

Final Official Statement Dated July 25, 2006

New Issue: Book-Entry-Only

RATINGS: Moody's Investors Service: Aaa

Fitch Ratings: AAA

MBIA Insured

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



City of Meriden, Connecticut

\$20,245,000

General Obligation Bonds, Issue of 2006

Dated: August 1, 2006

Due: Serially on August 1, as detailed below:

The Bonds will bear interest payable August 1, 2007 and semiannually thereafter on February 1 and August 1 in each year until maturity. The Bonds are issuable only as fully registered bonds, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "Book-Entry-Only System" herein.

J.P. Morgan Securities Inc.

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by MBIA Insurance Corporation.



The Bonds are not subject to redemption prior to maturity.

Year	Principal Amount	Coupon Rate	Yield	CUSIP	Year	Principal Amount	Coupon Rate	Yield	CUSIP
2007	\$1,415,000	4.500%	3.680%	589535E25	2012	\$2,090,000	4.250%	3.840%	589535E74
2008	2,100,000	4.125%	3.720%	589535E33	2013	2,090,000	5.000%	3.900%	589535E82
2009	2,100,000	4.125%	3.750%	589535E41	2014	2,090,000	5.000%	3.970%	589535E90
2010	2,090,000	4.125%	3.780%	589535E58	2015	2,090,000	5.000%	4.030%	589535F24
2011	2,090,000	4.250%	3.810%	589535E66	2016	2,090,000	5.000%	4.090%	589535F32

\$17,125,000

General Obligation Bond Anticipation Notes

Dated: August 4, 2006

Rate: 4.50%

Rating: Moody's Investor Service: MIG 1

To Mature: August 3, 2007

Yield: 3.75%

CUSIP: 589535F40

The Notes will be issued in book-entry-only form and will bear interest, at such rate or rates per annum as are specified by the successful bidder or bidders, in accordance with the Notice of Sale, dated July 18, 2006. The Notes, when issued, will be registered in the name of Cede & Co., as Noteowner and nominee for DTC, New York, New York. See "Book-Entry-Only Transfer System" herein.

Eastern Bank

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

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

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut and certain other conditions. It is expected that delivery of the Bonds and the Notes in book-entry-only form will be made to DTC on or about August 4, 2006.

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

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

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

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

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Bond Issue Summary

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

- Date of Sale:** Tuesday, July 25, 2006, 11:00 A.M. (E.D.T.).
- Location of Sale:** Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103.
- Issuer:** City of Meriden, Connecticut (the "City").
- Issue:** \$20,245,000 General Obligation Bonds, Issue of 2006 (the "Bonds").
- Dated Date:** August 1, 2006.
- Interest Due:** February 1 and August 1, in each year until maturity commencing August 1, 2007.
- Principal Due:** The Bonds are due serially, August 1, 2007 through August 1, 2016, as detailed in this Official Statement.
- Purpose and Authority:** The Bonds are being issued to permanently finance a portion of bond anticipation notes maturing on August 4, 2006 that were issued for various general purpose and school projects and the balance will provide new money for various school and general purpose projects.
- Redemption:** The Bonds are not subject to redemption prior to maturity.
- Security and Remedies:** The Bonds will be general obligations of the City of Meriden, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
- Credit Rating:** Moody's Investors Service and Fitch Ratings have assigned ratings of "Aaa" and "AAA", respectively, to the Bonds, with the understanding that a municipal bond insurance policy will be issued by MBIA Insurance Corporation concurrently with the delivery of the Bonds. Underlying ratings are Moody's Investors Service: "A3" and Fitch Ratings: "A-".
- Bond Insurance:** MBIA Insurance Corporation has made a commitment to issue a financial guarantee insurance policy relating to the Bonds effective as of the date of issuance of the Bonds (See Appendix E – "Financial Guarantee Insurance Policy").
- Basis of Award:** Lowest True Interest Cost (TIC), as of the dated date.
- Bank Qualification:** The Bonds shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, annual financial information and operating data, timely notice of a failure by the City to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement, and notices of material events with respect to the Bonds pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** People's Bank, Municipal Banking and Finance Department, 850 Main Street, Bridgeport, Connecticut 06601. Telephone (203) 338-4238.
- Legal Opinion:** Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about August 4, 2006 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to Mr. Robert Curry, Finance Director, City of Meriden, 142 East Main Street, Meriden, Connecticut 06450. Telephone (203) 630-4138.

Note Issue Summary

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

- Date of Sale:** Tuesday, July 25, 2006, 11:30 A.M. (E.D.T.).
- Location of Sale:** Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103.
- Issuer:** City of Meriden, Connecticut (the "City").
- Issue:** \$17,125,000 General Obligation Bond Anticipation Notes (the "Notes").
- Dated Date:** August 4, 2006.
- Interest Due:** At maturity: August 3, 2007
- Principal Due:** At maturity: August 3, 2007
- Purpose and Authority:** A portion of the Notes are being issued to refund a portion of the bond anticipation notes maturing on August 4, 2006 which were previously issued for various general purpose, school and sewer projects and the balance of the proceeds will provide new money for various school and general purpose projects.
- Redemption:** The Notes are not subject to redemption prior to maturity.
- Security and Remedies:** The Notes will be general obligations of the City of Meriden, Connecticut, and the City will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
- Credit Rating:** Moody's Investors Service assigned ratings of "MIG 1" to the Notes. Underlying ratings are Moody's Investors Service: "A3" and Fitch Ratings: "A-".
- Basis of Award:** Lowest Net Interest Cost (NIC), as of the dated date.
- Bank Qualification:** The Notes shall NOT be designated by the City as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
- Continuing Disclosure:** In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will agree to provide, or cause to be provided, notices of material events with respect to the Notes pursuant to a Continuing Disclosure Agreement to be executed by the City substantially in the form attached as Appendix C to this Official Statement.
- Registrar, Transfer Agent, Certifying Agent and Paying Agent:** U.S. Bank National Association, Goodwin Square, 225 Asylum Street, Hartford, Connecticut 06103.
- Financial Advisor:** People's Bank, Municipal Banking and Finance Department, 850 Main Street, Bridgeport, Connecticut 06601. Telephone (203) 338-4238.
- Legal Opinion:** Robinson & Cole LLP, of Hartford, Connecticut will act as Bond Counsel.
- Delivery and Payment:** It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about August 4, 2006 against payment in Federal Funds.
- Issuer Official:** Questions concerning the Official Statement should be addressed to Mr. Robert Curry, Finance Director, City of Meriden, 142 East Main Street, Meriden, Connecticut 06450. Telephone (203) 630-4138.

I. Bond and Note Information

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the City of Meriden, Connecticut (the "City"), in connection with the original issuance and sale of \$20,245,000 General Obligation Bonds, Issue of 2006 (the "Bonds") and \$17,125,000 General Obligation Bond Anticipation Note (the "Notes") of the City.

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

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

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

Description of the Bonds

The Bonds will be dated August 1, 2006 and will mature in the years and in such amounts and shall bear interest at such rate of rates as set forth on the cover of this Official Statement, payable on August 1, 2007 and semiannually thereafter on August 1 and February 1 in each year until maturity. Interest will be calculated on the basis of twelve thirty-day months and a 360-day year. Interest is payable to the registered owner as of the close of business on the fifteenth day of January and July in each year or the preceding business day if such fifteenth day is not a business day, by check mailed to the registered owner; or so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, by such other means as DTC, and the City shall agree.

Redemption Provisions

The Bonds are not subject to redemption prior to maturity.

Description of the Notes

The Notes will be dated August 4, 2006 and will be due and payable as to both principal and interest at maturity, August 3, 2007. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at such rate or rates per annum as are specified by the successful bidder or bidders. A book-entry system will be employed evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System". The Notes are not subject to redemption prior to maturity.

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

Authorization and Purpose

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

Proceeds of the Issue

Proceeds of the Bonds and the Notes and will be used to permanently finance a portion of the bond anticipation notes maturing August 4, 2006 and to provide new money borrowing for the projects listed below:

Project	Amount Authorized	The Bonds	The Notes To Mature 08/03/07
General Purpose Issue #36	\$12,399,536	\$ 260,000	\$ --
General Purpose Issue #40	17,787,000	2,257,000	100,000
General Purpose Issue #42	1,550,000	306,400	85,000
General Purpose Issue #43	35,000,000	370,000	350,000
General Purpose Issue #45	6,447,523	7,300	--
General Purpose Issue #48	3,286,700	366,000	40,000
General Purpose Issue #49	5,812,650	421,800	--
General Purpose Issue #50	8,173,000	1,559,400	3,753,000
General Purpose Issue #53	34,726,400	927,000	--
General Purpose Issue #55	7,096,100	296,900	125,000
General Purpose Issue #56	7,318,109	2,021,600	100,000
General Purpose Issue #57	41,347,000	2,220,900	799,000
General Purpose Issue #58	33,381,840	8,075,000	8,203,000
General Purpose Issue #59	18,529,300	--	3,400,000
General Purpose Issue #60	3,008,587	1,155,700	120,000
General Purpose Issue #61	50,000	--	50,000
Total	\$235,913,745	\$20,245,000	\$17,125,000

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

- General Purpose Issue #36: Ben Franklin School rehabilitation & construction.
- General Purpose Issue #40: Street paving, Black Pond dam, and park construction.
- General Purpose Issue #42: Various water projects
- General Purpose Issue #43: Construction of Magnet School.
- General Purpose Issue #45: Park construction
- General Purpose Issue #48: Thomas Hooker & Pulaski School roofs.
- General Purpose Issue #49: Various drainage, street construction, beautification projects, little league field complex improvements.
- General Purpose Issue #50: Various water projects.
- General Purpose Issue #53: Lincoln School construction.
- General Purpose Issue #55: Various projects including bike rail trail, traffic signals, updates to public buildings, and paving program.
- General Purpose Issue #56: Various projects including public safety radio tower, highway resurfacing, demolition of hazardous building, updates for parks, and dog pound construction.
- General Purpose Issue #57: Various sewer projects.
- General Purpose Issue #58: Various projects including public works equipment & trucks, highway resurfacing, bike rail trail, demolition of hazardous building, MIS technology upgrade, landfill closure and dam renovation.
- General Purpose Issue #59: Washington School roof renovations, Falcon Field renovations.
- General Purpose Issue #60: Various projects including highway resurfacing, parking garage repairs and public works equipment.
- General Purpose Issue #61: Golf irrigation system design.

School Projects

Pursuant to Public Act No. 97-11, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on school building projects approved after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996. Under the old program, the State of Connecticut will reimburse the City for principal and interest costs for eligible school construction projects over the life of outstanding school bonds. As of August 4, 2006, the City expects to receive principal and interest grant reimbursements under the old program in an aggregate amount of \$1,664,508 for currently outstanding school bonds. Under the new program, the City would receive progress payments for eligible construction costs. The Magnet School is expected to be 100% funded by a grant from the State of Connecticut.

Book-Entry-Only Transfer System

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law; a "banking organization" within the meaning of the New York Banking Law; a member of the Federal Reserve System; a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

Redemption proceeds, distributions, and dividend (including principal and interest) payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend (including principal and interest) payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

The Issuer can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds and the Notes act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Security and Remedies

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

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

The City is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the City. Courts of competent jurisdiction also have power in

appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof, to order the City to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on such debt would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the federal bankruptcy code, the City may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9 thereof by state law or by a governmental officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

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

Availability of Continuing Information

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

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

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

Ratings

This Bond issue has been rated "A3" and "A-" by Moody's Investors Service and Fitch Ratings respectively. This Note issue has been rated "MIG 1" by Moody's Investors Service. The City furnished to the Rating Agencies certain information and materials, some of which may not have been included in this Official Statement. The rating reflects only the views of the Rating Agencies and will be subject to revision or withdrawal, which could affect the market price of the Bonds. The Rating Agencies should be contacted directly for its rating on the Bonds and the explanation of such rating.

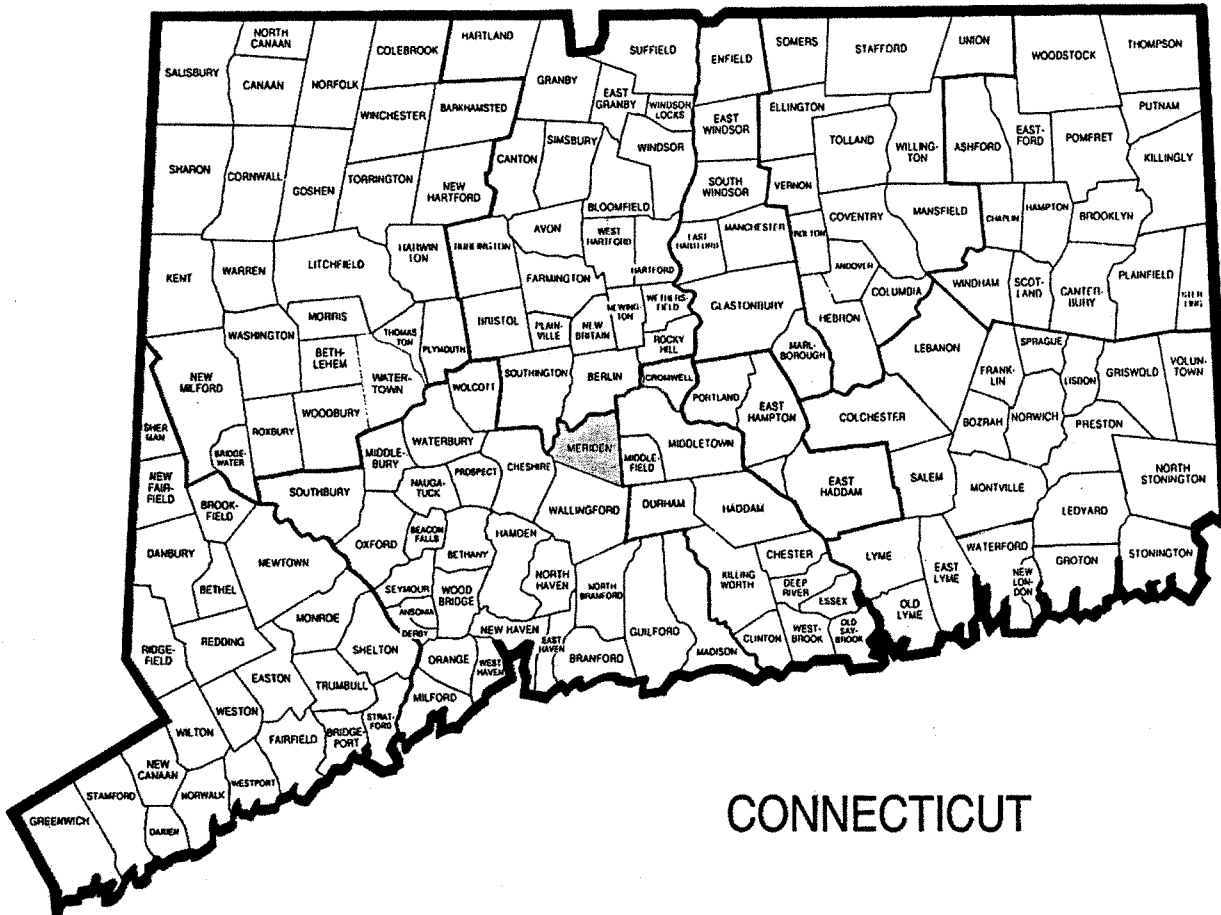
The City's Financial Advisor, People's Bank, recommends that all bonded debt be submitted for a credit rating.

Prior to this issue, the City received a "Baa1" rating from Moody's Investors Service, Inc. and a "BBB+" rating from Fitch Ratings on its August 1, 2004 General Obligation Bonds in the amount of \$39,665,000.

Bond Insurance

MBIA Insurance Corporation has made a commitment to issue a financial guarantee insurance policy relating to the Bonds effective as of the date of issuance of the Bonds.

II. The Issuer



Description of the Municipality

Meriden was settled in 1661, incorporated as a town in 1806, and as a city in 1867. The Town and City were consolidated in 1922. The City, which covers an area of 24.0 square miles, had a population of 59,163 in 2004, an increase of 919 people since 2000. Meriden is located midway between the cities of Hartford and New Haven in New Haven County at the crossroads of I-91, I-691, State Rt. 15 (Wilbur Cross Parkway) and U.S. 5. I-691 links I-91 and I-84.

The City includes a unique mix of historic buildings and neighborhoods, affordable housing to working families, more affluent suburban style developments, modern business facilities, a major mall, the largest municipal park in Connecticut (Hubbard Park) and prominent natural scenic 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 is the fiscal officer of the City and is responsible for the operation and supervision of the Department of Finance.

Principal City Officials

<i>City Officials</i>	<i>Name</i>	<i>Manner of Selection/Term</i>	<i>Years of Service</i>	<i>Employed Last</i>
Mayor	Mark D. Benigni	Popularly elected	5	School Vice Principal
City Manager	Lawrence J. Kendzior	Appointed - indefinite	2	Corporation Counsel
Finance Director/Treasurer.....	Robert M. Curry	Appointed - indefinite	4	Director of Accounting
Superintendent of Schools.....	Mary Cortright	Appointed - indefinite	4	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 first year of his third 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.

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

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 Master’s 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 three years.

Summary of Municipal Services

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

Fire Department: Fire and Emergency Services are provided by a career Fire Department and one volunteer Fire Department. The career department has 96 sworn firefighters, two secretaries, one mechanic, and 14 civilian dispatchers. Operating out of five fire stations, the department provides fire suppression, fire prevention, fire code enforcement, public fire education, technical rescue services, First responder, Emergency Medical Services including an automated external defibrillator “AED”, and hazardous material response. The central dispatch office handles 911/Fire and Police dispatching.

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

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

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

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

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

Sewers: Meriden presently has a two-stage activated sludge wastewater treatment plant with ammonia removal and high rate digesters. There are 220 miles of sanitary sewers and three pumping stations in the collection and transportation system. Approximately 89% of the City's residents are served by this facility. There are 19 employees assigned to the Sewer Division. A complete plant upgrade including denitrification is scheduled to start in 2007. The average daily flow is 8.0 million gallons a day; wet weather peaks 20 million gallons a day. The City has embarked upon a 5-year sludge disposal contract with Synagro of Waterbury, Connecticut.

Water: Water service is provided to 17,457 customers in the City of Meriden. Water service is metered throughout the City and furnishes approximately 6.5 million gallons a day. The water system is made up of four surface water treatment facilities, two major well complexes, two seasonal wells, eight pumping stations and 12.65 million gallons of storage. The system also consists of approximately 217 miles of water lines.

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

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

not deliver that full portion. Over this past year, the aggregate total delivered to the System by the five participating towns was in excess of 135,000 tons.

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

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

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

Waste Collection: Waste collection service has been contracted to a private hauler since July 1, 1994.

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

Economic Development

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

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

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

The U.S. Environmental Protection Agency gave the City a grant of \$200,000 in late 2004 to fund environmental assessments on contaminated properties throughout the city. This agency also provided the City with two grants of \$147,000 and \$200,000 for environmental assessments and remediation of the City's HUB site downtown. This grant will assist the City in creating more available land for commercial development.

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

The City's Economic Development Office continues to contract with CoStar Inc. to provide real-time, on-line access to commercial property databases listing all commercial, industrial properties available for lease or sale in the Meriden/New Haven region. The database enables staff to provide real-time lease and "for sale" information to

companies wishing to locate to or expand in the city. The database also provides real estate analysis (vacancy rates, lease histories and property trends/photos, and floor plans by building) for distribution to prospects, market research companies and site selection consultants.

The City's Comprehensive Economic Development Strategy Plan (CEDS) was approved by the US Economic Development Administration (EDA) in 2000. EDA has approved all annual reports submitted since that time. Thirty-five community leaders and company representatives sit on a steering committee, which guides the planning effort and implementation activities. This Plan allows the city to apply for funding from EDA for economic development projects. The City is currently approaching EDA for funding for the downtown HUB site project.

Commercial Industrial Development

Thompson Brands Meriden's 125 year-old chocolate manufacturer, closed its Fairfield, California facility and consolidated those operations at its South Vine Street site in Meriden. The consolidation saved 100 jobs and added 70 jobs in Meriden. The consolidation was supported by financing provided by Webster Financial, the State of Connecticut, the Connecticut Development Authority and the City's Manufacturing Assistance Loan program. The City's loan supported \$500,000 of building renovations.

Webster Insurance is currently moving one of its policy services operations into a building at 530 Preston Ave. and bringing with it up to 200 jobs. Webster Insurance is a subsidiary of Webster Financial Corp., the parent of Webster Bank, headquartered in Waterbury, Connecticut.

Aplicare, Inc., has moved its headquarters from Branford into 200,000 square feet at 550 Research Parkway. This manufacturer of topical antimicrobial drug products will also move its Virginia manufacturing operations to Meriden in 2007. The consolidation represents 180 jobs and a \$2.6 million dollar investment in renovations.

J & J Tri-State Delivery Service, Inc. of Totowa, New Jersey located its first Connecticut logistics center at 550 Research Parkway. J&J has leased 125,000 square feet and will hire 35 new employees. The company's subsidiary, Infinity Warehouse and Distribution will also have an operations base in Meriden.

The owner of Advanced Turbine Services on High Street recently expanded into North Colony Street. The company provides turbine engine repair and overhaul services to both the United States Navy and a variety of commercial clients.

SRL Realty has acquired the former 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 facility on the City's property.

Closets, Etc has signed a five-year lease to expand to 11,500 square feet at 200 Research Parkway bringing five employees to Meriden. The company previously occupied 4000 square feet in Cheshire, Connecticut.

Parker Bros. Makers, Inc. recently opened on High Street in Meriden. Founded in 1999, owner Ernie Lazor has revived the Parker Bros. Shotgun and is continuing the legacy started by the original Parker Bros. company that manufactured quality firearms in Meriden between 1863 and 1934. The company plans to custom-fit its international customers at its Meriden offices.

