

**CITY OF MERIDEN
CONNECTICUT**



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2016

CITY OF MERIDEN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Department of Finance

Michael Lupkas, CPFO
Director of Finance

CITY OF MERIDEN
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Introductory Section



FINANCE DEPARTMENT
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December 19, 2016

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, 2016.

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

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified opinion of the City of Meriden's financial statements for the year ended June 30, 2016. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements 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 60,868 in 2010, an increase of 2,624 people since 2000. Meriden is located midway between the cities of Hartford and New Haven within New Haven County at the crossroads of Interstate 91, Interstate 691, State Rt.15 (Wilbur Cross Parkway) and U.S. Rt. 5. Interstate 691 links Interstate 91 and Interstate 84.

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

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

Form of Government

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

Under the City Charter, the legislative branch consists of 12 elected members forming the City Council who have exclusive legislative and fiscal powers. The Council may, by resolution, regulate the internal operation of boards, commissions and offices, which it fills by appointment. The citizens elect the City Council and Mayor. The City Council appoints the City Manager.

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

A Director of Finance is appointed by the City Manager, subject 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, slowly growing economy. The average annual growth rate for approved commercial/industrial site plan development is 71,685 square feet. This is the growth rate of land use approvals of applications in the three most recent calendar years (2013, 2014 and 2015).

In calendar year 2015, the Planning Commission or Planning Director approved Site Plan projects which, when constructed, will add:

- 77,625 sq. ft. to the commercial/industrial base; and
- 75 multi-family units

**SITE PLAN DEVELOPMENT PROJECTS APPROVED BY PLANNING COMMISSION / DIRECTOR IN
CALENDAR YEARS 2013-2015**

Type of Use/Business	2013 Building Sq. Ft.	2014 Building Sq. Ft.	2015 Building Sq. Ft.	Total 2013-2015 Sq. Ft.
Commercial Office/Service	10,140		17,570	27,710
Commercial Retail	25,890	11,800	45,805	83,495
Industrial/Light Ind.	16,300	73,300	14,250	103,850
TOTAL COMMERCIAL/INDUSTRIAL	52,330	85,100	77,625	215,055
Institutional	8,750	14,000		22,750
TOTAL NON-RESIDENTIAL	61,080	99,100	77,625	237,805
	2013 Units	2014 Units	2015 Units	Total 2013-2015 Units
Multi-Family Residential	133	10	75	218

Approved residential development has increased recently and a large mixed use project is nearing completion. Constructed residential units are indicated below.

**RESIDENTIAL NEW CONSTRUCTION
PERMITS ISSUED AND CONSTRUCTION BEGUN IN FY 2013-2015**

Type	FY2013 Units	FY2014 Units	FY2015 Units	Total FY2013-FY2015 Units
Multi-Family Residential	12	0	71	83
Single Family Residential	7	8	5	20
TOTAL RESIDENTIAL	19	8	76	103

COMPREHENSIVE PLANNING

The City is actively implementing its long term Plan of Conservation & Development (“POCD”). The Plan addressed the following aspects of City function:

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

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

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

The City is actively implementing its long term Plan of Conservation & Development (“POCD”). Adopted in 2009 by the City Planning Commission and the City Council, the POCD includes specific Actions to promote its objectives, including targeted investments, regulatory changes and economic development. In 2016, a review of progress implementing the POCD found that 33 Plan Actions were completed, and another 40 Actions were in the process of being completed. Other Plan Actions were also in the preliminary stages. The Planning Department is preparing to do an update of the POCD over the next two years.

TRANSIT ORIENTED DEVELOPMENT (“TOD”)

The Transit Oriented Development (“TOD”) Plan was the major special study completed in 2012, as part of the implementation of the POCD. The planned increase in rail service and several underdeveloped properties provide opportunities for a full transit center, future high density mixed use development and a central park that can support flood control. The construction of the park was completed in the July of 2016. Additional information can be found on the website <http://meriden2020.com>.



The City’s comprehensive planning implementation efforts continue to be concentrated in the areas of Land Use, Neighborhood Planning, targeted Open Space, and Economic Development. A major City proposal in 2012 was to rezone over 540 residential properties in nine areas of the City from R-2 Two/Three Family Residential to R-1 Single Family Residential. Staff research indicated that the nine areas were primarily composed of single family homes, and revising zoning would help to maintain the neighborhoods. Following a public hearing, the City Council changed the Zoning Map designation for these properties. A recent review of these areas indicates the neighborhoods are stable or improving – specifically in areas previously showing a decline.

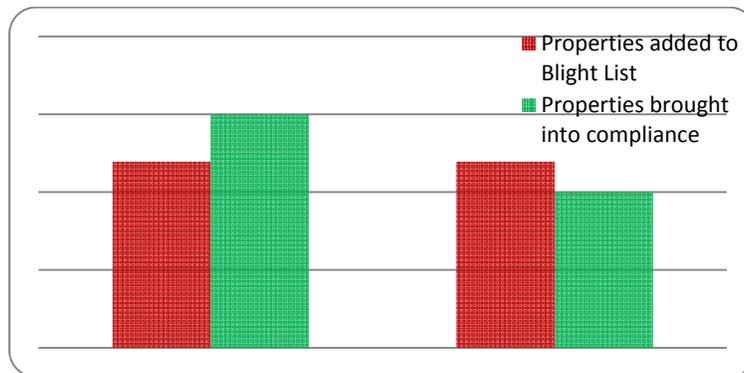
The Transit Oriented Development (“TOD”) Plan has started to be implemented. The planned increase in rail service and several underdeveloped properties provide opportunities for a full transit center, future high density mixed use development and a new central park that can support flood control. The park was completed in July 2016 and multiple, mixed-use, development proposals surrounding the new park have been given conditional zoning approval.

To ensure that new high quality development is facilitated, the Planning Director has worked closely with the City Manager and Economic Development to review and advise the major mixed use TOD building projects. The first project approved is a four story building which includes first floor retail space, 63 units of mixed income housing and a 273 space multi-story parking garage to accommodate the transit center and rail service. The project will be completed and ready for occupancy by December 1, 2016. Another four story mixed use project with commercial on the ground floor and 75 mixed income housing units has received zoning approval with an anticipated start of construction for the spring of 2017.

Beyond the downtown area, planning to develop large sites for mid to long term economic development continued. A focus of such efforts in 2016 is a large City owned site on South Mountain Road and a former hospital site in the TOD zone. The former Meriden Wallingford hospital site includes a 245,000 square foot building occupying two city blocks, a former parking garage, and land totaling 5.64 acres. In addition, the Planning Department, along with the Economic Development Office, contracted a study, “First Mile, Last Mile” to evaluate the area mass transit bus service and how coordination with the new commuter rail line could benefit the City’s residents and those who work within the city.

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 continuing program includes six inner core neighborhoods covering 525 acres and 20 miles of street. Code violations reviewed 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. 94% of all code violations discovered during the period of September 2011 through May 2013 have been corrected.



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 Falcon Field detention basin located on Westfield Road and the Meriden Green detention basins have been completed, The City has already improved some bridges and culverts in the last couple years, and is implementing plans for the remaining necessary work.

In 2009, the City completed a nature walk/bike trail project; the Meriden Quinnipiac Trail in South Meriden, considered one of the best riparian environment based trails in the state. In 2013, the City completed the next trail phase which traverses from the Quinnipiac Trail toward the Central Business District (“CBD”). This is Phase II of Meriden’s Linear Trail system, an approximate one-mile extension that provides pedestrian and bicycle access to Platt High School. The City is in the final design for Phase III. Said trail will eventually extend to the northeast corner of the City. This is a regional project that will connect with an existing bikeway.

The Conservation Commission, the Inland Wetlands and Watercourse Commission and Planning staffs are active in preserving environmentally sensitive land throughout the City. In the summer of 2011, the City Council designated 71 additional acres of permanent Open Space of a large undeveloped property owned by the City, commonly known as Cathole Mountain. In 2015, the Meriden Land Trust preserved the “Bilger Farm”, one of the last active farms in Meriden. Also, in recognition the City’s “outstanding” efforts in the development, maintenance and protection of trail systems, the Connecticut Forest and Park Association designed the City as a “Connecticut Trail Town.”

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

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

1. Factory “H” - which is located on Cook Avenue at the southerly entrance to the CBD. Demolition of the obsolete Factory “H” structures was completed in the summer of 2012.
2. Meriden Green (formerly The Hub) - The site is across from the train center, Meriden is a designated stop on the planned New Haven-Hartford-Springfield rail service. The park project was completed in the July of 2016.
3. 177 State St – will begin clean-up in the spring of 2017 in advance of construction of a four story mixed use building.

These properties have redevelopment proposals that are advancing. Adjacent and nearby properties will also present many development opportunities.

C. ECONOMIC DEVELOPMENT

The goal of the Economic Development Office is to sustain and grow the tax base, foster job growth, and create economic activity across our community. Key economic development activities include managing the City’s business incentive programs, repurposing brownfield sites, marketing and outreach, and fostering transit-oriented development.

Incentive Programs

The office of Economic Development manages the City’s business incentive programs, further described on <http://www.meridenbiz.com/incentives/>. Incentives, and are designed to assist businesses that locate or expand in Meriden. Such programs include the following:

- **Meriden’s Enterprise Zone (“EZ”) State Incentives:** Meriden has a State-designated Enterprise Zone, which provides tax incentives to manufacturers and warehousing and distribution companies that locate to or expand in Meriden’s Enterprise Zone. Fifty percent of these tax abatements are reimbursed by the State.
- **Meriden’s Enterprise Zone - City of Meriden Incentives:** Companies locating to or expanding in the Enterprise Zone that do not qualify for the State’s EZ program may qualify for Enterprise Zone incentives under the Meriden Enterprise Zone incentive program.

- **Urban Jobs State Incentive Program:** Manufacturing and warehousing/distribution companies located outside of the Enterprise Zone may qualify for the same benefits as those located within the Enterprise Zone. Fifty percent of these tax abatements are reimbursed by the State.
- **Meriden's Information Technology Zone ("ITZ") Incentives:** Meriden has an Information Technology Zone tax incentive program offering real property tax assessment deferrals to property owners who improve their buildings to house IT companies. IT companies locating in the buildings may also receive personal property tax abatements.
- **Meriden's Manufacturing Assistance Program ("MAP"):** 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. Eight manufacturers have taken advantage of this program to date. One loan is current and one additional loan has been approved. Seven loans have been paid back in full. The program supports the expansion and retention of the City's manufacturing base. This program also offers a relocation incentive up to \$15,000 per business for companies relocating to Meriden.
- **Commercial Property Assessed Clean Energy ("C-PACE"):** A State of Connecticut Energy Program allowing commercial and industrial building owners to finance qualifying energy efficiency and clean energy improvements through placing a voluntary assessment on their property tax bill. Meriden has entered into an agreement with the Connecticut Energy Finance and Investment Authority to participate in this program. To date two companies are participating in the C-PACE program.
- **East Main Street Incentive:** In 2015, the City adopted the East Main Street Incentive to encourage private investment in underutilized and vacant properties, increase traffic to existing businesses, and improve the economic vitality of Meriden's east side. The incentive provides tax abatements related to the improvement of underutilized and vacant properties zoned commercial and located along East Main Street from Bee Street to the Middlefield town line.

Since 2015, the following incentives were approved under these aforementioned incentives programs:

- **State of CT Enterprise Zone(EZ) or Urban Jobs Tax Abatements:**
 - Turbo America Tech, 1400 Old North Colony Street
 - Accel International, 508 North Colony Street
- **City of Meriden EZ Tax Abatements:**
 - C-Town, 160 Colony Street
 - United Laundry, 72 Cook Avenue
- **City of Meriden IT Zone Property Tax Abatement:**
 - The Money Source, 500 South Broad Street
 - Meriden Record Journal, 500 South Broad Street
- **City of Meriden East Main Street Tax Abatement:**
 - JD Byrider, 1187 East Main Street

- City of Meriden Manufacturing Assistance Program (MAP) Relocation Reimbursements (\$15,000 relocation)
 - JD Byrider, 1187 East Main Street
 - Turbo America Tech, 1400 Old North Colony
 - Logan Steel, 119 Empire Avenue
 - Aperture Optical Systems, 170 Pond View Drive
- City of Meriden Manufacturing Assistance Program Loans
 - Aperture Optical Systems, 170 Pond View Drive (\$300,000 approved)
- Two CPACE Energy Retrofit Projects Installed
 - Meriden Enterprise Center, 290 Pratt Street
 - YMCA, 110 West Main Street

Brownfields Redevelopment

Meriden is engaged in a long-term commitment to assess and clean up brownfield sites in the community and return them to active reuse. Since 1992, the City has evaluated 23 brownfield sites totaling over 36 acres of land. Cleanup of 11 sites has been completed or is ongoing. Since 2002 the City has leveraged over \$23 million for assessment, cleanup and remediation activities of those sites. These grants have supported the creation of more available land for housing and commercial development.

Marketing and Outreach

Meriden is in its 14th year of a marketing campaign focusing on business retention and business development. The “Meriden 2020: Bringing It/Together” campaign was launched in 2015 to include electronic and print media campaigns allowing the City to update and maintain online communications, including meridenbiz.com and meriden2020.com websites, and to develop and implement a marketing plan for the use of the 2,000 hours/year of electronic billboard space.

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 and industrial properties available for lease or sale in the Meriden/New Haven region. The database enables staff to provide real-time “for 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, property trends/photos, and floor plans by building) for distribution to prospects, market research companies and site selection consultants.

Commercial/Industrial Development

Recently, several industrial and commercial businesses have undertaken major expansion projects in Meriden. Highlights include the following:

- Accel International, located at 508 North Colony Street, is a manufacturer of high performance conductors. In 2016 the company was awarded \$3 million in State bond funds backed by over \$15 million in private funds to expand their operations from 75 employees in 2015 to a projected 150 employees by 2018. Operating from a 100,000 square foot manufacturing facility, the existing plant can accommodate future growth that is anticipated.
- Logan Steel, located at 119 Empire Ave., is a manufacturer and retailer of specialty steel products. In 2016, the company was awarded \$1.078 million in State bond funds backed by over \$1.5 million in local funds to consolidate its operations at the 165,000 square foot facility. In addition, complete building and energy efficiency upgrades were done, and the company expects to hire 15 new employees.

- Aperture Optical Sciences, located at 170 Pond View Drive, recently acquired its facility and plans to complete building and energy efficiency upgrades, relocate 18 jobs to the site, and create up to 10 new jobs in the City of Meriden.
- 290 Pratt Street recently completed a comprehensive, two-party energy efficiency project including a 250,000 kWh solar photovoltaic installation and a total of \$3 million in building and energy efficiency upgrades to the 430,000 square foot industrial/office complex known as the Meriden Enterprise Center.
- Boscov's recently leased 190,000 square foot at the Meriden Westfield Mall taking over the former JC Penney space and several surrounding stores. Boscov's is a family owned retail department store headquartered in Pennsylvania.

Downtown and Transit-Oriented Development Opportunities

The City has positioned its downtown for significant change. The City's goal is to transform its city center into a modern, urban area that offers new, mixed-use development in a pedestrian-friendly environment with public open space and access to public transit service. The City has worked in close collaboration with State and federal agencies, educational institutions, non-profit organizations, foundations, and private sector partners to resolve historic flooding issues, clean up underutilized brownfield sites, remake the current rail station area and redevelop the obsolete and the distressed public housing complex at the core of the city center. More than \$100 million in federal, State and City funding is or will be invested in these efforts in the next few years.

The Connecticut Department of Transportation is in the process of constructing a \$20 million rail station to replace the aging Amtrak station. The investment is part of the New Haven-Hartford-Springfield ("Hartford Rail") program, a \$467 million commuter/high speed rail service utilizing the existing AMTRAK rail corridor. Meriden has been designated a key station stop along the NHHS rail line. At full capacity, Meriden will have 56 bi-directional trains daily serving the Springfield to New Haven corridor and improved transit bus service.

Adjacent to the new transit station at the Meriden Green, (fka Meriden HUB), the City has completed construction of a \$14 million City park and flood storage area that is part of a \$34 million citywide flood control infrastructure upgrade and the City's Linear Trail system. Implementation of the flood control program will significantly reduce flooding risks for existing and new development downtown and create an attractive public park, linear greenway trail and central town green around which development can be constructed.

In 2013, the City adopted a Transit-Oriented Development ("TOD") District Zoning Regulation to ensure that new development is of high quality and blends with the existing historic character. The zoning regulation is supported by the 2009 Plan of Conservation and Development. The TOD Zoning Regulation, which covers roughly the one-half mile area surrounding the Meriden Transit Center, provides flexibility in terms of use while establishing design criteria, flexible adaptive reuse guidelines and a streamlined permitting process. A new, mixed-use development at 24 Colony Street is under construction and scheduled to be completed in 2016. The \$22 million project is the City's first transit oriented development project. Plans are also underway to transform the Mills Memorial Public Housing Complex using a US Department of Housing and Urban Development ("HUD") "Choice Neighborhoods" planning grant.

New development throughout the TOD District will take advantage of Meriden's central location and proximity to major employment centers. Once the rail service is operational, nearly 140,000 workers located within one mile of a rail station will be able to commute to Meriden within a 40-minute ride. An analysis of residential supply and demand indicates a potential demand for 600 to 1,000 housing units in the TOD District and up to 30,000 square feet of service and specialty retail to support the new development. This new housing and retail will be attractive to young workers and empty nesters seeking high quality affordable and workforce housing.

The City recently selected three developers to complete mixed use development at key development areas around the TOD District. POKO Partners has been selected to develop 116 Cook Ave., the former Factory H site, Pennrose Properties, has been selected to develop the former Hub site at 1-77 State Street, and the Michaels Organization has been selected to develop 11 Crown Street following demolition of the former Record Journal building.

- **116 Cook Avenue:** Once a part of the International Silver manufacturing complex, the complex was converted into medical office space in the 1980's, but has been vacant since the 1990's. The City acquired 116 Cook Ave. in 2010 for redevelopment. The property includes a 74,000 square foot vacant building on 5.64 acres.
- **Factory H:** 77 Cooper Street, 85 Cooper Street, and 104 Butler Street, formerly known as "Factory H" together comprise 7.54 acres. The site, which previously housed an International Silver Company manufacturing facility dating back to the 1890's, ceased operation in the 1970's and was abandoned for over 40 years. The City acquired Factory H in 2010, demolished the former industrial buildings in 2012, and completed extensive environmental assessment and cleanup, and disposal of hazardous materials. The former boiler house remains on the site as well as the slab that was underneath the former factory buildings. The City envisions redevelopment of this parcel into a mixed use area that includes housing units and links to the regional greenway trail. This site has the potential to be combined with 116 Cook Ave. to comprise a 10-acre development parcel. The site is zoned TOD Hanover.
- **Hub Site:** Located at 1-77 State Street and 30-50 East Main Street, the HUB is a 14.4-acre City-owned parcel that has undergone extensive environmental assessment and cleanup. The City is in the process of transforming the HUB site into a City park that serves the purposes of providing public green space, flood storage and 3.4 acres for economic development. Repurposing this centrally located parcel is key to the success of the new transit center and the transit-oriented development district. The site historically served as a center of industrial and commercial activity in Meriden's downtown, and the City's goal is to make this a premier economic development and community gathering spot again. Construction at the HUB site commenced in January 2014 with an 18-month construction timeline. The \$14 million project includes several key features, including a public park with gathering places and links to the regional greenway system, pedestrian links to the new transit center, an amphitheater and great lawn area for public events, and a day-lighted Harbor Brook. The site is zoned TOD Park. Development parcels, totaling 3.4 acres, are located in the northwest corner along State Street and on the east side along Pratt Street. These areas will lie outside of the 100-year floodplain. Plans for the site include 170 rental housing units and 60,000 square foot of leasable commercial space. Future development must take into consideration the Environmental Land Use Controls that were put in place as part of the construction of the Harbor Brook Flood Control Plan. Completed environmental assessments include Phase I/II/III environmental site assessments, hazardous building materials survey, NEPA Environmental Assessment, soil investigation and other work.

- **11 Crown Street, Record Journal Building:** Overlooking the HUB site is the 30,000 square foot Record Journal Newspaper Building at 11 Crown Street. The City acquired the 1.6-acre property in 2014 for redevelopment purposes. The Record Journal, a locally-owned newspaper, has been headquartered here for over 100 years. The Record Journal relocated their business operations to a leased facility at 500 South Broad Street. Future development of the site must incorporate affordable housing under the requirements of the HUD Sustainable Community Challenge grant that was used for its acquisition. The parcel is zoned TOD Park.
- **1 King Place-Former Meriden Wallingford Hospital:** Located within a half block of the Factory H site is the former Meriden-Wallingford Medical Center (TOD Site #6), located at 1 King Place,. The site includes a 245,000 square foot building occupying two city blocks totaling 5.64 acres. The parcel is zoned TOD Hanover. The City acquired the property through tax foreclosure in 2014.

Municipal and Public Facility Development

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

In November 2007, the City opened a nature walk/bike recreation trail along the Quinnipiac River, the first phase of a linear trail planned to transect the City diagonally from the southwest to the northeast. It is heavily utilized and popular. It was designated as an official Connecticut Greenway in 2012. Phase II of the trail system, funded by a combination of federal and State funding, was completed in 2013 and was designated an official Connecticut Greenway in June 2014. Design for phases III and IV, which will bring the trail close to the City center, was approved in the City's 2015 Capital Improvement Plan and is awaiting federal TEP funding. In 2008, the City completed construction of Falcon Field, a new state of the art municipal artificial turf football and soccer field facility. The facility, funded by a State grant, hosts numerous events including state-wide playoff games and is rented to private and public users. In 2010, the City completed an irrigation project at Hunter Memorial Golf Course, funded through user fees paid into the golf enterprise fund. City athletic field upgrades, including irrigation, replacement fencing and new lighting, were completed in 2011, bringing to a close the City's five year park and recreation plan for that period. The Park and Recreation Task Force was reconvened in 2011, resulting in a new five year plan beginning in 2012. In addition to the HUB project described below, the City has begun improvements to City and Brookside Parks, located near the City center, funded through a combination of City, State and private foundation grants. Improvements to City Park are nearing completion. The Meriden Green park and flood control project was completed in September 2016 and is now open to the public providing 14 acres of open space and floodwater detention in downtown.

New high efficiency boilers were installed in City Hall in 2009 through American Recovery and Reinvestment Act ("ARRA") funding. Similar high efficiency systems were installed in the Meriden Public Library ("Library"), funded by a combination of State and local sources. Energy costs in both facilities have been reduced by approximately \$75,000 per year. The City also completed an addition to the Library parking lot, repair of its elevator and will complete other interior and exterior Library projects shortly, all of which projects were partially funded through State Library grant funds. Additionally, replacement of oil fired boilers in four City elementary schools, over the next three years, is currently underway. A backup power generator, funded by a State of Connecticut Department of Public Utility Control grant, was added to City Hall in 2009. Beginning in 2008, the City replaced its traffic signal lights with LED lighting, resulting in energy cost savings. The City completed installation of a compressed natural gas fueling station, with ARRA funds obtained as a sub-recipient to the Clean Cities coalition. The City has nine CNG powered passenger vehicles, one van and traffic sign truck. Cost differential in the purchase price have been funded through grants from the State. The City is pursuing plans to install a second CNG fueling station for use by private businesses that have expressed an interest in such a facility. The City has installed four electric vehicle charging stations, which are open to the public, and purchased one dedicated electric vehicle. Funds for this project were provided by the CT Department of Energy and Environmental Protection. The City has been awarded a \$2.3 million grant in FEMA Hazard Mitigation to replace all its public utility back-up generators.

In 2010, the City completed a \$46 million comprehensive upgrade to its municipal sewer treatment facility. The facility has expanded capacity, improved water pollution results, reduced nitrogen levels (allowing the City to be a seller of nitrogen credits rather than a purchaser of credits) and reduced electricity usage. The project was funded through grants and low interest loans to be repaid through user fees. For more information, refer to the section entitled “Clean Water Fund Program” herein. The City completed work on the \$19 million Broad Brook water treatment plant upgrade in 2016. This upgrade was funded through grants and low interest loans to be repaid through user fees.

The City purchased a new \$1.2 million fire ladder truck, funded 50% through federal Fire Act funds. The City has taken delivery of the new truck. The City has completed renovations to its emergency communications center, including a new fourth public safety answering point, funded through State grant and City funds.

In addition to its regular road maintenance program, the City completed a major road reconstruction and streetscape project on Curtis Street in 2009, a major road reconstruction of Gravel Street which serves as the primary access road to Maloney High School, and in 2015 completed the West Main Street Streetscape Project, reconstructing the roadway and sidewalks with period lighting and other amenities on West Main Street, the main roadway from the City center to the western section of the City, and completed sidewalk reconstruction on West Main Street from Cook Ave. to Grove Street. This project was funded by a combination of federal and State funds. The City has been awarded \$3 million in CMAQ funding approval to undertake a traffic signal modernization and upgrade program and \$3 million in LOTCIP funds to upgrade Pratt Street in downtown Meriden.

The City has continued work on the Harbor Brook Flood Control Project. In 2012, the City was awarded permits from the State Department of Energy and Environmental Protection, the Army Corps of Engineers and FEMA for the entire Harbor Brook flood control plan. The State of Connecticut has completed work on the Cook Avenue Bridge and the installation of the Columbus Avenue Relief Culvert is under construction. The City completed construction of detention projects at Westfield Road and at the Meriden Green/former Hub site in 2015/2016. The Meriden Green/former HUB site project transformed an underutilized City brownfield property in the City Center into a flood control area that will detain 53 acre feet of water in high storm conditions and allow use of the property as a central park and green space in normal conditions. The park features amenities such as a performance amphitheater, public plazas, a great lawn area, an iconic pedestrian bridge and a three-acre footprint for economic development purposes. The final cost of the Meriden Green project is in excess of \$14 million. The City of Meriden received \$615,000 in US Environmental Protection Agency funds, \$4 million in Urban Act, Brownfields Pilot and other funds administered by the State of Connecticut Department of Economic and Community Development (DECD), and \$8.8 million in funds provided through the Connecticut Department of Energy and Environmental Protection (DEEP). The City of Meriden provided local funds for construction administration and flood control engineering services. Engineering work has begun on the Amtrak Railroad Bridge Bypass Culvert, the Dog’s Misery Swamp Mitigation project and the Center Street Bridge project. Completion of the Harbor Brook project will reduce the floodplain from 225 to 95 acres and the number of properties and structures in the floodplain from over 300 to 50. The \$105 million “like new” renovation of Francis T Maloney High School will be substantially complete by the end of 2016 and the \$110 million “like new” renovation of Orville Platt High School will be substantially complete by August 2017. Both of these projects are expected to receive grant funding of approximately 77%.

Residential Development

During 2015, and in the first half of 2016 residential development activity continued to progress. Some of the major residential developments include:

Under Construction:

- 24 Colony St: 63 multi-family units, to be completed December 1, 2016;
- Marina Court: 13 single-family homes, nine completed;
- Leonard Street: 38 multi-family units, 20 completed; and
- Preston Woods: 13 single-family Active Adult homes, 11 completed.

