

CITY OF MERIDEN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2007

DEPARTMENT OF FINANCE

MERIDEN, CONNECTICUT

CITY OF MERIDEN, CONNECTICUT

Comprehensive
ANNUAL FINANCIAL REPORT

For

For The Fiscal Year Ended

June 30, 2007

Prepared by

City of Meriden Department of Finance

**Robert Tait
Finance Director**

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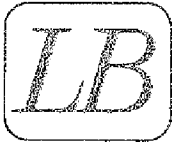
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LEVITSKY & BERNEY

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INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Meriden, Connecticut, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 28, 2007



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

December 28, 2007

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2007.

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

Levitsky & Berney, P.C., Certified Public Accountants, have issued an unqualified opinion of the City of Meriden's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

Description of the Municipality

Meriden was settled in 1661, incorporated as a town in 1806, and as a city in 1867. The Town and City were consolidated in 1922. The City, which covers an area of 24.0 square miles, had a population of 59,468 in 2006, an increase of 1,212 people since 2000. Meriden is located midway between the cities of Hartford and New Haven in New Haven County at the crossroads of I-91, I-691, State Rt. 15 (Wilbur Cross Parkway) and U.S. 5. I-691 links I-91 and I-84.

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

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

Form of Government

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

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

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

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

ECONOMIC CONDITIONS AND DEVELOPMENT

Meriden's development points to a stable economy of consistent growth in all development sectors (commercial/industrial and residential). In fact, the residential annual growth rate of 90 units per year is in line with the annual growth rate over the last decade and half. The 400,055 sq. ft. annual growth rate for commercial/industrial development rate is substantially above normal. It is the second largest increase in the past 15 years. The largest increase occurred in 1999 when the annual rate of increase in commercial/industrial development was 460,000 sq. ft.

The Planning Commission approved plans which when constructed will add:

- 90 units to the housing stock;
- 400,055 sq. ft. to the commercial/industrial base; and
- 25,000 sq. ft. to the institutional base.

These numbers again point to a stable/healthy expansion of the residential and especially the commercial/industrial base. The residential annual growth rate of 90 is a healthy increase particularly in the quality of the developments. Again, the commercial/industrial annual rate 400,055 sq. ft. is an extremely positive sign of the vitality of the City's economic base. The development activity is charted below per type and status:

MATRIX: DEVELOPMENT PROJECTS APPROVED

Type of Use	Approved by Planning	Occupied	Under Construction	Anticipated Construction
Off. Lt. Indus.	30,000 sq.ft.	18,000 sq. ft.	12,000 sq. ft.	
Industrial	147,455 sq.ft.	88,455 sq.ft.		59,000 sq. ft.
Comm. Retail	222,600 sq.ft.	10,000 sq.ft.	190,000 sq.ft.	22,600 sq.ft.
TOTAL COMMERCIAL	400,055 sq.ft.	116,445 sq.ft.	202,000 sq.ft.	81,600 sq.ft.
Multi-Fam. Residential	52 units		30 units	22 units
Single Fam. Residential	38		14	24
TOTAL RESIDENTIAL	90 units		44 units	46 units
TOTAL INSTITUTIONAL	25,000 sq.ft.		20,000 sq. ft.	5,000 sq.ft.

Another encouraging aspect of this development activity continues to be the diversity and the high percentage of approvals that are either completed or under construction. This diversity and construction rate include:

- 80% (338,455 sq. ft.) of the total development square footage (425,055 sq. ft.) approved by the Planning Commission has already been built or is under construction;
- 80% (318,415 sq. ft.) of the total commerce square footage (400,055 sq. ft.) approved by the Planning Commission has been built or is under construction;
- 49% (44 units) of the total residential units (90 units) approved by the Planning Commission have already been built or is under construction.