The following list contains additional highlights in relation to the City's commercial & industrial development over the past year:

- Dr. Hergot added 3,200 sq. ft. to his medical building at 166 South Broad Street;
- Mr. Amaya renovated 10,000 sq. ft. commercial space into a restaurant at 2103 North Broad Street;
- A & D Cabinetry built and occupied a 12,000 sq. ft. building at 1592 North Broad Street;
- Barker built and opened a new self-storage facility (60,300 sq. ft. at 5 Prestige Drive;
- Southwick & Meister added 10,000 sq. ft. to the existing factory on North Colony Road;
- New England Freight added 8,000 sq. ft. to the trucking facility on Research Parkway;
- Waste Trucking Inc. added 25,000 sq. ft. to the trucking facility on Gracey Avenue;
- Auto Recycling is constructing a new 12,000 sq. ft. facility at 756 Berlin Turnpike
- Enterprise Auto is constructing a new 7,500 sq. ft. rental agency at 412 South Broad;
- Glisham Assoc. began construction of a new 12,000 sq. ft. self-storage building on Centennial Avenue.

Downtown Activity and Planned Redevelopment

The City has hired the engineering firm, Milone and MacBroom (M&M) and, environmental engineers, Metcalf & Eddy, to design the conversion of the 15-acre HUB parcel into a downtown park. Harbor Brook, currently culverted under the site, will be day-lighted and two commercial development pads are anticipated. During project design, M&M will facilitate community meetings to finalize the design concept. M&M will complete final designs, help the City procure and manage firms to construct improvements and obtain necessary permits. TRC Environmental Corp. is managing the demolition of the vacant 150,000 square foot building on the site. Demolition work will be bid in July with demolition planned for late summer/early fall of 2006. The City received a \$2 million state grant for demolition. The City has title to the site. Redevelopment of this site will have a strong positive impact on downtown revitalization efforts.

The U.S. Environmental Protection Agency's Brownfields Program recently awarded a \$200,000 clean-up grant to the City to help remediate the 15-acre HUB site downtown. This grant will leverage \$2.5 million in state and USEPA grants already committed to the project. The City Council has approved \$300,000 for engineering services.

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

Middlesex Community College renewed its lease at 55 W. Main Street and will be expanding the first floor of that building –offering additional classroom and lab space to students. The college now has over 500 full and part-time students. The college's presence has re-energized downtown activity.

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

The clean up of vacant Factory H on Cooper Street has begun. Major environmental hazards located on the seven-acre site have been removed to add more developable land and open space to our downtown. A USEPA grant is funding additional assessments at the site and neighborhood planning meetings have been held to help determine future uses for the site.

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

Gulino Associates renovated and leased 5,000 sq. ft. retail office building at 31-37 West Main Street in addition to converting a 6,400 sq. ft. office building into 8 residential apartments.

Auto Zone is building a new 7,000 sq. ft. retail facility at the westerly entrance to the CBD (140 West Main Street).

Retail Development

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

Lowe's Companies Inc. and WP Realty Inc. recently met with City officials to discuss plans to build a Lowes at the Meriden Parkade on East Main Street. The former Ames building will be demolished to create a 125,000 sq. ft home improvement center. The project is expected to be on the Planning Commission's agenda in July 2006.

A Borders bookstore/café and a Starbucks will soon open on property owned by Westfield Shoppingtown Meriden. The mall is negotiating with Borders for the remaining 20,000 square feet of space vacated by Lord & Taylor over a year ago. The new Borders will have entrances in the mall and exterior of the mall. Westfield is also talking with several restaurants hoping to fill space in the Best Buy/ Dick's Sporting Goods wing. Westfield also owns a four-acre pad site north of the mall driveway which is currently used for parking. Mall managers are in discussions with Starbucks and Talbots as possible tenants for that site.

Circuit City renovated and occupied a 53,400 sq. ft. building at 495 Chamberlain Highway.

Best Buy and Dick's Sporting Goods occupied a 42,000 sq. ft. addition to Westfield Shopping Center.

Saab Auto opened a new 10,000 sq. ft. dealership at 171-195 South Broad Street.

Sleepy's Mattress built and occupied a new 5,000 sq. ft. building on Chamberlain Highway.

Burnham Builders is completing a new 48,000 sq. ft. shipping center on the corner Dunkin Donuts, Aarons Furniture, bank and restaurant.

Burger King and Walgreen's are constructing 2 new buildings (17,500 sq. ft.) at 852 East Main Street.

492 So. Broad Street Associates is constructing a 26,000 sq. ft. restaurant/commercial building at 492 South Broad Street (Major tenants are expected to be Starbucks and Talbots).

Municipal and Public Facility Development

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

Government officials broke ground in April for the new USPS post office on Center Street, the site of the former Jefferson School. The new building will be a 31,000 square foot "state of the art" facility with 156 parking spaces for employees and the public. The new post office is scheduled to open in early 2007.

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

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

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

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

MidState Medical Center added 31,500 sq. ft. to the hospital.

Residential Development

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

Newly Occupied:

- Hidden Valley: 27 single-family homes;
- Maplewood Construction: 13 multi-family units;
- Coppola: 24 multi-family units – Quarry Lane
- B & L: 180 multi-family units – Pomeroy Avenue;
- Murdy: 1 multi-family units – Woodland Street;
- Silver Island Homes: 24 single-family homes

Larger new residential developments currently under construction:

- 201 Prospect Avenue: 13 single-family homes;
- Sperry Lane: 13 single-family homes;
- New Hanover: 6 single-family homes
- Hollowbrook: 30 multi-family units;
- Bridgestone Commons: 32 single-family homes;
- Cobblestone Subdivision: 39 single-family homes

Larger Residential Developments expected to begin construction within one year:

- Sunset Village: 8 multi-family units;
- Brownstone Common: 10 single-family homes.

Community Development Program

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

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

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

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

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

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

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Employee Relations and Collective Bargaining

Municipal Employees ¹

Fiscal Year Ended June 30	2006	2005	2004	2003	2002
General Government	549	572	638	632	606
Board of Education and State Projects	1,130	1,084	1,234	1,257	1,221
Federally Funded	99	119	15	69	42
Total	1,778	1,775	1,887	1,958	1,869

¹ Includes management and other non-union employees

Employee Bargaining Organizations

Employees	Organization	Number of Employees	Current Contract Expiration Date
<i>General Government</i>			
Nurses (Public Health)	AFSC, Unit 8, Connecticut Health Care Assoc. District 119, AFL-CIO	24	06/30/06 ¹
Public Works	Local 740, AFL-CIO	92	06/30/08
Fire Department.....	IAFF, Local 1148, AFL-CIO	83	06/30/05 ¹
Municipal Employees	Meriden Municipal Employees Local 595 AFSCME, AFL-CIO	130	06/30/07
Police Department	AFSCME, Local 1016, Council 15, AFL-CIO	114	06/30/08
Middle Management.....	AFSCME Supervisors, Local 3430	51	06/30/06 ¹
Crossing Guards	AFSCME Supervisors, Local 3430	37	06/30/08
Parking Attendants	AFSCME Parking Attendants Local 1303-412	5	06/30/06 ²
Public Safety Dispatch	AFSCME Dispatchers Local, #1303-405	13	06/30/07
Total		549	
<i>Board of Education</i>			
Teacher Assistants	Meriden Association Paraprofessionals	188	08/31/06
School Teachers.....	Meriden Federation of Teachers	717	08/31/09
Clerical (Education).....	Meriden Federation of Educational Secretaries	81	06/30/06
Custodian (Education).....	Meriden Federation of Municipal Employees	83	06/30/07
Cafeteria (Education).....	Hotel and Restaurant Employees and Bartenders Union Local 217, AFL-CIO	60	06/30/06 ¹
Education Administrators...	Meriden Federation of School Administrators	29	06/30/07
Education Administrators...	Meriden Federation of Non-Certified Supervisors	4	06/30/07
Community Educators/ Attendance Counselors ...	Meriden Federation of Community Educators and Attendance Counselors	3	08/31/04 ¹
Total		1,165	

¹ In negotiation

² Parking Attendants Union is being disbanded effective July 1, 2006

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

Educational Services

School Facilities ^{1,3}

School	Grades	Date Occupied	Dates of Additions/ Renovations	Number of Classrooms	Enrollment 10/1/05 ¹	Rated Capacity
John Barry	K-5	1929	1953 ² , 1965, 1996	26	593	620
Benjamin Franklin	K-5	1951	1965 ²	26	465	620
Nathan Hale	K-5	1956	1965 ² , 1990	31	674	670
Hanover	K-5	1934	1954 ² , 1965, 1994	31	584	585
Thomas Hooker	K-5	1963	--	21	458	500
Casimir Pulaski.....	K-5	1972	--	31	728	646
Israel Putnam	Pre K-5	1951	1955 ² , 1990	27	611	620
Roger Sherman	Pre K-5	1929	1949, 1990	27	573	620
Lincoln.....	6-8	2005	--	30	723	600
Washington.....	6-8	1984	--	46	885	1,020
Maloney.....	9-12	1959	1969 ²	47	1,399	1,400
Platt.....	9-12	1958	1969 ²	48	1,190	1,270
Totals.....				391	8,883	9,171

¹ There are also 4 parochial schools located in the City with an enrollment of approximately 709 pupils.

² Original building renovated at the time additions were constructed.

³ The City owns the Thomas Edison Middle School, a state-of-the-art magnet school focusing on science and technology. Students from the City account for 600 students whose tuition of \$7,725 is paid to ACES ("Area Cooperative Education Service"). The Magnet School also includes 11 students from Madison, 146 students from Middletown, and 20 students from Regional School District Number 13 (Durham-Middlefield and 10 from Wallingford) and 593 from Meriden.

Source: Superintendent of Schools, City of Meriden.

School Enrollment ¹

As of 10/01	Grades Pre K-5	Grades 6-8	Grades 9-12	Total
		<u>Historical</u>		
1998	4,603	1,963	2,180	8,746
1999	4,668	1,999	2,133	8,800
2000	4,719	2,053	2,180	8,952
2001	4,735	1,645	2,317	8,697
2002	4,805	1,644	2,331	8,780
2003	4,807	1,698	2,392	8,897
2004	4,778	1,670	2,498	8,946
2005	4,686	1,608	2,589	8,883
		<u>Projected</u>		
2006	4,611	1,665	2,578	8,883
2007	4,580	1,723	2,592	8,895
2008	4,531	1,784	2,604	8,919
2009	4,518	1,759	2,616	8,893
2010	4,504	1,729	2,673	8,906

¹ Superintendent's Office

III. Economic and Demographic Information

Population and Density

Year	City of Meriden			New Haven County		State of Connecticut	
	Actual Population ¹	% Increase/ (Decrease)	Density ²	Population	% Increase/ (Decrease)	Population	% Increase/ (Decrease)
1960	51,850	17.6	2,160	660,315	21.0	2,535,234	26.3
1970	55,959	7.9	2,332	744,948	12.8	3,032,217	19.6
1980	57,118	2.1	2,380	761,337	2.2	3,107,576	2.5
1990	59,479	4.1	2,478	804,219	5.6	3,287,116	5.8
2000	58,244	(2.1)	2,427	824,008	2.5	3,405,565	3.6
2004 ³	59,163	1.6	2,465	845,694	2.6	3,503,604	2.9

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

² Per square mile: 24 square miles.

³ State of Connecticut, Department of Public Health July 1, 2004.

Age Distribution of the Population

	City of Meriden		New Haven County		State of Connecticut	
	2000	Percent	2000	Percent	2000	Percent
Under 5	4,143	7.1	53,094	6.5	223,344	6.5
5 - 9	4,338	7.5	57,953	7.0	244,144	7.2
10 - 14	4,182	7.2	58,270	7.1	241,587	7.1
15 - 19	3,572	6.1	54,284	6.6	216,627	6.3
20 - 24	3,470	6.0	49,587	6.0	187,571	5.5
25 - 34	8,236	14.1	112,312	13.6	451,640	13.3
35 - 44	9,355	16.1	134,536	16.3	581,049	17.1
45 - 54	7,880	13.5	112,863	13.7	480,807	14.1
55 - 59	2,796	4.8	41,113	5.0	176,961	5.2
60 - 64	2,061	3.5	30,704	3.7	131,652	3.9
65 - 74	3,867	6.6	56,315	6.8	231,565	6.8
75 - 84	3,229	5.6	46,049	5.6	174,345	5.1
85 years and over	1,115	1.9	16,928	2.1	64,273	1.9
Total	58,244	100.0	824,008	100.0	3,405,565	100.0
Median Age (years)		36.2		37.0		37.4

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

Income Distribution

	City of Meriden		New Haven County		State of Connecticut	
	Households	Percent	Households	Percent	Households	Percent
Less than \$10,000	863	5.7	9,787	4.6	33,423	3.8
\$10,000 to 14,999	525	3.5	6,664	3.1	23,593	2.7
\$15,000 to 24,999	1,638	10.9	17,654	8.3	63,262	7.1
\$25,000 to 34,999	1,613	10.7	19,593	9.2	75,413	8.5
\$35,000 to 49,999	2,344	15.5	30,257	14.3	120,134	13.6
\$50,000 to 74,999	3,725	24.7	49,165	23.3	198,924	22.5
\$75,000 to 99,999	2,390	15.8	34,593	16.4	141,981	16.0
\$100,000 to 149,999	1,558	10.3	29,013	13.7	132,177	14.9
\$150,000 to 199,999	239	1.6	7,902	3.7	42,472	4.8
\$200,000 or more	192	1.3	7,250	3.4	54,368	6.1
Total	15,087	100.0	211,878	100.0	885,747	100.0

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

Income Levels

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

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

Educational Attainment

Population 25 years and over

	<u>City of Meriden</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	2,820	7.3	33,326	6.0	132,917	5.8
9th to 12th grade, no diploma	5,796	15.1	60,411	11.0	234,739	10.2
High school graduate (includes equivalency)....	13,467	34.9	169,936	30.7	653,300	28.5
Some college, no degree	7,472	19.4	100,410	18.2	402,741	17.5
Associate's degree	2,640	6.9	35,126	6.4	150,926	6.6
Bachelor's degree	4,127	10.7	84,217	15.3	416,751	18.2
Graduate or professional degree	2,182	5.7	68,216	12.4	304,243	13.2
Total	38,504	100.0	551,642	100.0	2,295,617	100.0
Percent high school graduate or higher		77.6%		83.0%		84.0%
Percent bachelor's degree or higher		16.4%		27.6%		31.4%

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

Major Employers

As of July, 2006

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
SBC/SNET	Telephone Company	1,150
MidState Medical Center	Hospital	1,120
CUNO, Inc.....	Pumping Equipment and Industrial Filters	400
Hunters Ambulance	Ambulance/Limousine Services	395
State of Connecticut	Police Academy, Hospital, Police Headquarters	359
Bob's Stores	Retail Distribution Center	354
Filene's Department Store	Retail Sales	300
Stop & Shop Supermarkets	Retail Sales	268
Target Stores.....	Retail Sales	202
Stop & Shop Supermarkets	Retail Sales	268
TI Automotive	Fuel Pumps, Automotive Parts	187
Total		4,735

Source: Finance Department, City of Meriden

Employment by Industry

Sector	City of Meriden		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing and hunting, and mining.....	45	0.2	1,101	0.3	7,445	0.5
Construction	1,619	5.8	21,826	5.5	99,913	6.0
Manufacturing	5,487	19.5	63,053	15.9	246,607	14.8
Wholesale Trade.....	1,173	4.2	13,552	3.4	53,231	3.2
Retail Trade	3,251	11.6	44,983	11.3	185,633	11.2
Transportation and warehousing, and utilities.....	1,186	4.2	16,707	4.2	64,662	3.9
Information	1,142	4.1	14,357	3.6	55,202	3.3
Finance, insurance, real estate, and rental and leasing ..	2,005	7.1	26,787	6.8	163,568	9.8
Professional, scientific, management, administrative, and waste management services.....	2,034	7.2	34,946	8.8	168,334	10.1
Educational, health and social services	5,910	21.0	101,733	25.7	366,568	22.0
Arts, entertainment, recreation, accommodation and food services	1,750	6.2	23,247	5.9	111,424	6.7
Other services (except public administration)	1,236	4.4	17,887	4.5	74,499	4.5
Public Administration	1,265	4.5	16,147	4.1	67,354	4.0
Total Labor Force, Employed	28,103	100.0	396,326	100.0	1,664,440	100.0

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

Employment Data By Place of Residence ¹

Period	City of Meriden		Percentage Unemployed		
	Employed	Unemployed	City of Meriden	New Haven Labor Market	State of Connecticut
May 2005	29,301	1,433	4.7	4.0	3.9
Annual Average					
2004	29,186	1,812	5.9	4.7	4.7
2003	29,237	2,208	7.0	5.4	5.5
2002	29,503	1,616	5.2	4.1	4.3
2001	28,818	1,245	4.1	3.2	3.3
2000	29,664	950	3.1	2.3	2.3
1999	28,448	1,150	3.9	3.1	3.2
1998	28,575	1,208	4.1	3.3	3.4
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

¹Not seasonally adjusted.

Source: Department of Labor, State of Connecticut

Age Distribution of Housing

Year Built	City of Meriden		New Haven County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1999 to March 2000	212	0.9	3,466	1.0	15,993	1.2
1995 to 1998	281	1.1	10,518	3.1	47,028	3.4
1990 to 1994	692	2.8	13,813	4.1	56,058	4.0
1980 to 1989	3,103	12.6	44,080	12.9	183,405	13.2
1970 to 1979	3,744	15.2	50,100	14.7	203,377	14.7
1960 to 1969	3,607	14.7	49,468	14.5	212,176	15.3
1940 to 1959	6,659	27.0	88,388	25.9	359,042	25.9
1939 or earlier	6,333	25.7	80,899	23.8	308,896	22.3
Total housing units, 2000	24,631	100.0	340,732	100.0	1,385,975	100.0
Percent Owner Occupied, 2000		59.9		63.1		66.8

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

Housing Inventory

Type	City of Meriden		New Haven County		State of Connecticut	
	Units	Percent	Units	Percent	Units	Percent
1 unit detached	11,914	48.3	182,141	53.4	816,706	58.9
1-unit attached	1,361	5.5	17,763	5.2	71,185	5.1
2 units	3,467	14.1	33,390	9.8	119,585	8.6
3 or 4 units	2,962	12.0	39,746	11.7	127,032	9.2
5 to 9 units	1,346	5.5	19,162	5.6	76,836	5.6
10 to 19 units	834	3.4	14,293	4.2	52,697	3.8
20 or more units	2,605	10.6	32,220	9.5	109,740	7.9
Mobile home	142	0.6	1,956	0.6	11,580	0.9
Boat, RV, van, etc	--	--	61	--	614	--
Total Inventory	24,631	100.0	340,732	100.0	1,385,975	100.0

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

Owner-Occupied Housing Values

Specified Owner-Occupied Units	City of Meriden		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000	128	1.1	1,737	1.0	5,996	0.8
\$ 50,000 to \$ 99,999	3,069	27.3	24,648	14.7	85,221	11.7
\$100,000 to \$149,999	5,790	51.7	55,592	33.3	212,010	29.1
\$150,000 to \$199,999	1,665	14.9	40,122	23.9	156,397	21.5
\$200,000 to \$299,999	457	4.1	30,230	18.0	137,499	18.9
\$300,000 to \$499,000	54	0.5	12,121	7.2	79,047	10.9
\$500,000 to \$999,999	33	0.3	2,634	1.6	38,168	5.2
\$1,000,000 or more	8	0.1	456	0.3	13,906	1.9
Totals	11,204	100.0	167,540	100.0	728,244	100.0

Median Sales Price \$119,000 \$151,900 \$166,900

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

Building Permits

	2005-06	2004-05	2003-04	2002-03	2001-02
	Value	Value	Value	Value	Value
Single.....	\$6,573,455	\$9,935,081	\$7,159,323	\$6,189,449	\$6,324,410
Apartment.....	281,800	10,816,000	133,380	--	118,000
Commercial/Industrial.....	9,577,277	5,732,098	11,175,442	7,205,786	19,038,089
Municipal.....	524,000	4,954,057	10,338,711	142,416	2,749,000
Other.....	13,255,427	14,192,985	10,648,427	8,063,962	7,351,218
All Categories including above ...	\$36,211,586	\$63,103,430	\$52,080,048	\$31,482,770	\$43,721,412

Source: Building Department, City of Meriden

Land Use Summary

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

Source: Assessor's Office, City of Meriden.

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IV. Tax Base Data

Property Tax

Assessments

The City of Meriden is in the process of conducting general property revaluation effective October 1, 2006. Under Section 12-62 of the Connecticut General Statutes, the City of Meriden must revalue all real estate in 2006 and every fifth year thereafter. The next revaluation by physical inspection must be made no later than ten years from the preceding physical inspection which was conducted 10/1/2001. The maintenance of an equitable tax base, and the location and appraisal of all real and personal property within the City for inclusion onto the Grand List is the responsibility of the Assessor's Office. The Grand List represents the total of assessed values for all taxable real and personal property located within the City on October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list of assessments are warranted. Assessments for real property are computed at 70 percent of the estimated market value at the time of the last general revaluation.

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

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

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

Property Tax Collection Procedure

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

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

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

Comparative Assessed Valuation

Grand List as of 10/1	Residential Real Property (%)	Commercial/Industrial Real Property (%)	All Land (%)	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List	Percent Growth
2005	54.5	23.2	0.4	11.5	10.4	\$2,561,231	\$140,582	\$2,420,649	2.00
2004	54.7	23.4	0.4	11.6	9.9	2,521,867	148,428	2,373,439	1.46
2003	53.9	23.6	0.4	12.9	9.2	2,531,816	193,055	2,338,821	0.03
2002	53.2	24.0	0.4	12.8	9.6	2,542,470	211,036	2,331,434	0.07
2001 ¹	55.5	23.9	0.4	10.4	9.8	2,419,954	90,129	2,329,825	20.00
2000	56.2	18.7	0.6	13.2	11.3	2,037,758	96,222	1,941,536	1.30
1999	56.7	18.7	0.6	13.2	10.8	2,012,151	95,922	1,916,229	1.60
1998	37.1	13.1	25.7	14.1	10.0	1,987,068	100,557	1,886,511	2.90
1997	38.2	13.0	26.5	12.5	9.8	1,920,194	86,381	1,833,813	1.60
1996	38.8	13.1	26.9	11.2	10.0	1,883,905	79,258	1,804,647	0.60

¹ Date of last general revaluation, October 1, 2001.