Comprehensive Planning and Future Mixed Use Developments

The City is actively implementing its long term Plan of Conservation & Development (“POCD”). Adopted in 2009 by the City Planning Commission and the City Council, the POCD includes specific Plan Actions to promote its objectives, including targeted investments, regulatory changes and economic development. In 2016, a review of progress implementing the POCD found that 33 Plan Actions were completed, and another 40 Plan Actions were in the process of being completed. Other Plan Actions were also in the preliminary stages. The Planning Department is preparing to do an update of the POCD over the next two years.

The City’s comprehensive planning implementation efforts continue to be concentrated in the areas of Land Use, Neighborhood Planning, targeted Open Space, and Economic Development. A major City proposal in 2012 was to rezone over 540 residential properties in nine areas of the City from R-2 Two/Three Family Residential to R-1 Single Family Residential. Staff research indicated that the nine areas were primarily composed of single family homes, and revising zoning would help to maintain the neighborhoods. Following a public hearing, the City Council changed the Zoning Map designation for these properties. A recent review of these areas indicates the neighborhoods are stable or improving – specifically in areas previously showing a decline.

The Transit-Oriented Development (“TOD”) Plan has started to be implemented. The planned increase in rail service and several underdeveloped properties provide opportunities for a full transit center, future high density mixed use development and a new central park (“Meriden Green”) that can support flood control. The Meriden Green was completed in July 2016 and multiple, mixed-use, development proposals surrounding the new park have been given conditional zoning approval.

To ensure that new high quality development is facilitated, the Planning Director has worked closely with the City Manager and Economic Development to review and advise the major mixed use TOD building projects. The first project approved is a four story building will include first floor retail space, 63 units of mixed income housing and a 273 space multi-story parking garage to accommodate the transit center and rail service. The project will be completed and ready for occupancy by December 1, 2016.

Beyond the downtown area, planning to develop large sites for mid to long term economic development has continued. A focus of such efforts in 2016 is a large City owned site on South Mountain Road and a former hospital site in the TOD zone. The former Meriden Wallingford Hospital site includes a 245,000 square foot building occupying two city blocks, a former parking garage, and land totaling 5.64 acres. In addition, the Planning Department, along with the Economic Development Office, contracted a study, “First Mile, Last Mile” to evaluate the area mass transit bus service and how coordination with the new commuter rail line could benefit City residents and those who work within the City.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (“CDBG”)

The primary function of the City’s Community Development Office (CD Office) is to administer the City’s CDBG program. CDBG funds contribute to the funding of three City departments and 23 local non-profit agencies that provide services to low and moderate income persons, and funds the NPP Residential loan program for income eligible homeowners. The office manages other municipal grants in transportation, hazard mitigation, energy, open space, economic development, Brownfields and public safety.

Key accomplishments of the CDBG Program during the 2016 Fiscal Year included:

- Funding 23 public service programs that served over 77,000 low and moderate income Meriden residents.
- Conducting 4,970 code enforcement inspections in the CDBG target areas.
- Coordinating the preparation of the Choice Neighborhood Implementation Plan in an effort to secure \$20 million in HUD grant funds connected to the \$500,000 Choice Planning grant that was previously awarded to Meriden.
- Administering over \$5.4 million in FEMA Hazard Mitigation funding to replace generators at both the Water Pollution Control Facility and the Water Department and replace an Amtrak Bridge.

The City of Meriden is considered a federal entitlement community under the Housing and Community Development Act of 1974, as amended in 1977 and 1982, and a state-designated “distressed” municipality pursuant to Section 32-9j of the Connecticut General Statutes. During FY 2016, the City of Meriden received \$851,343 in HUD CDBG “entitlement” funds, which were used to promote decent housing, suitable living environments and economic opportunities for Meriden’s low and moderate income persons. Programs funded in FY 2016 with CDBG funds include a portion of the City’s code enforcement activities, youth services, sidewalk improvements and public services for the elderly, homeless, handicapped and at-risk youth. CDBG funds are also used to support a revolving loan program that funds housing rehabilitation projects. The Meriden Housing Authority and the City are joint recipients of a \$500,000 HUD Choice Neighborhood Planning grant. The purpose of the grant is to develop a Transformation Plan for the redevelopment of the Mills Memorial public housing site and the surrounding central business district. This activity is coupled with other initiatives already underway in Meriden, including the Meriden Family Zone Promise Neighborhood, the HUB Redevelopment and Remediation/Park project, Transit Oriented Development and the New Haven-Hartford-Springfield High Speed Intercity Passenger Rail Corridor Program and a focus on crime reduction strategies all in the CDBG Target Area.

During FY 2016, the Community Development office managed approximately 25 other state and federal grants totaling over \$20 million. The U.S. Department of Homeland Security-Federal Emergency Management Agency, U.S. Department of Justice and the Connecticut Department of Emergency Management and Homeland Security provided grants for personnel and equipment costs. The DOT also provided grants for streetscape improvements and road repair. The CD office continues to administer \$13M in HUB funds received from both DEEP and DECD to remediate and revitalize the HUB Park, including attending project meetings, processing payments, submitting reimbursements requests and submitting semi-annual financial reports to DECD.

Awards

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Meriden, Connecticut for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report, in particular, Frank Ocskasy Jr., Director of Accounting, Agnes Puzio, Accountant II and Karen Ferrigno, Accountant. I would also like to thank Donna Carnot and Kristin Culver from the Board of Education business office.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Lupkas". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael Lupkas, CPFO
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

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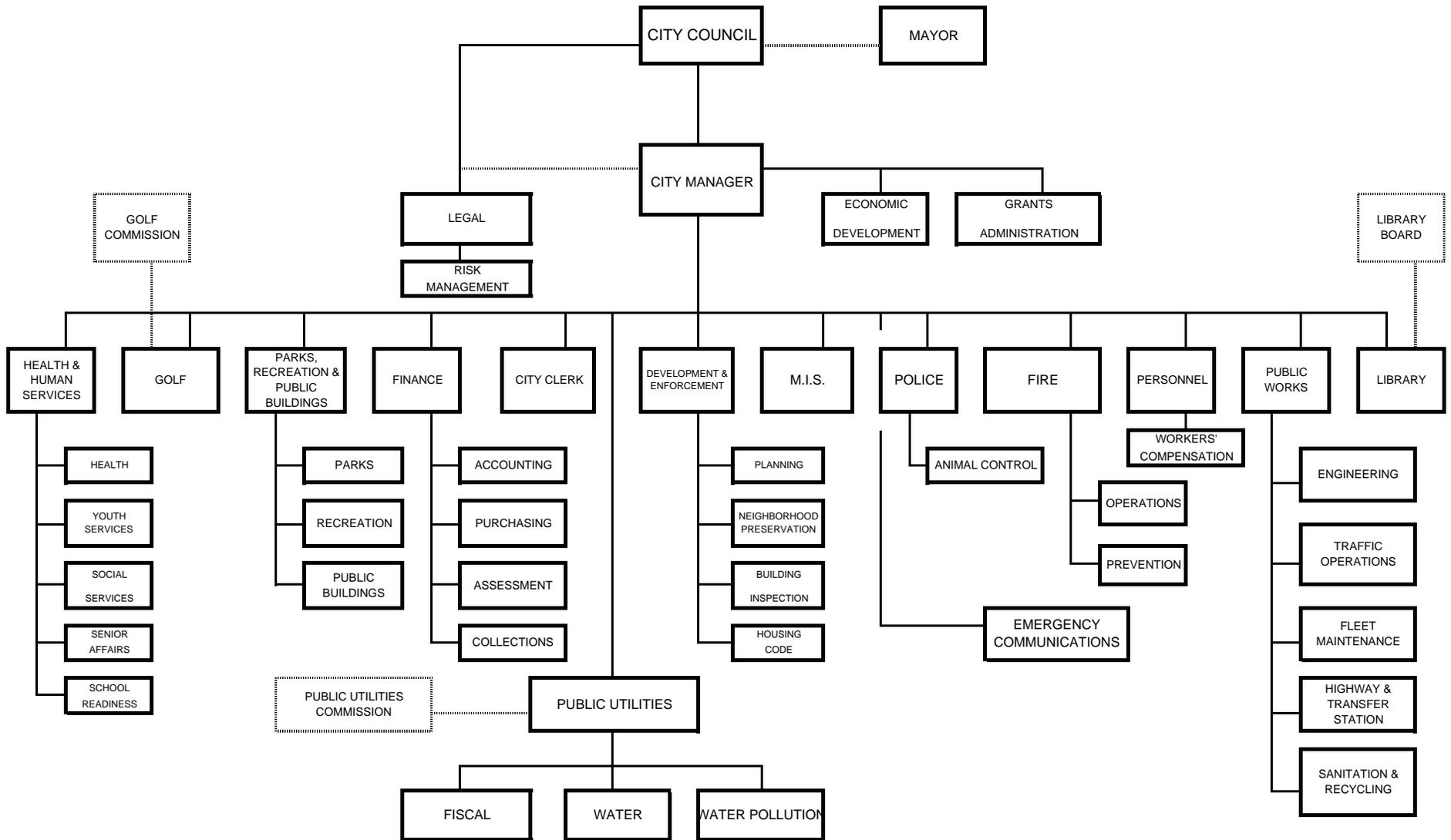
**City of Meriden
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**CITY OF MERIDEN
ORGANIZATIONAL CHART**



CITY OF MERIDEN, CONNECTICUT

PRINCIPAL OFFICIALS

JUNE 30, 2016

MAYOR

Kevin M. Scarpati

CITY COUNCIL

Michael P. Cardona, Deputy Mayor
Brian P. Daniels, Majority Leader
Daniel Brunet, Minority Leader
Catherine R. Battista, Deputy Majority Leader
David D. Lowell, Deputy Majority Leader
Walter A. Shamock, Deputy Minority Leader
Joseph Carabetta III, City Councilor
Miguel Castro, City Councilor
Larue A. Graham, City Councilor
Sonya R. Jelks, City Councilor
Lenny Rich, City Councilor
Bob Williams, Jr., City Councilor

CITY MANAGER

Lawrence Kendzior

ADMINISTRATION

City Clerk	Denise Grandy
Director of Finance	Michael Lupkas
Police Chief	Jeffry Cossette
Fire Chief	Kenneth Morgan
Corporation Counsel	Michael Quinn
City Attorney	Deborah Moore
Director of Development and Enforcement	Robert Seale
Director of Economic Development	Juliet Burdelski
Director of Emergency Communications	Patrick Gaynor
Director of Health and Human Services	Lea Crown
Director of Management Information Systems	Stephen Montemurro
Director of Parks, Recreation and Building Maintenance	Mark Zebora
Director of Personnel	Caroline Beitman
Director of Public Works	Robert J. Bass
Director of Public Utilities	Dennis Waz
Library Director	Karen Roesler
Golf Course Facilities Manager	Thomas DeVaux

BOARD OF EDUCATION

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Dr. Steven J. O'Donnell, V. President
John D. Lineen Treasurer
Robert E. Kosienski Jr., Secretary
Allan E. Pronovost
Kyle J. Abercrombie
Kim A. Carbone-Pandiani
Donald R. Green, Esq.
Pamela S. Bahre

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Dr. Miguel A. Cardona, Assistant Superintendent, Teaching and Learning
Michael Grove, Assistant Superintendent, Finance and Administration
Louis Bronk, Director of Talent Development

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the City of Meriden, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, and the pension schedules on pages 74 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Meriden, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 19, 2016

**CITY OF MERIDEN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the City's basic financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the assets of the City of Meriden exceeded its liabilities resulting in total net position at the close of the fiscal year of \$190.6 million. Total net position for Governmental Activities at fiscal year-end was \$100 million and total net position for Business-Type Activities was \$90.6 million. (Exhibit I)
- On a government-wide basis, during the year, the City's net position increased by \$30.8 million or 19.3%, from \$159.8 million to \$190.6 million. Net position increased by \$32.1 million for Governmental Activities and decreased by \$1.3 million for Business-Type Activities. Governmental Activities expenses were \$252.7 million, while revenues were \$284.8 million. The large increase in governmental activities net position is primarily due to the receipt of education capital grants and construction in progress during the year. (Exhibit II)
- 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 \$24.4 million, a decrease of \$34.8 million from the prior fiscal year. The decrease is primarily attributable to the spending of bond proceeds received in a prior period resulting in a decrease in fund balance of \$36.2 million in the Bonded Projects Fund. (Exhibit IV)
- At the end of the current fiscal year, the total fund balance for the General Fund was \$18.1 million, an increase of \$0.5 million from the prior fiscal year. Of the total General Fund, fund balance as of June 30, 2016, \$16.7 million represents unassigned General Fund fund balance. Unassigned General Fund, fund balance at year-end represents 8.1% of total General Fund expenditures and transfers out (\$206.7 million), which is equal to the percentage from the prior year. (Exhibit III, Exhibit IV)

Overview of the Financial Statements

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

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 portrayed 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.

Government-Wide Financial Statements

The statement of net position presents information on all of Meriden's assets and liabilities, with the difference reported as net position. One can think of the City's net position - 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 position 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. To assess the overall health of the City of Meriden, the reader needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

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

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

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

The government-wide financial statements (statement of net position and statement of activities) can be found on Exhibits I and II of this report.

Fund Financial Statements

The City of Meriden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 has three kinds of funds:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Meriden maintains 37 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 Bonded Projects Fund, which are considered to be major funds. Data from the other 35 governmental funds are combined into a single, aggregated column and is presented as nonmajor governmental funds.

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

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

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

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

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

The City of Meriden adopts annual appropriated budgets for its Proprietary Funds. A budgetary comparison statement has been provided for the proprietary funds to demonstrate compliance with the authorized budget. The proprietary fund financial statements can be found on Exhibits VI-VIII of this report.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-73 of this report.

The notes to this report also contain certain supplementary information concerning the City of Meriden's pension plan such as the net pension liability, employer contributions and investment returns on pension assets. Required supplementary information can be found on pages 74-83 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. City of Meriden total net position exceeded liabilities by \$190.6 million on June 30, 2016. Governmental activities assets exceeded liabilities by \$100 million. Business-type activities assets exceeded liabilities by \$90.6 million.

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 74,361	\$ 105,838	\$ 16,563	\$ 17,538	\$ 90,924	\$ 123,376
Capital assets, net of accumulated depreciation	379,297	310,052	140,249	140,502	519,546	450,554
Total assets	<u>453,658</u>	<u>415,890</u>	<u>156,812</u>	<u>158,040</u>	<u>610,470</u>	<u>573,930</u>
Deferred outflow of resources	32,611	16,741	610	669	33,221	17,410
Current liabilities	48,024	48,740	5,246	17,659	53,270	66,399
Long-term liabilities outstanding	333,689	313,669	61,536	49,102	395,225	362,771
Total liabilities	<u>381,713</u>	<u>362,409</u>	<u>66,782</u>	<u>66,761</u>	<u>448,495</u>	<u>429,170</u>
Deferred inflow of resources	4,598	2,368			4,598	2,368
Net Position:						
Net investment in capital assets	283,492	237,700	83,376	80,266	366,868	317,966
Restricted	1,359	1,357			1,359	1,357
Unrestricted	<u>(184,893)</u>	<u>(171,203)</u>	<u>7,264</u>	<u>11,682</u>	<u>(177,629)</u>	<u>(159,521)</u>
Total Net Position	<u>\$ 99,958</u>	<u>\$ 67,854</u>	<u>\$ 90,640</u>	<u>\$ 91,948</u>	<u>\$ 190,598</u>	<u>\$ 159,802</u>

A portion of net position was restricted in June 30, 2016 as a result of the Wallingford Regional Solid Waste Reserve (\$.5 million), Flood Control (\$.5 million) and the corpus of various trusts (\$.4 million). Governmental Accounting Standards Board (GASB) Statement 46, *Net Assets Restricted by Enabling Legislation - An Amendment to GASB Statement 34* pertains to the Wallingford Regional Solid Waste Reserve.

By far the largest portion of the City of Meriden's net position 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.

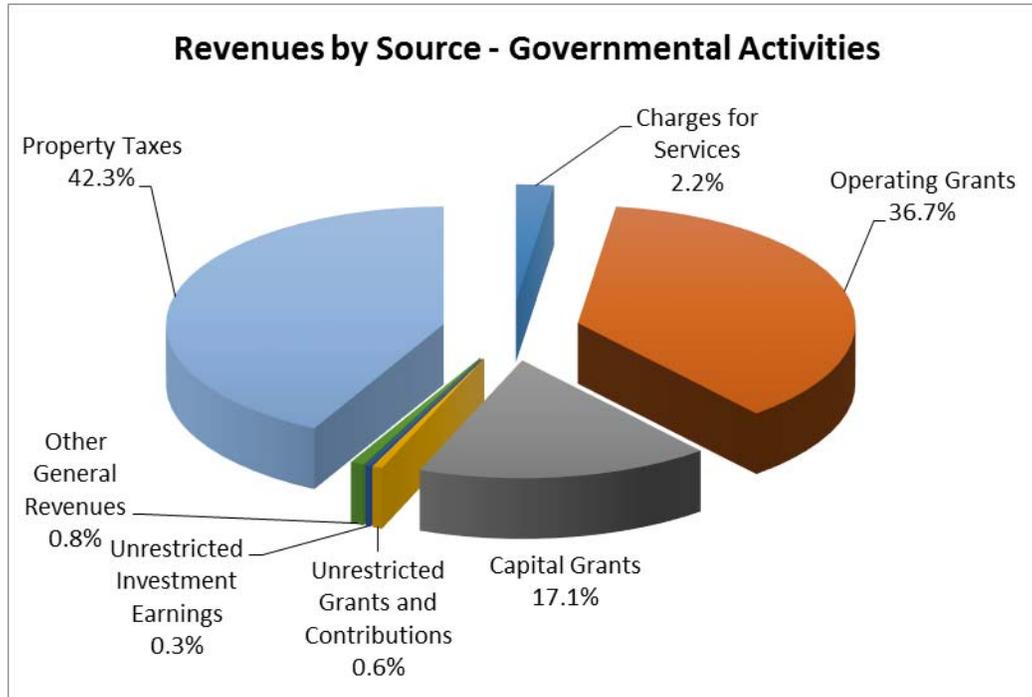
City of Meriden, Connecticut
Changes in Net Position (\$000s)
Primary Government

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 6,231	\$ 6,076	\$ 19,825	\$ 19,245	\$ 26,056	\$ 25,321
Operating grants and contributions	104,644	100,182			104,644	100,182
Capital grants and contributions	48,613	63,460	1,400	3,744	50,013	67,204
General revenues:						
Property taxes	120,489	117,045			120,489	117,045
Grants not restricted to specific programs	1,757	1,728			1,757	1,728
Unrestricted investment earnings	877	856	29	66	906	922
Miscellaneous income	2,228	3,017	1,730	1,237	3,958	4,254
Total revenues	<u>284,839</u>	<u>292,364</u>	<u>22,984</u>	<u>24,292</u>	<u>307,823</u>	<u>316,656</u>
Expenses:						
General government	14,166	12,020			14,166	12,020
Education	142,844	137,161			142,844	137,161
Public safety	60,112	54,674			60,112	54,674
Public works	11,788	12,378			11,788	12,378
Human services	12,553	13,029			12,553	13,029
Cultural and recreation	7,121	7,180			7,121	7,180
Interest on long-term debt	4,151	4,228			4,151	4,228
Sewer Authority			11,104	11,374	11,104	11,374
Water Authority			11,893	11,674	11,893	11,674
George Hunter Golf Course			1,295	1,467	1,295	1,467
Total expenses	<u>252,735</u>	<u>240,670</u>	<u>24,292</u>	<u>24,515</u>	<u>277,027</u>	<u>265,185</u>
Change in Net Position	32,104	51,694	(1,308)	(223)	30,796	51,471
Net Position at Beginning of Year	<u>67,854</u>	<u>16,160</u>	<u>91,948</u>	<u>92,171</u>	<u>159,802</u>	<u>108,331</u>
Net Position at End of Year	<u>\$ 99,958</u>	<u>\$ 67,854</u>	<u>\$ 90,640</u>	<u>\$ 91,948</u>	<u>\$ 190,598</u>	<u>\$ 159,802</u>

The City's net position increased by \$30.8 million during the fiscal year, with net position of governmental activities increasing by \$32.1 million and business-type activities decreasing by \$1.3 million.

Governmental Activities

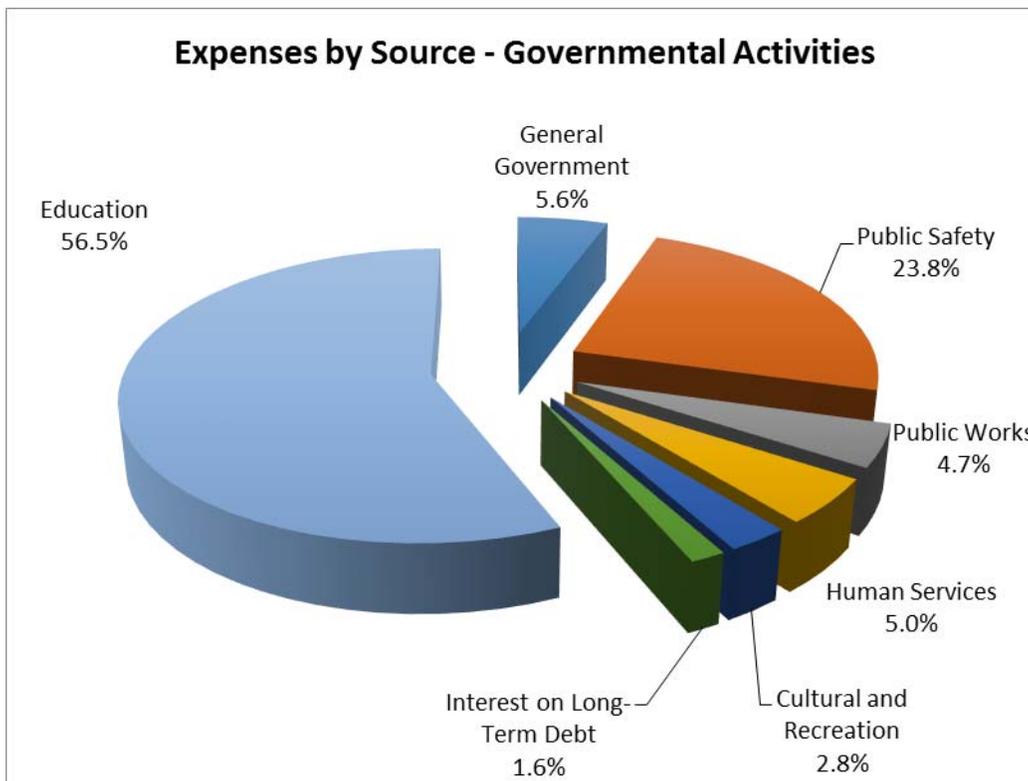
54.4% of the revenues were derived from State and Federal Government program revenues, followed by 42.3% from property taxes, and 2.2% from charges for services.



Major revenue factors included:

- Capital grants and contributions decreased by \$14.8 million from 2015. The Maloney High School and Platt High School “renovation-like-new” construction continued in fiscal year 2016. \$20.2 million was reimbursed by the State for Maloney renovation expenditures and \$17.4 million was reimbursed by the State for Platt renovation expenditures. These amounts represent a decrease of \$5.9 million and \$12.2 million, respectively.
- Property tax revenues increased \$3.5 million or 3.0% from 2015 primarily due to an increase in the mill rate resulting in an increased original tax levy for 2016 and increased collections on back taxes owed.

For Governmental Activities, 56.5% of the City's expenses relate to education, 23.8% relate to public safety, 5.6% to general government, 5.0% to health and human services, 4.7% to public works, , 2.8% to culture and recreation and 1.6% on interest on long-term debt.



Major expense factors include:

- Increases in employee wages, resulting from general wage increases, ranged from 0% to 2.5% depending on the employee group. Some employees also received negotiated step increases.
- General government expenses for fiscal year 2016 increased by \$2.1 million or 17.5% and public safety expenses increased by \$5.4 million or 9.9% primarily due to the allocation of the net pension liability.

Business-Type Funds

Business-type activities capital grants and contributions decreased by \$2.3 million due to decreases in grant funding.

Financial Analysis of the City's Funds

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

Governmental Funds

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

The General Fund is the chief operating fund of the City of Meriden. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16.7 million while total fund balance was \$18.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.1% of total General Fund expenditures and transfers out (\$206.7 million), while total fund balance represents 8.8% of that same amount.

As stated earlier, the fund balance of the City of Meriden's General Fund increased by \$0.5 million during the current fiscal year. This fund balance increase was attributed to the prudent review and containment of expenditure accounts.

The Bonded Projects Fund has a total fund balance deficit of \$0.3 million, a decrease of \$36.2 million from the prior year. This decrease is directly attributable to the spending of bond proceeds received in prior periods.

The Nonmajor Governmental Funds have a total fund balance of \$6.6 million, up from \$5.7 million in the prior year. The \$0.9 million increase related primarily to the elimination of liabilities related to education programs such as Medicaid.

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 position of the Water Fund at the end of the year was \$40.8 million, with unrestricted net position of \$5.0 million. The Water Fund experienced an operating income of \$0.2 million but also had capital grants of over \$1.2 million from the drinking water state revolving funds received from the State of Connecticut Department of Public Health which fueled the increase in net position in fiscal year 2016.

Net position of the Sewer Fund was \$50.3 million. Unrestricted net position was \$5.3 million. The Sewer Fund experienced an operating loss of \$1.6 million, due primarily to depreciation expense, which was \$4.1 million in 2016 and is not budgeted.

The George Hunter Memorial Golf Course Fund had a deficit in net position at the end of the year of \$0.4 million. The Golf Fund experienced an operational loss of \$0.1 million.

General Fund Budgetary Highlights

There were additional appropriations of \$0.8 million for increased health insurance contributions. The original budget included a contingency of \$0.5 million that was budgeted in the General Fund expenses to cover certain items, including unsettled labor contracts and other unanticipated expenses.

During the year, actual revenues on a budgetary basis were \$190.8 million, which was extremely consistent with the estimated budget as adopted. Intergovernmental revenues were \$0.9 million less than budget, which is mainly due to the E-911, ECS, and PILOT grant revenues coming in under budget. Actual transfers in on a budgetary basis were \$2.7 million, which was slightly higher than budget primarily due to the transfer from the Meals on Wheels fund.

