxable Grand List
Meriden Square #3 LLC et al	Shopping Center	\$ 49,320,460	2.11 %
Meriden Square Partnership	Shopping Center	26,342,980	1.13
Connecticut Light & Power	Public Utility	25,124,290	1.08
Radio Frequency Systems	RF Communications Manufacturer	20,175,750	0.86
Yankee Gas	Public Utility	18,533,430	0.79
Urstadt Biddle Properties, Inc	Shopping Center	15,109,080	0.65
CUNO, Inc	Filter Manufacturer	13,674,120	0.58
C S C Outsourcing, Inc	Telecommunications Data Center	12,034,460	0.51
May Department Stores	Retail Sales	10,517,860	0.45
Carabetta Enterprises, Inc	Real Estate Developer	10,459,170	0.45
	Total	\$ 201,291,600	\$ 8.61 %

⁽¹⁾ Based on net taxable grand list for October 1, 2003.

Source: Assessor's Office, City of Meriden

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C. LONG-TERM DEBT

CITY OF MERIDEN, CONNECTICUT

RATIO OF BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

Fiscal Year	Bonded Debt	Net Assessed Value (000's)	Ratio of Net Bonded Debt To Net Assessed Value	Population	Debt Per Capita
1995	\$ 83,289,463	\$ 1,738,540	4.79%	59,479	\$ 1,400
1996	70,106,579	1,721,912	4.07%	59,479	1,179
1997	69,790,110	1,793,118	3.89%	59,479	1,173
1998	82,199,848	1,804,647	4.55%	59,479	1,382
1999	89,406,345	1,833,813	4.88%	59,479	1,503
2000	79,324,702	1,886,511	4.20%	59,479	1,334
2001	73,150,000	1,916,270	3.82%	58,244	1,256
2002	61,350,000	1,941,536	3.16%	58,244	1,053
2003	89,970,000	2,329,825	3.86%	56,451	1,594
2004	76,454,999	2,331,434	3.28%	58,675	1,303

CITY OF MERIDEN, CONNECTICUT

**RATIO OF DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES - BUDGET BASIS
Last Ten Fiscal Years**

Fiscal Year Ended 6/30	Total General Fund Expenditures	Long-Term Debt Service			Ratio of Total Debt Service To Total Expenditures
		Principal	Interest	Total	
1995	\$ 108,222,972	\$ 8,772,750	\$ 4,171,153	\$ 12,943,903	11.96%
1996	114,483,088	9,532,659	4,850,034	14,382,693	12.56%
1997	116,356,570	9,039,865	4,079,477	13,119,342	11.28%
1998	119,845,906	9,971,482	5,220,334	15,191,816	12.68%
1999	127,852,659	12,922,705	4,148,830	17,071,535	13.35%
2000	125,609,058	10,874,360	4,016,095	14,890,455	11.85%
2001	137,261,101	12,694,500	4,621,407	17,315,907	12.61%
2002	142,081,431	10,752,850	4,047,005	14,799,855	10.42%
2003	147,715,104	10,378,350	3,795,255	14,173,605	9.60%
2004	159,631,660	12,500,047	4,900,141	17,400,188	10.90%

CITY OF MERIDEN, CONNECTICUT

CHANGES IN NOTE INDEBTEDNESS
For the Year Ended June 30, 2004

Description	Date of Note	Maturity Date	Interest Rate (Percent)	Balance 6/30/03	Additional Borrowings	Retired During Year	Balance 6/30/04
State Street Bank and Trust	8/8/03	8/8/04	2.00	\$ -	\$33,534,000	\$ -	\$33,534,000
State Street Bank and Trust	8/8/03	8/8/04	1.50	-	1,000,000	-	1,000,000
State Street Bank and Trust	8/9/02	8/8/03	2.25	17,250,000	-	17,250,000	-
				<u>\$ 17,250,000</u>	<u>\$34,534,000</u>	<u>\$17,250,000</u>	<u>\$34,534,000</u>

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CITY OF MERIDEN, CONNECTICUT