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

Source: City of Meriden, City Assessor's Office

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Property Tax Levies and Collections

Grand List as of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List	District	Mill Rate	Total Tax Levy	Percent of Annual Levy Collected at end of Fiscal Year	Uncollected	
							Percent of Annual Levy Uncollected at end of Fiscal Year ²	Percent of Annual Levy Uncollected as of 5/31/06
2004	2006 ¹	\$2,373,437,388	First Second	40.34 2.31	\$95,948,966		<u>IN COLLECTION</u>	
2003	2005	2,338,867,898	First Second	39.09 1.9	91,501,809	97.0	3.0	1.2
2002	2004	2,331,434,357	First Second	37.3 1.9	86,939,798	96.3	3.7	0.7
2001	2003	2,329,824,832	First Second	36.0 1.8	84,733,897	96.3	3.7	0.5
2000	2002	1,941,535,686	First Second	40.4 2.1	78,356,632	95.9	4.1	0.7
1999	2001	1,916,229,649	First Second	40.4 2.1	78,808,547	94.4	5.6	0.5
1998	2000	1,886,510,860	First Second	35.8 2.1	68,779,625	95.0	5.0	0.5
1997	1999	1,833,812,830	First Second	35.8 2.1	66,813,524	93.3	6.7	0.5
1996	1998	1,804,647,490	First Second	35.8 2.1	65,923,290	93.7	6.3	0.6
1995	1997	1,793,118,310	First Second	35.8 2.5	65,600,945	93.1	6.9	0.4

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

² On June 30, 1995, the City assigned a portfolio of its filed, uncollected real property tax liens, with a value that date of approximately \$4,415,700 (to include principal, interest and fees), to National Tax Funding, LP (the "Assignee") for a purchase price of \$4,206,466. Of that purchase price, approximately \$3,642,151 was applied as revenue of the City for the fiscal year ending June 30, 1995. A balance of approximately \$564,315 was carried forward as revenue for the fiscal year ending June 30, 1996.

On June 30, 1996, the City assigned a portfolio of its filed, uncollected real property tax liens, with a value that date of approximately \$940,000 (to include principal, interest and fees), to the Assignee for a purchase price of approximately \$939,400, less a credit in the amount of \$442,000, which was due the Assignee for liens removed from the portfolio after the assignment on June 30, 1995. This resulted in revenues to the City in the fiscal year ending June 30, 1996 of approximately \$497,400.

On June 30, 1996, the City assigned two filed, uncollected real property tax liens for property located on Sherman Avenue with a value that date of approximately \$252,000 to Moore Equipment Company and to The Cadle Company for a purchase price of approximately \$222,600, which resulted in revenues to the City in the fiscal year ending June 30, 1996 of approximately \$222,600.

These combined sales resulted in revenues to the City of approximately \$1,284,315 for the fiscal year ending June 30, 1996, which revenues would otherwise have been recognized in future years. The purchasers of the referenced tax liens bear all risk related to collection of the amounts owed and, in the event of foreclosure, will bear all risk associated with the ownership or sale of real property on which delinquent taxes were owed.

On June 30, 1997, the City assigned a portfolio of its filed, uncollected real property tax liens, with a value that date of approximately \$749,358 (to include principal, interest and fees), to National Tax Funding, LP (the "Assignee") for the purchase price of approximately \$773,628, which included a credit of \$24,270. This credit was applied to other funds due the City for its expenses. This resulted in revenues to the City in the fiscal year ending June 30, 1997 of approximately \$749,358.

On July 18, 2002, the City assigned seven filed, uncollected real property tax liens for property located at 50 High Street with a value that date of approximately \$117,653.85 to Silver City Enterprises LLC for a purchase price of \$36,842.56.

On August 23, 2002, the City assigned seven filed, uncollected real property tax liens for property located at 640 Old Colony Road with a value that date of approximately \$42,775.64 to RFC Property I, Inc. for a purchase price of \$19,723.45.

On March 19, 2003, the City assigned seven filed, uncollected real property tax liens and seventeen filed, uncollected water/sewer liens for property located at 995 Broad Street with a value that date of \$40,766.84 and \$16,687.42 respectively, to Paul J. and Sharon Yumbaco for a total purchase price of \$35,000.00.

On April 20, 2005, the City assigned nine filed, uncollected real property tax liens for property located at 142 Springdale Avenue with a value that date of \$59,363.51 to 142 Springdale Ave LLC for the purchase price of \$45,000.00.

On March 24, 2005, the City assigned twelve filed, uncollected real property tax liens, twenty-four filed, uncollected water/sewer liens for properties located at 70 Gracey Avenue and 70 Gracey Avenue-Rear and two filed, uncollected personal property and motor vehicle liens for unpaid personal property taxes on taxable items located thereon with a value that date of \$346,947.60, \$9,185.39 and \$32,003.38, respectively, to 70 Gracey Ave LLC for the purchase price of \$246,000.00.

On May 2, 2005, the City assigned eight filed, uncollected real property tax liens and four filed, uncollected water/sewer liens for property located at 24 Randolph Avenue to CMKK Meriden LLC with a value that date of \$64,054.18 and \$1,457.41, respectively, for the purchase price of \$1,000.00 plus a mortgage in the amount of \$111,593.34.

On February 16, 2006, the City assigned 90 filed, uncollected real property tax liens for property located at 5, 7, 8, 9, 11, 12, 13, 14, 15, and 16 Carriage Works Condominiums to Rushford Foundation, Inc with a value that date of \$170,973.35 for the purchase price of \$94,400.00.

Source: City of Meriden, Tax Collector's Office

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ¹
Meriden Square #3 LLC et al.....	Shopping Center	\$ 49,320,460	2.04%
Connecticut Light & Power	Public Utility	29,708,080	1.23
C S C Outsourcing, Inc.	Telecommunications Data Center	26,846,880	1.11
Meriden Square Partnership.....	Shopping Center	24,895,370	1.03
Radio Frequency Systems Inc.....	RF Communications Manufacturer	18,995,970	0.78
Yankee Gas	Public Utility	17,928,830	0.74
Urstadt Biddle Properties, Inc.....	Shopping Center	15,109,080	0.62
Carabetta Enterprises, Inc	Real Estate Developer	10,436,470	0.43
Newberry Village Development, Inc.	Residential Real Estate	10,019,340	0.41
TI Group Automotive Systems	Auto Parts Manufacturer	9,482,420	0.39
Total		\$212,742,900	8.79%

¹ Based on a net taxable grand list 10/1/05 of \$2,420,649,275.

Source: Assessor's Office, City of Meriden

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V. Financial Information

Fiscal Year

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

Basis of Accounting and Accounting Policies

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

Governmental Fund Types

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

Governmental Funds

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

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

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

Proprietary Funds

Enterprise funds – are used to account for operations:

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

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

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

Fiduciary Funds

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

Account Groups

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

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

Budgetary Procedures

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

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

Annual Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the City is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management, and a copy of said audit report must be filed with the Office of Policy and Management. The City of Meriden is in full compliance with said provisions. For the fiscal year ended June 30, 2005, the financial statements of the City were audited by the firm of Levitsky & Berney, LLP, Certified Public Accountants attached hereto as Appendix A.

Pension Plans

See Appendix A -- "FINANCIAL STATEMENTS, Note #10 - “Employment Retirement Plans”.

Investment Policies and Procedures

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

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

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

General Fund - Comparative Balance Sheet

	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Assets:				
Cash and Cash Equivalents	\$16,652,109	\$16,247,616	\$7,321,616	\$908,034
Investments.....	--	--	7,650,000	7,200,030
Receivables:				
Property Taxes	4,682,195	3,169,961	3,988,770	4,050,499
Accounts Receivable.....	540,187	563,660	524,220	1,005,706
Federal and State Governments	3,681,963	1,507,941	725,659	1,162,283
Other Assets	79,200	99,222	36,028	19,579
Due from Other Funds.....	5,215,988	363,361	92,676	--
Advance to Golf Fund	988,600	988,600	964,946	866,510
Total Assets.....	\$31,840,242	\$22,940,361	\$21,303,915	\$15,212,641
 Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable and Other Accrued Liabilities ..	\$14,657,024	\$16,834,976	\$8,199,276	\$4,890,860
Due to Other Funds.....	--	--	199,317	544,094
Deferred Revenue	7,571,066	2,588,924	3,227,850	4,743,190
Total Liabilities.....	\$22,228,090	\$19,423,900	\$11,626,443	\$10,178,144
 Municipal Equity (Deficit):				
Fund Balances (Deficit):				
Reserved for:				
Encumbrances.....	\$ 58,460	\$ --	\$ --	\$ 15,421
Donor Restrictions	247,435	--	--	--
Long Term Advances.....	988,600	988,600	964,946	866,510
Debt Payments	5,000,000	--	--	--
Flood Control.....	1,484,734	703,000	1,935,000	1,007,000
Unreserved:				
Unreserved, Undesignated	1,832,923	1,824,861	6,777,526	3,145,566
Total Municipal Equity (Deficit).....	\$9,612,152	\$3,516,461	\$9,677,472	\$5,034,497

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

	Budget 2007¹	Estimated Unaudited 2006¹	Actual 2005	Actual 2004	Actual 2003
Revenues:					
Property Taxes	\$104,038,963	\$96,219,499	\$ 91,365,055	\$ 88,259,403	\$ 84,906,039
Intergovernmental	57,887,468	56,899,272	59,251,401	59,809,983	57,538,170
Charges for services	6,182,770	5,766,366	6,145,088	6,138,922	7,176,325
Investment Income	1,000,000	1,297,349	681,633	681,365	503,392
Other Revenues ²	3,503,592	3,967,392	5,047,207	5,448,532	2,224,153
Lease Proceeds	--	--	--	--	--
Transfers In	--	--	5,150,000	--	10,000
Fund Balance Allocation ⁴	1,500,000	1,500,000	--	--	--
Total Revenues and Transfers In.....	\$174,112,793	\$165,649,878	\$167,640,384	\$160,338,205	\$152,358,079
Expenditures:					
<i>Current:</i>					
General government	\$35,968,736	\$30,317,553	\$ 40,218,634	\$ 37,233,093	\$ 35,533,421
Public safety	17,860,145	17,237,256	17,440,527	16,943,650	16,147,749
Public works	5,732,722	5,502,978	5,902,541	5,392,356	5,401,140
Human Services	3,072,287	2,842,371	2,840,481	4,923,236	2,722,687
Education ⁵	93,068,154	89,712,561	78,349,396	75,326,596	73,736,502
Debt Service	18,063,938	17,959,146	15,866,876	17,400,188	14,408,915
Capital Outlay	300,000	537,700	--	--	--
Transfers Out	--	--	400,000	100,000	--
Total Expenditures and Transfers Out	\$174,065,982	\$164,139,565	\$161,018,455	\$157,319,119	\$147,950,414
Operating Results	N/A	1,510,313	6,621,929	3,019,086	4,397,665
Fund Balance, July 1	N/A	9,612,152	3,516,461	497,375 ³	5,034,497
Adjustments to Beginning Fund Balance.....	N/A	N/A	(536,238)	--	--
Fund Balance, June 30.....	N/A	N/A	\$ 9,612,152	\$ 3,516,461	\$ 9,677,472

¹ Budgetary basis, subject to audit.

² Includes payment from Meriden Gas Turbines LLC (Power Plant) in the amount of \$2,950,109 for fiscal year 2004 and \$3,079,610 for fiscal year 2005 and \$2,798,465 for fiscal year 2006.

³ 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 to be reported when incurred. As of July 1, 2003, the City changed their policy and is now in accordance with GAAP, and in doing so, there was the negative impact on fund balance for July 1, 2003 of \$9,180,097 thus reducing fund balance from \$9,677,472 to \$497,375. See Note 17 in the Comprehensive Annual Financial Report, Fiscal Year ended June 30, 2004.

⁴ Designated for debt repayment

⁵ Education Health Insurance costs of 11.5 million in 2006 and 12.7 million in 2007 now included previously in general government

Analysis of General Fund Equity

	Budget 2007	Estimated Unaudited 2006	Actual 2005	Actual 2004	Actual 2003
Reserved for:					
Encumbrances	N/A	N/A	\$ 58,460	\$ --	\$ --
Donor Restrictions	N/A	N/A	247,435	--	--
Long Term Advances.....	N/A	N/A	988,600	988,600	964,946
Debt Payments	N/A	N/A	5,000,000	--	--
Flood Control.....	N/A	N/A	1,484,734	703,000	1,935,000
Unreserved Undesignated	N/A	N/A	1,832,923	1,824,861	6,777,526
Total Fund Balance.....	N/A	N/A	\$9,612,152	\$3,516,461	\$9,677,472
Undesignated Fund Balance as % of Total Expenditures.....	N/A	N/A	1.1%	1.2%	4.6%

Source: Audit Reports 2003-2005; Estimated Unaudited fiscal year 2006 and Budget for fiscal year 2007, City of Meriden.

Intergovernmental Revenues as a Percent of General Fund Revenues

Fiscal Year Ended June 30	Intergovernmental Revenues	General Fund Revenues and Transfers	Percent
2007 ¹	\$57,887,468	\$174,112,793	33.25
2006 ²	56,899,272	164,149,878	34.66
2005	59,251,401	167,640,384	35.34
2004	59,809,983	160,338,205	37.30
2003	54,993,893	152,358,079	36.09

¹ Adopted Budget.

² Estimated/Unaudited.

Source: Comprehensive Annual Financial Reports; 2003-2005.

Enterprise Funds Comparative Balance Sheet As of June 30, 2005 ¹

Assets:	Water	Sewer	George Hunter Memorial Golf
Current assets:			
Cash and cash equivalents	\$ 660,066	\$ 169,835	\$ 22,796
Receivables (net of allowances for collection losses):			
User charges	1,047,678	1,011,972	12,983
Unbilled services	1,843,678	1,398,729	--
Other	24,767	8,258	--
Investments	7,440,000	5,348,000	250,000
Due from other funds	960,080	602,615	--
Total Current Assets	11,976,269	8,539,409	285,779
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	45,092,886	52,646,804	1,173,471
Total Noncurrent Assets	45,092,886	52,646,804	1,173,471
Total Assets	57,069,155	61,186,213	1,459,250
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	982,060	528,176	95,785
Claims payable	--	--	--
Bonds payable – current	877,540	407,188	10,667
Total Current Liabilities	1,859,600	935,364	106,452
Noncurrent liabilities:			
Bonds payable	6,410,781	2,968,218	127,999
Long term claims payable	--	--	--
Advance from General Fund	--	--	988,600
Total Noncurrent Liabilities	6,410,781	2,968,218	1,116,599
Total Liabilities	8,270,381	3,903,582	1,223,051
Fund Equities:			
Interest in capital assets, net of related debt	38,764,645	49,874,013	1,034,805
Unrestricted	10,034,129	7,408,618	(798,606)
Total Net Assets	\$48,798,774	\$57,282,631	\$236,199

¹ GASB 34.

Water Fund
Historical Comparative Balance Sheet

Assets:	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Current Assets:				
Cash and Cash Equivalents	\$ 660,066	\$ 7,865,405	\$ 7,208,564	\$ 4,397,852
Use Charges Receivable, Net	1,047,678	989,134	1,498,802	1,965,714
Estimated Unbilled Usage	1,843,678	2,102,980	2,130,638	2,063,679
Other Accounts Receivables	24,767	--	18,932	1,946
Investments	7,440,000	--	--	--
Due from other funds	960,080	--	--	1,910,000
<i>Total Current Assets</i>	<u>11,976,269</u>	<u>10,957,519</u>	<u>10,856,936</u>	<u>10,339,191</u>
Fixed Assets:				
<i>Capital Assets</i>	45,092,886	47,037,996	47,305,327	47,283,745
Total Assets	<u>45,092,886</u>	<u>57,995,515</u>	<u>58,162,263</u>	<u>57,622,936</u>
 Liabilities and Municipal Equity:				
Current Liabilities:				
Bond Anticipation Notes	--	2,570,265	1,419,100	256,853
Bonds Payable – Current	877,540	817,340	829,040	68,200
Bond Anticipation Notes Payable	--	--	--	948,747
Due to Other Funds	--	966,129	1,088,848	--
Accts Payable & Other Accrued Liabilities ..	982,060	115,6601	1,181,598	1,302,105
<i>Total Current Liabilities</i>	<u>1,859,600</u>	<u>5,510,335</u>	<u>4,518,586</u>	<u>2,575,905</u>
 Noncurrent liabilities:				
Bonds Payable	6,410,781	2,466,820	3,284,160	3,417,401
<i>Total Noncurrent Liabilities</i>	<u>6,410,781</u>	<u>2,466,820</u>	<u>3,284,160</u>	<u>3,417,401</u>
 Total Liabilities	<u>8,270,381</u>	<u>7,977,155</u>	<u>7,802,746</u>	<u>6,793,306</u>
 Net Assets:				
Invested in Capital Assets	38,764,645	40,979,322	41,773,027	41,792,544
Unrestricted	10,034,129	9,039,038	8,586,490	9,037,086
Total Net Assets	<u>48,798,774</u>	<u>50,018,360</u>	<u>50,359,517</u>	<u>50,829,630</u>
Total Liabilities and Net Assets Equity ..	<u>\$57,069,155</u>	<u>\$57,995,915</u>	<u>\$58,162,263</u>	<u>\$57,622,936</u>

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Sewer Authority
Historic Comparative Balance Sheet

Assets:	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Current Assets:				
Cash and Cash Equivalents.....	\$ 169,835	\$ 4,844,174	\$ 4,652,121	\$ 2,915,977
Sewer Use Charges Receivable.....	1,011,972	958,864	1,044,587	1,213,193
Estimated Unbilled Usage.....	1,398,729	1,778,935	1,755,548	1,334,227
Other Accounts Receivables.....	8,258	81,058	127,764	--
Investments.....	5,348,000	--	--	1,550,000
Due from other funds.....	602,615	--	--	10,478
<i>Total Current Assets</i>	<u>8,539,409</u>	<u>7,663,031</u>	<u>7,580,020</u>	<u>7,023,875</u>
Fixed Assets:				
<i>Capital Assets</i>	52,646,804	54,979,202	53,988,636	55,071,125
Total Assets	<u>\$61,186,213</u>	<u>\$62,642,233</u>	<u>\$61,568,656</u>	<u>\$62,095,000</u>
 Liabilities and Municipal Equity:				
Liabilities:				
Current Liabilities:				
Bond Anticipation Notes.....	\$ --	\$ --	\$981,000	\$165,561
Bond Anticipation Notes Payable.....	--	1,965,705	--	611,539
Accts Payable & Other Current Liabilities..	528,176	455,153	725,039	548,007
Bonds Payable – Current.....	407,188	316,588	316,588	409,792
<i>Total Current Liabilities</i>	<u>935,364</u>	<u>2,737,446</u>	<u>2,022,627</u>	<u>1,734,899</u>
 Noncurrent Liabilities:				
Bonds Payable.....	2,968,218	3,072,535	2,282,293	2,164,854
<i>Total Noncurrent Liabilities</i>	<u>2,968,218</u>	<u>3,072,535</u>	<u>2,282,293</u>	<u>2,164,854</u>
 Total Liabilities	 3,903,582	 5,809,981	 4,304,920	 3,899,753
 Net Assets:				
Invested in Capital Assets.....	49,874,013	47,668,259	50,408,755	51,719,352
Unrestricted.....	7,408,618	9,163,993	6,854,981	6,475,895
Total Net Assets	<u>57,282,631</u>	<u>56,832,252</u>	<u>57,263,736</u>	<u>58,195,247</u>
Total Liabilities and Net Assts	<u>\$61,186,213</u>	<u>\$62,642,233</u>	<u>\$61,568,656</u>	<u>\$62,095,000</u>

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**Golf Course
Historic Comparative Balance Sheet**

Assets:	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Current Assets:				
Cash and Cash Equivalents.....	\$ 22,796	\$ 225,430	\$ 226,701	\$ --
Charges Receivable, Net.....	12,983	--	--	--
Investments.....	250,000	--	--	260,000
Other.....	--	11,626	34,792	18,030
<i>Total Current Assets</i>	<u>285,779</u>	<u>237,056</u>	<u>261,493</u>	<u>278,030</u>
Property and Equipment, Net	1,173,471	1,173,471	1,235,762	1,318,192
Total Assets	<u>1,173,471</u>	<u>1,410,527</u>	<u>1,497,255</u>	<u>1,596,222</u>
Liabilities and Fund Equity				
Current Liabilities:				
Accts Payable & Other Accrued	95,785	81,667	72,823	45,520
Liabilities				
Due to Other Funds.....	--	24,226	24,226	24,226
Bond Anticipation Notes	--	--	--	31,957
Bond Anticipation Notes Payable	--	--	--	118,043
Bonds Payable – Current.....	10,667	13,917	13,917	6,500
<i>Total Current Liabilities</i>	<u>106,452</u>	<u>119,810</u>	<u>110,966</u>	<u>226,246</u>
Noncurrent liabilities:				
Bonds Payable	127,999	138,666	152,583	93,816
Advance from General Fund	988,600	988,600	964,946	866,510
<i>Total Noncurrent Liabilities</i>	<u>1,116,599</u>	<u>1,127,266</u>	<u>1,117,529</u>	<u>960,326</u>
Total Liabilities	1,223,051	1,247,076	1,228,495	1,186,572
Net Assets:				
Invested in Capital.....	1,034,805	104,316	1,069,262	996,298
Unrestricted	(798,606)	59,135	(800,502)	(586,648)
Total Net Assets	<u>236,199</u>	<u>163,451</u>	<u>268,760</u>	<u>409,650</u>
Total Liabilities and Net Assets	<u>\$1,459,250</u>	<u>\$1,410,527</u>	<u>\$1,497,255</u>	<u>\$1,596,222</u>

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Enterprise Funds
Comparative Statement of Revenues and Expenditures
As of June 30, 2005¹

	<u>Water</u>	<u>Sewer</u>	<u>George Hunter Memorial Golf</u>
Operating Revenues			
Charges for services	\$6,724,188	\$4,930,657	\$822,629
Fiscal Division	1,056,763	--	--
Miscellaneous.....	73,756	18,900	3,765
Total operating revenues	7,854,707	4,949,557	826,394
Operating Expenses			
Salaries, benefits and claims	2,709,803	1,352,146	253,617
Materials and supplies.....	562,519	791,031	407,398
Depreciation.....	1,458,691	1,830,376	--
Utilities.....	667,597	599,542	--
Administration and operation.....	2,419,942	1,694,656	86,588
Total operating expenses.....	7,818,552	6,267,751	747,603
Operating income (loss).....	36,155	(1,318,194)	78,791
Nonoperating Revenues (Expenses)			
Interest income	116,805	124,673	--
Interest expense.....	(196,048)	(122,228)	(6,043)
Total nonoperating revenues (expenses)	(79,243)	2,445	(6,043)
Change in net assets	(43,088)	(1,315,749)	72,748
Net Assets (Deficit), beginning, as restated.....	48,841,862	58,598,380	163,451
Net Assets (Defecit), ending.....	\$48,798,774	\$57,282,631	\$236,199

¹ GASB 34.