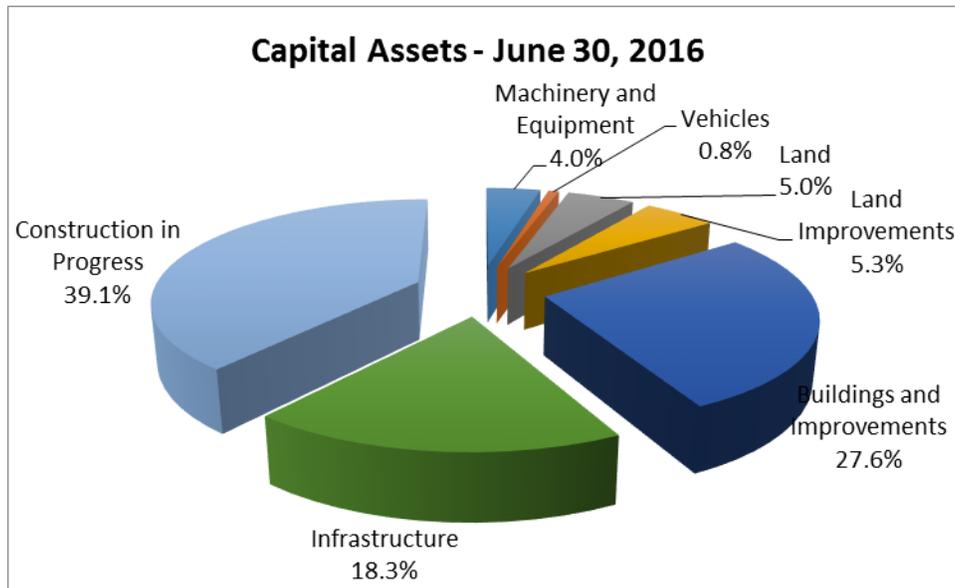
Actual revenues and other financing sources on a budgetary basis totaled \$190.8 million, exceeding actual expenditures and other financing uses on a budgetary basis by \$0.4 million.

Capital Asset and Debt Administration

Capital Assets. The City of Meriden’s investment in capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$519.5 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.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 24,778	\$ 24,800	\$ 1,138	\$ 1,138	\$ 25,916	\$ 25,938
Land improvements	10,233	8,685	17,370	13,310	27,603	21,995
Buildings and improvements	97,482	99,452	45,880	35,696	143,362	135,148
Infrastructure	37,260	33,928	57,612	58,447	94,872	92,375
Machinery and equipment	4,637	4,741	16,068	11,359	20,705	16,100
Vehicles	3,669	3,635	389	435	4,058	4,070
Construction in progress	201,238	134,811	1,792	20,117	203,030	154,928
Total	\$ 379,297	\$ 310,052	\$ 140,249	\$ 140,502	\$ 519,546	\$ 450,554

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



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

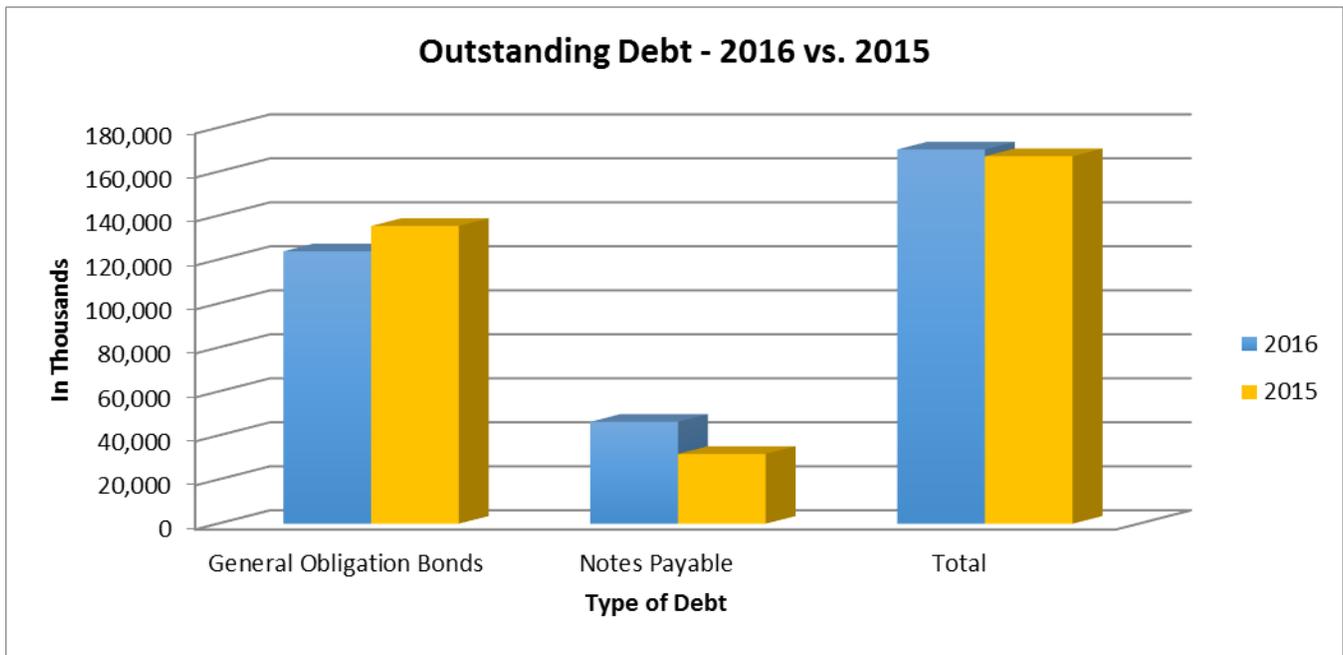
- \$35.8 million for the Maloney High School Renovation
- \$26.4 million for the Platt High School Renovation
- \$14.8 million on the Broad Brook Treatment Plant Upgrade
- \$8.0 million on HUB demolition and other redevelopment activities
- \$6.6 million for Public Works Projects (Road Construction, Paving, Improvements, Flood Control)
- \$2.5 million on water main systems
- \$1.8 million for the Nathan Hale School Roof and boiler
- \$1.6 million on water and sewer generators
- \$1.1 million on street lighting
- \$.4 million on airport improvements

Additional information on the City of Meriden’s capital assets can be found in Note 5 on pages 43-44 of this report.

Long-Term Debt. At the end of the current fiscal year, the City of Meriden had total bonded debt outstanding of \$123.8 million. All of this debt is backed by the full faith and credit of the City.

**Outstanding Debt (\$000s)
General Obligation and Revenue Bonds**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 108,607	\$ 118,715	\$ 15,213	\$ 16,644	\$ 123,820	\$ 135,359
Notes payable			46,326	31,720	46,326	31,720
Total	<u>\$ 108,607</u>	<u>\$ 118,715</u>	<u>\$ 61,539</u>	<u>\$ 48,364</u>	<u>\$ 170,146</u>	<u>\$ 167,079</u>



The City of Meriden's bonded debt decreased by \$11.6 million or 8.5% during fiscal year 2016.

The City of Meriden has received an underlying rating from S&P Global Ratings and Fitch Ratings of AA-.

In reviewing the City's financial management, S&P Global Ratings considers Meriden's management practices "strong" under its FMA methodology, indicating practices that are strong, well embedded, and likely sustainable." This is the highest level for "Financial Management Assessment."

The overall statutory debt limit for the City of Meriden is equal to seven times annual receipts from taxation or \$848.4 million. As of June 30, 2016, the City recorded long-term debt of \$135.5 million related to Governmental Activities and none related to Business-Type Activities that are paid through taxes, well below its statutory debt limits.

Additional information on the City of Meriden's long-term debt can be found in Note 7 on pages 46-53 of this report.

Economic Factors (Updated through October 2016)

The national economic downturn continued to ease during 2016. As of October 2016, the unemployment rate for Meriden was 5.6%, a decrease from 7.0% in the prior year. Although Meriden's unemployment rate is above the October 2016 State of Connecticut, which had an unemployment rate of 4.5%, Meriden's unemployment rate in October 2016 remained lower than larger Connecticut cities including the City of New Haven at 6.1% and the City of Hartford at 8.4%. In September 2015, Connecticut's overall unemployment rate stood at 4.5% (seasonally adjusted) compared with 5.8% for the same time a year ago.

The City of Meriden's reliance on property taxes has helped it weather the national economic downturn. 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. To foster economic development and continued expansion of the tax base, the City administers several business incentive programs, including Enterprise Zone, the Manufacturing Assistance Loan Program, and the C-PACE program, designed to attract, retain and grow business entities in Meriden.

Requests for Information

The financial report is designed to provide a general overview of the City of Meriden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City Hall Room 212, 142 East Main Street, Meriden, Connecticut 06450.

Basic Financial Statements

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 39,467,521	\$ 5,842,291	\$ 45,309,812
Investments	22,481,323	1,149,769	23,631,092
Receivables, net	13,807,640	7,950,211	21,757,851
Internal balances	(1,621,140)	1,621,140	-
Inventory	196,754		196,754
Other assets	27,923		27,923
Capital assets, nondepreciable	226,015,882	2,930,606	228,946,488
Capital assets, net of accumulated depreciation	<u>153,281,411</u>	<u>137,318,147</u>	<u>290,599,558</u>
Total assets	<u>453,657,314</u>	<u>156,812,164</u>	<u>610,469,478</u>
Deferred Outflows of Resources:			
Difference between expected and actual experience for pensions	246,849		246,849
Difference between projected and actual earnings on pension plan investments	30,518,553		30,518,553
Deferred charge on refunding	<u>1,845,346</u>	<u>610,238</u>	<u>2,455,584</u>
Total deferred outflows of resources	<u>32,610,748</u>	<u>610,238</u>	<u>33,220,986</u>
Liabilities:			
Accounts payable and accrued liabilities	30,043,543	970,579	31,014,122
Accrued interest	1,503,738	211,398	1,715,136
Unearned revenue	2,323,080		2,323,080
Noncurrent liabilities:			
Due within one year	14,153,665	4,064,266	18,217,931
Due in more than one year	<u>333,688,631</u>	<u>61,535,730</u>	<u>395,224,361</u>
Total liabilities	<u>381,712,657</u>	<u>66,781,973</u>	<u>448,494,630</u>
Deferred Inflows of Resources:			
Difference between expected and actual experience for pensions	1,452,686		1,452,686
Advance property tax collections	<u>3,145,009</u>		<u>3,145,009</u>
Total deferred inflows of resources	<u>4,597,695</u>	<u>-</u>	<u>4,597,695</u>
Net Position:			
Net investment in capital assets	283,492,036	83,375,860	366,867,896
Restricted:			
Solid Waste Reserve	447,616		447,616
Expendable - Flood Control	480,001		480,001
Nonexpendable - purposes of trust	431,547		431,547
Unrestricted	<u>(184,893,490)</u>	<u>7,264,569</u>	<u>(177,628,921)</u>
Total Net Position	<u>\$ 99,957,710</u>	<u>\$ 90,640,429</u>	<u>\$ 190,598,139</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF ACTIVITIES
JUNE 30, 2016

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 14,166,314	\$ 2,783,854	\$ 1,828,305	\$ 7,572,643	\$ (1,981,512)	\$	\$ (1,981,512)
Education	142,843,861	1,143,294	93,315,725	37,890,671	(10,494,171)		(10,494,171)
Public safety	60,111,743	78,219	386,532	59,045	(59,587,947)		(59,587,947)
Public works	11,787,900	2,011,149	66,057	3,090,870	(6,619,824)		(6,619,824)
Human services	12,553,312	189,487	8,191,523		(4,172,302)		(4,172,302)
Culture and recreation	7,120,537	24,922	855,420		(6,240,195)		(6,240,195)
Interest on long-term debt	4,150,819				(4,150,819)		(4,150,819)
Total governmental activities	<u>252,734,486</u>	<u>6,230,925</u>	<u>104,643,562</u>	<u>48,613,229</u>	<u>(93,246,770)</u>	<u>-</u>	<u>(93,246,770)</u>
Business-type activities:							
Sewer Authority	11,103,885	8,079,224		166,901		(2,857,760)	(2,857,760)
Water Authority	11,892,614	10,643,042		1,233,389		(16,183)	(16,183)
George Hunter Golf Course	1,295,453	1,102,819				(192,634)	(192,634)
Total business-type activities	<u>24,291,952</u>	<u>19,825,085</u>	<u>-</u>	<u>1,400,290</u>	<u>-</u>	<u>(3,066,577)</u>	<u>(3,066,577)</u>
Total	<u>\$ 277,026,438</u>	<u>\$ 26,056,010</u>	<u>\$ 104,643,562</u>	<u>\$ 50,013,519</u>	<u>(93,246,770)</u>	<u>(3,066,577)</u>	<u>(96,313,347)</u>
General revenues:							
Property taxes					120,489,481		120,489,481
Grants and contributions not restricted to specific programs					1,757,366		1,757,366
Unrestricted investment earnings					876,927	29,436	906,363
Miscellaneous income					2,226,865	1,729,853	3,956,718
Total general revenues					<u>125,350,639</u>	<u>1,759,289</u>	<u>127,109,928</u>
Change in net position					32,103,869	(1,307,288)	30,796,581
Net Position at Beginning of Year					<u>67,853,841</u>	<u>91,947,717</u>	<u>159,801,558</u>
Net Position at End of Year					<u>\$ 99,957,710</u>	<u>\$ 90,640,429</u>	<u>\$ 190,598,139</u>

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,778,365	\$ 17,000,470	\$ 6,659,106	\$ 37,437,941
Investments	15,245,528		1,800,974	17,046,502
Receivables, net of allowance for uncollectibles	6,297,142	1,357,696	5,714,891	13,369,729
Inventory	137,144		59,610	196,754
Other assets	9,347			9,347
Due from other funds	<u>3,862,688</u>			<u>3,862,688</u>
Total Assets	<u>\$ 39,330,214</u>	<u>\$ 18,358,166</u>	<u>\$ 14,234,581</u>	<u>\$ 71,922,961</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 11,705,305	\$ 13,205,314	\$ 3,180,706	\$ 28,091,325
Due to other funds		4,761,428	722,400	5,483,828
Unearned revenue	6,603	583,342	1,733,135	2,323,080
Total liabilities	<u>11,711,908</u>	<u>18,550,084</u>	<u>5,636,241</u>	<u>35,898,233</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	5,016,663			5,016,663
Unavailable revenue - loans receivable	1,311,339	137,471	2,005,041	3,453,851
Advance property tax collections	3,145,009			3,145,009
Total deferred inflows of resources	<u>9,473,011</u>	<u>137,471</u>	<u>2,005,041</u>	<u>11,615,523</u>
Fund Balances:				
Nonspendable	137,144		491,157	628,301
Restricted	942,660		3,817,575	4,760,235
Committed	400,699		2,284,567	2,685,266
Unassigned	16,664,792	(329,389)		16,335,403
Total fund balances	<u>18,145,295</u>	<u>(329,389)</u>	<u>6,593,299</u>	<u>24,409,205</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 39,330,214</u>	<u>\$ 18,358,166</u>	<u>\$ 14,234,581</u>	<u>\$ 71,922,961</u>

(Continued on next page)

CITY OF MERIDEN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

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

Fund balances - total governmental funds (Exhibit III)	\$ 24,409,205
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 576,155,228	
Less accumulated depreciation	<u>(196,857,935)</u>	
Net capital assets		379,297,293

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

Property tax receivables greater than 60 days	5,016,663
Build America Bonds long-term interest receivable	28,118
Loans receivable greater than 60 days	3,453,851
Deferred outflows related to pension actuarial experience	246,849
Deferred outflows related to changes in projected investment earnings	30,518,553

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	(1,167,130)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(108,607,000)
Notes payable	(1,200,000)
Bond premium	(4,638,529)
Deferred charge on refunding	1,845,346
Interest payable on bonds and notes	(1,503,737)
Compensated absences	(20,309,315)
Landfill post-closure monitoring	(424,129)
OPEB obligation	(45,514,635)
Pollution remediation	(8,486,600)
Deferred inflows related to pension actuarial experience	(1,452,686)
Net pension liability	(149,696,407)
Claims and judgments	<u>(1,858,000)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 99,957,710</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General</u>	<u>Bonded Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 120,779,671	\$	\$	\$ 120,779,671
Federal and state government	76,758,645	39,574,049	36,791,850	153,124,544
Charges for services	4,940,371		1,290,554	6,230,925
Investment income	508,177	184,457	18,232	710,866
Other local revenues	1,471,535	720,702	1,925,614	4,117,851
Total revenues	<u>204,458,399</u>	<u>40,479,208</u>	<u>40,026,250</u>	<u>284,963,857</u>
Expenditures:				
Current:				
General government	38,838,911		211,093	39,050,004
Public safety	23,074,203		815,190	23,889,393
Public works	6,611,929			6,611,929
Health and welfare	5,133,860		5,982,996	11,116,856
Culture and recreation	4,391,985		125,831	4,517,816
Education	113,183,854		24,580,981	137,764,835
Debt service:				
Principal retirement	10,107,700		75,000	10,182,700
Interest and other charges	5,324,880		32,334	5,357,214
Capital outlay		74,049,055	7,199,246	81,248,301
Total expenditures	<u>206,667,322</u>	<u>74,049,055</u>	<u>39,022,671</u>	<u>319,739,048</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,208,923)</u>	<u>(33,569,847)</u>	<u>1,003,579</u>	<u>(34,775,191)</u>
Other Financing Sources (Uses):				
Transfers in	2,725,414		39,766	2,765,180
Transfers out	(39,766)	(2,588,262)	(137,152)	(2,765,180)
Total other financing sources (uses)	<u>2,685,648</u>	<u>(2,588,262)</u>	<u>(97,386)</u>	<u>-</u>
Net Change in Fund Balances	476,725	(36,158,109)	906,193	(34,775,191)
Fund Balances at Beginning of Year	<u>17,668,570</u>	<u>35,828,720</u>	<u>5,687,106</u>	<u>59,184,396</u>
Fund Balances at End of Year	<u>\$ 18,145,295</u>	<u>\$ (329,389)</u>	<u>\$ 6,593,299</u>	<u>\$ 24,409,205</u>

(Continued on next page)

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (34,775,191)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	79,010,245
Depreciation expense	(9,764,753)

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

Property taxes collected after 60 days	(189,830)
Loan principal collected	(637,987)
Change in Build America Bonds interest receivable	(1,372)
Change in interest and liens receivable	(100,360)
Change in deferred outflows related to pension actuarial experience	(237,660)
Change in deferred outflows related to changes in projected investment earnings	16,308,817

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.

Principal payments on bonds and notes	10,182,700
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest on bonds and notes	904,653
Amortization of premium on refunding	503,235
Amortization of deferred charge on refunding	(201,489)
Change in long-term compensated absences	(231,964)
Change in landfill post-closure monitoring	73,305
Change in pollution remediation obligation	1,337,397
Change in net pension liability	(27,639,673)
Change in OPEB obligation	(2,743,361)
Change in deferred inflows related to changes in projected investment earnings	330,156
Change in claims and judgments	(323,000)

The net expense of the internal service funds is reported with governmental activities.	<u>300,001</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 32,103,869</u>
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The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Property taxes, interest and lien fees	\$ 119,954,156	\$ 120,604,156	\$ 120,779,671	\$ 175,515
Intergovernmental revenues	61,503,857	61,748,857	60,864,947	(883,910)
Charges for services	4,627,422	4,762,258	4,940,371	178,113
Investment income	348,535	348,535	507,895	159,360
Other revenues	735,789	735,789	1,013,010	277,221
Total revenues	<u>187,169,759</u>	<u>188,199,595</u>	<u>188,105,894</u>	<u>(93,701)</u>
Expenditures:				
Current:				
General government	36,252,903	37,364,038	36,991,323	372,715
Finance	2,074,912	1,912,657	1,912,641	16
Public safety	22,897,716	22,931,113	22,931,097	16
Public works	6,851,423	6,593,100	6,593,063	37
Health and welfare	2,728,767	2,645,655	2,645,642	13
Culture and recreation	4,282,346	4,392,001	4,391,985	16
Education	99,759,840	99,760,883	99,760,883	-
Debt service:				
Principal retirement	10,107,700	10,107,700	10,107,700	-
Interest and other charges	5,088,961	5,088,961	5,105,003	(16,042)
Total expenditures	<u>190,044,568</u>	<u>190,796,108</u>	<u>190,439,337</u>	<u>356,771</u>
Deficiency of Revenues over Expenditures	<u>(2,874,809)</u>	<u>(2,596,513)</u>	<u>(2,333,443)</u>	<u>263,070</u>
Other Financing Sources (Uses):				
Transfers in	2,896,279	2,636,279	2,725,414	89,135
Transfers out	(21,470)	(39,766)	(39,766)	-
Total other financing sources	<u>2,874,809</u>	<u>2,596,513</u>	<u>2,685,648</u>	<u>89,135</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	352,205	\$ <u>352,205</u>
Fund Balance at Beginning of Year			<u>17,406,017</u>	
Fund Balance at End of Year			\$ <u>17,758,222</u>	

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor	Total	Activities
	Water	Sewer	Fund George Hunter Memorial Golf Course		Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 3,232,341	\$ 2,328,243	\$ 281,707	\$ 5,842,291	\$ 2,029,580
Investments	576,622	573,147		1,149,769	5,434,821
Accounts receivable, net	4,131,924	3,818,287		7,950,211	409,793
Due from other funds	2,894,238	1,723,235	18,322	4,635,795	
Other assets				-	18,576
Total current assets	<u>10,835,125</u>	<u>8,442,912</u>	<u>300,029</u>	<u>19,578,066</u>	<u>7,892,770</u>
Noncurrent assets:					
Capital assets, nondepreciable	2,556,630	373,976		2,930,606	
Capital assets, net of accumulated depreciation	58,480,818	76,143,040	2,694,289	137,318,147	
Total noncurrent assets	<u>61,037,448</u>	<u>76,517,016</u>	<u>2,694,289</u>	<u>140,248,753</u>	<u>-</u>
Total assets	<u>71,872,573</u>	<u>84,959,928</u>	<u>2,994,318</u>	<u>159,826,819</u>	<u>7,892,770</u>
Deferred Outflows of Resources:					
Deferred charge on refunding	<u>577,922</u>	<u>32,316</u>		<u>610,238</u>	
Liabilities:					
Current liabilities:					
Accounts payable and accrued liabilities	431,685	435,326	103,568	970,579	359,819
Accrued interest	157,173	53,241	984	211,398	
Due to other funds			3,014,655	3,014,655	
Current portion of claims incurred but not reported				-	2,369,227
Current portion of bonds payable	914,000	515,500	16,800	1,446,300	
Current portion of notes payable	767,045	1,737,133		2,504,178	
Current portion of compensated absences	85,214	18,012	10,562	113,788	
Total current liabilities	<u>2,355,117</u>	<u>2,759,212</u>	<u>3,146,569</u>	<u>8,260,898</u>	<u>2,729,046</u>
Noncurrent liabilities:					
Claims incurred but not reported					6,330,854
Bonds payable, less current portion	9,944,355	4,138,800	52,000	14,135,155	
Notes payable, less current portion	16,959,326	26,862,569		43,821,895	
Compensated absences	1,009,056	444,450	168,397	1,621,903	
OPEB obligation	1,360,750	531,978	64,049	1,956,777	
Total noncurrent liabilities	<u>29,273,487</u>	<u>31,977,797</u>	<u>284,446</u>	<u>61,535,730</u>	<u>6,330,854</u>
Total liabilities	<u>31,628,604</u>	<u>34,737,009</u>	<u>3,431,015</u>	<u>69,796,628</u>	<u>9,059,900</u>
Net Position:					
Net investment in capital assets	35,767,709	44,965,324	2,642,827	83,375,860	
Unrestricted	<u>5,054,182</u>	<u>5,289,911</u>	<u>(3,079,524)</u>	<u>7,264,569</u>	<u>(1,167,130)</u>
Total Net Position	<u>\$ 40,821,891</u>	<u>\$ 50,255,235</u>	<u>\$ (436,697)</u>	<u>\$ 90,640,429</u>	<u>\$ (1,167,130)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Major Funds		Nonmajor Fund	Total	Internal Service Funds
	Water	Sewer	George Hunter Memorial Golf Course		
Operating Revenues:					
Charges for services	\$ 10,643,042	\$ 8,079,224	\$ 1,102,819	\$ 19,825,085	\$ 29,825,774
Miscellaneous	1,015,630	661,291	52,932	1,729,853	1,652,716
Total operating revenues	<u>11,658,672</u>	<u>8,740,515</u>	<u>1,155,751</u>	<u>21,554,938</u>	<u>31,478,490</u>
Operating Expenses:					
Salaries and benefits	3,836,755	1,775,047	449,265	6,061,067	
Medical claims				-	25,900,983
Materials and supplies	802,943	1,291,319	456,474	2,550,736	
Utilities	1,023,349	1,064,490		2,087,839	
Administration and operation	2,885,642	858,627		3,744,269	3,083,302
Depreciation	2,236,131	4,057,812	126,414	6,420,357	
Other	631,033	1,292,138	219,264	2,142,435	2,360,264
Total operating expenses	<u>11,415,853</u>	<u>10,339,433</u>	<u>1,251,417</u>	<u>23,006,703</u>	<u>31,344,549</u>
Operating Income (Loss)	<u>242,819</u>	<u>(1,598,918)</u>	<u>(95,666)</u>	<u>(1,451,765)</u>	<u>133,941</u>
Nonoperating Revenues (Expenses):					
Interest income	12,422	17,014		29,436	166,060
Interest expense	(476,761)	(764,452)	(44,036)	(1,285,249)	
Total nonoperating revenues (expenses)	<u>(464,339)</u>	<u>(747,438)</u>	<u>(44,036)</u>	<u>(1,255,813)</u>	<u>166,060</u>
Income (Loss) Before Contributions	<u>(221,520)</u>	<u>(2,346,356)</u>	<u>(139,702)</u>	<u>(2,707,578)</u>	<u>300,001</u>
Contributions:					
Capital grants and contributions	<u>1,233,389</u>	<u>166,901</u>		<u>1,400,290</u>	
Change in Net Position	<u>1,011,869</u>	<u>(2,179,455)</u>	<u>(139,702)</u>	<u>(1,307,288)</u>	<u>300,001</u>
Net Position at Beginning of Year	<u>39,810,022</u>	<u>52,434,690</u>	<u>(296,995)</u>	<u>91,947,717</u>	<u>(1,467,131)</u>
Net Position at End of Year	<u>\$ 40,821,891</u>	<u>\$ 50,255,235</u>	<u>\$ (436,697)</u>	<u>\$ 90,640,429</u>	<u>\$ (1,167,130)</u>

The accompanying notes are an integral part of the financial statements

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds		Nonmajor Fund	Total	Internal Service Funds
	Water	Sewer	George Hunter Memorial Golf Course		
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 11,761,290	\$ 8,973,042	\$ 1,155,751	\$ 21,890,083	\$ 31,476,043
Payments to suppliers	(6,603,017)	(4,514,491)	(641,726)	(11,759,234)	(31,454,973)
Payments to employees	(3,839,356)	(1,740,188)	(440,738)	(6,020,282)	
Net receipts from interfund transactions	266,927	419,230	(269,021)	417,136	
Net cash provided by (used in) operating activities	<u>1,585,844</u>	<u>3,137,593</u>	<u>(195,734)</u>	<u>4,527,703</u>	<u>21,070</u>
Cash Flows from Capital and Related Financing Activities:					
Receipts of capital grants	1,233,389	166,901		1,400,290	
Purchase of capital assets	(5,390,377)	(776,558)		(6,166,935)	
Payments of interim funding drinking water loans	(11,847,073)			(11,847,073)	
Issuance of clean water fund loans	17,299,858			17,299,858	
Principal payments of bonds	(906,900)	(508,700)	(15,700)	(1,431,300)	
Principal payments of clean water fund loans	(990,810)	(1,703,329)		(2,694,139)	
Interest paid on capital debt	(503,824)	(791,618)	(44,553)	(1,339,995)	
Net cash provided by (used in) capital and related financing activities	<u>(1,105,737)</u>	<u>(3,613,304)</u>	<u>(60,253)</u>	<u>(4,779,294)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Sale of investments				-	493,509
Purchases of investments	(13,348)	(13,268)		(26,616)	(600,000)
Interest on investments	12,422	17,014		29,436	171,004
Net cash provided by (used in) investing activities	<u>(926)</u>	<u>3,746</u>	<u>-</u>	<u>2,820</u>	<u>64,513</u>
Net Increase (Decrease) in Cash and Cash Equivalents	479,181	(471,965)	(255,987)	(248,771)	85,583
Cash and Cash Equivalents at Beginning of Year	<u>2,753,160</u>	<u>2,800,208</u>	<u>537,694</u>	<u>6,091,062</u>	<u>1,943,997</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,232,341</u>	<u>\$ 2,328,243</u>	<u>\$ 281,707</u>	<u>\$ 5,842,291</u>	<u>\$ 2,029,580</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 242,819	\$ (1,598,918)	\$ (95,666)	\$ (1,451,765)	\$ 133,941
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,236,131	4,057,812	126,414	6,420,357	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	102,618	232,527		335,145	(2,447)
(Increase) decrease in due from other funds	266,927	419,230		686,157	
Increase (decrease) in accounts payable and accrued items	(1,260,050)	(7,917)	34,012	(1,233,955)	(110,424)
Increase (decrease) in compensated absences	450	36,051	17,679	54,180	
Increase (decrease) in OPEB obligation	(3,051)	(1,192)	(9,152)	(13,395)	
Increase (decrease) in due to other funds			(269,021)	(269,021)	
Total adjustments	<u>1,343,025</u>	<u>4,736,511</u>	<u>(100,068)</u>	<u>5,979,468</u>	<u>(112,871)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,585,844</u>	<u>\$ 3,137,593</u>	<u>\$ (195,734)</u>	<u>\$ 4,527,703</u>	<u>\$ 21,070</u>
Noncash Investing, Capital and Financing Activities:					
Construction in progress completed	\$ (18,814,087)	\$ (1,269,807)		\$ (20,083,894)	\$
Capital contributions	1,233,389	166,901		1,400,290	

The accompanying notes are an integral part of the financial statements

CITY OF MERIDEN, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 13,255,922	\$ 243,136	\$ 2,292,216
Investments, at fair value:			
US treasury bonds	9,166,384	55,526	
Corporate bonds	22,898,473		
Equities	129,176,158		
Mutual funds	34,328,156		
Certificates of deposit		93,218	
Other	51,062,525		220,690
Total investments	<u>246,631,696</u>	<u>148,744</u>	<u>220,690</u>
Accounts receivable	<u>462,639</u>		<u>30,034</u>
Total assets	<u>260,350,257</u>	<u>391,880</u>	<u>2,542,940</u>
Liabilities:			
Other liabilities	<u>3,747</u>		<u>2,542,940</u>
Net Position:			
Restricted for Pension Benefits and Other Purposes	<u>\$ 260,346,510</u>	<u>\$ 391,880</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 15,168,209	\$
Plan members	7,178,151	
Total contributions	<u>22,346,360</u>	<u>-</u>
Investment earnings (losses):		
Net change in fair value of investments	(9,172,761)	
Interest and dividends	4,064,003	3,953
Total investment earnings (losses)	<u>(5,108,758)</u>	<u>3,953</u>
Less investment expenses:		
Investment management fees	1,353,929	
Net investment earnings (losses)	<u>(6,462,687)</u>	<u>3,953</u>
Total additions	<u>15,883,673</u>	<u>3,953</u>
Deductions:		
Benefits	28,371,188	5,979
Administrative expense	436,314	
Other	560,585	
Total deductions	<u>29,368,087</u>	<u>5,979</u>
Change in Net Position	(13,484,414)	(2,026)
Net Position at Beginning of Year	<u>273,830,924</u>	<u>393,906</u>
Net Position at End of Year	<u>\$ 260,346,510</u>	<u>\$ 391,880</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Meriden, Connecticut (the City) was settled in 1661, incorporated as a Town in 1806 and as a City in 1867. It operates under a Council/Manager form of government. The City Manager is appointed by the Council and serves as the Chief Executive Officer.