CHANGES IN BOND INDEBTEDNESS

For the Year Ended June 30, 2004

Description	Date of Issue	Interest Rate %	Original Amount	O/S 7/1/03	Issued 7/1/03-6/30/04	Retired 03-04
GPIB	04/01/85	8 5, 8 6	\$ 5,250,000	\$ 275,000	\$ -	\$ 275,000
GPIB	10/01/88	6 75, 6 9, 7 0	23,945,000	3,000,000	-	500,000
GPIB	07/15/89	5 5, 6 0, 6 1, 6 2, 6 25, 6 3 6 4, 6 5, 6 8, 7 5	12,332,000	1,400,000	-	200,000
GPIB	01/15/91	6 4, 6 5	23,600,000	400,000	-	50,000
GPIB	08/01/96	4 25, 4 4, 4 6, 4 7 4 8, 4 9, 6 25	10,332,000	3,960,000	-	595,000
GPIB	08/01/96	4 25, 4 4, 4 6, 4 7 4 8, 4 9, 6 25	11,523,000	4,915,000	-	1,405,000
GPIB	02/01/98	4 1, 4 2, 4 25 4 3, 5 0	11,108,000	4,195,000	-	840,000
GPIB	02/01/98	4 1, 4 2, 4 25 4 3, 5 0	12,792,000	6,375,000	-	1,275,000
GPIB	08/01/99	4 35, 4 45, 4 55, 4 6 4 65, 4 75, 4 8	24,050,000	16,040,000	-	2,670,000
GPIB	08/01/02	1 427 to 4 62	39,200,000	39,200,000	-	3,340,000
GPIB	08/01/02	2 25 to 4 53	600,000	600,000	-	60,000
GPIB	04/15/03	0 0 to 3 625	9,610,000	9,610,000	-	2,305,000
			<u>\$ 184,342,000</u>	<u>\$ 89,970,000</u>	<u>\$ -</u>	<u>\$ 13,515,000</u>

* Note: Excludes Clean Water Fund notes of \$1,487,890

Excludes Bond Anticipation Notes to \$34,534,000.

O/S 06/30/04	General Fund	Water	Sewer	Golf	Totals*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,500,000	2,500,000	-	-	-	2,500,000
1,200,000	1,200,000	-	-	-	1,200,000
350,000	350,000	-	-	-	350,000
3,365,000	3,158,000	144,000	63,000	-	3,365,000
3,510,000	3,510,000	-	-	-	3,510,000
3,355,000	3,055,000	180,000	120,000	-	3,355,000
5,100,000	5,100,000	-	-	-	5,100,000
13,370,000	11,057,350	2,135,200	174,200	3,250	13,370,000
35,860,000	34,751,003	568,460	391,203	149,333	35,859,999
540,000	540,000	-	-	-	540,000
7,305,000	7,002,500	256,500	46,000	-	7,305,000
<u>\$ 76,455,000</u>	<u>\$ 72,223,853</u>	<u>\$ 3,284,160</u>	<u>\$ 794,403</u>	<u>\$ 152,583</u>	<u>\$ 76,454,999</u>

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D. DEMOGRAPHIC DATA

CITY OF MERIDEN, CONNECTICUT

DEMOGRAPHIC DATA

POPULATION AND DENSITY*

<u>Year</u>	<u>Population⁽¹⁾</u>	<u>% Change</u>	<u>Density⁽²⁾</u>
1960	51,850	17.6	2,160
1970	55,959	7.9	2,332
1980	57,118	2.1	2,380
1990	59,479	4.1	2,478
2000	58,244	(2.1)	2,427

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

⁽²⁾ Per square mile: 24 square miles

AGE DISTRIBUTION OF THE POPULATION

<u>Age</u>	<u>City of Meriden</u>		<u>State of Connecticut</u>	
	<u>2000</u>	<u>Percent</u>	<u>2000</u>	<u>Percent</u>
Under 5	4,143	7.1%	223,344	6.5%
5-9	4,338	7.5%	244,144	7.2%
10-14	4,182	7.2%	241,587	7.1%
15-19	3,572	6.1%	216,627	6.3%
20-24	3,470	6.0%	187,571	5.5%
25-34	8,236	14.1%	451,640	13.3%
35-44	9,355	16.1%	581,049	17.1%
45-54	7,880	13.5%	480,807	14.1%
55-59	2,796	4.8%	176,961	5.2%
60-64	2,061	3.5%	131,652	3.9%
65-74	3,867	6.6%	231,565	6.8%
75-84	3,229	5.6%	174,345	5.1%
85 & Over	1,115	1.9%	64,273	1.9%
	<u>58,244</u>	<u>100.0%</u>	<u>3,405,565</u>	<u>100.0%</u>
Median Age (Years)		<u>36.2</u>		<u>37.4</u>