Water Fund
Historical Comparative Statement of Revenues and Expenditures

	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Operating Revenues:				
Charges for Services	\$6,724,188	\$6,468,766	\$6,891,808	\$6,623,898
Miscellaneous	1,056,763	425,146	140,679	59,339
Fiscal Division	73,756	1,017,395	757,783	737,478
Total Operating Revenue	7,854,707	7,911,307	7,790,270	7,420,715
Total Operating Expenses Before Depreciation...	(6,359,861)	(6,614,259)	(6,582,245)	(5,537,342)
Operating Income Before Depreciation	1,494,846	1,297,048	1,208,025	1,883,373
Less Depreciation	(1,458,691)	(1,602,648)	(1,597,969)	(1,443,300)
Operating Income (Loss)	36,155	(305,600)	(389,944)	440,073
Add: Interest Income	116,805	172,013	119,937	112,858
Less: Interest Expense	(196,048)	(207,570)	(200,106)	(220,495)
Net Income (Loss).....	(\$43,088)	(\$341,157)	(\$470,113)	\$332,436

Sewer Authority
Historic Comparative Statement of Revenues and Expenditures

	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Operating Revenues:				
Charges for Services	\$4,930,657	\$5,585,114	\$5,068,096	\$4,334,964
Miscellaneous	18,900	15,400	24,792	17,036
Total Operating Revenue.....	4,949,557	5,600,514	5,092,888	4,352,000
Operating Expenses Before Depreciation...	(4,437,375)	(6,614,259)	(4,211,419)	(3,791,853)
Operating Income Before Depreciation	512,182	(1,013,745)	881,469	560,147
Less Depreciation	(1,830,376)	(1,602,648)	(1,806,807)	(1,797,276)
Operating Income (Loss)	(1,318,194)	(2,616,393)	(925,338)	(1,237,129)
Add: Interest Income	124,673	172,013	79,493	69,882
Less: Interest Expense	(122,228)	(207,570)	(85,666)	(100,347)
Net Income (Loss)	<u>(\$1,315,749)</u>	<u>(\$2,651,950)</u>	<u>(\$931,511)</u>	<u>(\$1,267,594)</u>

<u>Year</u>	<u>Water Fund Total Operating Revenue Generated</u>	<u>Sewer Authority Total Operating Revenue Generated</u>
2005	\$7,854,707	\$4,949,557
2004	7,911,307	5,600,514
2003	7,790,270	5,092,888
2002	7,420,715	4,352,000
2001	7,416,459	4,555,697

Golf Course
Historic Comparative Statement of Revenues and Expenditures

	<u>Actual 2005</u>	<u>Actual 2004</u>	<u>Actual 2003</u>	<u>Actual 2002</u>
Operating Revenues:				
Operating Revenues	\$826,394	\$687,199	\$650,413	\$ 752,604
Less: Operating Expenses Before Depreciation.	(747,603)	(698,973)	(692,034)	(602,302)
Net Operating Income	78,791	(11,774)	(41,621)	150,302
Less: Depreciation.....	--	(83,798)	(82,430)	(76,294)
Net Operating Income (Loss).....	78,791	(95,572)	(124,051)	74,008
Less: Interest Expense.....	(6,043)	(9,737)	(6,839)	(6,979)
Transfers out	--	--	(10,000)	--
Net Income (Loss).....	<u>\$ 72,748</u>	<u>(\$105,309)</u>	<u>(\$140,890)</u>	<u>\$ 67,029</u>

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VI. Debt Summary
Principal Amount of Bonded Indebtedness
As of August 4, 2006
(Pro Forma)

Date	Purpose	Rate %	Amount of Original Issue	Amount Outstanding	Date of Fiscal Year Maturity
10/01/88	General Purpose	6.75-7.00	\$ 10,000,000	\$ 1,500,000	2009
07/15/89	General Purpose	5.50-7.50	8,256,800	600,000	2010
01/15/91	General Purpose	6.40-6.50	1,000,000	250,000	2011
12/30/94	Clean Water Fund Loan.....	2.00	2,320,480	860,511	2014
08/01/96	Urban Renewal	4.25-6.25	2,753,000	875,000	2012
01/26/98	Clean Water Fund Loan.....	2.00	571,353	326,147	2018
02/01/98	General Purpose	4.10-5.00	9,624,800	1,525,000	2008
02/01/98	Schools	4.10-5.00	12,792,000	2,550,000	2008
02/01/98	Water	4.10-5.00	1,007,200	90,000	2008
02/01/98	Sewer	4.10-5.00	476,000	60,000	2008
08/01/99	General Purpose	4.35-4.80	18,364,600	4,749,000	2010
08/01/99	Schools	4.35-4.80	1,761,800	525,000	2010
08/01/99	Water	4.35-4.80	3,596,200	1,062,000	2010
08/01/99	Sewer	4.35-4.80	311,100	84,000	2010
08/01/02	General Purpose	3.00-5.00	37,028,000	24,784,972	2023
08/01/02	Schools	3.00-5.00	908,400	409,840	2013
08/01/02	Water	3.00-5.00	674,300	250,940	2013
08/01/02	Sewer	3.00-5.00	429,300	276,916	2018
08/01/02	Golf.....	3.00-5.00	160,000	117,332	2018
08/01/02	General Purpose – Taxable.....	5.60	600,000	360,000	2013
04/15/03	Refunding - Taxable Urban Renewal ...	3.00-5.00	520,000	325,000	2012
04/15/03	Refunding - Urban Renewal.....	2.50-5.00	7,000,115	3,415,000	2010
08/01/04	Public Improvement	3.00-5.00	18,132,400	14,997,700	2015
08/01/04	School.....	3.00-5.00	15,300,900	13,600,800	2020
08/01/04	Water	3.00-5.00	4,824,700	4,000,000	2015
08/01/04	Sewer	3.00-5.00	1,407,000	1,051,500	2012
Total Long-Term Debt.....			159,820,448	78,646,658	
<u>This Issue</u>					
08/01/06	General Purpose	4.125-5.00	14,211,700	14,211,700	2017
08/01/06	School.....	4.125-5.00	1,923,000	1,923,000	2017
08/01/06	Sewer.....	4.125-5.00	2,220,900	2,220,900	2017
08/01/06	Water.....	4.125-5.00	1,865,800	1,865,800	2017
08/01/06	Golf.....	4.125-5.00	23,600	23,600	2017
Total This Issue.....			20,245,000	20,245,000	
Grand Total.....			\$180,065,448	\$98,891,658	

Short Term Debt
As of August 4, 2006
(Pro Forma)

The City of Meriden has bond anticipation notes outstanding in the amount of \$17,125,000, which mature August 3, 2007 as detailed below:

Purpose ¹	Notes Due 8/03/07
G.P.I. #40.....	\$ 100,000
G.P.I. #42.....	85,000
G.P.I. #43.....	350,000
G.P.I. #48.....	40,000
G.P.I. #50.....	3,753,000
G.P.I. #55.....	125,000
G.P.I. #56.....	100,000
G.P.I. #57.....	799,000
G.P.I. #58.....	8,203,000
G.P.I. #59.....	3,400,000
G.P.I. #60.....	120,000
G.P.I. #61.....	50,000
Total Short-Term Debt (This Issue)	\$17,125,000

¹ Represents various general public improvements

Annual Bonded Debt Maturity Schedule
As of August 4, 2006
(Pro Forma)

Fiscal Year	This Issue									Cumulative Principal Retired	
	Principal	Interest	Total	Pub. Imp.	Schools	Sewer	Water	Golf	Total		
2007 ¹	\$ 4,087,542	\$ 1,749,783	\$ 5,837,325	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	4.13%
2008	13,594,592	2,903,056	16,497,648	591,700	58,000	400,900	358,800	5,600	1,415,000	19.31	
2009	9,999,592	2,337,244	12,336,836	1,515,000	210,000	205,000	168,000	2,000	2,100,000	31.55	
2010	9,509,591	1,885,953	11,395,544	1,515,000	205,000	205,000	173,000	2,000	2,100,000	43.29	
2011	6,684,591	1,559,445	8,244,036	1,515,000	205,000	205,000	163,000	2,000	2,090,000	52.16	
2012	6,634,591	1,315,171	7,949,762	1,515,000	205,000	205,000	163,000	2,000	2,090,000	60.98	
2013	6,199,591	1,038,653	7,238,244	1,515,000	205,000	200,000	168,000	2,000	2,090,000	69.36	
2014	5,311,580	781,748	6,093,328	1,515,000	205,000	200,000	168,000	2,000	2,090,000	76.85	
2015	5,253,568	574,763	5,828,331	1,510,000	210,000	200,000	168,000	2,000	2,090,000	84.27	
2016	2,878,568	413,817	3,292,385	1,510,000	210,000	200,000	168,000	2,000	2,090,000	89.30	
2017	2,878,568	298,120	3,176,688	1,510,000	210,000	200,000	168,000	2,000	2,090,000	94.32	
2018	1,764,284	202,952	1,967,236	--	--	--	--	--	--	96.11	
2019	1,400,000	136,763	1,536,763	--	--	--	--	--	--	97.52	
2020	1,400,000	77,219	1,477,219	--	--	--	--	--	--	98.94	
2021	350,000	39,375	389,375	--	--	--	--	--	--	99.29	
2022	350,000	23,625	373,625	--	--	--	--	--	--	99.65	
2023	350,000	7,875	357,875	--	--	--	--	--	--	100.00%	
Total	\$78,646,658	\$15,345,562	\$93,992,220	\$14,211,700	\$1,923,000	\$2,220,900	\$1,865,800	\$23,600	\$20,245,000		

¹ Excludes \$11,337,050 in principal payments and \$1,822,281 in interest payments from July 1, 2006 through August 4, 2006.

Overlapping/Underlying Debt
As of August 4, 2006

The City of Meriden has neither overlapping nor underlying debt.

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

Debt Statement
As of August 4, 2006
(Pro Forma)

Long-Term Debt:

General Purpose (Includes \$48,766,672 Outstanding and \$14,211,700 of This Issue).....	\$62,978,372
Revitalization	4,615,000
Schools (Includes \$17,085,640 Outstanding and \$1,923,000 of This Issue).....	19,008,640
Sewers ¹ (Includes \$2,659,074 Outstanding and \$2,220,900 of This Issue).....	4,879,974
Water ¹ (Includes \$5,402,940 Outstanding and \$1,865,000 of This Issue).....	7,268,740
Golf Course ¹ (Includes \$117,332 Outstanding and \$23,600 of This Issue).....	140,932
Total Long-Term Debt	98,891,658

Short-Term Debt:

Bond Anticipation Notes (This Issue).....	17,125,000
Total Direct Debt	116,016,658

Less: Amount to be provided by the State for school construction (As of 6/30/06) ..	(1,664,508)	
Self-Supporting Bonded Debt	(12,289,646)	(13,954,154)
Total Net Direct Debt		102,062,504
Plus: Overlapping/Underlying Debt.....		--
TOTAL OVERALL NET DEBT		102,062,504

¹ Self-Supporting Debt.

Current Debt Ratios
As of August 4, 2006
(Pro Forma)

Population ¹	59,163
Net Taxable Grand List (10/1/05)	\$2,420,649,275
Estimated Full Value	\$3,458,070,392
Equalized Net Taxable Grand List (10/1/03) ²	\$4,325,518,736
Income per Capita (1990) ³	\$15,618
Income per Capita (2000) ³	\$20,597

	Total Direct Debt	Total Net Direct Debt	Total Overall Net Debt
Per Capita	\$1,960.97	\$1,725.11	\$1,725.11
Ratio to Net Taxable Grand List	4.79%	4.22%	4.22%
Ratio to Estimated Full Value	3.35%	2.95%	2.95%
Ratio to Equalized Net Taxable Grand List	2.68%	2.36%	2.36%
Debt per Capita to Income per Capita (1990).....	12.56%	11.05%	11.05%
Debt per Capita to Income per Capita (2000).....	9.52%	8.38%	8.38%

¹ State of Connecticut, Department of Public Health July 1, 2004.

² Office of Policy and Management, State of Connecticut.

³ Department of Commerce, U.S. Bureau of Census, 1990 and 2000.

Bond Authorization Procedure

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

Temporary Financing

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

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

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

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

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Statement of Debt Limitation
As of August 4, 2006
(Pro Forma)

Total Tax Collections (including interest and lien fees):	
For the year ended June 30, 2005	\$92,591,833
Reimbursement For Revenue Loss On:	
Tax Relief for Elderly	19,791
BASE	<u>\$92,611,624</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension</u>
Debt Limitation:					
2 1/4 times base	\$208,376,154	\$ --	\$ --	\$ --	\$ --
4 1/2 times base	--	416,752,308	--	--	--
3 3/4 times base	--	--	347,293,590	--	--
3 1/4 times base	--	--	--	300,987,778	--
3 times base	--	--	--	--	277,834,872
Total Debt Limitation	<u>\$208,376,154</u>	<u>\$416,752,308</u>	<u>\$347,293,590</u>	<u>\$300,987,778</u>	<u>\$277,834,872</u>
Indebtedness:					
Outstanding Debt ^{1,2} :					
Bonds Payable	\$ 48,766,672	\$ 17,085,640	\$ 2,659,073	\$ 4,615,000	--
Bonds – This Issue	14,211,700	1,923,000	2,220,900	--	--
Short-Term Notes – This Issue ²	8,648,000	3,790,000	799,000	--	--
Bonds Authorized But Unissued	21,489,585	15,389,317	36,659,673	--	--
Total Indebtedness	<u>93,115,957</u>	<u>38,187,957</u>	<u>42,338,646</u>	<u>4,615,000</u>	--
Less School Construction Grants	--	(1,664,508)	--	--	--
Total Net Indebtedness For Debt Limitation Calculation	<u>93,115,957</u>	<u>36,523,449</u>	<u>42,338,646</u>	<u>4,615,000</u>	--
DEBT LIMITATION IN EXCESS OF INDEBTEDNESS					
	<u>\$115,260,197</u>	<u>\$380,228,859</u>	<u>\$304,954,944</u>	<u>\$296,372,778</u>	<u>\$277,834,872</u>

¹ Water debt is excludable from the calculation of debt limitation as allowed by Connecticut General Statutes. Excluded from above is \$5,402,940 of outstanding water bonds, \$1,865,800 of water bonds in this issue, \$3,838,000 of water notes in this issue, and \$1,194,308 of water debt authorized but unissued debt.

² Outstanding self-supporting Golf Course bonds in the amount of \$117,332, \$23,600 of golf bonds included in this issue, \$50,000 of golf notes included in this issue, and authorized but unissued debt is excluded.

Note: Total debt limit is equal to seven times of base \$648,281,368.

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Debt Authorized but Unissued ¹
As of August 4, 2006
(Pro Forma)

Project	Authorized	Debt Previously Issued	Grants/ Loans	This Issue Bonds	Notes Out- standing	Debt Authorized but Unissued			
						General Purpose	Schools	Sewers	Water
G.P.I. #36 ...	\$ 12,399,536	\$11,799,300	218,000	\$ 260,000	\$ --	\$ --	\$ 122,236	\$ --	\$ --
G.P.I. #37 ...	4,700,000	1,565,000	90,000	--	--	3,045,000	--	--	--
G.P.I. #40 ...	17,787,000	9,012,100	1,427,729	2,257,000	100,000	4,990,171	--	--	--
G.P.I. #42 ...	1,550,000	1,148,600	-	306,400	85,000	--	--	--	10,000
G.P.I. #43 ...	35,000,000	2,773,000	31,502,278	370,000	350,000	--	4,722	--	--
G.P.I. #44 ...	3,695,000	3,396,135	160,843	--	--	138,022	--	--	--
G.P.I. #45 ...	6,447,523	5,821,100	500,848	7,300	--	118,275	--	--	--
G.P.I. #46 ...	3,150,000	3,148,000	1,592	--	--	--	--	--	408
G.P.I. #47 ...	365,000	300,000	-	--	--	--	--	65,000	--
G.P.I. #48 ...	3,286,700	1,308,000	1,143,390	366,000	40,000	--	429,310	--	--
G.P.I. #49 ...	5,812,650	4,655,000	347,147	421,800	--	388,703	--	--	--
G.P.I. #50 ...	8,173,000	1,676,700	-	1,559,400	3,753,000	--	--	--	1,183,900
G.P.I. #51 ...	645,000	585,000	366,706	--	--	--	--	--	--
G.P.I. #52 ...	1,169,850	411,000	477,588	--	--	281,262	--	--	--
G.P.I. #53 ...	34,726,400	8,564,000	18,864,234	927,000	--	--	6,371,166	--	--
G.P.I. #55 ...	7,096,100	5,236,400	645	296,900	125,000	1,437,155	--	--	--
G.P.I. #56 ...	7,318,109	3,561,500	752,768	2,021,600	100,000	882,241	--	--	--
G.P.I. #57 ...	41,347,000	522,000	1,210,427	2,220,900	799,000	--	--	36,594,673	--
G.P.I. #58 ...	33,381,840	916,600	5,711,371	8,075,000	8,203,000	8,475,869	--	--	--
G.P.I. #59 ...	18,529,300	2,481,900	4,185,517	--	3,400,000	--	8,461,883	--	--
G.P.I. #60 ...	3,008,587	--	--	1,155,700	120,000	1,732,887	--	--	--
G.P.I. #61 ...	50,000	--	--	--	50,000	--	--	--	--
Total	\$265,073,595	\$84,316,335	\$66,961,083	\$20,245,000	\$17,125,000	\$21,489,585	\$15,389,317	\$36,659,673	\$1,194,308

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

**Principal Amount of Outstanding Debt
(Last Five Fiscal Years)**

	Notes	Bonds	Total	Water, Sewer, Golf and Hospital ¹
2005	\$13,135,000	\$93,485,905	\$106,620,905	\$12,652,393
2004	28,891,200	72,223,853	101,115,053	11,361,836
2003	--	84,723,900	84,723,900	6,878,581
2002	48,442,300	56,166,510	104,608,810	9,093,263
2001	--	65,895,768	65,895,768	8,350,897

¹ Self-supporting, Bonds and Notes.

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

Fiscal Year Ended 6/30	Net Assessed Value	Estimated Full Value	Net Long-Term Debt	Ratio of Net Long-Term Debt to Assessed Value (%)	Ratio of Net Long-Term Debt to Estimated Full Value (%)	Population ²	Net Long-Term Debt per Capita	Ratio of Net Long-Term Debt per Capita to Per Capita Income ³ (%)
2005	\$2,338,821	\$3,341,173	\$84,938	3.63	2.54	59,163	\$1,435.70	
2004	2,331,434	3,330,620	77,943	3.34	2.34	58,675	1,328.39	6.45
2003	2,329,825	3,328,321	91,602	3.93	2.75	56,451	1,622.68	7.88
2002	1,941,536	2,773,623	63,127	3.25	2.28	56,451	1,118.26	5.43
2001	1,916,229	2,737,470	75,072	3.92	2.74	56,451	1,329.86	6.46

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

² State of Connecticut, Department of Health Services estimates.

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

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

Fiscal Year Ended 6/30	Principal	Interest	Total	Total General Fund Expenditures	Ratio of General Fund Debt Service To Total General Fund Expenditures %
2007 ²	13,889	4,175	18,064	174,066	10.38
2006 ¹	13,009	5,016	18,025	167,974	10.73
2005	12,171	3,696	15,867	157,797	10.06
2004	12,500	4,755	17,255	153,450	11.24
2003	10,378	3,795	14,173	147,715	9.60
2002	10,753	4,047	14,800	142,081	10.42

¹ Subject to audit

² Budget

Source: City of Meriden Audit Reports 2002-2005.