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

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Discretely presented component units are presented in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water supply system. Its operations are financed from direct charges to the users of the service.

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

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

The *Pension and Other Employee Benefits Trust Funds* are used to account for activities of the City's three defined benefit plans that accumulate resources for pension benefit payments to qualified employees. As part of these trust funds, an amount is segregated to pay for retiree health benefits. These funds are also presented with the pension trust funds. These funds are also used to account for the activities for both City and Board of Education for other post employment benefits (e.g., health insurance, life insurance) that accumulate resources for other post employment benefit payments to qualified employees.

The *Agency Funds* account for monies held on behalf of outside groups such as student activity funds, senior trip funds, performance bonds, and South Meriden Volunteer Fire Department Award Program.

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash Equivalents

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

D. Investments

Investments are stated at fair value.

**CITY OF MERIDEN, CONNECTICUT
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E. Inventories

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

F. Receivables and Payables

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

All trade and property tax receivables, including those for the Water and Sewer Funds, are shown net of an allowance for uncollectible accounts.

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

G. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$20,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources for advance property tax collections and for differences between expected and actual experience related to pensions in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension results from differences between expected and actual experience, these amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from the following sources: property taxes and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. 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 and sick days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are paid for accumulated vacation and sick time. 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. Compensated absences are reported in governmental funds only if they have matured.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Net Other Post Employment (OPEB) Obligations

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plans. This amount is calculated on an actuarial basis and is recorded as a noncurrent liability in the government-wide financial statements and proprietary fund statements as applicable.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

M. Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restrictions are externally imposed on net position by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Director of Purchasing for the City, who has been delegated authority to assign amounts by the City Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The City has a written minimum fund balance policy that states that the goal of the City is that uncommitted fund balance of the City equal one month's expenditures or 8.33% of the City's most recent approved operating budget. The City has revised the policy to conform to the language contained in the Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

N. Property Taxes

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in four quarterly installments (July 1, October 1, January 1 and April 1). Personal property taxes are payable semi-annually (July 1 and January 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Statutory interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. The City files a lien on the property for taxes that were due July 1 and remain unpaid on the following May 1.

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

O. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The budget process is as follows:

- a. At least 180 days prior to the beginning of the fiscal year, the manager of each department, office and agency submits to the Director of Finance, at such date he determines, estimates of revenues and expenditures for the following year.
- b. At least 180 days prior to the beginning of the fiscal year, the City Manager reviews these estimates and may revise them as he deems advisable, except that in the case of the department of education, he has the authority to revise only the total estimated expenditures.
- c. On or before March 1, not later than 120 days prior to the beginning of the fiscal year, the City Manager submits to the City Council a balanced annual budget.
- d. The City Council shall hold one (1) public hearing on the budget to obtain public comments not later than seventy five (75) days prior to the beginning of the fiscal year.
- e. Within 20 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 1-1/2% of the General Fund budget as established for the current year, without levying a special tax.

There were additional appropriations of \$769,836 for the General Fund, which was funded through health insurance contributions, and \$10,852 for the Sewer Fund during the year ended June 30, 2016, which was funded through net position.

- j. The Board of Education may transfer unexpended balances from one account to another within its line appropriation. A number of such transfers occurred during the year.
- k. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or commitment is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.

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

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

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 190,831,308	\$ 190,479,103	\$ 17,758,222
Excess cost grant (net for budgetary)	1,482,325	1,482,325	
BABs subsidy	219,877	219,877	
State Teachers' Retirement on-behalf payment	11,940,642	11,940,642	
State of Connecticut WIC on-behalf payment	2,470,731	2,470,731	
Funds consolidated for GASB 54 purposes	<u>238,930</u>	<u>114,410</u>	<u>387,073</u>
Balance, GAAP Basis	<u>\$ 207,183,813</u>	<u>\$ 206,707,088</u>	<u>\$ 18,145,295</u>

B. Overexpended Appropriations

The debt service interest in the legally-adopted budget was overspent by \$16,042 due to federal government budget sequestration that reduced the BAB's interest subsidy by 6.8%.

C. Deficit Fund Equity

For the year ended June 30, 2016, the following funds had deficit balances:

Bonded Projects	\$ 329,389
Nonmajor Enterprise Fund:	
George Hunter Memorial Golf Course	436,697
Internal Service Fund:	
Workers' Compensation Fund	5,232,869

These amounts will be funded through local general fund contributions or future revenues.

**CITY OF MERIDEN, CONNECTICUT
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3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$46,646,876 of the City’s bank balance of \$49,363,247 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 41,732,188
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>4,914,688</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 46,646,876</u>

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Cash Equivalents

At June 30, 2016, the City's cash equivalents amounted to \$16,376,680. The following table provides a summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>S & P Global</u>
State Short-Term Investment Fund (STIF)	AAAm
Multi-Bank Securities, Inc.	*
Northern Capital Investments	*
Wells Fargo	*
Stifel Nicolaus & Company, Incorporated	*

* Not rated

Investments

As of June 30, 2016, the City had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less than 1</u>	<u>1-10</u>	<u>More than 10</u>
Interest-bearing investments:				
Certificates of Deposit	\$ 9,673,131	\$ 2,724,644	\$ 6,948,487	\$
U.S. Government Securities	1,708,979	1,708,979		
U.S. Government Agencies	9,222,107	4,880,634	3,974,821	366,652
Corporate Bonds	<u>23,750,194</u>	<u>6,600,205</u>	<u>17,149,989</u>	<u>366,652</u>
Total	44,354,411	<u>\$ 15,914,462</u>	<u>\$ 28,073,297</u>	<u>\$ 366,652</u>
Other investments:				
Mutual Funds	58,424,046			
Common Stock	109,937,121			
Preferred Stock	38,465			
Alternative investments	<u>57,878,179</u>			
Total Investments	<u>\$ 270,632,222</u>			

**CITY OF MERIDEN, CONNECTICUT
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<u>Average Rating</u>		<u>Corporate Bonds</u>		<u>U.S. Government Securities</u>		<u>U.S. Government Agencies</u>		<u>Certificate of Deposit</u>
Aaa	\$	5,614,639	\$	1,708,979	\$	9,222,107	\$	
Aa2		794,386						
Aa3		1,538,923						
A1		2,283,568						
A2		4,250,217						
A3		2,344,807						
Baa1		3,181,015						
Baa2		3,142,616						
Baa3		233,326						
Ba1		265,987						
Ba3		100,710						
Unrated								<u>9,673,131</u>
Total	\$	<u>23,750,194</u>	\$	<u>1,708,979</u>	\$	<u>9,222,107</u>	\$	<u>9,673,131</u>

Interest Rate Risk

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

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. It is the City's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400.

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At June 30, 2016, the City did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the City's name.

**CITY OF MERIDEN, CONNECTICUT
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Pension

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

Investment managers and advisors must discharge their responsibilities in accordance with the fiduciary provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and supporting regulations, unless specifically exempted by a vote of the Board.

Equity investments in any one company by any one advisor shall be limited at purchase of 10% of the total assets under management and/or 5% of the company's total outstanding equity. Corporate fixed income investments shall be limited to the first four quality grades as established by one or more of the nationally recognized bond rating services, except by a specific vote of the Board to permit inclusion of some lesser-rated issues within an investment grade portfolio. In no event should the debt securities of any corporation exceed 10% of the assets under management of any one advisor.

There shall be no investments in:

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

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

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

**CITY OF MERIDEN, CONNECTICUT
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Fair Value

The City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 1,708,979	\$	\$ 1,708,979	\$
U.S. Government agencies	9,222,107		9,222,107	
Corporate bonds	23,750,194		23,750,194	
Common stock	109,937,121	109,937,121		
Preferred stock	38,465		38,465	
Mutual funds	58,424,046	58,424,046		
Alternative investments	46,424,990			46,424,990
Total investments by fair value level	249,505,902	\$ 168,361,167	\$ 34,719,745	\$ 46,424,990
Investments measured at net asset value (NAV):				
Private equity holdings	11,453,189			
Certificates of deposit	9,673,131			
Total Investments	\$ 270,632,222			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

**CITY OF MERIDEN, CONNECTICUT
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Private equity funds - international are valued as described in the following schedule.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Central Park Group: Brookfield Real Estate	\$ 1,336,500	\$ 1,633,500	Quarterly, annually	30-60 days
Central Park Group: Carlyle CEOF	3,315,000	501,552	Quarterly, annually	30-60 days
Central Park Group: WP PVT WPXI	2,762,500	487,500	Quarterly, annually	30-60 days
Central Park Group: WPXXX Energy	447,750	1,044,750	Quarterly, annually	30-60 days
iCapital KV Seed	361,959	288,041	Quarterly, annually	30-60 days
iCapital Apollo Structured	1,716,000	924,000	Quarterly, annually	30-60 days
Portfolio Advisors Secondary Fund II	1,513,480	486,520	Quarterly, annually	30-60 days
	<u>\$ 11,453,189</u>	<u>\$ 5,365,863</u>		

4. RECEIVABLES

The receivables as of June 30, 2016 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:

	<u>Governmental and Fiduciary Type Funds</u>			
	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor, Internal Service, and Fiduciary Funds</u>	<u>Total</u>
Property taxes	\$ 8,415,886	\$	\$	\$ 8,415,886
Interest and liens	8,120,035			8,120,035
Accounts	464,207	29,539	438,908	932,654
Intergovernmental	18,088	1,190,686	3,680,735	4,889,509
Loans		137,471	2,259,006	2,396,477
Other	1,669		492,673	494,342
Gross receivables	<u>17,019,885</u>	<u>1,357,696</u>	<u>6,871,322</u>	<u>25,248,903</u>
Less: Allowance for collection losses	<u>10,722,743</u>		<u>253,965</u>	<u>10,976,708</u>
Net Total Receivables	<u>\$ 6,297,142</u>	<u>\$ 1,357,696</u>	<u>\$ 6,617,357</u>	<u>\$ 14,272,195</u>

**CITY OF MERIDEN, CONNECTICUT
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	Business-Type Funds		
	Water Authority	Sewer Authority	Total
Use charges	\$ 1,242,527	\$ 1,190,943	\$ 2,433,470
Interest and liens	155,036	162,053	317,089
Assessments		164,508	164,508
Unbilled	3,026,651	2,616,736	5,643,387
Other	<u>8,851</u>	<u>3,607</u>	<u>12,458</u>
Gross receivables	4,433,065	4,137,847	8,570,912
Less: Allowance for collection losses	<u>301,141</u>	<u>319,560</u>	<u>620,701</u>
Net Total Receivables	\$ <u>4,131,924</u>	\$ <u>3,818,287</u>	\$ <u>7,950,211</u>

The table above does not contain Build America Bond interest receivable.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 24,801,178	\$ 3,482	\$ 27,175	\$ 24,777,485
Construction in progress	<u>134,810,670</u>	<u>71,566,688</u>	<u>5,138,961</u>	<u>201,238,397</u>
Total capital assets not being depreciated	<u>159,611,848</u>	<u>71,570,170</u>	<u>5,166,136</u>	<u>226,015,882</u>
Capital assets being depreciated:				
Land improvements	20,939,828	2,335,389		23,275,217
Buildings and improvements	189,051,712	2,455,111		191,506,823
Machinery and equipment	13,191,345	674,382	145,504	13,720,223
Vehicles	15,126,205	964,984	211,150	15,880,039
Infrastructure	<u>99,580,699</u>	<u>6,176,345</u>		<u>105,757,044</u>
Total capital assets being depreciated	<u>337,889,789</u>	<u>12,606,211</u>	<u>356,654</u>	<u>350,139,346</u>
Less accumulated depreciation for:				
Land improvements	12,255,088	787,094		13,042,182
Buildings and improvements	89,599,834	4,425,040		94,024,874
Machinery and equipment	8,450,448	777,836	145,504	9,082,780
Vehicles	11,491,603	930,505	211,150	12,210,958
Infrastructure	<u>65,652,863</u>	<u>2,844,278</u>		<u>68,497,141</u>
Total accumulated depreciation	<u>187,449,836</u>	<u>9,764,753</u>	<u>356,654</u>	<u>196,857,935</u>
Total capital assets being depreciated, net	<u>150,439,953</u>	<u>2,841,458</u>	<u>-</u>	<u>153,281,411</u>
Governmental Activities Capital Assets, Net	\$ <u>310,051,801</u>	\$ <u>74,411,628</u>	\$ <u>5,166,136</u>	\$ <u>379,297,293</u>

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,138,531	\$	\$	\$ 1,138,531
Construction in progress	<u>20,117,007</u>	<u>1,758,963</u>	<u>20,083,895</u>	<u>1,792,075</u>
Total capital assets not being depreciated	<u>21,255,538</u>	<u>1,758,963</u>	<u>20,083,895</u>	<u>2,930,606</u>
Capital assets being depreciated:				
Land improvements	17,620,334	5,046,808		22,667,142
Buildings and improvements	69,469,052	12,110,397		81,579,449
Machinery and equipment	27,162,490	6,363,419	1,028,542	32,497,367
Vehicles	2,467,798	63,198		2,530,996
Infrastructure	<u>120,692,592</u>	<u>908,045</u>		<u>121,600,637</u>
Total capital assets being depreciated	<u>237,412,266</u>	<u>24,491,867</u>	<u>1,028,542</u>	<u>260,875,591</u>
Less accumulated depreciation for:				
Land improvements	4,311,462	986,266		5,297,728
Buildings and improvements	33,772,921	1,926,822		35,699,743
Machinery and equipment	15,803,384	1,654,309	1,028,542	16,429,151
Vehicles	2,032,569	109,228		2,141,797
Infrastructure	<u>62,245,293</u>	<u>1,743,732</u>		<u>63,989,025</u>
Total accumulated depreciation	<u>118,165,629</u>	<u>6,420,357</u>	<u>1,028,542</u>	<u>123,557,444</u>
Total capital assets being depreciated, net	<u>119,246,637</u>	<u>18,071,510</u>	<u>-</u>	<u>137,318,147</u>
Business-Type Activities Capital Assets, Net	<u>\$ 140,502,175</u>	<u>\$ 19,830,473</u>	<u>\$ 20,083,895</u>	<u>\$ 140,248,753</u>

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

Governmental activities:	
General government	\$ 339,156
Education	3,528,117
Public safety	1,094,807
Public works	60,028
Library	3,795,699
Recreation	857,128
Human services	<u>89,818</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,764,753</u>
Business-type activities:	
Water Authority	\$ 2,236,131
Sewer Authority	4,057,812
Golf Course	<u>126,414</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,420,357</u>

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the timing between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The composition of interfund balances as of June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bonded Projects Fund	\$ 125,633
	Nonmajor Governmental Funds	722,400
	Nonmajor Proprietary Fund	<u>3,014,655</u>
		3,862,688
Water Fund	Bonded Projects Fund	2,894,238
Sewer Fund	Bonded Projects Fund	1,723,235
Nonmajor Proprietary Fund	Bonded Projects Fund	<u>18,322</u>
		<u>\$ 8,498,483</u>

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

During the year, transfers are used to 1) move resources from the health grants and programs fund to the general fund, 2) provide resources from the bonded projects fund to the general fund for debt service relief, and 3) provide local match spending requirements from the general fund to nonmajor funds for grants requiring local spending.

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:			
General Fund	\$	\$ 39,766	\$ 39,766
Bonded Projects Fund	2,588,262		2,588,262
Nonmajor Governmental Funds	<u>137,152</u>		<u>137,152</u>
Total Transfers In	<u>\$ 2,725,414</u>	<u>\$ 39,766</u>	<u>\$ 2,765,180</u>

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 118,714,700		\$ 10,107,700	\$ 108,607,000	\$ 10,318,700
Premium on bonds	5,141,764		503,235	4,638,529	
Notes payable	1,275,000		75,000	1,200,000	75,000
Compensated absences	20,077,351	1,237,397	1,005,433	20,309,315	1,101,738
Workman's compensation	1,725,612	592,659	773,258	1,545,013	514,999
Heart and hypertension	5,542,741	2,803,967	2,784,040	5,562,668	1,854,228
Landfill post-closure monitoring	497,434		73,305	424,129	81,000
Net pension liability	122,056,734	27,639,673		149,696,407	
OPEB obligation	42,771,274	2,743,361		45,514,635	
Pollution remediation	9,823,997		1,337,397	8,486,600	40,000
Claims and judgments	1,535,000	588,000	265,000	1,858,000	168,000
				<u>1,858,000</u>	<u>168,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 329,161,607</u>	<u>\$ 35,605,057</u>	<u>\$ 16,924,368</u>	<u>\$ 347,842,296</u>	<u>\$ 14,153,665</u>
Business-Type Activities:					
General obligation bonds	\$ 16,644,300		\$ 1,431,300	\$ 15,213,000	\$ 1,446,300
Premium on bonds	412,782		44,327	368,455	
Compensated absences	1,681,511	132,751	78,571	1,735,691	113,788
OPEB obligation	1,970,172		13,395	1,956,777	
Clean water/drinking water notes	31,720,354	17,299,858	2,694,139	46,326,073	2,504,178
				<u>46,326,073</u>	<u>2,504,178</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 52,429,119</u>	<u>\$ 17,432,609</u>	<u>\$ 4,261,732</u>	<u>\$ 65,599,996</u>	<u>\$ 4,064,266</u>

For the governmental activities, compensated absences, net pension obligations and net other post employment benefits obligations are generally liquidated by the General Fund.

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

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

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2016</u>
Governmental:						
General purpose:						
General obligation	8/1/06	8/1/16	4-5%	\$ 16,134,700	various	\$ 1,720,000
General obligation	8/1/08	8/1/28	3-4.9%	21,369,000	various	1,070,000
General obligation, Series A	5/4/10	8/1/22	3-5%	11,627,000	various	4,244,000
General obligation, Series B	5/4/10	8/1/23	3-5%	21,142,000	various	11,606,000
General obligation BABs	7/13/10	5/15/30	1-5.75%	18,764,086	various	13,327,000
General obligation	12/18/12	8/1/28	1-2.65%	6,400,000	various	6,212,000
General obligation	1/31/13	2/15/33	1-3%	24,423,203	various	22,244,000
General obligation, Series A	9/8/14	3/1/34	3-5%	47,515,700	various	45,626,600
General obligation, Series B	9/8/14	3/1/24	2-3%	2,864,000	various	2,557,400
Total governmental activities						<u>108,607,000</u>
Business-Type:						
General purpose:						
General obligation	8/1/06	8/1/16	4-5%	4,110,300	various	370,000
General obligation	8/1/08	8/1/28	3-4.9%	11,681,000	various	585,000
General obligation, Series A	5/4/10	8/1/22	3-5%	163,000	various	41,000
General obligation, Series B	5/4/10	8/1/23	3-5%	5,558,000	various	4,084,000
General obligation BABs	7/13/10	5/15/30	1-5.75%	3,565,914	various	2,533,000
General obligation	12/18/12	8/1/28	1-2.65%	3,500,000	various	3,398,000
General obligation	1/31/13	2/15/33	1-3%	1,056,797	various	961,000
General obligation, Series A	9/8/14	3/1/34	3-5%	2,789,300	various	2,678,400
General obligation, Series B	9/8/14	3/1/24	2-3%	630,000	various	562,600
Total business-type activities						<u>15,213,000</u>
Total Outstanding						<u>\$ 123,820,000</u>

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 10,318,700	\$ 3,776,269	\$ 1,446,300	\$ 536,198
2018	7,852,300	3,397,703	1,087,700	485,038
2019	7,539,300	3,066,746	1,075,700	439,483
2020	7,543,300	2,752,758	1,076,700	394,305
2021	6,495,300	2,453,265	1,079,700	350,643
2022	6,484,300	2,203,530	1,080,700	308,236
2023	6,492,200	1,950,606	1,082,800	262,503
2024	6,142,200	1,724,573	1,082,800	217,819
2025	5,862,800	1,515,522	1,012,200	179,726
2026	6,081,000	1,346,397	1,014,000	151,073
2027	6,065,000	1,169,297	1,005,000	121,803
2028	6,047,000	988,437	993,000	91,755
2029	6,029,000	801,207	981,000	60,972
2030	4,955,000	630,341	395,000	39,173
2031	4,001,000	471,290	214,000	25,791
2032	4,001,000	344,530	214,000	18,976
2033	4,000,900	217,770	214,100	12,161
2034	2,696,700	91,014	158,300	5,343
Total	\$ <u>108,607,000</u>	\$ <u>28,901,255</u>	\$ <u>15,213,000</u>	\$ <u>3,700,998</u>

Interest requirements to maturity are disclosed net of interest payments to be received from the federal government on Build America Bonds of \$1,808,546 for governmental activities and \$343,747 for business-type activities.

Prior Year Defeasance of Debt

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

The balance in escrow for the refunding issuance dated May 4, 2010 was \$11,833,484 at June 30, 2016. The outstanding balance of the defeased bonds as of June 30, 2016 is \$11,560,000.

The balance in escrow for the refunding issuance dated December 27, 2012 was \$8,423,281 at June 30, 2016. The outstanding balance for the defeased bonds as of June 30, 2016 is \$8,250,000.

Build America Bonds

The Federal American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), enacted February 17, 2009 (the Recovery Act), authorizes state and local governments to issue two general types of taxable Build America Bonds (Taxable BABs) with the federal government providing subsidies for a portion of their borrowing cost. One type of Taxable BAB provides a federal tax credit to the bondholder; the other provides a credit in the form of an interest subsidy payment directly to the issuer (Taxable BABs - Direct Payment). General Obligation Bonds, Issue of 2010 were issued as Taxable BABs - Direct Payment on July 1, 2010 for \$22,330,000. Pursuant to the Recovery Act, the City will receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payable on the General Obligation Bonds, Issue of 2010 on or about each interest payment date. Such subsidy payment will be revenue to the City under the General Bond Resolution. No holders of the General Obligation Bonds, Issue of 2010 will be entitled to a tax credit. The receipt of the subsidy by the City is not a condition of payment of any portion of the principal and interest on the General Obligation Bonds, Issue of 2010. However, if the subsidy payments are reduced or eliminated, the General Obligation Bonds, Issue of 2010 are subject to extraordinary optional redemption. In fiscal year 2016, subsidy payments received were reduced by 6.8% or \$19,091.

Water Fund Loans Payable

Clean Water Fund Loans

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

Drinking Water Fund Loans

The Drinking Water Fund Program issued a permanent funding obligation loan, which is recorded in the Water Fund, for the year ended June 30, 2016. The loan proceeds are being used to finance the upgrade to the Broad Brook Treatment Plant. The obligation will be paid from future user fees.