Comprehensive Planning

The City is in the midst of the most important planning process a community faces, that is the preparation of the Plan of Conservation & Development (a.k.a. "Master Plan" or "Plan of Development"). In April of 2005, the Planning Commission noted the need to update the 1985 Land-Use Plan and began the process of developing the Plan of Conservation & Development. The City Council recognizing the importance of such a plan has allocated a total of \$100,000 in the City budget to hire a consultant to work with the Plan of Conservation & Development Steering Committee to prepare the Comprehensive Plan. In July 2006, the City hired the Planning

firm of "Harrall-Michalowski Associates". This planning process will be completed by April 2008. All aspects of City function (land use, economic development, open space housing, infrastructure, quality of life, etc.) will be reviewed and addressed. Please note the following vision statement that the Plan of Development Steering Committee has established as the guiding objective of the Plan:

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

The study process has already involved a determined effort to acquire public input. This outreach has been through: The Steering Committee's presentation and receipt of input from civic groups (i.e. Chamber of Commerce) and neighborhood groups. Also, the City employed the nationally recognized pollsters "Center for Research & Public Policy" to conduct a statistically sound public survey on land use issues. This survey was conducted April '07 and is included as an addendum to this report.

Further, The City's comprehensive planning efforts continued to be concentrated in the areas of Neighborhood Planning, Environmental Planning and Economic Development:

A. NEIGHBORHOOD PLANNING:

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

The preservation effort is primarily addressed through the Neighborhood Code Enforcement Walk. This program includes six inner core neighborhoods covering 525 acres and 20 miles of street. Since the 1994 inception of this award-winning program through December 2006, over 4,000 code violations were cited on some 2,000 properties. As of 2007, and after eight (8) rounds 92% (3,680) of these violations have been corrected and 91% (1,820) of the properties have been brought into compliance. Code violations include: building, zoning, housing and health codes. More specifically, the major issues addressed are painting, drainage, overgrown grass, garbage and debris, abandoned vehicles, illegal apartments, etc.

In order to build upon the Code Enforcement and go the extra step to address quality of life and aesthetic issues in our neighborhoods, in April 2004, the City Council adopted an "AntiBlight Ordinance". Basically, this ordinance attacks

poorly maintained and dilapidated properties. It also addresses properties that are not covered by the safety codes. The AntiBlight Ordinance covers property not just buildings; it also addresses unoccupied structures and commercial properties. In the two years since we began enforcing the ordinance, the City has cited 31 properties and has already received compliance on 19.

B. ENVIRONMENTAL PLANNING

The top priority of all City projects is the Harbor Brook Flood Control project. This critical flood control project will protect most of the City through retention, improvement and creation of floodway, removal of obstructions and redirecting portions of the brook. The City is currently in the final ROW acquisition phase and bidding phase for river crossings (bridges, etc.).

Also, the City is in the engineering phase of a nature walk/bike trail project, which will traverse the city from South Meriden through the CBD to the northeast corner of the City. This is a regional project that will connect with an existing bikeway in Cheshire and a proposed bikeway in Wallingford. This project will parallel the Harbor Brook Flood Control project.

The Conservation Commission and Planning staff is active in preserving the environmentally sensitive land throughout the City. A major environmental project was the development and approval of the Ridge Top Protection Ordinance. This is a Zoning Regulation with the stated purpose being "to restrict development on the major ridge lines of the City". The adoption of this ordinance, the first in the State, is evidence of the City's commitment to protect our natural resources. The City extended this commitment by applying this zone to private property. In recognition the City's "outstanding" efforts in the development, maintenance and protection of trail systems, the Connecticut Forest and Park Association designed the City as a "Connecticut Trail Town".

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

The City is in the process of environmental clean-up of two (2) important, centrally located sites:

1. Factory "H" - which is located on Cook Avenue at the southerly entrance to the CBD. The clean-up of this vacant "dirty factory" will present many development opportunities.
2. HUB - This abandoned mall in the middle of the CBD has been demolished and the City is now developing plans for an urban center park and provide further development potential.

As previously stated, the City is in the process of updating the 1985 Land-Use Plan. This will include the further study and recommendation regarding environmental sensitive lands and be a major tool in the City's preservation and balanced development efforts.