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Capital Improvement Program
Fiscal Year 2005 through Fiscal Year 2009

Proposed Projects	Fiscal Year					Total
	2006-07	2007-08	2008-09	2009-10	2010-11	
Airport	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Education	10,175,000	66,029,017	76,273,234	14,744,215	10,016,617	177,238,083
Engineering.....	10,965,000	14,620,000	25,100,000	22,225,000	14,950,000	87,860,000
Misc. Equipment.....	26,000	--	--	--	--	26,000
Fire.....	--	504,000	592,500	20,000	20,000	1,136,500
Highway / Garage.....	4,025,495	5,148,630	2,490,554	565,000	265,000	12,494,679
Library	400,000	600,000	12,000,000	4,000,000	--	17,000,000
City Clerk	24,650	24,650	24,650	24,650	--	98,600
Parks & Recreation.....	255,000	410,000	225,000	295,000	145,000	1,330,000
Traffic / Fire Alarms.....	87,000	1,211,500	1,007,000	487,000	341,000	3,133,500
Parking Commission.....	151,000	--	--	--	--	151,000
Public Buildings	101,000	246,000	15,000	15,000	15,000	392,000
Police	--	675,000	25,000	--	--	700,000
Landfill/Recycling/Solid Waste...	551,000	691,000	481,513	--	--	1,723,513
Water	1,655,000	3,161,000	1,197,000	9,940,000	9,265,000	25,218,000
Sewer	360,000	600,000	690,000	1,640,000	460,000	3,750,000
MIS	270,000	295,000	280,000	205,000	205,000	1,255,000
TOTAL	\$29,046,145	\$94,215,797	\$120,401,451	\$54,160,865	\$35,682,617	\$333,506,875

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VII. Legal and Other Information

Litigation

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

Following the 2001 Grand List property revaluation, numerous property tax assessment appeals were filed. A number of such appeals remain pending, including a number involving properties of significant value. Generally in past years, assessment appeals have been settled without significant reductions in the amounts of the assessment.

Tax Exemption

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

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

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

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

Original Issue Discount

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

Under section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable

to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective investors in the Bonds should consult their tax advisors with respect to the federal income tax consequences the disposition of Bonds.

Original Issue Premium

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

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

Transcript and Closing Documents

The winning bidders will be furnished the following documents when the Bonds and the Notes are delivered:

1. Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and the Notes or the levy or collection of taxes to pay them.
2. Certificate on behalf of the City, signed by the City Manager and City Treasurer which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, at the time bids were accepted on the Bonds and the Notes that the description and statements in the Official Statement relating to the City and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the City from that set forth in or contemplated by the Official Statement.
3. Receipts for the purchase price of the Bonds and the Notes.
4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut.
5. Executed continuing disclosure agreements for the Bonds and the Notes in substantially the forms attached hereto as Appendix C to this Official Statement.

The City of Meriden has prepared an Official Statement for the Bonds and the Notes, which is dated July 18, 2006. The City deems such Official Statement final as of its date for purposes of SEC Rule 15c2-12 (b)(5), but it is subject to revision or amendment. The City will make available to each winning bidder of the Bonds 100 copies and each winning bidder of the Notes 25 copies of the Official Statement at the City's expense within seven business days of the bid opening. Additional copies may be obtained by the original purchaser at its own expense by arrangement with the printer.

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

Concluding Statement

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

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

CITY OF MERIDEN, CONNECTICUT

/s/ Lawrence J. Kendzior

LAWRENCE J. KENDZIOR, *City Manager*

/s/ Robert M. Curry

ROBERT M. CURRY, *City Treasurer*

Dated as of July 25, 2006

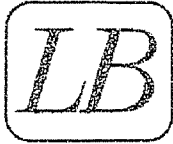
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Appendix A

2005 General Purpose Financial Statements (Excerpted from the City's Comprehensive Annual Financial Report)

The following includes the General Purpose Financial Statements of the City of Meriden, Connecticut for the fiscal year ended June 30, 2005. The supplemental data and letter of transmittal, which were a part of that report, have not been reproduced herein. A copy of the complete report is available upon request from Matthew Spoerndle, Vice President, People's Bank, Municipal Banking & Finance, 850 Main Street, Bridgeport, Connecticut 06601. Telephone (203) 338-4238.

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LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
100 BRADLEY ROAD • WOODBRIDGE, CONNECTICUT 06525-2384
203 389-5371 • FAX 203 389-4430

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Meriden, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2005, on our consideration of the City of Meriden, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 15, and page 22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Meriden, Connecticut's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, such as the combining and individual nonmajor fund financial statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.


LEVITSKY & BERNEY, P.C.
Certified Public Accountants

November 30, 2005

City of Meriden, Connecticut
Management's Discussion and Analysis
June 30, 2005

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, 2005. 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, excluding component units, the assets of the City of Meriden exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$153.9 million. Total net assets for Governmental Activities at fiscal year-end were \$47.6 million and total net assets for Business-Type Activities were \$106.3 million.
- ◆ On a government-wide basis, during the year, the City's net assets increased by \$12.5 million or 9%, from \$141.2 million to \$153.9 million. Net assets increased by \$13.2 million for Governmental Activities and decreased by \$.07 million for Business-Type Activities. Government-wide expenses were \$197.7 million, while revenues were \$225.6 million.
- ◆ At the close of the year, the City of Meriden's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$3.8 million, a decrease of \$10.9 million from the prior fiscal year.
- ◆ At the end of the current fiscal year, the total fund balance for the general fund alone was \$9.6 million, a increase of \$6.1 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 1.12% of total general fund expenditures (\$160.6 million).

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Meriden that are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities).

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

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 17-18 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 41 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, State & Federal Education Grants, Underage Drinking, Transit Welfare to Work, Dog Fund, Landfill Reclamation, Cafeteria, 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, Reading Video, CP National Science Foundation, Document Preservation, Arts District Feasibility, EPA Brownfield Assessment, Parks & Recreation Capitol & Non-Recurring, Capitol & Non-Recurring. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets in Schedule 3 and in the combining statement of revenues, expenditures and changes in fund balance in Schedule 4 of this report.

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

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

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-65 of this report.

The notes to this report also contain certain supplementary information concerning the City of Meriden's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 58-65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. City of Meriden governmental activities assets exceeded liabilities by \$153.9 million on June 30, 2005.

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

	June 30, 2005			June 30, 2004		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Current and other assets	54,753	19,813	74,566	47,839	20,028	67,867
Non-current	28,653	0	28,653	4,828	0	4,828
Capital assets	152,785	98,913	251,698	160,586	101,030	261,616
Total Assets	236,191	118,726	354,917	213,253	121,058	334,311
Current liabilities	45,519	1,606	47,125	29,759	1,551	31,310
Long-term liabilities outstanding	143,050	10,802	153,852	149,121	12,493	161,614
Total Liabilities	188,569	12,408	200,977	178,880	14,044	192,924
Net Assets:						
Invested in capital assets, net of related debt	104,144	89,673	193,817	59,323	88,752	148,075
Restricted	6,485	0	6,485	0	0	0
Unrestricted	-63,007	16,644	-46,353	-24,950	18,262	-6,688
Total Net Assets	47,622	106,317	153,939	34,373	107,014	141,387

At the end of the current fiscal year, the City of Meriden is able to report positive balances in all two categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of net assets was restricted in June 30, 2005 as a result of enabling legislation and the early implementation of the Governmental Accounting Standards Board (GASB) Statement 46, *Net Assets Restricted by Enabling Legislation – An Amendment to GASB*

Statement 34. These restrictions are further explained in Note 11 of the financial statements.

By far the largest portion of the City of Meriden's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Meriden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	June 30, 2005			June 30, 2004		
	Governmental Activities	Business-Type Activities	Total Government	Governmental Activities	Business-Type Activities	Total Government
Revenues:						
Program Revenues:						
Charges for services	8,571	13,630	22,201	12,428	14,199	26,627
Operating Grants and contributions	12,437		12,437	60,009		60,009
Capital Grants and contributions	11,140		11,140	14,845		14,845
General Revenues:						
Property Tax	92,580		92,580	89,175		89,175
Grants not restricted to specific programs	57,502		57,502 *	6,071		6,071
Unrestricted investment earnings	925		925	865	214	1,079
Miscellaneous Income	6,731	241	6,972 *			
Total revenues	189,886	13,871	203,757	183,402	14,413	197,815
Expenses:						
General Government	20,386		20,386	16,967		16,967
Education	101,315		101,315	96,877		96,877
Public Safety	28,844		28,844	27,820		27,820
Public Works	9,876		9,876	9,202		9,202
Human Services	8,869		8,869	6,546		6,546
Interest on long term debt	6,584		6,584	4,095		4,095
WPCA Sewer		6,389	6,389		6,074	6,074
Water		8,014	8,014		8,424	8,424
Hunter Golf Course		755	755		793	793
Total Expenses	175,874	15,158	191,032	161,507	15,291	176,798
Change in Net Assets	14,012	-1,286	12,726	21,895	-878	21,017
Net Assets-Beginning	33,610	107,604	141,214	12,478	107,892	120,370
Net Assets-Ending	47,622	106,318	153,940	34,373	107,014	141,387

* Totals differ from previous reported totals because of a change in interpretations of "general revenues"

The City's net assets increased by \$12.7 million during the fiscal year, with net assets of Governmental Activities increasing \$14.0 million and business-type activities decreasing by \$1.3 million

Governmental Activities

Almost 44% of the revenues were derived from property taxes, followed by 38% from State and Federal Government program revenues, then 3% 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 3.2% and total assessed value of all taxable property increased by .03%.
- ◆ An agreement in lieu of taxes with NRG Electrical Generating Plant 3.08 million in revenue for fiscal year 2005. This is the third year of the agreement.

For Governmental Activities, more than 45.8% of the City's expenditures relate to education, 4.7% relate to public safety, 32.6% to general government, more than 4.7% relate to public works, 4.4% to human services, 3.3% to principal and interest payments on long term debt and the remaining relates to government, community services, administration and other areas.

Major expenditure factors include:

- ◆ Increases in employee wages averaged approximately 3.0%, resulting from negotiated step and general wage increases.
- ◆ Employee benefit costs rose more than 9.5%, due to rising health insurance costs and pension funding requirements.
- ◆ 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 \$1,286,000.

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 \$9.6 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 1.14% of total general fund expenditures, while total fund balance represents 5.98% of that same amount.

As stated earlier, the fund balance of the City of Meriden's General Fund increased by \$6.6 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 3.2%, and the total assessed value of all taxable property of .03%.
- ◆ The Bond Account transferred \$5 million to the General Fund to be used for future debt repayment. These funds are the result of Bond Premiums, loan repayments and interest income.
- ◆ The NRG Electrical Generating Plant provided \$3.0 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 -\$10.6 million, down from \$4.5 million in the prior year. In addition, a \$5 million transfer to the General Fund. The decrease can be further explained by bond proceeds and state grants received in the current year.

The Other Governmental Funds has a total fund balance of \$4.8 million, up from a restated \$4.9 million in the prior year. The restated balance was a result of loans receivable from HUD sponsored grants that were improperly recognized the prior year. The \$.1 million decrease was primarily due to the Other Grants Program where we experienced an increase in grants in the current year.

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

Net assets of the Water Fund at the end of the year were \$48.8 million, with unrestricted net assets of \$10.0 million. The Water Fund experienced operating income of \$36,000.

Net assets of the Sewer fund were \$57.3 million. Unrestricted net assets were \$7.4 million. The Sewer Fund experienced an operating loss of \$367,000.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$262,651. The original budget included a contingency of \$300,000 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:

- ◆ \$400,000 for Capital Equipment.
- ◆ \$35,000 for Waste Collection Dumping Fees.

- ◆ The Contingency Fund was reduced by \$125,000 to fund the above increases.

Several departments exceeded their budgets during the fiscal year. The Highway Division was \$491,000 over their budget mainly due to snow and ice control. Fire has mandatory overtime and exceeded their budget by \$284,000. Waste collection was over their budget by \$112,000 due to higher tipping fees. During the year, actual revenues on a budgetary basis were \$164.9 million, which was more than budgetary estimates by \$4.3 million. Actual tax revenues were less than budget by \$1.6 million. Actual investment income was approximately \$681,000 above the \$358,000 that had been anticipated.

Actual expenditures and operating transfers out on a budgetary basis and other financing uses totaled \$164.9 million, exceeding actual revenues on a budgetary basis by \$6,621,929. The final net increase in unreserved fund balance on a budgetary basis was \$6,621,929 after an adjustment to restate fund balance by -\$526,238.

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, 2005, amount to \$280.2 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 fourth year the City of Meriden has reported its' investment in capital assets.

CITY OF MERIDEN, CONNECTICUT

CAPITAL ASSETS (net of depreciation)

Primary Government

	June 30, 2005			June 30, 2004		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	17,943	916	18,760	20,753	1,031	21,784
Land improvements	3,761	93	3,913	4,433	1,539	5,972
Buildings and improvements	79,374	19,591	98,681	78,574	18,291	96,865
Infrastructure	28,691	71,502	104,059	27,273	73,359	100,632
Machinery and equipment	4,244	5,395	8,552	7,316	4,348	11,664
Vehicles	2,7790	0	3,344	2,835	404	3,239
Construction in progress	5,142	1,415	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:

- ◆ \$7,652,000 million Construction of Lincoln Middle School.

- ◆ \$5,901,761 million for Platt and Maloney Roofs.
- ◆ \$1,572,000 million for Landfill Closure.
- ◆ \$1,547,000 million for Airport Runway/Taxiway Reconstruction.
- ◆ \$1,460,000 million for Flood Control-Hanover Pond Dam.

Additional information on the City of Meriden's capital assets can be found in Note 7 on pages 44 – 46 of this report.

Long-term debt. At the end of the current fiscal year, the City of Meriden had total bonded debt outstanding of \$103 million. 100% of this debt is backed by the full faith and credit of the City.

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

	JUNE 30, 2005			JUNE 30, 2004		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
General obligation bonds	93,486	9,459	102,945	72,224	4,231	76,455
Bond anticipation notes	14,895		14,895	28,891	5,643	34,534
Notes payable		1,343	1,343		1,487	1,487
Totals	108,381	10,802	119,183	101,115	11,361	112,476

The City of Meriden's total debt increased by \$26.3 million or 23.4% during the 2004-2005 fiscal year. During the current fiscal year of 2005-2006, the City issued \$25.8 million in bond anticipation notes due mainly to a \$39.7 million GOB issue.

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 \$648,281,368. As of June 30, 2005, the City recorded long-term debt of \$93.5 million related to Governmental Activities and \$9.5 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 on pages 55 - 61 of this report.

Economic Factors

The City of Meriden has not been immune from the effects of the national economic downturn. As of May 2005, the unemployment rate for the Meriden labor Market Area was 6.1%, down from 6.3% in the prior year. This compares with the New Haven Labor market of 5.4%. Connecticut's overall unemployment rate stands at 5.3%, compared with 5.8% for the same time last year. In addition, it is forecasted that State and federal governments will continue the trend of reducing grants to municipalities.

Nevertheless, the City of Meriden is well positioned to deal with the present economic downturn. A 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, City Hall Room 212, 142 East Main Street, Meriden Connecticut 06450.

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STATEMENT OF NET ASSETS
June 30, 2005

	Primary Government		
	Governmental Activities	Proprietary Activities	Total*
Assets:			
Cash and cash equivalents	\$ 33,003,901	852,697	33,856,598
Investments	1,934,202	13,038,000	14,972,202
Receivables, net of allowance for collections:			
Property taxes	4,682,195		4,682,195
Accounts receivable	649,591	5,348,065	5,997,656
Federal and states governments	9,477,289		9,477,289
Estimated unbilled usage			
Loans receivable, net	5,145,138		5,145,138
Internal balances	(574,095)	574,095	
Inventories and other assets	79,200		79,200
Net pension assets	355,753		355,753
Noncurrent assets:			
Capital assets, not being depreciated	28,653,283	2,331,106	30,984,389
Capital assets, being depreciated, net of accumulated depreciation	152,784,859	96,582,055	249,366,914
Total assets	\$ 236,191,316	118,726,018	354,917,334
Liabilities:			
Accounts payable and other accrued liabilities	\$ 27,418,253	1,606,021	29,024,274
Retainage payable	1,085,205		1,085,205
Unearned revenue	2,031,164		2,031,164
Temporary notes payable	14,985,000		14,985,000
Noncurrent liabilities:			
Due within one year	22,537,878	1,295,395	23,833,273
Due in more than one year	120,511,845	9,506,998	130,018,843
Total liabilities	\$ 188,569,345	12,408,414	200,977,759
Net Assets:			
Investment in capital assets, net of related debt	\$ 104,143,934	89,673,463	193,817,397
Restricted for debt payments	5,000,000		5,000,000
Restricted for flood control	1,484,734		1,484,734
Unrestricted	(63,006,697)	16,644,141	(46,362,556)
Total net assets	\$ 47,621,971	106,317,604	153,939,575

*After internal balances have been eliminated.

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

Functions/programs	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>
Primary Government:		
Governmental activities:		
General government	\$ 64,519,195	28,079,369
Education	90,526,753	1,509,919
Public safety	18,104,314	117,591
Public works	9,276,540	166,307
Human services	8,719,129	553,058
Interest on long-term debt	6,583,331	
Total governmental activities	<u>\$ 197,729,262</u>	<u>30,426,244</u>
Business-type activities:		
Sewer Authority	\$ 6,389,979	4,949,557
Water Authority	8,014,600	7,854,707
George Hunter Golf Course	753,646	826,394
Total business-type activities	<u>\$ 15,158,225</u>	<u>13,630,658</u>
Total primary government	<u>\$ 212,887,487</u>	<u>44,056,902</u>

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

EXHIBIT B

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
83,481		(14,078,554)		(14,078,554)
7,180,018	3,430,406	(89,194,517)		(89,194,517)
32,056		(28,694,351)		(28,694,351)
	7,709,352	(2,000,881)		(2,000,881)
5,141,118		(3,174,953)		(3,174,953)
		(6,583,331)		(6,583,331)
<u>12,436,673</u>	<u>11,139,758</u>	<u>(143,726,587)</u>	<u>-</u>	<u>(143,726,587)</u>
				-
			(1,440,422)	(1,440,422)
			(159,893)	(159,893)
			72,748	72,748
			<u>(1,527,567)</u>	<u>(1,527,567)</u>
<u>12,436,673</u>	<u>11,139,758</u>	<u>(143,726,587)</u>	<u>(1,527,567)</u>	<u>(145,254,154)</u>
General revenues:				
Property taxes		\$ 92,580,400		92,580,400
Grants and contributions not restricted for specific programs		57,502,213		57,502,213
Unrestricted investment earnings		924,876		924,876
Miscellaneous income		6,731,106	241,478	6,972,584
Total general revenues		<u>\$ 157,738,595</u>	<u>241,478</u>	<u>157,980,073</u>
Change in net assets		<u>\$ 14,012,008</u>	<u>(1,286,089)</u>	<u>12,725,919</u>
Net assets, beginning		\$ 34,373,553	107,014,067	141,387,620
Adjustments to beginning net assets		(763,590)	589,626	(173,964)
Net assets, beginning - restated		<u>\$ 33,609,963</u>	<u>107,603,693</u>	<u>141,213,656</u>
Net assets, ending		<u>\$ 47,621,971</u>	<u>106,317,604</u>	<u>153,939,575</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2005, Revised

	<u>General</u>	<u>Bonded Projects</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 16,652,109	6,616,676	4,632,430	27,901,215
Investments			1,934,202	1,934,202
Receivables, net of allowance for collections:				
Property taxes	4,682,195			4,682,195
Accounts receivable	540,187		106,493	646,680
Federal and state governments	3,681,963	5,742,107	53,219	9,477,289
Loans receivable		2,563,321	2,581,817	5,145,138
Other assets	79,200			79,200
Due from other funds	5,215,988		150,000	5,365,988
Advance to golf fund	988,600			988,600
Total assets	<u>\$ 31,840,242</u>	<u>14,922,104</u>	<u>9,458,161</u>	<u>56,220,507</u>
Liabilities				
Accounts payable	\$ 13,813,884	3,760,560	648,212	18,222,656
Retainage payable	843,140	242,065		1,085,205
Due to other funds		6,562,695	365,988	6,928,683
Deferred revenue	7,571,066	1,333	3,639,332	11,211,731
Temporary notes payable		14,985,000		14,985,000
Total liabilities	<u>\$ 22,228,090</u>	<u>25,551,653</u>	<u>4,653,532</u>	<u>52,433,275</u>
Fund Balances				
Reserved for:				
Encumbrances	\$ 58,460	2,588,837		2,647,297
Donor restrictions	247,435		238,164	485,599
Loans receivable		2,563,324		2,563,324
Long term advances	988,600			988,600
Debt payments	5,000,000			5,000,000
Flood control	1,484,734			1,484,734
Unreserved, undesignated reported in:				-
General fund	1,832,923			1,832,923
Special revenue funds			4,598,243	4,598,243
Capital project funds		(15,781,710)	(31,778)	(15,813,488)
Total fund balances	<u>\$ 9,612,152</u>	<u>(10,629,549)</u>	<u>4,804,629</u>	<u>3,787,232</u>
Total liabilities and fund balances	<u>\$ 31,840,242</u>	<u>14,922,104</u>	<u>9,458,161</u>	

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

Capital assets purchased in the governmental funds are reported as expenditures however the statement of net assets includes those capital assets among the assets of the City as a whole.	\$ 181,438,142
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	9,536,320
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net assets.	(169,665)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(146,970,058)</u>
Net assets of governmental activities	<u>\$ 47,621,971</u>

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

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
For the Year ended June 30, 2005**