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Year Ending June 30	Clean Water Notes		Drinking Water Notes		Total Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,737,133	\$ 556,127	\$ 767,045	\$ 347,522	\$ 2,504,178	\$ 903,649
2018	1,757,336	521,129	782,527	332,039	2,539,863	853,168
2019	1,778,235	485,863	798,322	316,244	2,576,557	802,107
2020	1,814,127	449,970	814,435	300,131	2,628,562	750,101
2021	1,850,744	413,353	830,874	283,692	2,681,618	697,045
2022	1,888,100	375,997	847,645	266,921	2,735,745	642,918
2023	1,926,211	337,887	864,754	249,812	2,790,965	587,699
2024	1,965,090	299,008	882,209	232,358	2,847,299	531,366
2025	2,004,754	259,344	900,015	214,551	2,904,769	473,895
2026	2,045,218	218,879	918,182	196,385	2,963,400	415,264
2027	2,086,500	177,598	936,715	177,852	3,023,215	355,450
2028	2,128,615	135,483	955,622	158,945	3,084,237	294,428
2029	2,171,580	92,518	974,910	139,656	3,146,490	232,174
2030	2,215,411	48,687	994,588	119,978	3,209,999	168,665
2031	1,177,269	8,473	1,014,663	99,903	2,191,932	108,376
2032	53,380	313	1,035,143	79,423	1,088,523	79,736
2033			1,007,809	58,730	1,007,809	58,730
2034			979,439	39,072	979,439	39,072
2035			999,208	19,303	999,208	19,303
2036			422,265	2,114	422,265	2,114
	<u>\$ 28,599,703</u>	<u>\$ 4,380,629</u>	<u>\$ 17,726,370</u>	<u>\$ 3,634,631</u>	<u>\$ 46,326,073</u>	<u>\$ 8,015,260</u>

HUD Loan

The United States Department of Housing and Urban Development issued the City a Section 108 Loan on October 14, 2011, which carries interest at 0.2% above London Interbank Offered Rate (LIBOR). The loan proceeds financed part of the demolition and cleanup of Factory H. The obligation will be paid from future CDBG allocations.

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Project loan obligations payable to the United States Department of Housing and Urban Development mature as follows:

		HUD Note	
		<u>Principal</u>	<u>Interest</u>
2017	\$	75,000	\$ 31,530
2018		75,000	30,495
2019		75,000	29,254
2020		75,000	27,821
2021		75,000	26,134
2022		75,000	24,255
2023		75,000	22,282
2024		75,000	20,179
2025		75,000	17,978
2026		75,000	15,739
2027		75,000	13,451
2028		75,000	11,130
2029		75,000	8,764
2030		75,000	6,337
2031		75,000	3,855
2032		75,000	1,297
		<u>\$ 1,200,000</u>	<u>\$ 290,501</u>

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2016 is \$28,847,148, which is net of all expected grant revenue. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Landfill Post-Closure Monitoring

State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The liability for the landfill post-closure care, aggregating \$424,129, 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, 2016. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and/or state and federal grants. The landfill was considered to be at capacity and was closed during 1991.

Pollution Remediation

“Factory H” includes two City parcels (77 Cooper Street and 104 Butler Street), which have contaminated soils. The liability is \$7,752,000, which is made up of \$10,352,000 less estimated recoveries from the state and federal governments of \$2,600,000. Management has estimated this liability taking into account data based on estimates from the engineering department. Major assumptions were made since the remediation of the Factory H site will be fully integrated into the Harbor Brook Flood Control project and redevelopment plans for the site, which are yet to be finalized. Costs are likely to change based on the final flood control design, site re-use and redevelopment plans, as well as other factors. It is assumed that no active groundwater remediation will be required, environmental land use restrictions will be placed on the site, and operations and maintenance of the engineered control will be minimal, similar to that approved for the Meriden HUB project. The obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of June 30, 2016, the City has received \$800,000 from the United States Environmental Protection Agency, a loan of \$1,500,000 from the United States Department of Housing and Urban Development and \$300,000 from the State of Connecticut Department of Economic and Community Development (DECD).

Remediation of the Meriden Green (formerly the Meriden HUB) which is located at 1-77 State Street and 50 East Main Street was completed in June 2016. The work was completed in accordance with the environmental reports prepared for the City of Meriden by AECOM entitled “Remedial Action Plan, Meriden HUB Site, dated June 2012”, The work included the construction of an Engineered Control (EC) cap to gain compliance with the Connecticut Remediation Standard Regulations (RSR) Direct Exposure Criteria (DEC) for soil/fill that remains on-site following completion of the flood control storage area. An Environmental Land Use Restriction will remain on the site in perpetuity to ensure that there will be no disturbance of the Engineered Control (EC) cap and materials beneath the cap.

116 Cook Avenue has contaminated soil and a 70,000 square foot structure. Projected environmental liabilities assume the removal of hazardous substances, including PCBs, asbestos, mercury and lead, from the building, which is comprised of three sections and 85,944 total square feet. The liability is \$734,600, which is made up of \$1,269,600 less estimated recoveries from the federal government of \$535,000. Management has estimated this liability taking into account data based on estimates from its consulting firm. The current estimate of environmental liabilities for 116 Cook Avenue is based on environmental reports prepared for the City of Meriden by Tighe and Bond, including “Phase III Environmental Site Assessment report, dated July 2012,” and “Opinion of Probable Demolition Costs, dated July 2012.” Further remediation costs associated with soils below the existing building slab are unknown and may require further remediation depending on the future land use. The City assumes removal of all known environmental hazards in five to seven years. The obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of June 30, 2016, the City was awarded \$200,000 from the United States Environmental Protection Agency, and of that amount \$169,445 has been spent. The City also received approval to use the \$335,000 of unspent Section 108 Federal funds to offset the remediation cost.

The City acquired 11 Crown Street in May 2014 for redevelopment purposes. In 2014, the City retained Tighe and Bond to complete Phase II/III Environmental Assessments and a Remedial Action plan for the site. Estimated cleanup costs (soil remediation and hazardous building materials) include engineering, oversight and monitoring. The liability at June 30, 2016 was \$525,480. Management estimated this liability taking into account data based on estimates from its consulting firm. In fiscal year 2015, the City received a state grant to cover all the estimated costs to remediate this property. Clean up on this site is expected to be completed during fiscal year 2017.

**CITY OF MERIDEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

The City acquired 177 State Street in May 2014 for redevelopment purposes. In 2014, the City retained AECOM to complete Phase II/III Environmental Assessments and a Remedial Action plan for the site. Estimated cleanup costs include engineering, oversight and monitoring. There is no liability recorded as a result of costs of \$597,257 less estimated recoveries from the State of \$597,257. Management has estimated this liability taking into account data based on estimates from its consulting firm. In 2015, the City was awarded \$597,257 in DECD cleanup funds to remediate the property. The City expects to complete the remediation in fiscal year 2017.

The City acquired the former Meriden Wallingford hospital site, located at 1 King Place, in January 2014 in a tax foreclosure. In 2014, the City retained VHB to complete a Phase I assessment. A Phase II and hazardous building materials survey was recommended. In 2014, the City was awarded \$180,000 to further assess the building and property and \$221,000 in state forgivable loans for cleanup. As of June 30, 2016, the City has expended \$324,596 on assessments and cleanup. An engineer's probable cost estimate to remediate the site is approximately \$5 million for soil and building materials cleanup where no funding for cleanup has yet to be identified.

Overlapping Debt

The City's indebtedness does not exceed the legal debt limitations as established by Connecticut General Statutes as reflected in the following schedule (in thousands):

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purposes	\$ 272,700	\$ 75,704	\$ 196,996
Schools	545,400	59,777	485,623
Urban renewal	393,900		393,900
Sewers	454,500	853	453,647
Pension bonding	363,600		363,600

In no case shall total indebtedness exceed seven times annual receipts from taxation (\$848,386).

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$ 137,144		\$ 59,610	\$ 196,754
Permanent fund principal			431,547	431,547
Restricted for:				
Flood control	480,001			480,001
Wallingford Regional Solid Waste Reserve	447,614			447,614
Federal and State grants	15,045		1,853,599	1,868,644
Park trusts			1,770,615	1,770,615
Library trusts			184,823	184,823
Education trusts			8,008	8,008
Health trusts			407	407
Capital and nonrecurring			123	123
Committed to:				
Special assessment project			500,260	500,260
Education			1,305,928	1,305,928
Planning and development			58,172	58,172
School readiness			128,648	128,648
Anti-blight			155,294	155,294
Misc. programs			113,985	113,985
Airport improvement			16,042	16,042
Dog fund			6,238	6,238
Insurance refunds	219,843			219,843
Tree preservation	4,985			4,985
Downtown property management	135,359			135,359
Vehicle replacement	40,512			40,512
Unassigned	<u>16,664,792</u>	<u>(329,389)</u>		<u>16,335,403</u>
Total Fund Balances	<u>\$ 18,145,295</u>	<u>\$ (329,389)</u>	<u>\$ 6,593,299</u>	<u>\$ 24,409,205</u>

Significant encumbrances of \$40,837,690 are included in the bonded projects fund and \$1,429,100 are included in the nonmajor funds as of June 30, 2016.

**CITY OF MERIDEN, CONNECTICUT
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9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; employee health; and natural disasters. The City generally obtains commercial insurance for these risks, but has chosen to retain the risks of workers' compensation and employee health and medical claims. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2016.

The workers' compensation fund purchases a self-insured retention workers' compensation excess policy for claims exceeding \$600,000. All other claims are funded by the General Fund, Sewer Authority, Water Authority and George Hunter Memorial Golf Fund. Payments to the fund are estimated based on payroll amounts, job classification rates, experience and second injury fund assessments.

The City's Health Insurance Fund purchases a stop loss policy for claims in excess of \$250,000 per claim. The City also purchases the aggregate maximum per year. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The health insurance fund is funded by contributions from all funds incurring payroll charges. The health benefits consultant provides the City with suggested rates for various types of coverage. The BOE and City enterprise funds use employee counts and suggested rates to compute fund contributions.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that has been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimate. Changes in the claims liability for the past two years are as follows:

	Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
Workers' Compensation and Heart and Hypertension							
2015-16	\$ 7,268,353	\$	3,603,124	\$	3,763,796	\$	7,107,681
2014-15	6,882,325		3,900,927		3,514,899		7,268,353
Health Insurance							
2015-16	\$ 2,210,781	\$	22,297,859	\$	22,916,240	\$	1,592,400
2014-15	2,210,781		19,618,820		19,618,820		2,210,781

**CITY OF MERIDEN, CONNECTICUT
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10. EMPLOYEE RETIREMENT PLANS

A. Pension Trust Fund

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

Management of the plans rest with the Pension Board, which consists of eleven members: three elected by plan members, six appointed by City Council and the City Treasurer and Personnel Director who both serve as ex-officio members.

Plan Description and Benefits Provided

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

Provisions	Employees' Retirement Plan	Police Pension Plan	Firefighters' Pension Plan
Benefit	<p>Firefighters and BOE employees receive 2% of average final pay (average of three highest calendar years out of the last ten) multiplied by the years of continuous service in the plan, with a maximum of 60% of salary.</p> <p>Police and nonBOE City employees receive 2% of average final pay for the first 20 years, plus 2½% of average final pay multiplied by years of service for years 21-32 thereafter, with a maximum of 70% of salary.</p>	<p>2% of base pay times years of service up to 20 years plus 1.6% of base pay times years of service in excess of 20 and less than 30 years plus 50% of current emoluments.</p>	<p>2.2% of base pay times the years of service up to 30 years plus 50% of emoluments.</p>
Eligibility requirements	Vested after 10 years of service.	Earlier of 20 years of service or age 65	Earlier of 25 years of service or age 65
Cost of living adjustment	<p>Retirement prior to July 1, 1989: No COLA adjustments.</p> <p>Retirement after July 1, 1989 and prior to July 1, 2000: 3% every other year beginning after the later of 3 years from retirement age or age 65 with a lifetime cap of 50% of original pension.</p> <p>Retirement after July 1, 2000: 2% each year beginning after the later of 2 years from retirement date or age 62. For police and firefighters with 25 years of service the COLA begins 1 year from date of retirement with a lifetime cap of 50% of original pension.</p>	<p>Retirement prior to January 1, 2003: based on increases to base pay for the rank held at retirement.</p> <p>Retirement after January 1, 2003 (25 or more years of service): 3% of base pay, excluding emoluments.</p> <p>Retirement after January 1, 2003 (between 20-25 years of service): 2% of base pay, excluding emoluments.</p> <p>Retirement after January 1, 2003 (less than 20 years of service): none.</p>	<p>Retirement prior to January 1, 2003: based on increase in base pay for the rank held at retirement.</p> <p>Retirement after January 1, 2003 (with at least 25 years of service): 3% of base pay, excluding emoluments.</p>
Early retirement provisions	City and police employees - 10 years of service and age 55. Firefighters- none.	None.	None.

**CITY OF MERIDEN, CONNECTICUT
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<u>Provisions</u>	<u>Employees' Retirement Plan</u>	<u>Police Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Contributions	<p>NonBOE City employees 11% of earnings (includes 7% of earnings to pension and 4% of earnings as contributed for post-employment healthcare benefits).</p> <p>BOE employees - 8% of earnings (includes 4% of earnings to pension and 4% of earnings as contributed for post-employment healthcare benefits).</p> <p>Police employees - (hired prior to July 1, 2012) - 10% of earnings (includes 6% of earnings to pension and 4% of earnings as contributed for post-employment healthcare benefits).</p> <p>Police employees - (hired after July 1, 2012) - 7% of earnings (includes 4.5% of earnings to pension and 2.5% of earnings as contributed for post-employment healthcare benefits).</p> <p>Fire employees - 6% of earnings (includes 4% of earnings to pension and 2% of earnings contributed for post-employment healthcare benefits).</p> <p>Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.</p>	<p>Employee - 8% of earnings (includes 6% of earnings to pension and 2% of earnings as contributed for post-employment healthcare benefits).</p> <p>Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.</p>	<p>Employee - 8% of earnings (includes 6% of earnings to pension and 2% of earnings as contributed for post-employment healthcare benefits).</p> <p>Employer - remaining necessary to fund Plan based on City Charter and actuarial studies.</p>

At July 1, 2014, Plan membership consisted of the following:

	<u>Employees' Retirement Plan</u>	<u>Police Pension Plan</u>	<u>Firefighters' Pension Plan</u>
Retirees and beneficiaries currently receiving benefits	459	141	117
Vested terminated employees	93	1	
Active participants	598	52	54
Total Participants	<u>1,150</u>	<u>194</u>	<u>171</u>

The Employees' Retirement Plan was closed to nonpolice personnel as of July 1, 2011 and to police personnel as of July 1, 2012. The Police and Firefighter's plans were closed to new entrants as of March 18, 2003.

**CITY OF MERIDEN, CONNECTICUT
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Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Administrative Costs

Administrative costs of the Plan are financed through investment earnings.

The individual plan net position at June 30, 2016 and changes in net position for the year then ended are as follows:

	Pension Trust Funds						
	Employees' Retirement Plan	Police Pension Fund	Firefighters' Pension Plan	Employees' Healthcare Plan	Police Healthcare Plan	Firefighters' Healthcare Plan	Total Pension Trust Funds
Assets:							
Cash and cash equivalents	\$ 6,596,795	\$ 3,208,977	\$ 2,604,570	\$ 50,930	\$ -	\$ -	\$ 12,461,272
Interest receivable	263,809	108,660	85,745	2,214	-	-	460,428
Investments, at fair value:							
U.S. treasury bonds	5,254,818	2,161,640	1,705,828	44,098	-	-	9,166,384
Corporate bonds	13,105,872	5,411,896	4,270,721	109,984	-	-	22,898,473
Equities	60,399,847	25,790,735	20,352,392	506,875	-	-	107,049,849
Mutual funds	21,910,879	6,837,603	5,395,798	183,876	-	-	34,328,156
Other	24,305,198	12,995,492	10,255,210	203,969	-	-	47,759,869
Total investments	124,976,614	53,197,366	41,979,949	1,048,802	-	-	221,202,731
Total assets	131,837,218	56,515,003	44,670,264	1,101,946	-	-	234,124,431
Liabilities:							
Other liabilities	1,749	999	999	-	-	-	3,747
Net Position:							
Restricted for Pension Benefits and Other Purposes	\$ 131,835,469	\$ 56,514,004	\$ 44,669,265	\$ 1,101,946	\$ -	\$ -	\$ 234,120,684

**CITY OF MERIDEN, CONNECTICUT
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	Pension Trust Funds						Total Pension Trust Funds
	Employees' Retirement Plan	Police Pension Fund	Firefighters' Pension Plan	Employees' Healthcare Plan	Police Healthcare Plan	Firefighters' Healthcare Plan	
Additions:							
Contributions:							
Employer	\$ 3,264,731	\$ 4,162,730	\$ 2,745,026	\$	\$ 278,692	\$ 295,664	\$ 10,746,843
Plan members	2,086,049	228,661	243,234	1,317,193	103,936	81,078	4,060,151
Total contributions	<u>5,350,780</u>	<u>4,391,391</u>	<u>2,988,260</u>	<u>1,317,193</u>	<u>382,628</u>	<u>376,742</u>	<u>14,806,994</u>
Investment earnings (losses):							
Net increase (decrease) in fair value of investments	(4,061,479)	(1,914,533)	(1,526,016)	(32,913)			(7,534,941)
Dividends and interest	2,008,758	833,744	665,652	16,279			3,524,433
Total investment earnings (losses)	(2,052,721)	(1,080,789)	(860,364)	(16,634)	-	-	(4,010,508)
Less investment expenses:							
Investment management fees	762,604	328,808	262,517				1,353,929
Net investment earnings (losses)	(2,815,325)	(1,409,597)	(1,122,881)	(16,634)	-	-	(5,364,437)
Total additions	<u>2,535,455</u>	<u>2,981,794</u>	<u>1,865,379</u>	<u>1,300,559</u>	<u>382,628</u>	<u>376,742</u>	<u>9,442,557</u>
Deductions:							
Benefits	9,553,855	6,987,679	5,624,279	1,538,077	382,628	376,742	24,463,260
Administration	30,816	30,815	30,815	6,181			98,627
Other	510,786	2,050	2,050				514,886
Total deductions	<u>10,095,457</u>	<u>7,020,544</u>	<u>5,657,144</u>	<u>1,544,258</u>	<u>382,628</u>	<u>376,742</u>	<u>25,076,773</u>
Change in net position	(7,560,002)	(4,038,750)	(3,791,765)	(243,699)	-	-	(15,634,216)
Net Position at Beginning of Year	<u>139,395,471</u>	<u>60,552,754</u>	<u>48,461,030</u>	<u>1,345,645</u>	<u>-</u>	<u>-</u>	<u>249,754,900</u>
Net Position at End of Year	<u>\$ 131,835,469</u>	<u>\$ 56,514,004</u>	<u>\$ 44,669,265</u>	<u>\$ 1,101,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 234,120,684</u>

Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of January 10, 2012, reaffirmed January 12, 2016:

Equity - domestic	35	%
Equity - international	20	
Fixed Income	20	
Real Estate	4	
Hedge Funds	7	
Private Equity	7	
Commodities	2	
Cash	5	
Total	<u>100</u>	%

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Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

City	(2.42)%
Police	(2.38)%
Firefighters'	(2.38)%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

	<u>City</u>	<u>Police</u>	<u>Firefighters'</u>	<u>Total</u>
Total pension liability	\$ 182,654,326	\$ 113,372,222	\$ 86,688,597	\$ 382,715,145
Plan fiduciary net position	<u>131,835,469</u>	<u>56,514,004</u>	<u>44,669,265</u>	<u>233,018,738</u>
City's Net Pension Liability	<u>\$ 50,818,857</u>	<u>\$ 56,858,218</u>	<u>\$ 42,019,332</u>	<u>\$ 149,696,407</u>
Plan fiduciary net position as a percentage of the total liability	72.18 %	49.85 %	51.53 %	

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>City</u>	<u>Police</u>	<u>Firefighters'</u>
Inflation	3.0%	3.0%	3.0%
Salary increases	3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 50 and beyond, including inflation	3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 50 and beyond, including inflation	3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 50 and beyond, including inflation
Investment rate of return	8.0%, net of pension plan investment expense	8.0%, net of pension plan investment expense	8.0%, net of pension plan investment expense

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future

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real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>
Equity - domestic	5.5 %
Equity - international	7.9
Fixed Income	2.5
Real Estate	6.2
Hedge Funds	5.8
Private Equity	8.2
Commodities	3.6
Cash	0.5

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	<u>City</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of June 30, 2015	\$ 173,994,515	\$ 139,395,471	\$ 34,599,044
Changes for the year:			
Service cost	4,323,062		4,323,062
Interest on total pension liability	13,890,604		13,890,604
Employer contributions		3,264,731	(3,264,731)
Member contributions		2,086,049	(2,086,049)
Net investment income		(2,815,325)	2,815,325
Benefit payments, including refund of employee contributions	(9,553,855)	(9,553,855)	-
Administrative expenses		(30,816)	30,816
Other changes		(510,786)	510,786
Net changes	<u>8,659,811</u>	<u>(7,560,002)</u>	<u>16,219,813</u>
Balances as of June 30, 2016	<u>\$ 182,654,326</u>	<u>\$ 131,835,469</u>	<u>\$ 50,818,857</u>

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Police

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 111,077,573	\$ 60,552,754	\$ 50,524,819
Changes for the year:			
Service cost	988,788		988,788
Interest on total pension liability	8,676,168		8,676,168
Employer contributions		4,441,422	(4,441,422)
Member contributions		332,597	(332,597)
Net investment income		(1,409,597)	1,409,597
Benefit payments	(7,370,307)	(7,370,307)	-
Administrative expenses		(30,815)	30,815
Other changes		(2,050)	2,050
Net changes	<u>2,294,649</u>	<u>(4,038,750)</u>	<u>6,333,399</u>
Balances as of June 30, 2016	<u>\$ 113,372,222</u>	<u>\$ 56,514,004</u>	<u>\$ 56,858,218</u>

Firefighters'

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 85,393,901	\$ 48,461,030	\$ 36,932,871
Changes for the year:			
Service cost	647,804		647,804
Interest on total pension liability	6,647,913		6,647,913
Employer contributions		3,040,690	(3,040,690)
Member contributions		324,312	(324,312)
Net investment income		(1,122,881)	1,122,881
Benefit payments	(6,001,021)	(6,001,021)	-
Administrative expenses		(30,815)	30,815
Other changes		(2,050)	2,050
Net changes	<u>1,294,696</u>	<u>(3,791,765)</u>	<u>5,086,461</u>
Balances as of June 30, 2016	<u>\$ 86,688,597</u>	<u>\$ 44,669,265</u>	<u>\$ 42,019,332</u>

**CITY OF MERIDEN, CONNECTICUT
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>City</u>		
	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability	\$ 71,414,825	\$ 50,818,857	\$ 33,311,385
	<u>Police</u>		
	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability	\$ 69,436,576	\$ 56,858,218	\$ 46,333,439
	<u>Firefighters'</u>		
	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability	\$ 51,213,436	\$ 42,019,332	\$ 34,258,419

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$21,985,203. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>City</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ (1,452,686)
Net difference between projected and actual earning on pension plan investments	16,997,302	_____
Total	<u>\$ 16,997,302</u>	<u>\$ (1,452,686)</u>

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	Police	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,817	\$
Net difference between projected and actual earning on pension plan investments	<u>7,518,710</u>	<u> </u>
Total	<u>\$ 7,557,527</u>	<u>\$ -</u>

	Firefighters'	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 208,032	\$
Net difference between projected and actual earning on pension plan investments	<u>6,002,541</u>	<u> </u>
Total	<u>\$ 6,210,573</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,

2017	\$ 8,386,432
2018	8,235,599
2019	8,187,591
2020	4,635,156
2021	(132,062)

B. Pension Plan - Money Purchase Pension Plan

The City is the administrator of the money purchase pension plan, a single employer, defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers substantially all City employees hired after July 1, 2011. The plan was amended effective July 1, 2012 to reflect changes applicable to newly hired police officers. Contributions are established and amended by the approval of the City Council. The plan is intended to be a governmental plan, as defined in Section 414(d) of the Internal Revenue Code.

Summary Plan Description

Any employee hired on or after July 1, 2011 (i) who is not eligible to participate in any defined benefit plan maintained or contributed to by the City, (ii) is not eligible to participate in the State Teacher's Retirement System during the time such individual is an employee, or (iii) is not employed pursuant to a collective bargaining agreement with the Police or Fire departments unless such collective bargaining agreement provides for participation in this plan. Any employee of the Board of Education hired prior to July 1, 2011 who was not eligible to participate in any defined benefit plan maintained by the City shall be eligible to participate in this plan. Normal retirement will be on the member's sixty-fifth (65th) birthday. A police officer or a firefighter who attains age 65 shall be retired automatically by the City, effective the first day of the month following his 65th birthday. A City employee will be fully vested after 10 years of service. The vesting percentage will be an accumulating 20% per year for years 6-10. Any nonvested City contributions and related interest thereon of employees who leave employment are reserved in a forfeiture account to offset future City contributions. Plan provisions and the authority to amend the provisions are established by City ordinance.

Employee Obligations

All participating members shall make a mandatory contribution in the amount of 5% of the member's compensation and the City will reduce the member's compensation otherwise payable currently by that percentage, credit the amount to the Employee Contribution Account on behalf of the member and contribute such amount to the Funding Vehicle. With respect to employees other than employees of the Board of Education, effective the first pay period following the date the member has been credited with 10 years of service, the amount of such employee contributions shall increase to 6% of the member's compensation. Notwithstanding the foregoing, each member who is a police officer hired on or after July 1, 2012 shall make a mandatory contribution in the amount of 10% of the member's non-base pay, including private duty compensation.

Employer Obligations

The City shall make a contribution in an amount equal to 5% of the member's compensation. With respect to employees other than employees of the Board of Education, effective the first pay period following the date the member has been credited with 10 years of service, the amount of such City contributions shall increase to 6% of the member's compensation. City contributions shall be allocated as of the last day of each week to a member's City Contribution Account, provided that the member is employed on such date. Notwithstanding the foregoing, the City shall make a contribution on behalf of police officers hired on or after July 1, 2012 of 3% of the member's non-base pay, but excluding private duty pay. The amount of City contributions at any time shall be reduced by the amount of forfeitures available at that time to be allocated to the member's City Contribution Account. Employer contributions are calculated and paid each pay period.

Contribution Requirements/Contributions Made

The total City contribution during the year ended June 30, 2016 was \$334,030 and represented 5% of covered payroll. The employees' required contributions were \$377,774 and represented 6% of covered payroll.

C. Teachers Retirement

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

**CITY OF MERIDEN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the City		<u>149,024,816</u>
Total	\$	<u>149,024,816</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the City recognized pension expense and revenue of \$11,940,642 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The City’s proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

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

Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Description

The PHP is a single-employer defined benefit healthcare plan administered by the City. The PHP provides medical, dental and prescription benefits to eligible retirees and their spouses. City employees hired prior to July 1, 2011 are eligible to participate in the plan. Benefit provisions are established through negotiations between the City and the various unions representing the employees.

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

At July 1, 2014, plan membership consisted of the following:

	<u>City</u>			<u>Board of Education</u>		<u>Total</u>
	<u>Police</u>	<u>Fire</u>	<u>Other</u>	<u>Teachers</u>	<u>Other</u>	
Active employees	106	98	238	690	249	1,381
Retired employees*	70	66	200	85	100	521
Total Participants	<u>176</u>	<u>164</u>	<u>438</u>	<u>775</u>	<u>349</u>	<u>1,902</u>

* Counts do not include spouses of retirees

Funding Policy

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

City	4.00% of salary
Non-Teacher BOE	4.00% of salary
Police (in City Plan) hired prior to July 1, 2012	4.00% of salary
Police (in Police Plan)	2.50% of salary
Fire	2.00% of salary
Teachers	2.00% of salary

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

For the year ended June 30, 2016, plan members contributed \$3,118,000. The City is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the City in order to prefund benefits.