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

CITY OF MERIDEN, CONNECTICUT

DEMOGRAPHIC DATA

INCOME DISTRIBUTION

		<u>City of Meriden</u>		<u>State of Connecticut</u>	
		<u>Households</u>	<u>Percent</u>	<u>Households</u>	<u>Percent</u>
Less than	\$ 10,000	863	5.7%	33,423	3.8%
\$ 10,000 -	\$ 14,999	525	3.5%	23,593	2.7%
\$ 15,000 -	\$ 24,999	1,638	10.9%	63,262	7.1%
\$ 25,000 -	\$ 34,999	1,613	10.7%	75,413	8.5%
\$ 35,000 -	\$ 49,999	2,344	15.5%	120,134	13.6%
\$ 50,000 -	\$ 74,999	3,725	24.7%	198,924	22.5%
\$ 75,000 -	\$ 99,999	2,390	15.8%	141,981	16.0%
\$ 100,000 -	\$ 149,999	1,558	10.3%	132,177	14.9%
\$ 150,000 -	\$ 199,999	239	1.6%	42,472	4.8%
\$ 200,000	or more	192	1.3%	54,368	6.1%
		<u>15,087</u>	<u>100.0%</u>	<u>885,747</u>	<u>100.0%</u>

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

INCOME LEVELS

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

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

CITY OF MERIDEN, CONNECTICUT

DEMOGRAPHIC DATA

EMPLOYMENT DATA

Period	City of Meriden		Percentage Unemployed		
	Employed	Unemployed	City of Meriden	Labor Market	New Haven State of Connecticut
May 2004	29,284	1,959	6.3%	4.9%	4.8%
<u>Annual Average</u>					
2003	29,237	2,208	7.0%	5.4%	5.5%
2002	29,503	1,616	5.2%	4.1%	4.3%
2001	28,818	1,245	4.1%	3.2%	3.3%
2000	29,664	950	3.1%	2.3%	2.3%
1999	28,448	1,150	3.9%	3.1%	3.2%
1998	28,575	1,208	4.1%	3.3%	3.4%
1997	28,154	2,018	6.7%	5.2%	5.1%
1996	27,957	2,242	7.4%	5.8%	5.7%
1995	27,633	2,242	7.5%	5.5%	5.5%

E. MISCELLANEOUS STATISTICS

CITY OF MERIDEN, CONNECTICUT

MISCELLANEOUS STATISTICS

VALUE OF BUILDING PERMITS

Fiscal Ended	Single	Apartment	Commercial Industrial	Municipal	Other	Total
1995	\$ 2,518,377	\$ 90,560	\$ 4,617,771	\$ -	\$ 9,370,631	\$ 16,597,339
1996	2,626,987	-	36,532,304	11,530,000	5,514,554	56,203,845
1997	2,729,193	-	37,340,554	1,227,500	28,323,894	69,621,141
1998	3,095,485	872,100	4,621,152	276,500	19,813,529	28,678,766
1999	3,284,110	980,700	23,809,105	1,949,000	27,547,892	57,570,807
2000	3,975,200	-	10,922,349	11,169,000	29,397,729	55,464,278
2001	4,883,935	-	11,083,349	-	17,746,339	33,713,623
2002	6,324,410	118,000	19,038,089	2,749,000	15,491,913	43,721,412
2003	6,189,449	-	7,205,786	142,416	17,945,119	31,482,770
2004	7,159,323	133,380	11,175,442	10,338,711	23,273,192	52,080,048

BUDGETED FULL-TIME MUNICIPAL PERSONNEL

2003-2004

Function

General Government	638
Board of Education	1,234
Federally Funded	<u>15</u>
Total Municipal Employees	<u><u>1,887</u></u>