	General	Bonded Projects	Other Governmental	Total Governmental Funds
Revenues:				
Property taxes	\$ 91,365,055			91,365,055
Federal and state government	59,251,401	11,134,158	12,442,273	82,827,832
Charges for services	6,145,088		1,952,148	8,097,236
Investment income	681,633	108,491	120,073	910,197
Other revenues	5,047,207	643,281	263,401	5,953,889
Total revenues	\$ 162,490,384	11,885,930	14,777,895	189,154,209
Expenditures:				
Current:				
General government	\$ 40,218,634		970,778	41,189,412
Public safety	17,440,527		37,701	17,478,228
Public works	5,902,541			5,902,541
Human services	2,840,481		5,405,726	8,246,207
Education	78,349,396		8,405,291	86,754,687
Debt service:				
Principal retirements	12,171,247	28,891,200		41,062,447
Interest and other charges	3,695,629			3,695,629
Capital outlay		28,247,292	256,852	28,504,144
Total expenditures	\$ 160,618,455	57,138,492	15,076,348	232,833,295
Excess (deficiency) of revenues over (under) expenditures	\$ 1,871,929	(45,252,562)	(298,453)	(43,679,086)
Other financing sources (uses)				
Transfers in	\$ 5,150,000		400,000	5,550,000
Transfers out	(400,000)	(5,000,000)	(150,000)	(5,550,000)
Bond proceeds		34,460,326		34,460,326
Total other financing sources (uses)	\$ 4,750,000	29,460,326	250,000	34,460,326
Net changes in fund balances	\$ 6,621,929	(15,792,236)	(48,453)	(9,218,760)
Fund balances - beginning	\$ 3,516,461	4,457,668	6,757,164	14,731,293
Adjustments to beginning fund balances	(526,238)	705,019	(1,904,082)	(1,725,301)
Fund balances - beginning, restated	\$ 2,990,223	5,162,687	4,853,082	13,005,992
Fund balances (deficits) - ending	\$ 9,612,152	(10,629,549)	4,804,629	3,787,232

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds	\$ (9,218,760)
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.	19,145,559
Revenues previously recognized in the statement of activities that provided current financial resources in the current year.	(533,843)
Change in net pension assets.	(9,335)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,726,669
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	(3,513,057)
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>414,775</u>
Change in net assets of governmental activities	<u>\$ 14,012,008</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 92,992,678	92,992,678	91,365,055	(1,627,623)
Intergovernmental	56,621,864	56,621,864	56,472,483	(149,381)
Charges for services	6,560,147	6,560,147	6,145,088	(415,059)
Investment income	358,000	358,000	681,633	323,633
Other revenues	3,831,451	3,831,451	5,047,207	1,215,756
Total revenues	\$ 160,364,140	160,364,140	159,711,466	(652,674)
Expenditures:				
Current:				
General government	\$ 43,167,725	42,981,076	40,218,634	2,762,442
Education	76,076,494	76,076,494	75,628,938	447,556
Public safety	17,093,566	17,108,566	17,440,527	(331,961)
Public works	5,279,690	5,313,990	5,902,541	(588,551)
Human services	3,008,064	3,008,064	2,840,481	167,583
Debt service:				
Principal retirements	12,171,247	12,171,247	12,171,247	-
Interest and other charges	3,794,567	3,794,567	3,695,629	98,938
Total expenditures	\$ 160,591,353	160,454,004	157,897,997	2,556,007
Revenues over (under) expenditures	\$ (227,213)	(89,864)	1,813,469	1,903,333
Other financing (uses):				
Transfers from other funds	\$ 150,000	150,000	5,150,000	5,000,000
Transfers to other funds		(400,000)	(400,000)	-
Total other financing resources	\$ 150,000	(250,000)	4,750,000	5,000,000
Net change in undesignated fund balance	\$ (77,213)	(339,864)	6,563,469	6,903,333

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

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF FUND EQUITIES
 PROPRIETARY FUNDS
 June 30, 2005

	<u>Business-Type Activities -</u>	
	<u>Major Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 660,066	169,835
Receivables, net of allowance for collection losses:		
Use charges	1,047,678	1,011,972
Unbilled services	1,843,678	1,398,729
Other	24,767	8,258
Investments	7,440,000	5,348,000
Due from other funds	960,080	602,615
Total current assets	<u>\$ 11,976,269</u>	<u>8,539,409</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	\$ 45,092,886	52,646,804
Total noncurrent assets	<u>\$ 45,092,886</u>	<u>52,646,804</u>
Total assets	<u>\$ 57,069,155</u>	<u>61,186,213</u>
Liabilities		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 982,060	528,176
Claims payable		
Bonds payable - current	877,540	407,188
Total current liabilities	<u>\$ 1,859,600</u>	<u>935,364</u>
Noncurrent liabilities:		
Bonds payable	\$ 6,410,781	2,968,218
Long term claims payable		
Advance from general fund		
Total noncurrent liabilities	<u>\$ 6,410,781</u>	<u>2,968,218</u>
Total liabilities	<u>\$ 8,270,381</u>	<u>3,903,582</u>
Fund Equities:		
Invested in capital assets, net of related debt	\$ 38,764,645	49,874,013
Unrestricted	10,034,129	7,408,618
Total fund equities	<u>\$ 48,798,774</u>	<u>57,282,631</u>

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

Enterprise Funds		Governmental Activities
Nonmajor Funds		
George Hunter Memorial Golf	Totals	Internal Service Fund
22,796	852,697	5,102,686
12,983	2,072,633	2,911
	3,242,407	
	33,025	
250,000	13,038,000	
	1,562,695	
<u>285,779</u>	<u>20,801,457</u>	<u>5,105,597</u>
1,173,471	98,913,161	
<u>1,173,471</u>	<u>98,913,161</u>	<u>-</u>
<u>1,459,250</u>	<u>119,714,618</u>	<u>5,105,597</u>
95,785	1,606,021	301,673
	-	2,349,599
10,667	1,295,395	
<u>106,452</u>	<u>2,901,416</u>	<u>2,651,272</u>
127,999	9,506,998	
	-	2,623,989
988,600	988,600	
<u>1,116,599</u>	<u>10,495,598</u>	<u>2,623,989</u>
<u>1,223,051</u>	<u>13,397,014</u>	<u>5,275,261</u>
1,034,805	89,673,463	
(798,606)	16,644,141	(169,664)
<u>236,199</u>	<u>106,317,604</u>	<u>(169,664)</u>

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITIES (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2005

	<u>Business-Type Activities -</u>	
	<u>Major Funds</u>	
	<u>Water</u>	<u>Sewer</u>
Operating revenues:		
Charges for services	\$ 6,724,188	4,930,657
Fiscal Division	1,056,763	
Miscellaneous	73,756	18,900
Total operating revenues	<u>\$ 7,854,707</u>	<u>4,949,557</u>
Operating expenses:		
Salaries, benefits and claims	\$ 2,709,803	1,352,146
Material and supplies	562,519	791,031
Depreciation	1,458,691	1,830,376
Utilities	667,597	599,542
Administration and operation	2,419,942	1,694,656
Total operating expenses	<u>\$ 7,818,552</u>	<u>6,267,751</u>
Operating income (loss)	<u>\$ 36,155</u>	<u>(1,318,194)</u>
Nonoperating revenues (expenses):		
Interest income	\$ 116,805	124,673
Interest expense	(196,048)	(122,228)
Total nonoperating revenues (expenses)	<u>\$ (79,243)</u>	<u>2,445</u>
Change in Net Assets	<u>\$ (43,088)</u>	<u>(1,315,749)</u>
FUND EQUITIES, (DEFICIT), Beginning	<u>\$ 50,018,360</u>	<u>56,832,256</u>
Adjustments to beginning balances	(1,176,498)	1,766,124
FUND EQUITIES, (DEFICIT), Beginning - Restated	<u>\$ 48,841,862</u>	<u>58,598,380</u>
FUND EQUITIES, (DEFICIT), Ending	<u>\$ 48,798,774</u>	<u>57,282,631</u>

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

EXHIBIT H

Enterprise Funds		Governmental Activities
Nonmajor Funds		
George Hunter Memorial Golf	Totals	Internal Service Fund
822,629	12,477,474	21,855,389
	1,056,763	
3,765	96,421	223,812
<u>826,394</u>	<u>13,630,658</u>	<u>22,079,201</u>
253,617	4,315,566	21,305,669
407,398	1,760,948	
	3,289,067	
	1,267,139	
86,588	4,201,186	235,845
<u>747,603</u>	<u>14,833,906</u>	<u>21,541,514</u>
78,791	(1,203,248)	400,096
	241,478	14,679
(6,043)	(324,319)	
<u>(6,043)</u>	<u>(82,841)</u>	<u>14,679</u>
72,748	(1,286,089)	414,775
163,451	107,014,067	(584,440)
	589,626	
163,451	107,603,693	(584,440)
<u>236,199</u>	<u>106,317,604</u>	<u>(169,665)</u>

CITY OF MERIDEN, CONNECTICUT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2005

Cash Flows From Operating Activities

Receipts from customers
Payments to suppliers
Net cash flows from operating activities

Cash Flows From Capital and Related Financing Activities

Purchase of Capital assets
Principal payments on capital debt
Interest paid on capital debt
Proceeds from notes payable
Net cash provided by (used in) capital and related financing activities

Cash Flows From Investing Activities

Purchase of Investments
Interest received on investments
Net cash provided by investing activities

Net increase (decrease) in cash and cash equivalents

Cash and Cash Equivalents, beginning Balance

Cash and Cash Equivalents, Ending Balance

Reconciliation of Operating Loss to Net Cash Provided by (Used In)

Operating Activities:

Operating Loss
Adjustments to reconcile operating loss to net cash provided by (used in)
operating activities:
Adjustments to beginning net equities
Depreciation
Changes in assets and liabilities:
Decrease (increase) in receivable accounts
Decrease (increase) in Due from other funds
Increase (decrease) in accounts payable
Increase (decrease) in Claims Incurred but not reported
Increase (decrease) in Due to other funds

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

EXHIBIT I

Business-Type Activities - Enterprise Funds				Governmental Activities
Major Funds		Nonmajor Funds	Totals	Internal Service Fund
Water	Sewer	George Hunter Memorial Golf		
\$ 7,274,867	6,702,955	813,411	14,791,233	22,278,459
(8,677,029)	(2,598,228)	(757,711)	(12,032,968)	(21,747,207)
\$ (1,402,162)	4,104,727	55,700	2,758,265	531,252
282,170	(1,454,093)		(1,171,923)	
\$ (2,161,158)	(5,368,844)	(13,917)	(7,543,919)	
(196,048)	(122,228)	(6,043)	(324,319)	
3,595,054	3,389,426		6,984,480	
\$ 1,520,018	(3,555,739)	(19,960)	(2,055,681)	-
\$ (7,440,000)	(5,348,000)	(238,374)	(13,026,374)	4,500,043
116,805	124,673		241,478	14,679
\$ (7,323,195)	(5,223,327)	(238,374)	(12,784,896)	4,514,722
\$ (7,205,339)	(4,674,339)	(202,634)	(12,082,312)	5,045,974
\$ 786,540	4,844,174	225,430	12,935,009	56,712
\$ 660,066	169,835	22,796	852,697	5,102,686
\$ 36,155	(1,318,194)	78,791	(1,203,248)	400,096
(1,176,498)	1,766,124		589,626	
1,458,691	1,830,376		3,289,067	
175,991	399,898	(12,983)	562,906	199,258
(755,831)	1,353,500		597,669	
(174,541)	73,023	14,118	(87,400)	(68,102)
(966,129)		(24,226)	(990,355)	
\$ (1,402,162)	4,104,727	55,700	2,758,265	531,252

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STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 7,398,717	114,260	2,866,341
Accounts Receivables	644,699		
Investments, at fair value:			
U.S. government obligations	10,258,136		
Corporate bonds	5,843,993		
Corporate equities	120,157,225		
Mutual funds	38,248,477		
Other	13,182,825		
Total Investments	<u>\$ 187,690,656</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 195,734,072</u>	<u>114,260</u>	<u>2,866,341</u>
Liabilities			
Other liabilities	<u>\$ 97,836</u>		<u>2,866,341</u>
Total liabilities	<u>\$ 97,836</u>	<u>-</u>	<u>2,866,341</u>
Net Assets			
Held in trust for pension benefits and other purposes	<u>\$ 195,636,236</u>	<u>114,260</u>	<u>-</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2005

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS		
Contributions:		
Employer contributions	\$ 6,115,525	
Plan member contributions	1,866,400	
Total contributions	<u>\$ 7,981,925</u>	<u>-</u>
Investment earnings:		
Net increase in fair value of investments	\$ 8,361,885	
Interest and dividends	5,812,805	1,046
Less: Investment expenses	1,408,660	
Total investment earnings	<u>\$ 12,766,030</u>	<u>1,046</u>
Total additions	<u>\$ 20,747,955</u>	<u>1,046</u>
DEDUCTIONS		
Benefits	\$ 12,153,218	
Other deductions	498,512	7,870
Total deductions	<u>\$ 12,651,730</u>	<u>7,870</u>
Change in net assets	<u>\$ 8,096,225</u>	<u>(6,824)</u>
NET ASSETS, beginning	\$ 187,540,011	261,592
Adjustment to beginning net assets		(140,508)
NET ASSETS, beginning - restated	<u>\$ 187,540,011</u>	<u>121,084</u>
NET ASSETS, ending	<u>\$ 195,636,236</u>	<u>114,260</u>

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Blended component unit

The Meriden Childcare Center, Inc. (The Center) is governed by a separate board of directors. Although it is legally separate from the City, the Center is reported as if it were part of the primary government because its sole purpose is to create a learning environment for the preschool and school aged children of Meriden. All funds are managed by the City. The complete financial statements of the component unit can be obtained from its respective administrative office located at the Center.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-wide financial statements

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

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2005

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*.

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

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

Fund financial statements

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

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

Property taxes are assessed as of October 1, and are levied on the following July 1. Real estate and personal property taxes are due in two installments on 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. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2005

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

The **agency funds** account for monies held as a custodian for outside groups and agencies.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2005

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

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, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Cash and cash equivalents

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

Investments

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

Inventories

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

Receivables and payables

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

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

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

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings	40-50
Building Improvements	20
Distribution and collection systems	50
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.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Compensated absences

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

Deferred revenue

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

Long-term obligations

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

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

Pension accounting

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

Fund equity and net assets

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

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

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

The ***unrestricted net assets*** – 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 into two separate categories. The two categories and their general meanings are as follows:

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

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

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Adjustments and Restatements to Beginning Balances

Fund balances

The beginning fund balances in the government funds financial statements were adjusted for the following:

	<u>General Fund</u>	<u>Bonded Projects</u>	<u>Non-major Governmental</u>	<u>Total</u>
Beginning fund balances	\$ 3,516,461	4,457,668	6,757,164	14,731,293
Grant revenues received from cost reimbursement grants were improperly deferred in prior years.	\$		639,468	639,468
School construction grant revenues received in August, 2004 was improperly recognized as revenue in the prior year.	(810,443)			(810,443)
Several items, including restricted donations and reserved funds, were improperly classified as current liabilities.	284,205			284,205
Loans receivable from HUD sponsored grants improperly recognized in prior years.			(2,543,550)	(2,543,550)
Premiums on bonds recorded as cash received in prior years.		(134,837)		(134,837)
Inter-governmental receivables and payables did not properly reflect the assets available		(3,219,848)		(3,219,848)
To adjust construction In Progress from bond proceeds, payable to the enterprise funds		1,516,632		1,516,632
To record loans receivable, not recorded in prior years		2,543,072		2,543,072
Total prior year adjustments	\$ (526,238)	705,019	(1,904,082)	(1,725,301)
Fund balances – Beginning, Restated	\$ 2,990,223	5,162,687	4,853,082	13,005,992

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Fund equities

The beginning fund equity balances in the proprietary fund financial statements were adjusted for the following:

	Water Authority Fund	Sewer Authority Fund	George Hunter Memorial Golf Course	Total Proprietary Funds
Fund equity at July 1, 2004	\$ <u>50,018,360</u>	<u>56,832,256</u>	<u>163,451</u>	<u>107,014,067</u>
Proceeds from the August 2003 BAN was improperly allocated between funds	\$ (2,254,435)	1,665,535		(588,900)
To properly account for contributed capital in prior years	(361,854)			(361,854)
To adjust June 30, 2004 capital assets actual physical count	(1,616,925)	(62,543)		(1,679,468)
To recognize construction In Progress from prior years	\$ <u>3,056,716</u>	<u>163,132</u>		<u>3,219,848</u>
Total prior year adjustments	\$ <u>(1,176,498)</u>	<u>1,766,124</u>	<u>-</u>	<u>589,626</u>
Fund equities – Beginning, Restated	\$ <u>48,841,862</u>	<u>58,598,380</u>	<u>163,451</u>	<u>107,603,693</u>

Net assets

The beginning net assets in the government-wide financial statements were adjusted for the following:

	Governmental Activity	Business-type Activity	Total
Net Assets at July 1, 2004	\$ <u>34,373,553</u>	<u>107,014,067</u>	<u>141,387,620</u>
Restatements in fund balances to the governmental funds, described above	\$ (1,725,301)		(1,725,301)
Restatements in fund equity to the business-type funds, described above		589,626	589,626
To restate property taxes receivable to properly account for balance at June 30, 2005	285,242		285,242
Mathematical error in the net pension obligation.	(10,000)		(10,000)
To restate capital asset balance to actual	1,706,432		1,706,432
Recognition of long-term liabilities related to heart and hypertension, which is accounted for in the general fund	(1,019,963)		(1,019,963)
Total prior year adjustments	\$ <u>(763,590)</u>	<u>589,626</u>	<u>(173,964)</u>
Net assets - Beginning	\$ <u>33,609,963</u>	<u>107,603,693</u>	<u>141,213,656</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Note 2 - Budgets and Budgetary Accounting

General Fund

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

- A. The manager of each department, office and agency submits to the Director of Finance, at such date he determines, estimates of revenues and expenditures for the following year.
- B. The City Manager reviews these estimates and may revise them as he deems advisable, except that in the case of the department of education, he has the authority to revise only the total estimated expenditures.
- C. On or before March 1, not later than 120 days prior to the beginning of the fiscal year, the City Manager submits to the City Council a balanced annual budget.
- D. The City Council shall hold one (1) public hearing on the budget to obtain public comments not later than seventy-five (75) days prior to the beginning of the fiscal year.
- E. Within twenty days after the final public hearing the City Council shall adopt a budget. The budget is legally enacted through passage of an ordinance.
- F. The Mayor shall have veto power on a line item basis only, and must submit any veto message within five (5) days after the Council has adopted the budget.
- G. The City Council may override any line item veto by a two-thirds (2/3) vote of the entire body.
- H. Budget referendum on the adopted budget must be held if a petition is filed within thirty days of the adoption of the final approved budget.
- I. The City Manager is authorized to transfer budgeted amounts within departments. However, any transfers between departments or additional appropriations, must be approved by the City Council. Additional appropriations by the City Council may not exceed 1 ½ % of the general fund budget as established for the current year, without levying a special tax. There were additional appropriations of approximately \$262,651 during the year ended June 30, 2005.
- J. The board of education may transfer unexpended balances from one account to another within its line appropriation. A number of such transfers occurred during the year.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

K. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

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

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>
Balance, budgetary basis	\$ 159,711,466	157,897,997
Encumbrances at June 30, 2005		(58,460)
State Teachers' Retirement and on-behalf payment, not recognized for budgetary purposes	<u>2,778,918</u>	<u>2,778,918</u>
Balance, GAAP basis	\$ <u>162,490,384</u>	<u>160,618,455</u>

Special Revenue Funds

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

Capital Projects Funds

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued

June 30, 2005

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

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The detail of this (\$146,977,082) difference is as follows:

Bonds payable	(\$ 93,485,905)
Capital leases payable	(50,116)
Heart and hypertension	(1,116,007)
Compensated absences	(15,723,028)
Claims and judgments	(1,800,000)
Post-closure landfill costs	(4,594,317)
Accrued interest	(3,920,335)
Net pension obligation	(26,280,350)
Net Adjustment to Reduce Fund Balance - Total Government Funds to Arrive at Net Assets - Governmental Activities	<u>(\$ 146,970,058)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$19,145,559 difference are as follows:

Capital outlay	\$ 27,111,388
Depreciation expense	(7,525,563)
Disposal	<u>(440,266)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	<u>\$ 19,145,559</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Note 4 - Deposits and Investments

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

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental funds	\$ 10,403,142	17,498,073	27,901,215
Proprietary funds	1,148,800	4,806,583	5,955,383
Fiduciary funds	3,196,658	7,182,660	10,379,318
Investments:			
Governmental funds	125,986	1,808,216	1,934,202
Proprietary funds	13,038,000		13,038,000
Fiduciary funds		187,690,656	187,690,656
Total Deposits and Investments	\$ 27,912,586	218,986,188	246,898,774

Deposits

The carrying amounts of the City's deposits at June 30, 2005 consist of the following:

Bank Deposit Accounts	\$ 14,623,661
Certificate of Deposits	13,288,000
Cash on Hand	925
Total Deposits	<u>\$ 27,912,586</u>

Custodial Credit Risk

As of June 30, 2005, the carrying amount of the City's deposits was \$27,912,586 with bank balances of approximately \$30,376,756. The amount of the bank balance covered under federal depository insurance was approximately \$500,000. The remaining \$29,876,756 of deposits were uninsured, however provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2005 approximately \$3,038,000 of uninsured deposits were collateralized under the provision.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Investments

As of June 30, 2005, the City held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>
Money market accounts	Governmental	\$ 985,890	.02
State investment fund	Governmental	16,471,253	.02
Repurchase agreement	Internal Service	4,806,583	.02
Money market account	Pension Trust	7,182,660	.02
U.S. Treasury obligations	Pension Trust	10,258,136	5.15
Corporate bonds	Pension Trust	5,843,993	7.55*
Common equity securities	Pension Trust	120,157,225	.02
Partnerships	Pension Trust	13,182,825	.02
Mutual funds	Pension Trust	38,248,477	.02
Common equity securities	Permanent Fund	10,257	.02
Common equity securities	Permanent Fund	36,984	.02
Mutual funds	Permanent Fund	82,189	.02
Money market account	Permanent Fund	53,131	.02
U.S. Treasury obligations	Permanent Fund	72,540	5.15
Corporate bonds	Permanent Fund	217,822	.02
U.S. Government agency bonds	Permanent Fund	55,104	.02
Mutual Funds	Permanent Fund	212,923	.02
Common equity securities	Permanent Fund	1,108,196	.02
Total Investments		\$ <u>218,986,188</u>	

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

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State Law limits investments of public funds to the obligations of the United States of America, including the joint and several obligations of the Federal Home Mortgage Corporation, Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, all the federal intermediate credit banks, the Central Bank of Cooperatives, the Tennessee Valley Authority, or any other Agency of the United States Government.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Pension Investment Policies