Employer contributions to the plan were \$4,683,520 which represent 62.33% of the actuarially determined annual required contribution.

Annual OPEB Cost and Net OPEB Obligations

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 7,513,565
Interest on net OPEB obligation	3,579,316
Adjustment to annual required contribution	<u>(3,679,395)</u>
Annual OPEB cost (expense)	7,413,486
Contributions made	<u>4,683,520</u>
Change in net OPEB obligation	2,729,966
Net OPEB obligation, beginning of year	<u>44,741,446</u>
Net OPEB Obligation, End of Year	<u>\$ 47,471,412</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2016 is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 7,413,486	\$ 4,683,520	63.18 %	\$ 47,471,412
6/30/2015	7,583,791	6,215,192	81.95	44,741,446
6/30/2014	7,633,127	5,483,979	71.84	43,372,847

**CITY OF MERIDEN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
Postemployment Healthcare Plan						
7/1/2014	\$ 20,830,636	\$ 89,516,332	\$ 68,685,696	23.3 %	\$ 95,450,755	72.0 %
7/1/2012	10,416,198	80,957,206	70,541,008	12.9	95,772,885	73.7
7/1/2010	5,142,767	104,364,393	99,221,626	4.9	94,310,588	105.2

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2016	\$ 7,513,565	62.33 %
6/30/2015	7,680,809	80.92
6/30/2014	7,725,338	70.99

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include an 8.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual medical/dental cost trend rate is 9% for 2014, decreasing 0.5% per year, to an ultimate rate of 5% for 2022 and later. The annual dental cost trend rate is 5%. The general inflation assumption is 3%. Projected salary increases were not a factor in the calculation. The actuarial value of assets was determined using the market value method. The UAAL is being amortized as a level payments method on an open basis.

12. CONTINGENCIES AND COMMITMENTS

Contingent Liabilities

There are various suits and claims pending against the City, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the City’s financial position. Management has estimated a liability of \$1,858,000 at June 30, 2016, which is recorded in the government-wide financial statements.

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

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

Construction Commitments

The government has active construction projects as of June 30, 2016. At year end, the government’s commitments with contractors are as follows:

<u>Project</u>	<u>Commitment</u>
Streetlight Purchase	\$ 1,450,259
Replacement Chiller	116,125
Platt School Addition and Replacement	24,339,151
Public Safety Improvements/Equipment	63,462
City Building Repair/Upgrade	127,319
Water Treatment Plant Upgrade	105,140
HUB Renovation	32,934
School Roof Replacement	12,768
Citywide Drainage	38,937
Citywide Road/Sidewalk Reconstruction	1,648,689
City Parks Upgrades	114,655
Landfill	86,866
Maloney School Addition and Replacement	11,732,885
Flood Control	165,643
Railroad Bridge	265,927
WPCF - Facility/Collection Improvements	154,935
Upgrade/Replace Pump Stations	580,545
Vehicles	787,276
Fuel Islands/Pumps/Tanks	7,550
Linear Trail	24,672
	<u>\$ 41,855,738</u>

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

13. SUBSEQUENT EVENT

On November 1, 2016, the City issued \$68,240,000 of General Obligation Bonds that mature serially through May 1, 2036 and bear interest between 3.0% and 5.0%.

On November 15, 2016, the City issued \$12,625,000 of General Obligation Refunding Bonds to refund \$13.6 million of 2010 General Obligation Bonds Taxable Build America Bonds "BAB's". The new bonds mature serially through May 15, 2030 and bear interest between 3.0% and 5.0%.

Required Supplementary Information

CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY
LAST THREE FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 4,323,062	\$ 4,197,148	\$ 4,260,041
Interest	13,890,604	13,383,258	12,718,166
Differences between expected and actual experience		(2,112,998)	
Benefit payments, including refunds of member contributions	<u>(9,553,855)</u>	<u>(8,960,559)</u>	<u>(8,256,310)</u>
Net change in total pension liability	8,659,811	6,506,849	8,721,897
Total pension liability - beginning	<u>173,994,515</u>	<u>167,487,666</u>	<u>158,765,769</u>
Total pension liability - ending	<u>182,654,326</u>	<u>173,994,515</u>	<u>167,487,666</u>
Plan fiduciary net position:			
Contributions - employer	3,264,731	2,307,742	2,316,905
Contributions - member	2,086,049	2,099,957	2,096,283
Net investment income	(2,815,325)	1,307,142	18,083,974
Benefit payments, including refunds of member contributions	(9,553,855)	(8,960,559)	(8,256,310)
Administrative expense	(30,816)	(29,710)	(29,362)
Other	<u>(510,786)</u>	<u>(231,874)</u>	<u>(308,727)</u>
Net change in plan fiduciary net position	<u>(7,560,002)</u>	<u>(3,507,302)</u>	<u>13,902,763</u>
Plan fiduciary net position - beginning	<u>139,395,471</u>	<u>142,902,773</u>	<u>129,000,010</u>
Plan fiduciary net position - ending	<u>131,835,469</u>	<u>139,395,471</u>	<u>142,902,773</u>
Net Pension Liability - Ending	<u>\$ 50,818,857</u>	<u>\$ 34,599,044</u>	<u>\$ 24,584,893</u>
Plan fiduciary net position as a percentage of the total pension liability	72.18%	80.11%	85.32%
Covered-employee payroll	\$ 39,460,000	\$ 38,311,000	\$ 41,094,000
Net pension liability as a percentage of covered-employee payroll	128.79%	90.31%	59.83%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE
LAST THREE FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 988,788	\$ 959,988	\$ 1,078,300
Interest	8,676,168	8,483,287	8,304,594
Differences between expected and actual experience		194,089	
Benefit payments	<u>(7,370,307)</u>	<u>(7,144,344)</u>	<u>(6,921,764)</u>
Net change in total pension liability	2,294,649	2,493,020	2,461,130
Total pension liability - beginning	<u>111,077,573</u>	<u>108,584,553</u>	<u>106,123,423</u>
Total pension liability - ending	<u>113,372,222</u>	<u>111,077,573</u>	<u>108,584,553</u>
Plan fiduciary net position:			
Contributions - employer	4,441,422	4,227,288	4,201,553
Contributions - member	332,597	331,956	359,530
Net investment income	(1,409,597)	575,432	8,188,947
Benefit payments	(7,370,307)	(7,144,344)	(6,921,764)
Administrative expense	(30,815)	(29,710)	(29,361)
Other	<u>(2,050)</u>	<u>(7,771)</u>	<u>(2,171)</u>
Net change in plan fiduciary net position	<u>(4,038,750)</u>	<u>(2,047,149)</u>	<u>5,796,734</u>
Plan fiduciary net position - beginning	<u>60,552,754</u>	<u>62,599,903</u>	<u>56,803,169</u>
Plan fiduciary net position - ending	<u>56,514,004</u>	<u>60,552,754</u>	<u>62,599,903</u>
Net Pension Liability - Ending	<u>\$ 56,858,218</u>	<u>\$ 50,524,819</u>	<u>\$ 45,984,650</u>
Plan fiduciary net position as a percentage of the total pension liability	49.85%	54.51%	57.65%
Covered-employee payroll	\$ 3,904,000	\$ 3,790,000	\$ 4,302,000
Net pension liability as a percentage of covered-employee payroll	1456.41%	1333.11%	1068.91%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS'
LAST THREE FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 647,804	\$ 628,936	\$ 769,596
Interest	6,647,913	6,501,155	6,385,020
Differences between expected and actual experience		528,080	
Benefit payments	<u>(6,001,021)</u>	<u>(5,690,074)</u>	<u>(5,439,284)</u>
Net change in total pension liability	1,294,696	1,968,097	1,715,332
Total pension liability - beginning	<u>85,393,901</u>	<u>83,425,804</u>	<u>81,710,472</u>
Total pension liability - ending	<u>86,688,597</u>	<u>85,393,901</u>	<u>83,425,804</u>
Plan fiduciary net position:			
Contributions - employer	3,040,690	2,823,649	2,808,242
Contributions - member	324,312	337,587	360,575
Net investment income	(1,122,881)	467,255	6,653,019
Benefit payments	(6,001,021)	(5,690,074)	(5,439,284)
Administrative expense	(30,815)	(29,710)	(29,361)
Other	<u>(2,050)</u>	<u>(7,771)</u>	<u>(1,002)</u>
Net change in plan fiduciary net position	(3,791,765)	(2,099,064)	4,352,189
Plan fiduciary net position - beginning	<u>48,461,030</u>	<u>50,560,094</u>	<u>46,207,905</u>
Plan fiduciary net position - ending	<u>44,669,265</u>	<u>48,461,030</u>	<u>50,560,094</u>
Net Pension Liability - Ending	<u>\$ 42,019,332</u>	<u>\$ 36,932,871</u>	<u>\$ 32,865,710</u>
Plan fiduciary net position as a percentage of the total pension liability	51.53%	56.75%	60.60%
Covered-employee payroll	\$ 3,533,000	\$ 3,430,000	\$ 3,554,000
Net pension liability as a percentage of covered-employee payroll	1189.34%	1076.76%	924.75%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CITY
LAST TEN FISCAL YEARS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 3,218,884	\$ 2,307,742	\$ 2,302,606	\$ 2,038,150	\$ 1,898,009	\$ 479,981	\$ 354,382	\$ 764,137	\$ 649,414	\$ 185,534
Contributions in relation to the actuarially determined contribution	3,264,731	2,307,742	2,316,905	2,056,897	1,906,102	489,450	362,432	764,137	659,542	195,528
Contribution Deficiency (Excess)	\$ (45,847)	\$ -	\$ (14,299)	\$ (18,747)	\$ (8,093)	\$ (9,469)	\$ (8,050)	\$ -	\$ (10,128)	\$ (9,994)
Covered-employee payroll	\$ 39,460,000	\$ 38,311,000	\$ 41,094,000	\$ 39,897,000	\$ 38,734,928	\$ 34,128,961	\$ 34,128,961	\$ 31,405,160	\$ 31,405,160	\$ 30,170,844
Contributions as a percentage of covered-employee payroll	8.27%	6.02%	5.64%	5.16%	4.92%	1.43%	1.06%	2.43%	2.10%	0.65%

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age
Amortization method: Level dollar, closed
Remaining amortization period: 23 years
Asset valuation method: 5-year smoothed market
Inflation: 3.5%
Salary increases: 3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 60 and beyond
Investment rate of return: 8.00%, net of pension plan investment expense
Retirement age:
City:
- Later of 10 years of service and age 65
- Any combination of years of service and age equaling 80, with a minimum of 10 years of service
Police:
- Completion of 25 years of service
- Any combination of years of service and age equaling 80, with a minimum of 10 years of service
-Age 65
Firefighters:
- Completion of 25 years of service
- Age 65

Mortality: In the 2014 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table.

**CITY OF MERIDEN, CONNECTICUT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE
 LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 4,441,422	\$ 4,227,288	\$ 4,201,533	\$ 4,066,540	\$ 4,028,938	\$ 3,683,113	\$ 3,646,850	\$ 3,556,861	\$ 3,509,801	\$ 3,601,188
Contributions in relation to the actuarially determined contribution	<u>4,441,422</u>	<u>4,227,288</u>	<u>4,201,553</u>	<u>4,066,540</u>	<u>4,028,938</u>	<u>3,683,113</u>	<u>3,646,850</u>	<u>3,556,861</u>	<u>3,509,592</u>	<u>3,611,172</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(20)</u>	\$ <u>-</u>	\$ <u>209</u>	\$ <u>(9,984)</u>				
Covered-employee payroll	\$ 3,904,000	\$ 3,790,000	\$ 4,302,000	\$ 4,382,000	\$ 4,462,636	\$ 5,027,254	\$ 5,027,254	\$ 5,030,979	\$ 5,030,979	\$ 5,940,009
Contributions as a percentage of covered-employee payroll	113.77%	111.54%	97.67%	92.80%	90.28%	73.26%	72.54%	70.70%	69.76%	60.79%

Notes to Schedule

Valuation date: July 1, 2014
 Measurement date: June 30, 2016
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age
- Amortization method: Level dollar, closed
- Remaining amortization period: 28 years
- Asset valuation method: 5-year smoothed market
- Inflation: 3.0%
- Salary increases: 3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 50 and beyond
- Investment rate of return: 8.00%, net of pension plan investment expense
- Retirement age: Earlier of:
 - 20 years of service
 - Age 65 and 10 years of service

Mortality: In the 2014 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS'
LAST TEN FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 3,040,690	\$ 2,823,649	\$ 2,808,242	\$ 2,643,414	\$ 2,620,905	\$ 2,441,615	\$ 2,419,234	\$ 2,464,361	\$ 2,435,594	\$ 2,605,081
Contributions in relation to the actuarially determined contribution	<u>3,040,690</u>	<u>2,823,649</u>	<u>2,808,242</u>	<u>2,643,414</u>	<u>2,620,905</u>	<u>2,441,615</u>	<u>2,419,234</u>	<u>2,464,361</u>	<u>2,435,400</u>	<u>2,615,076</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 194	\$ (9,995)
Covered-employee payroll	\$ 3,533,000	\$ 3,430,000	\$ 3,554,000	\$ 3,902,000	\$ 4,349,943	\$ 4,800,571	\$ 4,800,571	\$ 4,696,251	\$ 4,696,251	\$ 4,791,096
Contributions as a percentage of covered-employee payroll	86.07%	82.32%	79.02%	67.75%	60.25%	50.86%	50.39%	52.48%	51.86%	54.58%

Notes to Schedule

Valuation date: July 1, 2014

Measurement date: June 30, 2016

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation	3.0%
Salary increases	3.0%, per annum (compounded) plus a graded scale of 7% at age 20 down to 0% at age 60 and beyond
Investment rate of return	8.00%, net of pension plan investment expense
Retirement age	Earlier of: - 25 years of service - Age 65

Mortality In the 2014 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
CITY
LAST THREE FISCAL YEARS***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(2.42%)	0.76%	13.97%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
POLICE
LAST THREE FISCAL YEARS***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(2.38%)	0.92%	14.68%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS'
LAST THREE FISCAL YEARS***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(2.38%)	0.93%	14.72%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST TWO FISCAL YEARS***

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>149,024,816</u>	<u>137,743,578</u>
Total	<u>\$ 149,024,816</u>	<u>\$ 137,743,578</u>
City's covered-employee payroll	\$ 53,762,278	\$ 52,602,518
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Supplemental, Combining

and Individual Fund

Statements

and

Schedules

General Fund

GENERAL FUND

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

There are also funds that do not meet the definition of a special revenue fund in accordance with GASB 54, which are combined with the General Fund. Schedule A-1 applies only to the General Fund.

Foreclosure Fund - To account for expenditures and costs recovered related to collections on foreclosed properties.

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

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

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

Vehicle Replacement Fund - To account for vehicle purchases.

**CITY OF MERIDEN, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes:				
Current years' levy	\$ 115,131,906	\$ 115,531,906	\$ 115,643,966	\$ 112,060
Prior years' levies	2,250,000	2,350,000	2,459,386	109,386
Motor vehicle supplement	1,225,000	1,375,000	1,403,571	28,571
Suspense	1,250	1,250		(1,250)
Interest and liens	1,346,000	1,346,000	1,272,748	(73,252)
Total property taxes	<u>119,954,156</u>	<u>120,604,156</u>	<u>120,779,671</u>	<u>175,515</u>
Intergovernmental:				
State grants for education	55,775,720	55,775,720	55,538,818	(236,902)
Other state grants	5,728,137	5,728,137	5,326,129	(402,008)
Total intergovernmental	<u>61,503,857</u>	<u>61,748,857</u>	<u>60,864,947</u>	<u>(883,910)</u>
Charges for services:				
Licenses and permits and fines	183,750	183,750	250,052	66,302
Department fees and other	4,194,123	4,328,959	4,447,511	118,552
Rents	249,549	249,549	242,808	(6,741)
Total charges for services	<u>4,627,422</u>	<u>4,762,258</u>	<u>4,940,371</u>	<u>178,113</u>
Investment income	<u>348,535</u>	<u>348,535</u>	<u>507,895</u>	<u>159,360</u>
Miscellaneous revenues	<u>735,789</u>	<u>735,789</u>	<u>1,013,010</u>	<u>277,221</u>
Other financing sources:				
Transfers in	<u>2,896,279</u>	<u>2,636,279</u>	<u>2,725,414</u>	<u>89,135</u>
Total revenues and other financing sources	<u>190,066,038</u>	<u>190,835,874</u>	<u>190,831,308</u>	<u>(4,566)</u>

(Continued on next page)

**CITY OF MERIDEN, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL - NON- GAAP BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures:				
General government:				
City council	\$ 226,452	\$ 234,523	\$ 234,519	\$ 4
City manager	548,065	517,354	517,353	1
Legal	974,357	810,379	810,372	7
Personnel	282,241	301,347	301,342	5
City clerk	389,971	385,260	385,259	1
Aviation	354,358	428,107	428,104	3
Elections	249,458	236,449	236,448	1
Insurance	2,784,568	2,686,420	2,686,419	1
Employee benefits	25,109,672	26,145,010	26,145,008	2
Finance general administration	2,933,257	3,135,013	3,135,003	10
Capital equipment		285,798	285,798	-
Management information systems	1,007,579	894,819	894,813	6
Development and enforcement	746,158	788,594	788,590	4
Inland wetlands	850	1,524	1,523	1
Parking	145,917	140,775	140,772	3
Contingency	500,000	372,666		372,666
Total general government	<u>36,252,903</u>	<u>37,364,038</u>	<u>36,991,323</u>	<u>372,715</u>
Finance:				
Finance	770,858	751,377	751,372	5
Purchasing	290,662	269,187	269,185	2
Tax collector	428,708	399,954	399,951	3
Tax Assessor	581,934	489,538	489,532	6
Board of assessment appeals	2,750	2,601	2,601	-
Total finance	<u>2,074,912</u>	<u>1,912,657</u>	<u>1,912,641</u>	<u>16</u>
Public safety:				
Police	12,419,779	12,462,963	12,462,960	3
Fire	9,145,829	9,089,665	9,089,656	9
Emergency communications	1,194,350	1,279,247	1,279,246	1
South Meriden volunteer fire	126,658	90,344	90,341	3
Emergency management	11,100	8,894	8,894	-
Total public safety	<u>22,897,716</u>	<u>22,931,113</u>	<u>22,931,097</u>	<u>16</u>
Public works:				
Engineering	641,279	663,592	663,586	6
Garage and warehouse	449,015	467,184	467,178	6
Traffic engineering	494,965	462,176	462,173	3
Highway safety	2,083,930	2,056,020	2,056,014	6
Transfer station	120,400	104,534	104,531	3
Waste collection	1,454,800	1,485,177	1,485,174	3
Bulky waste	176,045	182,727	182,723	4
Building maintenance	1,430,989	1,171,690	1,171,684	6
Total public works	<u>6,851,423</u>	<u>6,593,100</u>	<u>6,593,063</u>	<u>37</u>

(Continued on next page)

**CITY OF MERIDEN, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING
SOURCES (USES) - BUDGET AND ACTUAL - NON- GAAP BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Health and welfare:				
Health	\$ 2,058,264	\$ 2,007,729	\$ 2,007,725	\$ 4
Social services	36,150	46,783	46,781	2
Senior center	470,460	425,520	425,516	4
Youth services	163,893	165,623	165,620	3
Total health and welfare	<u>2,728,767</u>	<u>2,645,655</u>	<u>2,645,642</u>	<u>13</u>
Culture and recreation:				
Library	2,196,793	2,208,153	2,208,148	5
Parks	1,638,226	1,708,025	1,708,017	8
Recreation	447,327	475,823	475,820	3
Total culture and recreation	<u>4,282,346</u>	<u>4,392,001</u>	<u>4,391,985</u>	<u>16</u>
Education:				
Board of Education	99,758,340	99,758,340	99,758,340	-
School building committee	1,500	2,543	2,543	-
Total education	<u>99,759,840</u>	<u>99,760,883</u>	<u>99,760,883</u>	<u>-</u>
Debt service:				
Principal retirement	10,107,700	10,107,700	10,107,700	-
Interest	5,088,961	5,088,961	5,105,003	(16,042)
Total debt service	<u>15,196,661</u>	<u>15,196,661</u>	<u>15,212,703</u>	<u>(16,042)</u>
Other financing uses:				
Transfers out	<u>21,470</u>	<u>39,766</u>	<u>39,766</u>	<u>-</u>
Total expenditures and other financing uses	<u>190,066,038</u>	<u>190,835,874</u>	<u>190,479,103</u>	<u>356,771</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>352,205</u>	\$ <u>352,205</u>

**CITY OF MERIDEN, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2016**

	<u>General</u>	<u>Foreclosure Fund</u>	<u>Insurance Refund Fund</u>	<u>Tree Preservation Fund</u>	<u>Downtown Property Management Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 13,370,823	\$	\$ 219,941	\$ 11,085	\$ 136,004	\$ 40,512	\$	\$ 13,778,365
Investments	15,245,528							15,245,528
Receivables, net of allowance for uncollectibles	6,295,473	1,489			180			6,297,142
Inventory	137,144							137,144
Other assets	9,347							9,347
Due from other funds	3,876,688						(14,000)	3,862,688
Total Assets	\$ 38,935,003	\$ 1,489	\$ 219,941	\$ 11,085	\$ 136,184	\$ 40,512	\$ (14,000)	\$ 39,330,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 11,697,167	\$ 1,115	\$ 98	\$ 6,100	\$ 825	\$	\$	\$ 11,705,305
Due to other funds		14,000					(14,000)	-
Unearned revenue	6,603							6,603
Total liabilities	11,703,770	15,115	98	6,100	825	-	(14,000)	11,711,908
Deferred Inflows of Resources:								
Unavailable revenue - property taxes	5,016,663							5,016,663
Unavailable revenue - loans receivable	1,311,339							1,311,339
Advance property tax collections	3,145,009							3,145,009
Total deferred inflows of resources	9,473,011	-	-	-	-	-	-	9,473,011
Fund Balances:								
Reserved for:								
Nonspendable	137,144							137,144
Restricted	942,660							942,660
Committed			219,843	4,985	135,359	40,512		400,699
Unassigned	16,678,418	(13,626)						16,664,792
Total fund balances	17,758,222	(13,626)	219,843	4,985	135,359	40,512	-	18,145,295
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,935,003	\$ 1,489	\$ 219,941	\$ 11,085	\$ 136,184	\$ 40,512	\$ (14,000)	\$ 39,330,214

**CITY OF MERIDEN, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Foreclosure Fund</u>	<u>Insurance Refund Fund</u>	<u>Tree Preservation Fund</u>	<u>Downtown Property Management Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Total</u>
Revenues:							
Property taxes, interest and lien fees	\$ 120,779,671	\$	\$	\$	\$	\$	\$ 120,779,671
Federal and state government	76,758,645						76,758,645
Charges for services	4,940,371						4,940,371
Investment income	507,895				282		508,177
Other local revenues	1,232,887	21,896	170,641		46,111		1,471,535
Total revenues	<u>204,219,469</u>	<u>21,896</u>	<u>170,641</u>	<u>-</u>	<u>46,393</u>	<u>-</u>	<u>204,458,399</u>
Expenditures:							
Current:							
General government	38,769,785	12,616		20,625	35,885		38,838,911
Public safety	23,056,742		17,461				23,074,203
Public works	6,601,593		10,336				6,611,929
Health and welfare	5,116,373		17,487				5,133,860
Culture and recreation	4,391,985						4,391,985
Education	113,183,854						113,183,854
Debt service:							
Principal retirement	10,107,700						10,107,700
Interest and other charges	5,324,880						5,324,880
Total expenditures	<u>206,552,912</u>	<u>12,616</u>	<u>45,284</u>	<u>20,625</u>	<u>35,885</u>	<u>-</u>	<u>206,667,322</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,333,443)</u>	<u>9,280</u>	<u>125,357</u>	<u>(20,625)</u>	<u>10,508</u>	<u>-</u>	<u>(2,208,923)</u>
Other Financing Sources (Uses):							
Transfers in	2,725,414						2,725,414
Transfers out	<u>(39,766)</u>						<u>(39,766)</u>
Total other financing sources	<u>2,685,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,685,648</u>
Net Change in Fund Balances	352,205	9,280	125,357	(20,625)	10,508	-	476,725
Fund Balances at Beginning of Year	<u>17,406,017</u>	<u>(22,906)</u>	<u>94,486</u>	<u>25,610</u>	<u>124,851</u>	<u>40,512</u>	<u>17,668,570</u>
Fund Balances at End of Year	<u>\$ 17,758,222</u>	<u>\$ (13,626)</u>	<u>\$ 219,843</u>	<u>\$ 4,985</u>	<u>\$ 135,359</u>	<u>\$ 40,512</u>	<u>\$ 18,145,295</u>

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

COPS Hiring Grant - To account for the COPS Hiring Grant revenues and expenditures

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

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

Education Grants and Programs - To account for education related grants from the state and federal governments.

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

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

Neighborhood Preservation Program - To account for revolving loan funds.

Asset Forfeiture - To account for drug seizure money from the state and federal governments.

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

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

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

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

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

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

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

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

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

CAPITAL PROJECT FUNDS

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted or committed for capital outlays including the acquisition or construction of capital facilities and other capital assets.

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

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

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

Factory H Demolition - To account for grants related to the demolition of Factory H.

Miscellaneous Capital Project Grants - To account for grants for various capital projects.

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

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

PERMANENT FUNDS

Permanent Funds – Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used.