Pension investments have the following limitations:

1. Investment managers and advisors must discharge their responsibilities in accordance with the fiduciary provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and supporting regulations, unless specifically exempted by a vote of the Board.
2. Equity investments in any one company by any one advisor shall be limited at purchase to 10% of the total assets under management and/or 5% of the company's total outstanding equity.
3. Corporate fixed income investments shall be limited to the first four quality grades as established by one or more of the nationally recognized bond rating services, except by a specific vote of the Board to permit inclusion of some lesser-rated issues within an investment grade portfolio.
4. In no event should the debt securities of any corporation exceed 10% of the assets under the management of any one advisor.
5. There shall be no investments in:
 - a. Securities of foreign issuers, other than those of the Canadian government, and also excepting American Depositary Receipts (ADR's) of foreign securities, and further excepting foreign securities purchased by an investment advisor specifically designated by the Board as an "international" or "global" manager,
 - b. Securities issued by a participating employer, except to the extent permitted under the Employee Retirement Income Security Act of 1974,
 - c. Private placements, without affirmative Board approval,
 - d. Real Estate, other than securities of exchange-traded or non-traded Real Estate Investment Trusts.
6. Uninvested cash balances should be kept a minimum through the prompt investment of available funds in short-term or more permanent security holdings.
7. Each Investment Advisor, consultant, custodian or contractor shall be required to be available for a least one annual meeting with the Meriden Retirement Board.
8. Results based on a total rate of return (including both realized and unrealized capital gains and losses) will be evaluated for each advisor to the Board over a complete market cycle. However, the Board retains the right (and obligation) to address issues of lagging performance at any time during a contract cycle.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Note 5 - Receivables, Deferred Revenue and Payables

Receivables

The receivables as of June 30, 2005 for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Governmental			Total
	General Fund	Bond Projects Fund	Nonmajor Governmental Funds	
Property Taxes	\$ 5,580,331			5,580,331
Intergovernmental	3,681,963	5,742,107	53,219	9,477,289
Accounts	540,187		106,493	646,680
Loans		3,417,321	2,950,605	6,367,926
Gross Receivables	\$ 9,802,481	9,159,428	3,110,317	22,072,226
Allowance For Collection Losses	(898,136)	(854,000)	(368,788)	(2,120,924)
Net Total Receivables	\$ 8,904,345	8,305,428	2,741,529	19,951,302

	Business-type			Total
	Water Authority	Sewer Authority	George Hunter Memorial Golf Course	
Use Charges	\$ 1,310,697	1,112,705	12,983	2,436,385
Unbilled	1,843,678	1,398,729		3,242,407
Other	24,767	8,258		33,025
Gross Receivables	\$ 3,179,142	2,519,692	12,983	5,711,817
Allowance For Collection Losses	(263,019)	(100,733)		(363,752)
Net Total Receivables	\$ 2,916,123	2,418,959	12,983	5,348,065

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Deferred Revenue

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 3,586,937		3,586,937
Notes receivable	3,011,813		3,011,813
Advanced tax collections		972,316	972,316
Bonded Project Funds:			
Advance payments on grants		1,333	1,333
Nonmajor Governmental Funds:			
Advance payments on grants		1,057,515	1,057,515
Loans receivables	<u>2,581,817</u>		<u>2,581,817</u>
Total Deferred Revenue	\$ <u>9,180,567</u>	<u>2,031,164</u>	<u>11,211,731</u>

Payables

Payables as of June 30, 2005 for the City's individual major funds and nonmajor funds were as follows:

	<u>Vendors</u>	<u>Payroll Benefits</u>	<u>Cash Over Drafts</u>	<u>Total</u>
General Fund	\$ 2,262,781	8,804,979	2,746,124	13,813,884
Bond Fund	3,757,796	2,764		3,760,560
Nonmajor Funds	<u>590,996</u>	<u>37,553</u>	<u>19,663</u>	<u>648,212</u>
Total Governmental Funds	\$ 6,611,573	8,845,296	2,765,787	18,222,656
Water Authority	281,964	700,096		982,060
Sewer Authority	228,420	299,756		528,176
George Hunter Memorial Golf Course	80,545	15,240		95,785
Internal Service Funds	<u>301,673</u>			<u>301,673</u>
Total Payables	\$ <u>7,504,175</u>	<u>9,860,388</u>	<u>2,765,787</u>	<u>20,130,350</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

REVISED

Temporary Notes Payables

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Bond Anticipation Notes	\$ 34,534,000	14,985,000	34,534,000	14,985,000

Note 6 - Interfund Receivables, Payables and Transfers

Interfunds Receivables and Payables

Interfund receivables and payable at June 30, 2005 consisted of the following:

<u>Due To</u>	<u>Due From</u>			<u>Total</u>
	<u>Bonded Projects</u>	<u>Non-major Governmental Funds</u>	<u>George Hunter Memorial Golf Course</u>	
General Fund	\$ 5,000,000	215,988	988,600	6,204,588
Nonmajor Funds		150,000		150,000
Water Authority	960,080			960,080
Sewer authority	602,615			602,615
Total	\$ 6,562,695	365,988	988,600	7,917,283

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

Interfund Transfers

Interfund transfers during the year ended June 30, 2005 were as follows

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Reason</u>
General fund	Capital and nonrecurring	\$ 400,000	Budgeted transfer to be expended on capital projects
Bonded projects	General Fund	5,000,000	Residual equity transfer

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2005 was as follows:

	<u>Balance</u> <u>June 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2005</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 20,156,734	291,290	15,800	20,432,224
Construction in progress	<u>19,130,962</u>	<u>6,874,517</u>	<u>17,784,420</u>	<u>8,221,059</u>
Total capital assets, not being depreciated	<u>\$ 39,287,696</u>	<u>7,165,807</u>	<u>17,800,220</u>	<u>28,653,283</u>
Capital Assets, Being Depreciated:				
Land improvements	\$ 9,858,092	1,447,260		11,305,352
Buildings and improvements	129,275,949	31,570,401	447,788	160,398,562
Machinery and equipment	8,601,271	959,815		9,561,086
Vehicles	10,891,625	861,892	61,128	11,692,389
Infrastructure	<u>65,301,674</u>	<u>2,890,633</u>		<u>68,192,307</u>
Total capital assets being depreciated	<u>\$ 223,928,611</u>	<u>37,730,001</u>	<u>508,916</u>	<u>261,149,696</u>
Less, Accumulated Depreciation:				
Land improvements	\$ 5,624,145	437,703		6,061,848
Buildings and improvements	47,692,832	2,913,124	23,322	50,582,634
Machinery and equipment	4,971,522	641,011		5,612,533
Vehicles	7,773,737	2,584,191	61,128	10,296,800
Infrastructure	<u>34,861,488</u>	<u>949,534</u>		<u>35,811,022</u>
Total accumulated depreciation	<u>\$ 100,923,724</u>	<u>7,525,563</u>	<u>84,450</u>	<u>108,364,837</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>\$ 123,004,887</u>	<u>30,204,438</u>	<u>424,466</u>	<u>152,784,859</u>
Total Governmental Activities	<u>\$ 162,292,583</u>	<u>37,370,245</u>	<u>18,224,686</u>	<u>181,438,142</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2005</u>
Business-type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 915,981			915,981
Construction in Progress	<u>148,600</u>	<u>1,366,581</u>	<u>100,056</u>	<u>1,415,125</u>
Total Capital Assets, Not Being Depreciated	<u>\$ 1,064,581</u>	<u>1,366,581</u>	<u>100,056</u>	<u>2,331,106</u>
Capital Assets, Being Depreciated:				
Land Improvements	\$ 668,423			668,423
Buildings and Improvements	40,672,880	141,536		40,814,416
Machinery and Equipment	13,747,894	1,443,326		15,191,220
Vehicles	78,980			78,980
Infrastructure	<u>115,272,898</u>	<u>77,116</u>		<u>115,350,014</u>
Total Capital Assets Being Depreciated	<u>\$ 170,441,075</u>	<u>1,661,978</u>	<u>-</u>	<u>172,103,053</u>
Less, Accumulated Depreciation:				
Land Improvements	\$ 546,754	28,189		574,943
Buildings and Improvements	20,238,569	984,659		21,223,228
Machinery and Equipment	9,230,637	565,043		9,795,680
Vehicles	78,980			78,980
Infrastructure	<u>42,136,991</u>	<u>1,711,176</u>		<u>43,848,167</u>
Total Accumulated Depreciation	<u>\$ 72,231,931</u>	<u>3,289,067</u>	<u>-</u>	<u>75,520,998</u>
Capital Assets Being Depreciated, Net of Depreciation	<u>\$ 98,209,144</u>	<u>(1,627,089)</u>	<u>-</u>	<u>96,582,055</u>
Total business-type activities	<u>\$ 99,273,725</u>	<u>(260,508)</u>	<u>100,056</u>	<u>98,913,161</u>
Total capital assets	<u>\$ 261,566,308</u>	<u>37,109,737</u>	<u>18,324,742</u>	<u>280,351,303</u>

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

Governmental Activities:

General Government	\$ 130,622
Education	2,734,215
Public Safety	813,805
Public Works	3,373,999
Human Services	<u>472,922</u>

**Total depreciation expense-
governmental activities**

\$ 7,525,563

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Business-type Activities:	
Sewer Authority	\$ 1,830,376
Water Fund	<u>1,458,691</u>
Total depreciation expense- business-type activities	<u>\$ 3,289,067</u>

Note 8 - Long-Term Liabilities

Long-term debt liabilities activity for the year ended June 30, 2005 was as follows:

Due Within	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental Activities:					
Long Term Debt:					
General obligation bonds	\$ 72,223,853	33,433,299	12,171,247	93,485,905	13,009,196
Bond anticipation notes	28,891,200		28,891,200		
Capital leases	<u>147,637</u>		<u>97,521</u>	<u>50,116</u>	<u>50,116</u>
Total Long-Term Debt	\$ 101,262,690	33,433,299	41,159,968	93,536,021	13,059,312
Other Long-Term Liabilities:					
Compensated absences	14,280,318	5,822,196	4,379,486	15,723,028	6,410,400
Heart and hypertension	1,019,963	127,592	31,548	1,116,007	34,519
Landfill post-closure monitoring	5,300,000		705,683	4,594,317	717,001
Net pension obligation	26,478,069	2,119,045	2,316,764	26,280,350	2,316,646
Claims and judgments	<u>1,800,000</u>			<u>1,800,000</u>	
Total governmental activities long-term liabilities	<u>\$ 150,141,040</u>	<u>41,502,132</u>	<u>48,593,449</u>	<u>143,049,723</u>	<u>22,537,878</u>
Business-type Activities:					
General obligation bonds	\$ 4,231,146	6,231,701	1,003,752	9,459,095	1,150,803
Clean water fund notes	1,487,890		144,592	1,343,298	144,592
Bond anticipation notes	<u>5,642,800</u>		<u>5,642,800</u>		
Total Business-type Activities Long-Term Liabilities	<u>\$ 11,361,836</u>	<u>6,231,701</u>	<u>6,791,144</u>	<u>10,802,393</u>	<u>1,295,395</u>
Total Long-Term Liabilities	<u>\$ 161,502,876</u>	<u>47,733,833</u>	<u>55,384,593</u>	<u>153,852,116</u>	<u>23,833,273</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business type activities and are direct obligations and pledge the good faith and credit of the government. Certain general obligation bonds are to be repaid by revenues of the enterprise funds. These bonds generally are issued as 15 year or 20 year serial bonds with equal amounts of principal maturing each year. As of June 30, 2005, the outstanding general obligation bonded indebtedness of the City was as follows:

	<u>Governmental</u>	<u>Business-type</u>
\$23,945,000 GOB 1988 , issue of 10/01/1988, due 10/01/2008, interest at 6.75% to 6.9%, annual Principal payments of \$500,000	\$ 2,000,000	
\$12,332,000 GOB 1989 , issue of 7/15/1989, due 7/15/2009, interest at 5.5% to 6.9%, annual Principal payments of \$200,000	1,000,000	
\$23,600,000 GOB 1991 , issue of 7/15/91, due 7/15/2010, interest at 6.4%, annual Principal payments of \$50,000	300,000	
\$22,025,000 GOB 1996 , issue of 8/01/96, due 8/01/2011, interest at 4.25% to 6.25%, annual Principal payments of \$175,000 to \$2,235,000	4,737,000	138,000
\$23,900,000 GOB 1998 , issue of 2/01/98, due 2/01/2008, interest at 6.75% to 6.9%, annual Principal payments of \$500,000	6,115,000	225,000
\$24,050,000 GOB 1999 , issue of 8/01/1999, due 8/01/2009, interest at 4.35% to 4.8%, annual Principal payments of \$2,115,000 to \$2,670,000	8,790,000	1,910,000
\$39,200,000 GOB 2002 , issue of 8/01/2002, due 8/01/2023, interest at 1.42% to 4.629%, annual Principal payments of \$350,000 to \$3,340,000	31,565,605	954,395
\$600,000 GOB 2002 , issue of 10/01/88, due 10/01/2008, interest at 6.75% to 6.9%, annual Principal payments of \$500,000	480,000	
\$9,090,000 GOB 2003 , issue of 4/15/03, due 10/15/2009, interest at 0.00% to 3.625%, annual Principal payments of \$480,000 to \$2,240,000	4,675,000	
\$520,000 GOB 2003 , issue of 10/01/88, due 10/01/2008, interest at 6.75% to 6.9%, annual Principal payments of \$500,000	390,000	
\$39,665,000 GOB 2004 , issue of 8/1/04, due 8/01/2014, interest at 6.75% to 6.9%, annual Principal payments of \$500,000	<u>33,433,300</u>	<u>6,231,700</u>
Total general obligation bonds	<u>\$ 93,485,905</u>	<u>9,459,095</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

Year Ended, June 30	Governmental Activity		Business-type Activity	
	Principal	Interest	Principal	Interest
2006	\$ 13,009,196	4,538,654	1,150,803	513,524
2007	13,889,397	3,212,166	1,390,603	327,499
2008	12,128,097	2,611,257	1,321,903	269,042
2009	8,684,917	2,105,583	1,170,083	214,796
2010	8,194,917	1,713,881	1,170,083	158,099
2011-2015	26,340,383	4,931,824	3,194,618	309,001
2016-2020	10,188,998	1,123,200	61,002	3,825
2021-2025	1,050,000	70,875		
	<u>\$ 93,485,905</u>	<u>20,307,440</u>	<u>9,459,095</u>	<u>1,795,786</u>

The State of Connecticut reimburses the City for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. The amount of such reimbursement for the year ended June 30, 2005 was approximately \$1,749,188. The City expects to receive \$3,011,813 in principal payments and \$195,991 in interest payments over the next 16 years. The principal portion of the receivable is included in the government-wide financial statements.

Bonds authorized but unissued

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

The City has authorized but unissued bonds relating to capital projects at June 30, 2005, as follows:

Sewer	\$ 30,821,212
General Purpose	67,611,736
Schools	<u>38,599,000</u>
Total	<u>\$ 137,031,948</u>

Clean Water Fund Loans Payable

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

These loans bear interest at 2% per annum. The balance of these loans as of June 30, 2005 was \$1,343,298 and the annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business-type Activity	
	Principal	Interest
2006	\$ 144,592	25,541
2007	144,592	22,649
2008	144,592	19,757
2009	144,592	16,865
2010	144,592	13,973
2011-2015	548,922	28,954
2016-2020	71,416	1,845
	<u>\$ 1,343,298</u>	<u>129,584</u>

Capital Leases

Property and equipment carried at a cost of \$828,651 has been acquired under capital lease agreements. The yearly payment under these leases range from \$7,390 to \$338,717, at interest ranging from 5.15% to 7.05%, respectively.

Fiscal year ended June 30, 2006	\$ 53,000
Less, Amount Representing Interest	<u>(2,884)</u>
Total	<u>\$ 50,116</u>

Other Long-term Liabilities

Landfill post-closure monitoring

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The liability for the landfill post-closure care, aggregating \$4,494,317, is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2005. However, the actual cost of closure and post-closure care maybe higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and/or state and federal grants. Prior to June 30, 2005, the Landfill was considered to capacity and is closed.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Note 9 - Commitments and Contingencies

Lawsuits

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

Operating Lease Commitments

The City is committed under operating leases of real estate, vehicles and office and data processing equipment. Lease expenditures for the year ended June 30, 2005 totaled approximately \$74,201. The future minimum lease payments under the noncancelable operating lease agreements are as follows:

<u>Year Ended</u>		<u>Amount</u>
2005	\$	54,500
2006		54,500
Total	\$	<u>109,000</u>

Contracts

School transportation

The City is contracted with several bus companies for the transport of students. The future payments the City is obligated to pay the bus company are approximately:

<u>Year Ended</u>		<u>Amount</u>
2006	\$	3,221,539
2007		3,317,520
2008		3,415,698
Total	\$	<u>9,954,757</u>

Municipal solid waste management services contract

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2005

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 34,500 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$56 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 125,000 tons per year. The City's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the City must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

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

Service payments shall be payable so long as the system is accepting solid waste delivered by 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 maybe necessary to provide for the payment of the Service Payments.

Risk Management and Self-Insurance

The City is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the City's current policy, the Meriden health insurance funds cover amounts exceeding the limit. The City also purchases the 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 Authority, Water Authority and the George Hunter Memorial 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, the 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 amounts of the loss can be reasonably estimated. Liabilities include an amount for claims incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claims settlement trends including frequency and amount of pay-outs and other economic and social factors.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

Changes in the balance of claims liabilities were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Claims Payable Beginning</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable Ending</u>
Medical:				
2005	1,573,834	19,888,393	19,956,114	1,506,113
2004	1,321,007	19,053,600	18,800,773	1,573,834
Workers' Compensation				
2005	3,502,460	1,692,267	1,722,991	3,471,736
2004	3,353,188	1,763,068	1,613,796	3,502,460

Note 10 - Employee Retirement Plans

Plan Description

The City administrators three single-employer, contributory, defined benefit public employee retirement system (PERS) to provide pension benefits for its employees. The PERS is considered to be a part of the City of Meriden's financial reporting entity and is included in the City's financial reports as the Pension Trust Funds. Stand-alone plan reports are not available for these plans. Although the assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

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

	<u>Latest Available Actuarial Valuation</u>		
	<u>July 1, 2004</u>		
	<u>Employees'</u>	<u>Police</u>	<u>Firefighters'</u>
	<u>Retirement</u>	<u>Pension</u>	<u>Pension</u>
Employees' Retirement			
-City Employees			
-Police Employees hired after March 1, 2003			
-Fire Employees hired after March 1, 2003			
Police Pension		July 1, 2004	
Firefighters Pension		July 1, 2004	
Retirees and Beneficiaries			
Currently Receiving Benefits	391	103	98
Terminated Employees Entitled To, But Not Yet Receiving Benefits	53		
Active Participants:			
Vested	332	72	26
Non-vested	304	50	66
	<u>1,080</u>	<u>225</u>	<u>190</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

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

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

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

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

The significant actuarial assumptions are as follows:

	<u>Employees' Retirement</u>		<u>Police Pension</u>		<u>Firefighters' Pension</u>
Valuation Date	7/1/04		7/1/04		7/1/04
Actuarial cost method	Entry Age Normal Cost		Entry Age Normal Cost		Entry Age Normal Cost
Amortization method	Level Dollar, Closed		Level Dollar, Closed		Level Dollar, Closed
Remaining amortization period	16 years		25 years		25 years
Asset valuation method	5 year smoothed market		20% annual phase-in		5 year smoothed market
Actuarial assumptions:					
Investment rate of return	8.00	%	8.00		8.00
Projected salary increases	5.25		3.00-5.25		3.00-5.25

The City's annual pension cost and net pension obligation (asset) for the year ended June 30, 2005 were as follows:

	<u>Employees' Retirement</u>	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Annual Required Contribution	\$ -	3,413,205	1,906,328
Interest on Net Pension Obligation (Asset)	(29,207)	1,071,693	1,047,352
Adjustment To Annual Required Contribution	38,542	(1,193,343)	(1,166,239)
Annual Pension Cost	\$ 9,335	3,291,555	1,787,441
Contributions Made	-	3,380,395	1,906,320
Increase (Decrease) In Net Pension Obligation (Asset)	\$ 9,335	(88,840)	(118,879)
Net Pension Obligation (Asset) Beginning of Year	(365,088)	13,396,165	13,091,904
Net Pension Obligation (Asset) End of Year	\$ <u>(355,753)</u>	<u>13,307,325</u>	<u>12,973,025</u>

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Three Year Trend Information:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Employees' Retirement			
6/30/05	\$ 9,335	0 %	(355,753)
6/30/04	8,499	0	(365,088)
6/30/03	7,855	0	(373,587)
Police Pension			
6/30/05	\$ 3,305,222	102.3 %	13,320,992
6/30/04	3,255,707	75.1	13,396,165
6/30/03	2,409,055	101.6	12,588,458
Firefighters' Pension			
6/30/05	\$ 1,787,441	106.7 %	12,973,025
6/30/04	1,768,189	94.7	13,081,904
6/30/03	1,587,072	105.5	12,988,915

Schedule of Employer Contributions:

<u>Year Ended June 30,</u>	<u>Employees' Retirement</u>		<u>Police Pension</u>		<u>Firefighters' Pension</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$ -	N/A	3,413,205	99.0 %	1,906,328	100.0 %
2004	-	N/A	3,357,184	72.9	1,872,975	89.4
2003	-	N/A	2,489,520	98.3	1,682,036	99.5
2002	-	N/A	2,440,500	91.7	1,647,793	99.0
2001	-	N/A	2,046,300	62.5	1,494,200	63.9
2000	-	N/A	3,951,500	0	3,334,200	0

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage of Covered Payroll ((b-a)/c)
Employees' Retirement:						
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	\$ 122,127,232	103,416,190	(18,711,042)	118.09	% 27,345,499	(68.42)%
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	118,086,359	95,327,362	(22,758,997)	123.87	23,977,682	(94.92)
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	109,269,458	82,598,002	(26,671,456)	132.29	21,181,333	(125.92)
Police Pension:						
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	\$ 48,752,364	72,823,660	24,071,296	66.95	7,039,682	341.94
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	45,554,515	70,304,895	23,750,380	66.22	6,771,911	350.72
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	47,533,800	62,801,100	15,267,400	75.69	6,098,900	250.33
Firefighters' Pension:						
6/30/05	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	\$ 43,396,288	64,094,542	20,698,254	67.71	5,134,902	403.09
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	48,479,287	61,095,615	12,616,328	79.35	5,147,294	245.11
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	49,656,100	59,676,600	10,020,500	83.21	4,463,500	224.50

Teachers' Retirement System

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

Covered Employees

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

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Vesting Requirements

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

Pension Contribution Requirements/Amounts by State

The pension contributions made by the State to the plan are determined on an actuarial reserve basis as described in CGS Sections 10-183l and 10-183z. For the fiscal year ended June 30, 2005, \$185,348,143 was expended to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2005 did not contain information which would show the development of the State's actuarial cost by local school district. The State's estimated total payroll was \$3,049,413,412. The State's appropriation represented 6.08% of the estimated total payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by CGS Section 10-183b(7). For the 2004-2005 school year, 7.25% mandatory contributions were deducted from the salaries of teachers who were participants in the plan during the school year. The estimated covered payroll for the City was \$34,997,214.