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

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

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

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

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

CITY OF MERIDEN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds								
	Document Preservation	Community Development Block Grant	COPS Hiring Grant	Day Care Center	Women, Infant and Children Program	Education Grants and Programs	Health Grants and Programs	Meals on Wheels Program	Neighborhood Preservation (CDBG)
ASSETS									
Cash and cash equivalents	\$ 117,790	\$ 5,116	\$ 249	\$ 109,152	\$ 63,115	\$ 3,317,351	\$ 391,932	\$	\$ 185,280
Investments									
Accounts receivable	262	126,108	25,751			813,489	16,111		1,672,763
Inventory									
Total Assets	<u>\$ 118,052</u>	<u>\$ 131,224</u>	<u>\$ 26,000</u>	<u>\$ 109,152</u>	<u>\$ 63,115</u>	<u>\$ 4,130,840</u>	<u>\$ 408,043</u>	<u>\$ -</u>	<u>\$ 1,858,043</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 38,238	\$	\$ 32,353	\$ 57,876	\$ 1,550,465	\$ 15,450	\$	\$ 404
Unearned revenue				12,531	5,239	1,651,956	56,778		
Due to other funds		88,000	26,000			124,400			
Total liabilities	<u>-</u>	<u>126,238</u>	<u>26,000</u>	<u>44,884</u>	<u>63,115</u>	<u>3,326,821</u>	<u>72,228</u>	<u>-</u>	<u>404</u>
Deferred Inflows of Resources:									
Unavailable revenue - loans receivable									<u>1,672,763</u>
Fund Balances:									
Nonspendable									
Restricted	118,052	4,986		64,268		804,019	335,815		184,876
Committed									
Total fund balances	<u>118,052</u>	<u>4,986</u>	<u>-</u>	<u>64,268</u>	<u>-</u>	<u>804,019</u>	<u>335,815</u>	<u>-</u>	<u>184,876</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 118,052</u>	<u>\$ 131,224</u>	<u>\$ 26,000</u>	<u>\$ 109,152</u>	<u>\$ 63,115</u>	<u>\$ 4,130,840</u>	<u>\$ 408,043</u>	<u>\$ -</u>	<u>\$ 1,858,043</u>

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CITY OF MERIDEN, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds							
	Neighborhood Preservation (Bonded)	Asset Forfeiture	School Readiness	Law Enforcement Block Grant	Dog	Public School Lunch	Public School Rental	Adult Evening School
ASSETS								
Cash and cash equivalents	\$ 104,518	\$ 238,516	\$ 136,529	\$ 1,359	\$ 21,441	\$ 442,810	\$ 274,974	\$ 127,612
Investments								
Accounts receivable	332,278		316,614	17,287	3,868	633,537		
Inventory						59,610		
Total Assets	<u>\$ 436,796</u>	<u>\$ 238,516</u>	<u>\$ 453,143</u>	<u>\$ 18,646</u>	<u>\$ 25,309</u>	<u>\$ 1,135,957</u>	<u>\$ 274,974</u>	<u>\$ 127,612</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$ 1,830	\$ 324,495	\$ 3,541	\$ 19,071	\$ 172,967	\$	\$ 38
Unearned revenue				2,105				
Due to other funds				13,000				
Total liabilities	<u>-</u>	<u>1,830</u>	<u>324,495</u>	<u>18,646</u>	<u>19,071</u>	<u>172,967</u>	<u>-</u>	<u>38</u>
Deferred Inflows of Resources:								
Unavailable revenue - loans receivable	<u>332,278</u>							
Fund Balances:								
Nonspendable						59,610		
Restricted	104,518	236,686						
Committed			128,648		6,238	903,380	274,974	127,574
Total fund balances	<u>104,518</u>	<u>236,686</u>	<u>128,648</u>	<u>-</u>	<u>6,238</u>	<u>962,990</u>	<u>274,974</u>	<u>127,574</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 436,796</u>	<u>\$ 238,516</u>	<u>\$ 453,143</u>	<u>\$ 18,646</u>	<u>\$ 25,309</u>	<u>\$ 1,135,957</u>	<u>\$ 274,974</u>	<u>\$ 127,612</u>

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CITY OF MERIDEN, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Special Revenue Funds			Capital Project Funds				
	Anti-Blight	Smoke Detector	Misc. Grants and Programs	P & R Capital and Nonrecurring	Airport Improvement	Brownfield Assessment	Factory H Demolition	Misc. Capital Project Grants
ASSETS								
Cash and cash equivalents	\$ 155,294	\$ 379	\$ 49,740	\$ 123	\$ 367	\$ 154,653	\$	\$ 660
Investments								
Accounts receivable			80,558		137,823	292,016		1,246,426
Inventory								
Total Assets	\$ 155,294	\$ 379	\$ 130,298	\$ 123	\$ 138,190	\$ 446,669	\$ -	\$ 1,247,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$ 11,787	\$	\$ 27,148	\$ 52,842	\$	\$ 871,086
Unearned revenue			4,526					
Due to other funds					95,000			376,000
Total liabilities	-	-	16,313	-	122,148	52,842	-	1,247,086
Deferred Inflows of Resources:								
Unavailable revenue - loans receivable								
Fund Balances:								
Nonspendable								
Restricted		379		123				
Committed	155,294		113,985		16,042	393,827		
Total fund balances	155,294	379	113,985	123	16,042	393,827	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 155,294	\$ 379	\$ 130,298	\$ 123	\$ 138,190	\$ 446,669	\$ -	\$ 1,247,086

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CITY OF MERIDEN, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Capital Project Funds		Permanent Funds					Total
	Land Acquisition	Planning Commission Subdivision Development	Walter Hubbard Park	C.P. Bradley Park	Library Trust	Lorenzo Fuller Award	Charlotte Yale Ives	
ASSETS								
Cash and cash equivalents	\$ 106,433	\$ 58,172	\$ 23,942	\$ 46,814	\$ 512,353	\$ 9,025	\$ 3,407	\$ 6,659,106
Investments			668,699	1,132,275				1,800,974
Accounts receivable								5,714,891
Inventory								59,610
Total Assets	\$ 106,433	\$ 58,172	\$ 692,641	\$ 1,179,089	\$ 512,353	\$ 9,025	\$ 3,407	\$ 14,234,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$ 1,115	\$	\$	\$	\$	\$ 3,180,706
Unearned revenue								1,733,135
Due to other funds								722,400
Total liabilities	-	-	1,115	-	-	-	-	5,636,241
Deferred Inflows of Resources:								
Unavailable revenue - loans receivable								2,005,041
Fund Balances:								
Nonspendable			50,000	50,000	327,530	1,017	3,000	491,157
Restricted			641,526	1,129,089	184,823	8,008	407	3,817,575
Committed	106,433	58,172						2,284,567
Total fund balances	106,433	58,172	691,526	1,179,089	512,353	9,025	3,407	6,593,299
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 106,433	\$ 58,172	\$ 692,641	\$ 1,179,089	\$ 512,353	\$ 9,025	\$ 3,407	\$ 14,234,581

CITY OF MERIDEN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds								
	Document Preservation	Community Development Block Grant	COPS Hiring Grant	Day Care Center	Women, Infant and Children Program	Education Grants and Programs	Health Grants and Programs	Meals on Wheels Program	Neighborhood Preservation (CDBG)
Revenues:									
Intergovernmental revenues	\$ 4,000	\$ 759,114	\$ 251,788	\$ 420,584	\$ 835,500	\$ 18,143,352	\$ 630,712	\$	\$
Charges for services	21,900						107,776		
Investment income									
Other						1,531,477			63,041
Total revenues	<u>25,900</u>	<u>759,114</u>	<u>251,788</u>	<u>420,584</u>	<u>835,500</u>	<u>19,674,829</u>	<u>738,488</u>	<u>-</u>	<u>63,041</u>
Expenditures:									
General government	7,670	183,053							11,696
Public safety		257,511	251,788						
Health and welfare		211,214		420,584	835,500		655,813		
Culture and recreation									
Capital outlay									
Education						18,988,272			
Debt service:									
Principal retirement									
Interest and other charges									
Total expenditures	<u>7,670</u>	<u>651,778</u>	<u>251,788</u>	<u>420,584</u>	<u>835,500</u>	<u>18,988,272</u>	<u>655,813</u>	<u>-</u>	<u>11,696</u>
Excess (Deficiency) of Revenues over Expenditures	<u>18,230</u>	<u>107,336</u>				<u>686,557</u>	<u>82,675</u>		<u>51,345</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out		(107,336)						(81,749)	
Total other financing sources (uses)	<u>-</u>	<u>(107,336)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,749)</u>	<u>-</u>
Net Change in Fund Balances	18,230	-	-	-	-	686,557	82,675	(81,749)	51,345
Fund Balances at Beginning of Year	<u>99,822</u>	<u>4,986</u>	<u>-</u>	<u>64,268</u>	<u>-</u>	<u>117,462</u>	<u>253,140</u>	<u>81,749</u>	<u>133,531</u>
Fund Balances at End of Year	<u>\$ 118,052</u>	<u>\$ 4,986</u>	<u>\$ -</u>	<u>\$ 64,268</u>	<u>\$ -</u>	<u>\$ 804,019</u>	<u>\$ 335,815</u>	<u>\$ -</u>	<u>\$ 184,876</u>

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CITY OF MERIDEN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds							
	Neighborhood Preservation (Bonded)	Asset Forfeiture	School Readiness	Law Enforcement Block Grant	Dog	Public School Lunch	Public School Rental	Adult Evening School
Revenues:								
Intergovernmental revenues	\$	\$ 59,045	\$ 3,842,929	\$ 91,211	\$	\$ 4,482,688	\$	\$
Charges for services					14,684	838,863	281,321	23,110
Investment income						664		
Other	63,155					107,150		
Total revenues	<u>63,155</u>	<u>59,045</u>	<u>3,842,929</u>	<u>91,211</u>	<u>14,684</u>	<u>5,429,365</u>	<u>281,321</u>	<u>23,110</u>
Expenditures:								
General government								
Public safety		116,124		97,099	19,745			
Health and welfare			3,842,928					
Culture and recreation								
Capital outlay								
Education						5,347,951	239,272	5,486
Debt service:								
Principal retirement								
Interest and other charges								
Total expenditures	<u>-</u>	<u>116,124</u>	<u>3,842,928</u>	<u>97,099</u>	<u>19,745</u>	<u>5,347,951</u>	<u>239,272</u>	<u>5,486</u>
Excess (Deficiency) of Revenues over Expenditures	<u>63,155</u>	<u>(57,079)</u>	<u>1</u>	<u>(5,888)</u>	<u>(5,061)</u>	<u>81,414</u>	<u>42,049</u>	<u>17,624</u>
Other Financing Sources (Uses):								
Transfers in				5,888	10,000			
Transfers out	(55,402)							
Total other financing sources (uses)	<u>(55,402)</u>	<u>-</u>	<u>-</u>	<u>5,888</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,753	(57,079)	1	-	4,939	81,414	42,049	17,624
Fund Balances at Beginning of Year	<u>96,765</u>	<u>293,765</u>	<u>128,647</u>	<u>-</u>	<u>1,299</u>	<u>881,576</u>	<u>232,925</u>	<u>109,950</u>
Fund Balances at End of Year	<u>\$ 104,518</u>	<u>\$ 236,686</u>	<u>\$ 128,648</u>	<u>\$ -</u>	<u>\$ 6,238</u>	<u>\$ 962,990</u>	<u>\$ 274,974</u>	<u>\$ 127,574</u>

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CITY OF MERIDEN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Capital Project Funds				
	Anti-Blight	Smoke Detector	Misc. Grants and Programs	P & R Capital and Nonrecurring	Airport Improvement	Brownfield Assessment	Factory H Demolition	Misc. Capital Project Grants
Revenues:								
Intergovernmental revenues	\$	\$	\$ 94,401	\$	\$ 102,542	\$ 607,442	\$	\$ 6,466,542
Charges for services	2,900						337	
Investment income								
Other		800	44,036		11,232			
Total revenues	<u>2,900</u>	<u>800</u>	<u>138,437</u>	<u>-</u>	<u>113,774</u>	<u>607,442</u>	<u>337</u>	<u>6,466,542</u>
Expenditures:								
General government			8,674					
Public safety		421	72,502					
Health and welfare			16,957					
Culture and recreation								
Capital outlay			21,094		110,418	601,192		6,466,542
Education								
Debt service:								
Principal retirement							75,000	
Interest and other charges							32,334	
Total expenditures	<u>-</u>	<u>421</u>	<u>119,227</u>	<u>-</u>	<u>110,418</u>	<u>601,192</u>	<u>107,334</u>	<u>6,466,542</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,900</u>	<u>379</u>	<u>19,210</u>	<u>-</u>	<u>3,356</u>	<u>6,250</u>	<u>(106,997)</u>	<u>-</u>
Other Financing Sources (Uses):								
Transfers in			16,369		7,508	317,528	107,337	
Transfers out							(317,529)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>16,369</u>	<u>-</u>	<u>7,508</u>	<u>317,528</u>	<u>(210,192)</u>	<u>-</u>
Net Change in Fund Balances	2,900	379	35,579	-	10,864	323,778	(317,189)	-
Fund Balances at Beginning of Year	<u>152,394</u>	<u>-</u>	<u>78,406</u>	<u>123</u>	<u>5,178</u>	<u>70,049</u>	<u>317,189</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 155,294</u>	<u>\$ 379</u>	<u>\$ 113,985</u>	<u>\$ 123</u>	<u>\$ 16,042</u>	<u>\$ 393,827</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF MERIDEN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Capital Project Funds		Permanent Funds					Eliminating Entries	Total
	Land Acquisition	Planning Commission Subdivision Development	Walter Hubbard Park	C.P. Bradley Park	Library Trust	Lorenzo Fuller Award	Charlotte Yale Ives		
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$ 36,791,850
Charges for services									1,290,554
Investment income			9,253	7,692		207	79		18,232
Other		4,843			99,880				1,925,614
Total revenues	-	4,843	9,253	7,692	99,880	207	79	-	40,026,250
Expenditures:									
General government									211,093
Public safety									815,190
Health and welfare									5,982,996
Culture and recreation			32,301	22,451	71,079				125,831
Capital outlay									7,199,246
Education									24,580,981
Debt service:									
Principal retirement									75,000
Interest and other charges									32,334
Total expenditures	-	-	32,301	22,451	71,079	-	-	-	39,022,671
Excess (Deficiency) of Revenues over Expenditures		4,843	(23,048)	(14,759)	28,801	207	79		1,003,579
Other Financing Sources (Uses):									
Transfers in								(424,864)	39,766
Transfers out								424,864	(137,152)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(97,386)
Net Change in Fund Balances	-	4,843	(23,048)	(14,759)	28,801	207	79	-	906,193
Fund Balances at Beginning of Year	106,433	53,329	714,574	1,193,848	483,552	8,818	3,328	-	5,687,106
Fund Balances at End of Year	\$ 106,433	\$ 58,172	\$ 691,526	\$ 1,179,089	\$ 512,353	\$ 9,025	\$ 3,407	\$ -	\$ 6,593,299

Internal Service Funds

PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

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

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

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

**CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Fund	Meriden Health Insurance	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 375,460	\$ 1,654,120	\$ 2,029,580
Investments	1,500,000	3,934,821	5,434,821
Accounts receivable		409,793	409,793
Other assets		18,576	18,576
Total assets	<u>1,875,460</u>	<u>6,017,310</u>	<u>7,892,770</u>
Liabilities:			
Current liabilities:			
Accounts payable	648	359,171	359,819
Current portion of claims incurred but not reported	<u>2,369,227</u>	<u>359,171</u>	<u>2,369,227</u>
Total current liabilities	<u>2,369,875</u>	<u>359,171</u>	<u>2,729,046</u>
Noncurrent liabilities:			
Claims incurred but not reported, less current portion	<u>4,738,454</u>	<u>1,592,400</u>	<u>6,330,854</u>
Total liabilities	<u>7,108,329</u>	<u>1,951,571</u>	<u>9,059,900</u>
Total Net Position	<u>\$ (5,232,869)</u>	<u>\$ 4,065,739</u>	<u>\$ (1,167,130)</u>

**CITY OF MERIDEN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Fund	Meriden Health Insurance	Total
Operating Revenues:			
Charges for services	\$ 3,729,616	\$ 26,096,158	\$ 29,825,774
Other revenues	106,922	1,545,794	1,652,716
Total operating revenues	<u>3,836,538</u>	<u>27,641,952</u>	<u>31,478,490</u>
Operating Expenses:			
Claims	3,603,124	22,297,859	25,900,983
Administrative	164,264	2,919,038	3,083,302
Other expenses	2,019	2,358,245	2,360,264
Total operating expenses	<u>3,769,407</u>	<u>27,575,142</u>	<u>31,344,549</u>
Operating Income	67,131	66,810	133,941
Nonoperating Revenues:			
Investment income	<u> </u>	<u>166,060</u>	<u>166,060</u>
Change in Net Position	67,131	232,870	300,001
Net Position at Beginning of Year	<u>(5,300,000)</u>	<u>3,832,869</u>	<u>(1,467,131)</u>
Net Position at End of Year	<u>\$ (5,232,869)</u>	<u>\$ 4,065,739</u>	<u>\$ (1,167,130)</u>

**CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities - Internal Service Funds		
	Workers' Compensation Fund	Meriden Health Insurance	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 3,836,538	\$ 27,639,505	\$ 31,476,043
Payments to suppliers	(168,306)	(4,933,906)	(5,102,212)
Payments to vendors	(3,763,796)	(22,588,965)	(26,352,761)
Net cash provided by (used in) operating activities	<u>(95,564)</u>	<u>116,634</u>	<u>21,070</u>
Cash Flows from Investing Activities:			
Sales of investments		493,509	493,509
Purchase of investments	(600,000)		(600,000)
Interest on investments		171,004	171,004
Net cash provided by (used in) investing activities	<u>(600,000)</u>	<u>664,513</u>	<u>64,513</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(695,564)	781,147	85,583
Cash and Cash Equivalents at Beginning of Year	<u>1,071,024</u>	<u>872,973</u>	<u>1,943,997</u>
Cash and Cash Equivalents at End of Year	<u>\$ 375,460</u>	<u>\$ 1,654,120</u>	<u>\$ 2,029,580</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ 67,131	\$ 66,810	\$ 133,941
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
(Increase) decrease in accounts receivable		(2,447)	(2,447)
Increase (decrease) in accounts payable	(2,023)	343,377	341,354
Increase (decrease) in claims payable	(160,672)	(291,106)	(451,778)
Total adjustments	<u>(162,695)</u>	<u>49,824</u>	<u>(112,871)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (95,564)</u>	<u>\$ 116,634</u>	<u>\$ 21,070</u>

Fiduciary Funds

FIDUCIARY FUNDS

PRIVATE PURPOSE TRUST FUNDS

East Cemetery Trust Fund - To account for the receipts and disbursements related to the Katherine H. Hamlin Cemetery Trust and various East Cemetery Escrow Trusts.

Scholarship Trust Fund - To account for the receipts and disbursements of various Board of Education scholarships.

AGENCY FUNDS

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

- Senior Trips
- Student Activity Fund
- Performance Bonds
- Police Evidence Fund
- License to Work Fund
- South Meriden Volunteer Firefighters' Award Program

**CITY OF MERIDEN, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
JUNE 30, 2016**

	<u>Pension Trust Funds</u>	<u>OPEB Trust Funds</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>	<u>East Cemetery Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Total Private Purpose Trust Funds</u>
Assets:						
Cash and cash equivalents	\$ 12,461,272	\$ 794,650	\$ 13,255,922	\$ 144,310	\$ 98,826	\$ 243,136
Investments, at fair value:						
U.S. treasury bonds	9,166,384		9,166,384		55,526	55,526
Corporate bonds	22,898,473		22,898,473			
Equities	107,049,849	22,126,309	129,176,158			
Mutual funds	34,328,156		34,328,156			
Certificates of deposit					93,218	93,218
Other	47,759,869	3,302,656	51,062,525			
Total investments	<u>221,202,731</u>	<u>25,428,965</u>	<u>246,631,696</u>	<u>-</u>	<u>148,744</u>	<u>148,744</u>
Accounts receivable	460,428	2,211	462,639			-
Total assets	<u>234,124,431</u>	<u>26,225,826</u>	<u>260,350,257</u>	<u>144,310</u>	<u>247,570</u>	<u>391,880</u>
Liabilities:						
Other liabilities	<u>3,747</u>		<u>3,747</u>			
Net Position:						
Restricted for Pension Benefits and Other Purposes	<u>\$ 234,120,684</u>	<u>\$ 26,225,826</u>	<u>\$ 260,346,510</u>	<u>\$ 144,310</u>	<u>\$ 247,570</u>	<u>\$ 391,880</u>

**CITY OF MERIDEN, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Pension Trust Funds</u>	<u>OPEB Trust Funds</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>	<u>East Cemetery Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Total Private Purpose Trust Funds</u>
Additions:						
Contributions:						
Employer	\$ 10,746,843	\$ 4,421,366	\$ 15,168,209	\$	\$	\$
Plan members	4,060,151	3,118,000	7,178,151			
Total contributions	<u>14,806,994</u>	<u>7,539,366</u>	<u>22,346,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment earnings (losses):						
Net increase (decrease) in fair value of investments	(7,534,941)	(1,637,820)	(9,172,761)			
Interest and dividends	3,524,433	539,570	4,064,003	144	3,809	3,953
Total investment earnings (losses)	<u>(4,010,508)</u>	<u>(1,098,250)</u>	<u>(5,108,758)</u>	<u>144</u>	<u>3,809</u>	<u>3,953</u>
Less investment expenses						
Investment management fees	1,353,929		1,353,929			
Net investment earnings (losses)	<u>(5,364,437)</u>	<u>(1,098,250)</u>	<u>(6,462,687)</u>	<u>144</u>	<u>3,809</u>	<u>3,953</u>
Total additions	<u>9,442,557</u>	<u>6,441,116</u>	<u>15,883,673</u>	<u>144</u>	<u>3,809</u>	<u>3,953</u>
Deductions:						
Benefits	24,463,260	3,907,928	28,371,188		5,979	5,979
Administrative expense	98,627	337,687	436,314			
Other	514,886	45,699	560,585			
Total deductions	<u>25,076,773</u>	<u>4,291,314</u>	<u>29,368,087</u>	<u>-</u>	<u>5,979</u>	<u>5,979</u>
Change in Net Position	(15,634,216)	2,149,802	(13,484,414)	144	(2,170)	(2,026)
Net Position at Beginning of Year	<u>249,754,900</u>	<u>24,076,024</u>	<u>273,830,924</u>	<u>144,166</u>	<u>249,740</u>	<u>393,906</u>
Net Position at End of Year	<u>\$ 234,120,684</u>	<u>\$ 26,225,826</u>	<u>\$ 260,346,510</u>	<u>\$ 144,310</u>	<u>\$ 247,570</u>	<u>\$ 391,880</u>

**CITY OF MERIDEN, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Senior Trips Activities Fund				
Assets:				
Cash and cash equivalents	\$ 984	\$ 16,671	\$ 15,574	\$ 2,081
Liabilities:				
Deposits held for others	\$ 984	\$ 16,671	\$ 15,574	\$ 2,081
Student Activity Fund				
Assets:				
Cash and cash equivalents	\$ 743,632	\$ 1,490,177	\$ 1,454,803	\$ 779,006
Liabilities:				
Deposits held for others	\$ 743,632	\$ 1,490,177	\$ 1,454,803	\$ 779,006
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 1,261,235	\$ 103,842	\$ 134	\$ 1,364,943
Accounts receivable	30,034			30,034
Total Assets:	\$ 1,291,269	\$ 103,842	\$ 134	\$ 1,394,977
Liabilities:				
Deposits held for others	\$ 1,291,269	\$ 103,842	\$ 134	\$ 1,394,977
Police Evidence Fund				
Assets:				
Cash and cash equivalents	\$ 74,778	\$ 62,099	\$ 99,883	\$ 36,994
Liabilities:				
Deposits held for others	\$ 74,778	\$ 62,099	\$ 99,883	\$ 36,994

(Continued on next page)

**CITY OF MERIDEN, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
License to Work Fund				
Assets:				
Cash and cash equivalents	\$ <u>67,500</u>	\$ <u>8,750</u>	\$ <u>6,250</u>	\$ <u>70,000</u>
Liabilities:				
Deposits held for others	\$ <u>67,500</u>	\$ <u>8,750</u>	\$ <u>6,250</u>	\$ <u>70,000</u>
South Meriden Volunteer Firefighters' Award Program				
Assets:				
Cash and cash equivalents	\$ 42,500	\$	\$ 3,308	\$ 39,192
Investments	<u>232,166</u>	<u></u>	<u>11,476</u>	<u>220,690</u>
Total Assets	\$ <u>274,666</u>	\$ <u>-</u>	\$ <u>14,784</u>	\$ <u>259,882</u>
Liabilities:				
Deposits held for others	\$ <u>274,666</u>	\$ <u>-</u>	\$ <u>14,784</u>	\$ <u>259,882</u>
Total				
Assets:				
Cash and cash equivalents	\$ 2,190,629	\$ 1,681,539	\$ 1,579,952	\$ 2,292,216
Investments	232,166	<u></u>	11,476	220,690
Accounts receivable	<u>30,034</u>	<u></u>	<u></u>	<u>30,034</u>
Total Assets	\$ <u>2,452,829</u>	\$ <u>1,681,539</u>	\$ <u>1,591,428</u>	\$ <u>2,542,940</u>
Liabilities:				
Deposits held for others	\$ <u>2,452,829</u>	\$ <u>1,681,539</u>	\$ <u>1,591,428</u>	\$ <u>2,542,940</u>
Total Liabilities	\$ <u>2,452,829</u>	\$ <u>1,681,539</u>	\$ <u>1,591,428</u>	\$ <u>2,542,940</u>

Other Schedules

**CITY OF MERIDEN, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List of October 1,	Uncollected Balance July 1, 2015	Current Year Levy	Lawful Corrections	Balance to be Collected	Collections			Uncollected Balance June 30, 2016	
					Taxes	Interest	Liens		Total
1999	\$ 274,990	\$	\$ (274,480)	\$ 510	\$ 510	\$ 1,360	\$ 5	\$ 1,875	\$ -
2000	354,929		(217)	354,712	1,171	2,978		4,149	353,541
2001	321,407		(185)	321,222	774	2,159		2,933	320,448
2002	355,640		(775)	354,865	1,236	3,036		4,272	353,629
2003	344,571		(443)	344,128	1,471	2,781		4,252	342,657
2004	508,150		(455)	507,695	2,396	4,729		7,125	505,299
2005	401,762		(1,010)	400,752	4,300	6,921		11,221	396,452
2006	258,542		(1,825)	256,717	4,860	7,668		12,528	251,857
2007	277,989		(301)	277,688	11,555	11,939	72	23,566	266,133
2008	292,155		(2,276)	289,879	10,000	15,185	48	25,233	279,879
2009	353,192		(2,551)	350,641	26,828	24,083	293	51,204	323,813
2010	450,796		(3,503)	447,293	128,641	92,911	744	222,296	318,652
2011	621,931		(38,898)	583,033	151,321	102,306	1,134	254,761	431,712
2012	965,535		(49,363)	916,172	321,154	128,413	2,064	451,631	595,018
2013	2,806,639		(63,665)	2,742,974	1,725,805	317,951	14,015	2,057,771	1,017,169
Total prior years	8,588,228	-	(439,947)	8,148,281	2,392,022	724,420	18,375	3,134,817	5,756,259
2014		120,283,184	(530,228)	119,752,956	117,093,329	524,920	5,032	117,623,281	2,659,627
Total	\$ 8,588,228	\$ 120,283,184	\$ (970,175)	\$ 127,901,237	\$ 119,485,351	\$ 1,249,340	\$ 23,407	\$ 120,758,098	\$ 8,415,886

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF COLLECTIONS OF USE CHARGES - SEWER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

Fiscal Year	Uncollected Balance July 1, 2015	Current Year Charges	Corrections		Balance to be Collected	Collections				Uncollected Balance June 30, 2016
			Additions	Deductions		Sewer Use Charges	Interest	Liens	Total	
1999	\$ 114	\$	\$	\$ 114	\$ -	\$	\$	\$	\$ -	\$ -
2000	68		9	77	-				-	-
2001	61		17	78	-				-	-
2002	756				756				-	756
2003	60				60				-	60
2004	88				88				-	88
2005	45				45				-	45
2006					-				-	-
2007	16				16				-	16
2008	258				258	206	290	72	568	52
2009	1,406				1,406	137	171	120	428	1,269
2010	5,246				5,246	1,226	1,179	295	2,700	4,020
2011	30,391			46	30,345	18,407	15,150	1,297	34,854	11,938
2012	70,531				70,531	42,217	26,842	1,368	70,427	28,314
2013	77,963		115		78,078	47,317	24,075	1,968	73,360	30,761
2014	138,156			49	138,107	75,798	24,661	3,408	103,867	62,309
2015	1,042,038		49	5,782	1,036,305	938,321	74,189	8,644	1,021,154	97,984
Total prior years	1,367,197	-	190	6,146	1,361,241	1,123,629	166,557	17,172	1,307,358	237,612
2016		8,195,515	1,831	23,258	8,174,088	7,220,757	69,876	35,570	7,326,203	953,331
Total	\$ 1,367,197	\$ 8,195,515	\$ 2,021	\$ 29,404	\$ 9,535,329	\$ 8,344,386	\$ 236,433	\$ 52,742	\$ 8,633,561	\$ 1,190,943