For the year ended June 30 2005, the following information is applicable to the City:

Total Number of Teachers Participants	723
Participant Contributions	\$ 3,313,677
On-Behalf State Payments	2,778,918

Post employment Healthcare Plan

The City of Meriden administers the Employee Retirement Healthcare Plan (ERHCP), a single employer defined benefit post employment 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 City Charter.

ERHCP membership consisted of the following at July 1, 2004, the date of the last actuarial valuation:

Retirees and beneficiaries receiving healthcare benefits	391
Terminated plan members entitled to but not yet receiving Healthcare benefits	53
Active plan members	<u>636</u>
Total	<u><u>1,080</u></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 THE FINANCIAL STATEMENTS, Continued
June 30, 2005

Other Post-employment benefits

The City provides post-employment 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 2005, the payments aggregated approximately \$1,029,103. The approximate number of participants eligible to receive these benefits was 103 for police retirees and 98 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 provisions of the Connecticut General Statutes. Approximately 25 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, 2005 approximated \$469,928.

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

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

Note 11 - Fund Deficits and Restrictions to Net Assets

Fund Deficits

The City has the following Fund Deficits at June 30, 2005 and expects to eliminate the deficits in the future as follows:

<u>Fund</u>	<u>June 30, 2005</u>	<u>Fund Deficit Plan for Eliminating Deficit</u>
Community development block grant	\$ 40,549	Future federal grants receipts
Safe neighborhood programs	6,527	Future federal grants receipts
Railroad right of way	10,331	Future federal grants receipts
Americorps	51,338	Future federal grants receipts
Summer youth initiative	1,468	Future federal grants receipts
School readiness program	40,640	Future federal grants receipts
Capital and nonrecurring	17,533	Future federal grants receipts
Bonded projects	10,246,570	Future G.O. Bond Issuance

Restricted Net Assets

In fiscal year ended June 30, 2005, the City Council enacted enabling legislation to restrict \$5,000,000 for future debt payments. In accordance with GASB Statement 46, *Net Assets Restricted by Enabling Legislation*, this amount is presented in the government-wide financial statements as restricted net assets.

CITY OF MERIDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS, Continued June 30, 2005

Restricted net assets also contains \$1,484,734, which is restricted for flood control as a result of enabling legislation. Under this act, one half of the general fund surplus is to be restricted.

Note 12 - Subsequent Events

Bond Anticipation Note

On August 5, 2005, the City issued a bond anticipation note in the amount of \$25,800,000. The note will be due August 4, 2006 with interest of 4.0 %. The purpose of the note was to pay the bond anticipation note issued August 8, 2004 of \$14,985,000 and to provide interim funding for several capital projects.

Hospital Purchase

On October 31, 2005, the City purchased the land and building currently occupied by a Hospital through a quit claim agreement for one dollar. This was a result of a contingent requirement under a previous agreement. The fair market value of the building has not been determined, however the City's assessed value of the property is approximately 14 million.

Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005 that have effective dates that may impact future financial presentations and have not been implemented as of June 30, 2005.

The following statements are not expected to have a significant impact on the financial statements.

GASB Statement 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, will be effective for the government 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 44, Economic Condition Reporting: The Statistical Section – An Amendment of NCGA Statement 1, will be effective for the City beginning with its year ending June 30, 2006. This statement improves the understandability and usefulness of the statistical section information by addressing the comparability problems that have developed in practice by adding information from the new financial reporting model required by GASB Statement 34 and related statements.

GASB Statement 47, Accounting for Termination Benefits, issued June 2005, requires in financial statement prepared on the accrual basis of accounting, employers should recognize a liability expense for volunteer termination benefits when the offer is accepted and can be estimated. The statement is effective for fiscal year ending June 30, 2006.

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Appendix B

Forms of Legal Opinion of Bond Counsel

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ROBINSON & COLE LLP

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

City of Meriden
 Meriden,
 Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Meriden, Connecticut (the "City") a Tax Regulatory Agreement of the City dated August 4, 2006 (the "Tax Regulatory Agreement") and other proofs submitted to us relative to the issuance and sale of \$20,245,000 City of Meriden, Connecticut General Obligation Bonds, Issue of 2006, dated August 1, 2006 (the "Bonds"), maturing on August 1 in each of the years in the principal amounts and bearing interest payable on August 1, 2007 and semiannually thereafter on February 1 and August 1 in each year until maturity, at the rates per annum as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate Per Annum</u>
2007	\$ 1,415,000	%
2008	2,100,000	
2009	2,100,000	
2010	2,090,000	
2011	2,090,000	
2012	2,090,000	
2013	2,090,000	
2014	2,090,000	
2015	2,090,000	
2016	2,090,000	

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

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

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

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

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

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

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

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

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

Respectfully yours,

ROBINSON & COLE LLP

ROBINSON & COLE LLP

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

City of Meriden
Meriden,
Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the City of Meriden, Connecticut (the "City"), a Tax Regulatory Agreement of the City dated August 4, 2006 (the "Tax Regulatory Agreement") and other proofs submitted to us relative to the issuance and sale of \$17,125,000 City of Meriden, Connecticut General Obligation Bond Anticipation Notes, dated August 4, 2006 and maturing August 3, 2007, consisting of Note No. R- in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum, Note No. R- in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum, and Note No. R- in the aggregate principal amount of \$_____, bearing interest at the rate of ___% per annum, with principal and interest payable at maturity (the "Notes"). The Notes are not subject to redemption prior to maturity.

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

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

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

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

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

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) compliance by the City with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

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

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

Respectfully yours,

ROBINSON & COLE LLP

Appendix C

Forms of Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

By The CITY OF MERIDEN, CONNECTICUT

Dated As Of August 4, 2006

In Connection With The Issuance And Sale Of

\$20,245,000 City Of Meriden, Connecticut

General Obligation Bonds, Issue of 2006, Dated August 1, 2006

WHEREAS, the City of Meriden, Connecticut (the "Issuer") has heretofore authorized the issuance of \$20,245,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2006, (the "Bonds") to be dated August 1, 2006 and to mature in the principal amounts and on the dates set forth in the Issuer's final Official Statement dated July 25, 2006 describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer has offered the Bonds for sale through competitive bid pursuant to its Notice of Sale dated July 18, 2006 (the "Notice of Sale"); and

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

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

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

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

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

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

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

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

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

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

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

Section 2. Annual Reports.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) principal and interest payment delinquencies;

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

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

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

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

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

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

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

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

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

CITY OF MERIDEN,
CONNECTICUT

By _____
Robert M. Curry
City Treasurer

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CONTINUING DISCLOSURE AGREEMENT

By The CITY OF MERIDEN CONNECTICUT

Dated As Of August 4, 2006

In Connection With The Issuance And Sale Of

\$17,125,000 City Of Meriden, Connecticut

General Obligation Bond Anticipation Notes, Dated August 4, 2006

WHEREAS, the City of Meriden, Connecticut (the "Issuer") has heretofore authorized the issuance of \$17,125,000 in aggregate principal amount of its General Obligation Bond Anticipation Notes (the "Notes") to be dated August 4, 2006 and to mature on August 3, 2007 said Notes as more fully described in the Issuer's final Official Statement dated July 25, 2006 (the "Official Statement"); and

WHEREAS, the Issuer has offered the Notes for sale through competitive bid pursuant to its Notice of Sale dated July 18, 2006 (the "Notice of Sale"); and

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

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

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

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

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

"Listed Events" shall mean any of the events listed in Section 2 of this Continuing Disclosure Agreement.

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

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

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

Section 2. Event Notices. The Issuer agrees to provide or cause to be provided in a timely manner, to (i) each NRMSIR or to the MSRB, and (ii) the SID, notice of the occurrence of any of the following events, if material:

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

Section 3. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes.

Section 4. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 5. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not adversely affect the beneficial owners of the Notes and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date

of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with (i) each NRMSIR or the MSRB, and (ii) the SID.

Section 6. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

Section 7. Indemnification. The Issuer agrees to indemnify and save its officials, officers and employees harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any such liabilities due to any such person's malicious, wanton, or willful act. The obligations of the Issuer under this Section shall survive, notwithstanding that such person may no longer be serving in such capacity.

Section 8. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit of the beneficial owners of the Notes and shall be enforceable by them. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Notes of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Notes to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Notes.

Section 9. Miscellaneous. Any filing under this Continuing Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

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

CITY OF MERIDEN,
CONNECTICUT

By _____
Robert M. Curry
City Treasurer

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Appendix D

Notices of Sale & Bid Forms

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NOTICE OF SALE
\$20,245,000
CITY OF MERIDEN, CONNECTICUT
GENERAL OBLIGATION BONDS
ISSUE OF 2006

Sealed proposals and electronic bids (as described herein) will be received by the **CITY OF MERIDEN, CONNECTICUT** (the "City"), until 11:00 o'clock A.M. (E.D.T.) Tuesday,

JULY 25, 2006

for the purchase of all, but not less than all, of \$20,245,000 City of Meriden, Connecticut General Obligation Bonds, Issue of 2006 (the "Bonds"). Sealed proposals will be received at the office of Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103. (See "Sealed Proposal Procedures"). Electronic bids must be submitted via **PARITY**® (See "Electronic Bidding Procedures").

The Bonds

The Bonds will be dated August 1, 2006, mature \$1,415,000 on August 1, 2007, \$2,100,000 on August 1 in each of the years 2008-2009, and \$2,090,000 on August 1 in each of the years 2010-2016, both inclusive, bear interest payable on August 1, 2007 and semiannually thereafter on February 1 and August 1 in each year until maturity, as further described in the Preliminary Official Statement for the Bonds dated July 18, 2006 (the "Preliminary Official Statement").

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

Nature of Obligation

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

Bank Qualification

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

Electronic Bidding Procedures

Any prospective bidder intending to submit its bid electronically must do so through the facilities of **PARITY®**.

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

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY®** as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY®**, including any fee charged, may be obtained from **PARITY®**, 1359 Broadway, 2nd Floor, New York, NY 10018, Attention: Customer Service Department, telephone: (212) 404-5021; e-mail notice: parity@i-deal.com.

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

Sealed Proposal Procedures

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

Bid Specifications/Basis of Award

Each bid must be for the entire \$20,245,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. Interest shall be computed on the basis of twelve 30 day months and a 360 day year. No bid for less than all of the Bonds or for less than par and accrued interest will be considered. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

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

The successful bidder for all of the Bonds may request that the Bonds be issued in the form of one fully registered physical certificate, rather than in book-entry form through the facilities of DTC. The successful bidder seeking the issuance of the Bonds in this manner shall bear any and all costs of any re-registration or transfer of Bonds from time to time. Any bidder seeking to have the Bonds issued in the form of fully registered physical certificates, rather than in book-entry form, shall indicate this preference to the City at the time of the submission of the winning bid. The City reserves the right to decline any request to issue the Bonds in non-book-entry form if it should determine, in its sole discretion, that issuing the Bonds in this manner is not in its best interests.

For the purpose of determining the successful bidder, the true interest cost to the City will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 1, 2006, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 4, 2006, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost to the City, computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (E.D.T.) on July 25, 2006. The purchase price must be paid in Federal Funds.

Closing Documents and Legal Opinion

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

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

Continuing Disclosure

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

Settlement of the Bonds

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

The Bonds will be available for delivery on or about August 4, 2006. The deposit of the Bonds with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder to obtain CUSIP numbers for the Bonds prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

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

Related Information

For more information regarding the Bonds and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned or Mr. Matthew Spoerndle, People's Bank, 850 Main Street, P.O. Box 7031, CT 06601-7031, Tel. (203) 338-4238.

ROBERT M. CURRY

City Treasurer

July 18, 2006

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS

July ____, 2006

ROBERT M. CURRY, City Treasurer
 City of Meriden, Connecticut
 c/o Robinson & Cole LLP
 280 Trumbull Street
 Conference Room 601
 Hartford, CT 06103

Dear Sir:

Subject to the provisions of the Notice of Sale dated July 18, 2006, which Notice is made a part of this proposal, we offer to purchase all \$20,245,000 bonds of the City of Meriden, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$....., provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate¹</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate¹</u>
August 1, 2007	\$ 1,415,000	_____	August 1, 2012	\$ 2,090,000	_____
August 1, 2008	2,100,000	_____	August 1, 2013	2,090,000	_____
August 1, 2009	2,100,000	_____	August 1, 2014	2,090,000	_____
August 1, 2010	2,090,000	_____	August 1, 2015	2,090,000	_____
August 1, 2011	2,090,000	_____	August 1, 2016	2,090,000	_____

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

TERM BONDS (IF ANY)

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

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

.....
 (Name of Bidder)

.....
 (Authorized Signature)

.....
 (Mailing Address)

The following is our computation of the true interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$20,245,000 bonds under the foregoing proposal:

Percent True Interest Cost %
 (Four Decimals)

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NOTICE OF SALE
\$17,125,000
CITY OF MERIDEN, CONNECTICUT
GENERAL OBLIGATION BOND ANTICIPATION NOTES

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

JULY 25, 2006

for the purchase of \$17,125,000 City of Meriden, Connecticut General Obligation Bond Anticipation Notes. Sealed proposals will be received at the office of Robinson & Cole LLP, 280 Trumbull Street, Conference Room 601, Hartford, CT 06103. (See "Sealed Proposal Procedures"). Electronic bids must be submitted via Parity ("PARITY®"). (See "Electronic Bidding Procedures").

The Notes

The Notes will be dated August 4, 2006 and will be payable to the registered owner on August 3, 2007, as further described in the Preliminary Official Statement for the Notes dated July 18, 2006 (the "Preliminary Official Statement"). The Notes will bear interest (which interest shall be computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$1,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, or its custodian, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the City or its agent in same-day funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Nature of Obligation

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

Bank Qualification

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

Electronic Bidding Procedures

Any prospective bidder intending to submit its bid electronically must do so through the facilities of **PARITY®**.

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

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

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

Sealed Proposal Procedures

Bids will be accepted in written form on the form of Proposal for Purchase at the place and time indicated above. Bids must be enclosed in sealed envelopes marked “Proposal for Notes” and addressed to Robert M. Curry, City Treasurer, City of Meriden.

Bid Specifications/Basis of Award

Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto or, if submitted electronically, in accordance with the requirements prescribed herein. A proposal may be for all or any part of the Notes but any proposal for a part must be for \$100,000, or a whole multiple thereof, except that one such proposal for a part may include the odd \$25,000, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Proposals for the purchase of the Notes must be in the form of the proposal for purchase attached hereto. Unless all bids are rejected the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the City, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the City reserves the right to award to any bidder all or any part of the Notes bid for in his proposal. If a bidder is awarded only a part of the Notes bid for in his proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the City with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid, carried to four decimal places. The purchase price must be paid in Federal Funds.

The City reserves the right to reject any and all bids and to waive any irregularity or informality with respect to any bid. The City further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The City will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement.

Closing Documents and Legal Opinion

The full faith and credit of the City will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be certified by U. S. Bank and Trust Company of Hartford, Connecticut. The legality of the Notes will be passed upon by Robinson & Cole LLP, Bond Counsel, Hartford, Connecticut and the winning bidder will be furnished with their opinion without charge. Each winning bidder(s) will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to Bond Counsel, a signed copy of the final Official Statement prepared for this sale, a certificate signed by the appropriate officials of the City relating to the accuracy and completeness of information contained in the final Official Statement, and an executed continuing disclosure agreement.

The legal opinion will further state that, under existing statutes and court decisions (i) interest on the Notes is excluded from gross income for federal income tax purposes, (ii) such interest is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax; but is, however, includable in adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations, (iii) under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and (iv) such interest is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay Federal alternative minimum tax. In rendering the legal opinion, Robinson & Cole LLP will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the City for the benefit of the owners of the Notes, and further, will assume compliance by the City with the covenants and procedures set forth in such Tax Regulatory Agreement.

Settlement of the Notes

It shall be the responsibility of the winning bidder or bidders to certify to the City before the delivery of the Notes the price or prices at which a substantial amount of the Notes were initially offered and sold to the public.

The Notes will be available for delivery on or about August 4, 2006. The deposit of the Notes with DTC or its custodian under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning bidder or bidders to obtain CUSIP numbers for the Notes prior to delivery, and the City will not be responsible for any delay occasioned by the failure of the winning bidder or bidders to obtain such numbers and to supply them to the City in a timely manner. The City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

The Preliminary Official Statement is in a form "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). Each winning bidder will be furnished 25 copies of the final Official Statement prepared for this issue at the City's expense. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. The copies of the final Official Statement will be made available to the winning bidder(s) no later than seven business days after the bid opening at the office of the City's financial advisor. If the City's financial advisor is provided with the necessary information from the winning bidder(s) by noon of the day after the bid opening, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter.

Continuing Disclosure

The City will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for the Notes.

Related Information

For more information regarding the Notes and the City, reference is made to the Preliminary Official Statement. Bid forms and copies of the Preliminary Official Statement may be obtained from the undersigned, or from Matthew A. Spoerndle, People's Bank, 850 Main Street, Bridgeport, CT 06601 Tel. (203) 338-4238.

ROBERT M. CURRY
City Treasurer

July 18, 2006

(See attached for form of Proposal for Purchase)

PROPOSAL FOR PURCHASE

July __, 2006

ROBERT M. CURRY, City Treasurer
City of Meriden, Connecticut
c/o Robinson & Cole LLP
280 Trumbull Street
Conference Room 601
Hartford, CT 06103

Dear Sir:

Subject to the provisions of the Notice of Sale dated July 18, 2006, which Notice is made a part of this proposal, we offer to purchase the principal amount of the \$17,125,000 City of Meriden, Connecticut General Obligation Bond Anticipation Notes specified below at the stated interest rate (provided not less than \$100,000 of principal amount per interest rate is bid and the total of all principal amounts bid does not exceed \$17,125,000) plus the premium specified below, if any, and to pay therefor par plus the premium specified below, if any, on the date of delivery. We further provide our computation of net interest cost as to each bid, carried to four decimals, and made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Principal amount _____
Interest rate _____
Premium _____
Net Interest Cost _____ %
(Four Decimals)

Principal amount _____
Interest rate _____
Premium _____
Net Interest Cost _____ %
(Four Decimals)

Principal amount _____
Interest rate _____
Premium _____
Net Interest Cost _____ %
(Four Decimals)

Principal amount _____
Interest rate _____
Premium _____
Net Interest Cost _____ %
(Four Decimals)

The undersigned hereby agrees to accept delivery of and make payment for the indicated principal amount of the Notes in Federal Funds on the date of the Notes or as soon thereafter (but not later than 30 days thereafter) as such Notes may be prepared and ready for delivery by the City.

.....
(Name of Bidder)

.....
(Authorized Signature)

.....
(Mailing Address)

.....
(Telephone Number)

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Appendix E

Financial Guarantee Insurance Policy

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STANDARD FORM FOR MBIA DISCLOSURE FOR OFFICIAL STATEMENTS

[March 31, 2006]

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Official Statement. Reference is made to Appendix E for a specimen of MBIA's policy [(the "Policy")].

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "Financial Guarantee Insurance Policy". Additionally, MBIA makes no representation regarding the Bonds or the advisability of investing in the Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the City of Meriden to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bonds. MBIA's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation (“MBIA”) is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the “Company”). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA “Aaa.”

Standard & Poor's, a division of The McGraw-Hill Companies, Inc. rates the financial strength of MBIA “AAA.”

Fitch Ratings rates the financial strength of MBIA “AAA.”

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. MBIA does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2005, MBIA had admitted assets of \$11.0 billion (unaudited), total liabilities of \$7.2 billion (unaudited), and total capital and surplus of \$3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of March 31, 2006, MBIA had admitted assets of \$11.2 billion (unaudited), total liabilities of \$7.5 billion (unaudited), and total capital and surplus of \$3.8 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2005 and December 31, 2004 and for each of the three years in the period ended December 31, 2005, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2005 and the consolidated financial statements of MBIA and its subsidiaries as of March 31, 2006 and for the three month period ended March 31, 2006 and March 31, 2005 included in the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2006, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at <http://www.mbia.com> and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Official Statement:

- (1) The Company's Annual Report on Form 10-K for the year ended December 31, 2005; and
- (2) The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K for the year ended December 31, 2005, and (2) the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA at its principal executive offices.

This policy is not covered by the Connecticut Insurance Guaranty Association specified in Article 7 of the Connecticut Financial Guaranty Act.

STD-CT

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

This policy is not covered by the Connecticut Insurance Guaranty Association specified in Section 7 of the Connecticut Financial Guaranty Act.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

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