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF COLLECTIONS OF USE CHARGES - WATER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

Fiscal Year	Uncollected Balance July 1, 2015	Current Year Charges	Corrections		Balance to be Collected	Collections				Uncollected Balance June 30, 2016
			Additions	Deductions		Water Use Charges	Interest	Liens	Total	
1999	\$ 152	\$	\$	\$ 152	\$ -	\$	\$	\$	\$ -	\$ -
2000	75		10	85	-				-	-
2001	69		19	88	-				-	-
2002	1,064				1,064				-	1,064
2003	67				67				-	67
2004	99				99				-	99
2005	81				81				-	81
2006	32				32				-	32
2007	34				34				-	34
2008	279				279	229	322	72	623	50
2009	2,736			116	2,620	149	186	120	455	2,471
2010	5,511				5,511	1,266	1,199	308	2,773	4,245
2011	26,703			52	26,651	15,125	11,885	1,272	28,282	11,526
2012	58,507				58,507	33,836	23,051	1,388	58,275	24,671
2013	68,741		17	39	68,719	41,478	21,138	1,992	64,608	27,241
2014	129,041			64	128,977	71,521	23,862	3,378	98,761	57,456
2015	1,054,014		1	1,759	1,052,256	956,217	71,780	16,902	1,044,899	96,039
Total prior years	1,347,205	-	47	2,355	1,344,897	1,119,821	153,423	25,432	1,298,676	225,076
2016		9,373,258	2,010	15,579	9,359,689	8,342,238	76,829	37,947	8,457,014	1,017,451
Total	\$ 1,347,205	\$ 9,373,258	\$ 2,057	\$ 17,934	\$ 10,704,586	\$ 9,462,059	\$ 230,252	\$ 63,379	\$ 9,755,690	\$ 1,242,527

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS -
BUDGET AND ACTUAL - SEWER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Operating Revenues:				
Sewer connection and use charges	\$ 9,036,658	\$ 9,036,658	\$ 8,079,224	\$ (957,434)
Miscellaneous income	628,722	628,722	642,022	13,300
Total operating revenues	<u>9,665,380</u>	<u>9,665,380</u>	<u>8,721,246</u>	<u>(944,134)</u>
Operating Expenses:				
Part-time seasonal				-
Overtime	110,000	110,000	90,429	19,571
Wages - public works	660,224	660,224	609,924	50,300
Wages - MME	61,091	61,091	61,224	(133)
Wages - supervisor	431,117	431,117	429,698	1,419
Employee benefits	777,292	777,292	583,772	193,520
Utilities	1,245,900	1,245,900	1,072,741	173,159
Repairs and maintenance	125,500	125,500	91,165	34,335
Vehicle maintenance	16,000	16,000	13,483	2,517
Audit fees	13,000	13,000	9,313	3,687
Hepatitis B shots	4,000	4,000	959	3,041
Fiscal division services	858,627	858,627	858,627	-
General fund services	650,432	650,432	650,432	-
Claims	5,000	5,000		5,000
Supplies	550,000	555,852	409,978	145,874
Biosolid disposals	710,000	710,000	625,249	84,751
Pumping station operations	55,000	55,000	34,808	20,192
Capital outlay			63,933	(63,933)
Memberships and meeting	8,000	13,000	10,928	2,072
Insurance	749,193	749,193	713,150	36,043
Total operating expenses	<u>7,030,376</u>	<u>7,041,228</u>	<u>6,329,813</u>	<u>711,415</u>
Nonoperating Revenues (Expenses):				
Debt service - principal	(2,212,030)	(2,212,030)	(2,212,030)	-
Interest on investments	16,625	16,625	17,014	389
Debt service - interest	(789,599)	(789,599)	(764,452)	25,147
Total nonoperating expenses	<u>(2,985,004)</u>	<u>(2,985,004)</u>	<u>(2,959,468)</u>	<u>25,536</u>
Other Financing Sources (Uses):				
Contribution from net position	350,000	360,852	-	(360,852)
Excess of Revenues over Expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(568,035)</u>	\$ <u>(568,035)</u>

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS -
BUDGET AND ACTUAL - WATER AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Operating Revenues:				
Water sales and charges	\$ 10,074,188	\$ 10,074,188	\$ 9,573,398	\$ (500,790)
Miscellaneous income	2,120,686	2,120,686	2,084,740	(35,946)
Total operating revenues	<u>12,194,874</u>	<u>12,194,874</u>	<u>11,658,138</u>	<u>(536,736)</u>
Operating Expenses:				
Part-time seasonal			413	(413)
Administration	117,910	117,910	120,315	(2,405)
Overtime	160,000	160,000	150,530	9,470
Wages - public works	1,639,000	1,639,000	1,676,113	(37,113)
Wages - MME	268,397	268,397	269,071	(674)
Wages - supervisor	276,619	276,619	282,361	(5,742)
Employee benefits	1,800,516	1,800,516	1,337,952	462,564
Gasoline	50,100	50,100	48,338	1,762
Taxes paid to other towns	63,656	63,656	59,006	4,650
Utilities	1,049,100	1,049,100	819,661	229,439
Repairs and maintenance	25,000	25,000	22,455	2,545
Vehicle maintenance	81,900	81,900	56,086	25,814
Attorney fees	9,000	9,000	(4,700)	13,700
Audit fees	13,000	13,000	9,313	3,687
Water purchased	347,620	347,620	203,688	143,932
Other purchased services	86,575	86,575	49,501	37,074
Hepatitis B shots	4,250	4,250	3,055	1,195
Fiscal division services	964,472	964,472	964,472	-
General fund services	1,314,537	1,314,537	1,314,537	-
Maintenance of mains	35,000	35,000	35,160	(160)
Maintenance of reservoirs	45,000	45,000	45,629	(629)
Maintenance of pump station	40,000	40,000	12,788	27,212
Maintenance of meters	12,000	12,000	8,642	3,358
Supplies	68,000	68,000	51,597	16,403
Services - materials	6,550	6,550	1,510	5,040
Treatment expenses	557,000	557,000	425,895	131,105
Water equipment	26,000	26,000	22,956	3,044
Hydrants and mains - materials	15,000	15,000	15,329	(329)
Repairs - trenches	60,000	60,000	54,018	5,982
Capital outlay			10,090	(10,090)
Memberships and meeting	11,575	33,575	35,024	(1,449)
Insurance	1,097,290	1,075,290	995,981	79,309
Total operating expenses	<u>10,245,067</u>	<u>10,245,067</u>	<u>9,096,786</u>	<u>1,148,281</u>
Nonoperating Revenues (Expenses):				
Interest on investments	15,000	15,000	12,422	(2,578)
Debt service - principal	(1,489,386)	(1,489,386)	(1,897,710)	(408,324)
Debt service - interest	(475,421)	(475,421)	(476,761)	(1,340)
Total nonoperating expenses	<u>(1,949,807)</u>	<u>(1,949,807)</u>	<u>(2,362,049)</u>	<u>(412,242)</u>
Excess of Revenues over Expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>199,303</u>	\$ <u>199,303</u>

**CITY OF MERIDEN, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENSES - BUDGETARY BASIS -
BUDGET AND ACTUAL - GEORGE HUNTER MEMORIAL GOLF COURSE
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Operating Revenues:				
Golf fees	\$ 1,017,098	\$ 1,017,098	\$ 1,013,630	\$ (3,468)
Miscellaneous income			157,500	157,500
Total operating revenues	<u>1,017,098</u>	<u>1,017,098</u>	<u>1,171,130</u>	<u>154,032</u>
Operating Expenses:				
Miscellaneous overtime	92,050	92,050	85,985	6,065
Overtime	15,325	15,325	13,823	1,502
Wages - public works	99,337	99,337	122,073	(22,736)
Wages - supervisors	93,654	93,654	95,745	(2,091)
Employee benefits	130,140	130,140	131,638	(1,498)
Golf supplies and expenses	175,437	175,437	222,880	(47,443)
Golf pros	259,313	259,313	296,526	(37,213)
Club house expenses	34,500	34,500	50,618	(16,118)
Liability and general insurance	60,500	60,500	66,618	(6,118)
Capital outlay	15,000	15,000	181,611	(166,611)
Memberships and meeting	1,460	1,460	1,335	125
Total operating expenses	<u>976,716</u>	<u>976,716</u>	<u>1,268,852</u>	<u>(292,136)</u>
Nonoperating Revenues (Expenses):				
Debt service - principal	(37,000)	(37,000)	(15,700)	21,300
Debt service - interest	(3,382)	(3,382)	(2,784)	598
Total nonoperating expenses	<u>(40,382)</u>	<u>(40,382)</u>	<u>(18,484)</u>	<u>21,898</u>
Deficiency of Revenues over Expenses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(116,206)</u>	\$ <u>(116,206)</u>

Statistical Section

STATISTICAL SECTION

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

Statistical section information is presented in the following categories:

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

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

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

**CITY OF MERIDEN, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN YEARS
(In Thousands)
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$ 283,492	\$ 237,700	\$ 187,903	\$ 130,773	\$ 122,787	\$ 101,928	\$ 113,033	\$ 104,751	\$ 101,766	\$ 94,127
Restricted	1,359	1,357	1,357	1,356	952	1,347	1,257	825	4,220	6,497
Unrestricted	<u>(184,893)</u>	<u>(171,203)</u>	<u>(173,100)</u> *	<u>(69,494)</u>	<u>(62,882)</u>	<u>(40,973)</u>	<u>(51,488)</u>	<u>(38,240)</u>	<u>(37,108)</u>	<u>(20,224)</u>
Total Governmental Activities Net Position	<u>\$ 99,958</u>	<u>\$ 67,854</u>	<u>\$ 16,160</u>	<u>\$ 62,635</u>	<u>\$ 60,857</u>	<u>\$ 62,302</u>	<u>\$ 62,802</u>	<u>\$ 67,336</u>	<u>\$ 68,878</u>	<u>\$ 80,400</u>
Business-Type Activities:										
Net investment in capital assets	\$ 83,376	\$ 80,266	\$ 78,893	\$ 81,045	\$ 81,563	\$ 89,259	\$ 91,927	\$ 116,827	\$ 84,022	\$ 77,019
Unrestricted	<u>7,264</u>	<u>11,682</u>	<u>13,279</u>	<u>12,734</u>	<u>15,870</u>	<u>11,855</u>	<u>10,671</u>	<u>12,428</u>	<u>16,664</u>	<u>27,207</u>
Total Business-Type Activities Net Position	<u>\$ 90,640</u>	<u>\$ 91,948</u>	<u>\$ 92,172</u>	<u>\$ 93,779</u>	<u>\$ 97,433</u>	<u>\$ 101,114</u>	<u>\$ 102,598</u>	<u>\$ 129,255</u>	<u>\$ 100,686</u>	<u>\$ 104,226</u>
Primary Government:										
Net investment in capital assets	\$ 366,868	\$ 317,966	\$ 266,796	\$ 211,818	\$ 204,350	\$ 191,187	\$ 204,960	\$ 221,578	\$ 185,788	\$ 171,146
Restricted	1,359	1,357	1,357	1,356	952	1,347	1,257	825	4,220	6,497
Unrestricted	<u>(177,629)</u>	<u>(159,521)</u>	<u>(159,821)</u>	<u>(56,760)</u>	<u>(47,012)</u>	<u>(29,118)</u>	<u>(40,817)</u>	<u>(25,812)</u>	<u>(20,444)</u>	<u>6,983</u>
Total Primary Government Net Position	<u>\$ 190,598</u>	<u>\$ 159,802</u>	<u>\$ 108,332</u>	<u>\$ 156,414</u>	<u>\$ 158,290</u>	<u>\$ 163,416</u>	<u>\$ 165,400</u>	<u>\$ 196,591</u>	<u>\$ 169,564</u>	<u>\$ 184,626</u>

* Note: Balance was restated for implementation of GASB 68.

**CITY OF MERIDEN, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN YEARS
(In Thousands)
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 14,166	\$ 12,020	\$ 15,303	\$ 13,392	\$ 35,202	\$ 30,816	\$ 29,931	\$ 29,068	\$ 28,682	\$ 34,754
Education	142,844	137,161	141,547	132,521	136,298	138,091	132,771	133,862	158,802	115,598
Public safety	60,112	54,674	42,606	44,424	24,364	23,810	24,051	23,155	23,479	19,433
Public works	11,788	12,378	14,168	14,604	10,705	9,249	9,866	10,849	10,037	10,569
Human services	12,553	13,029	11,513	10,560	8,053	8,652	9,233	9,675	8,665	10,262
Culture and recreation	7,121	7,180	5,721	6,689	5,408	5,075	4,414	4,472	4,287	
Interest on long-term debt	4,151	4,228	3,340	2,957	3,052	3,024	2,806	3,967	3,209	3,614
Total governmental activities expenses	<u>252,735</u>	<u>240,670</u>	<u>234,198</u>	<u>225,147</u>	<u>223,082</u>	<u>218,717</u>	<u>213,072</u>	<u>215,048</u>	<u>237,161</u>	<u>194,230</u>
Business-type activities:										
Sewer Authority	11,104	11,374	11,206	11,441	10,816	9,659	7,951	8,552	7,893	7,480
Water Authority	11,893	11,674	11,073	11,334	9,882	10,256	10,546	10,628	10,312	8,276
George Hunter Golf Course	1,295	1,468	1,135	1,184	1,303	1,126	976	966	927	881
Total business-type activities expenses	<u>24,292</u>	<u>24,516</u>	<u>23,414</u>	<u>23,959</u>	<u>22,001</u>	<u>21,041</u>	<u>19,473</u>	<u>20,146</u>	<u>19,132</u>	<u>16,637</u>
Total Primary Government Expenses	<u>\$ 277,027</u>	<u>\$ 265,186</u>	<u>\$ 257,612</u>	<u>\$ 249,106</u>	<u>\$ 245,083</u>	<u>\$ 239,758</u>	<u>\$ 232,545</u>	<u>\$ 235,194</u>	<u>\$ 256,293</u>	<u>\$ 210,867</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,784	\$ 2,643	\$ 2,108	\$ 1,959	\$ 1,955	\$ 2,522	\$ 2,246	\$ 2,931	\$ 3,597	\$ 3,376
Education	1,143	1,139	1,029	1,048	1,061	1,047	1,143	1,208	1,207	1,742
Public safety	78	79	77	75	47	50	46	42	65	991
Public works	2,011	1,982	1,919	1,865	1,813	1,737	1,691	1,634	1,583	1,117
Human services	189	204	292	314	243	289	378	274	723	195
Culture and recreation	25	29	27	29	43	33	34	31	42	6
Operating grants and contributions	104,644	100,182	100,071	94,358	94,000	89,914	87,388	84,594	109,223	19,914
Capital grants and contributions	48,613	63,460	41,292	10,379	4,094	3,744	2,543	3,989	6,413	6,491
Total governmental activities	<u>159,487</u>	<u>169,718</u>	<u>146,815</u>	<u>110,027</u>	<u>103,256</u>	<u>99,336</u>	<u>95,469</u>	<u>94,703</u>	<u>122,853</u>	<u>32,832</u>
Business-type activities:										
Charges for services:										
Sewer Authority	8,079	8,128	8,629	8,228	8,615	8,507	6,459	5,967	5,964	7,023
Water Authority	10,643	10,171	10,433	9,065	8,255	8,935	8,719	7,663	7,719	7,322
George Hunter Golf Course	1,103	946	982	958	1,074	779	787	827	816	798
Capital grants and contributions	1,400	3,744	128	284		161	2,676	33,244		
Total business-type activities	<u>21,225</u>	<u>22,989</u>	<u>20,172</u>	<u>18,535</u>	<u>17,944</u>	<u>18,382</u>	<u>18,641</u>	<u>47,701</u>	<u>14,499</u>	<u>15,143</u>
Total Primary Government Program Revenues	<u>\$ 180,712</u>	<u>\$ 192,707</u>	<u>\$ 166,987</u>	<u>\$ 128,562</u>	<u>\$ 121,200</u>	<u>\$ 117,718</u>	<u>\$ 114,110</u>	<u>\$ 142,404</u>	<u>\$ 137,352</u>	<u>\$ 47,975</u>
Net Revenues (Expenses):										
Governmental activities	\$ (93,248)	\$ (70,952)	\$ (87,383)	\$ (115,120)	\$ (119,826)	\$ (119,381)	\$ (117,603)	\$ (120,345)	\$ (114,308)	\$ (161,398)
Business-type activities	<u>(3,067)</u>	<u>(1,527)</u>	<u>(3,242)</u>	<u>(5,424)</u>	<u>(4,057)</u>	<u>(2,659)</u>	<u>(832)</u>	<u>27,555</u>	<u>(4,633)</u>	<u>(1,494)</u>
Total Primary Government Net Expenses	<u>\$ (96,315)</u>	<u>\$ (72,479)</u>	<u>\$ (90,625)</u>	<u>\$ (120,544)</u>	<u>\$ (123,883)</u>	<u>\$ (122,040)</u>	<u>\$ (118,435)</u>	<u>\$ (92,790)</u>	<u>\$ (118,941)</u>	<u>\$ (162,892)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 120,490	\$ 117,045	\$ 113,452	\$ 108,622	\$ 110,885	\$ 109,377	\$ 106,619	\$ 104,384	\$ 100,322	\$ 105,354
Grants and contributions not restricted to specific programs	1,758	1,728	1,752	1,801	1,873	2,598	2,720	3,425	3,917	59,928
Unrestricted investment earnings	877	856	1,327	680	914	1,218	856	694	1,430	2,483
Miscellaneous income	2,227	3,017	2,904	5,795	3,654	7,391	3,073	10,300	4,207	6,512
Transfers							836			
Total governmental activities	<u>125,352</u>	<u>122,646</u>	<u>119,435</u>	<u>116,898</u>	<u>117,326</u>	<u>120,584</u>	<u>114,104</u>	<u>118,803</u>	<u>109,876</u>	<u>174,277</u>
Business-type activities:										
Unrestricted investment earnings	29	66	76	69	92	85	70	121	400	574
Miscellaneous income	1,731	1,237	1,558	1,702	1,337	1,024	1,043	893	914	
Transfers							(836)			
Total business-type activities	<u>1,760</u>	<u>1,303</u>	<u>1,634</u>	<u>1,771</u>	<u>1,429</u>	<u>1,109</u>	<u>277</u>	<u>1,014</u>	<u>1,314</u>	<u>574</u>
Total Primary Government	<u>\$ 127,112</u>	<u>\$ 123,949</u>	<u>\$ 121,069</u>	<u>\$ 118,669</u>	<u>\$ 118,755</u>	<u>\$ 121,693</u>	<u>\$ 114,381</u>	<u>\$ 119,817</u>	<u>\$ 111,190</u>	<u>\$ 174,851</u>
Change in Net Position:										
Governmental activities	\$ 32,104	\$ 51,694	\$ 32,052	\$ 1,778	\$ (2,500)	\$ 1,203	\$ (3,499)	\$ (1,542)	\$ (4,432)	\$ 12,878
Business-type activities	<u>(1,307)</u>	<u>(224)</u>	<u>(1,608)</u>	<u>(3,653)</u>	<u>(2,628)</u>	<u>(1,550)</u>	<u>(555)</u>	<u>28,569</u>	<u>(3,319)</u>	<u>(920)</u>
Total Primary Government	<u>\$ 30,797</u>	<u>\$ 51,470</u>	<u>\$ 30,444</u>	<u>\$ (1,875)</u>	<u>\$ (5,128)</u>	<u>\$ (347)</u>	<u>\$ (4,054)</u>	<u>\$ 27,027</u>	<u>\$ (7,751)</u>	<u>\$ 11,958</u>

TABLE 3

CITY OF MERIDEN, CONNECTICUT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 982	\$ 985	\$ 5,515	\$ 7,850
Unreserved							13,321	13,267	3,960	3,644
Nonspendable	137	149	131	126	134	133				
Restricted	943	938	948	1,010	520	825				
Committed	401	285	405	637	580	547				
Assigned										
Unassigned	16,665	16,296	16,043	15,725	16,024	16,761				
Total General Fund	\$ 18,146	\$ 17,668	\$ 17,527	\$ 17,498	\$ 17,258	\$ 18,266	\$ 14,303	\$ 14,252	\$ 9,475	\$ 11,494
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 6,923	\$ 4,879	\$ 5,716	\$ 6,823
Unreserved, reported in:										
Special revenue funds							3,725	3,723	4,038	4,152
Capital projects funds							(12,326)	(2,183)	(17,843)	(16,392)
Permanent funds							1,391			
Nonspendable	491	491	517	520	537	522				
Restricted	3,818	39,182	5,795	4,465	3,787	6,171				
Committed	2,284	1,843	785	19,609	1,178	1,526				
Assigned										
Unassigned	(329)		(12,552)		(4,264)	4,813				
Total All Other Governmental Funds	\$ 6,264	\$ 41,516	\$ (5,455)	\$ 24,594	\$ 1,238	\$ 13,032	\$ (287)	\$ 6,419	\$ (8,089)	\$ (5,417)
Total	\$ 24,410	\$ 59,184	\$ 12,072	\$ 42,092	\$ 18,496	\$ 31,298	\$ 14,016	\$ 20,671	\$ 1,386	\$ 6,077

Note: The government applied GASB 54 in Fiscal 2011, which accounts for the fund balance categories being different than in previous years.

CITY OF MERIDEN, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes, interest and lien fees	\$ 120,780	\$ 117,379	\$ 114,075	\$ 113,887	\$ 109,910	\$ 108,759	\$ 106,583	\$ 104,179	\$ 102,505	\$ 103,735
Federal and state government	153,125	164,576	141,474	106,500	100,238	96,231	92,650	92,008	119,192	87,064
Charges for services	6,231	6,075	5,453	5,290	5,163	5,678	5,538	6,120	7,217	8,198
Investment income	711	678	766	581	533	741	743	643	1,311	2,646
Other revenues	4,118	3,813	2,973	5,908	3,384	7,405	3,481	9,331	4,441	5,252
Total revenues	<u>284,965</u>	<u>292,521</u>	<u>264,741</u>	<u>232,166</u>	<u>219,228</u>	<u>218,814</u>	<u>208,995</u>	<u>212,281</u>	<u>234,666</u>	<u>206,895</u>
Expenditures:										
Current:										
General government	39,050	37,765	34,735	37,906	35,154	30,815	29,900	29,016	30,830	34,809
Public safety	23,889	23,268	22,715	22,614	21,853	21,840	21,052	20,525	19,673	18,608
Public works	6,612	7,439	6,877	7,025	7,017	6,835	6,798	7,128	6,191	6,038
Health and welfare	11,117	12,443	8,255	8,401	7,817	8,281	8,232	8,537	7,457	9,574
Culture and recreation	4,518	4,517	4,259	4,306	4,168	4,020	3,980	3,963	3,817	
Education	137,765	133,925	133,770	127,605	128,009	126,494	123,442	122,568	148,186	112,427
Debt service:										
Principal	10,183	9,123	8,309	8,672	8,959	9,542	10,986	10,410	12,778	13,889
Interest	5,357	2,950	3,265	2,938	3,237	3,055	3,413	3,791	4,206	4,174
Capital outlay	81,248	66,638	72,490	14,224	17,217	8,002	8,902	7,709	6,219	11,201
Total expenditures	<u>319,739</u>	<u>298,068</u>	<u>294,675</u>	<u>233,691</u>	<u>233,431</u>	<u>218,884</u>	<u>216,705</u>	<u>213,647</u>	<u>239,357</u>	<u>210,720</u>
Deficiency of Revenues over Expenditures	<u>(34,774)</u>	<u>(5,547)</u>	<u>(29,934)</u>	<u>(1,525)</u>	<u>(14,203)</u>	<u>(70)</u>	<u>(7,710)</u>	<u>(1,366)</u>	<u>(4,691)</u>	<u>(3,825)</u>
Other Financing Sources (Uses):										
Transfers in	2,765	1,719	1,430	372	484	608	1,712	1,015	570	693
Transfers out	(2,765)	(1,719)	(1,430)	(372)	(484)	(608)	(876)	(1,015)	(570)	(693)
Bond issuance		50,380		24,423	1,500	18,764		21,369		16,135
Bond premium		2,280		609				58		
Issuance of refunding bonds				6,400			32,769			
Premium on refunding bonds				145			3,490			
Payment to escrow				(6,453)			(36,040)			
Total other financing sources	<u>-</u>	<u>52,660</u>	<u>-</u>	<u>25,124</u>	<u>1,500</u>	<u>18,764</u>	<u>1,055</u>	<u>21,427</u>	<u>-</u>	<u>16,135</u>
Net Change in Fund Balances	<u>\$ (34,774)</u>	<u>\$ 47,113</u>	<u>\$ (29,934)</u>	<u>\$ 23,599</u>	<u>\$ (12,703)</u>	<u>\$ 18,694</u>	<u>\$ (6,655)</u>	<u>\$ 20,061</u>	<u>\$ (4,691)</u>	<u>\$ 12,310</u>
Debt Service as a Percentage of Noncapital Expenditures										
	6.5%	5.2%	5.2%	5.3%	5.6%	5.9%	6.9%	6.9%	7.3%	8.6%

**CITY OF MERIDEN, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (In Thousands)**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial/ Industrial Property</u>	<u>Tax Exempt Property</u>	<u>City-wide Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Assessed Value as a Percentage of Actual Value</u>	<u>Estimated Actual Tax Value</u>
2016	\$ 2,062,045	\$ 660,026	\$ 70,752	\$ 3,289,089	36.63	70%	\$ 4,698,699
2015	2,059,909	666,466	64,436	3,291,848	35.74	70%	4,702,640
2014	2,001,846	825,224	230,230	3,447,307	34.99	70%	4,924,724
2013	* 2,011,418	842,711	230,411	3,479,853	34.70	70%	4,971,219
2012	2,426,231	843,535	279,450	3,877,407	29.83	70%	5,539,153
2011	2,422,965	845,647	236,110	3,866,337	29.53	70%	5,523,339
2010	2,419,387	844,179	230,017	3,864,377	28.85	70%	5,520,539
2009	2,411,971	851,316	220,274	3,879,478	27.96	70%	5,542,111
2008	* 2,382,465	850,333	221,915	3,830,329	27.96	70%	5,471,899
2007	2,381,692	865,337	599,566	2,561,231	42.20	70%	3,658,901

Source: City of Meriden Tax Assessor

* Revaluation year

**CITY OF MERIDEN, CONNECTICUT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Rates per \$1,000 of Assessed Value)**

Fiscal Year	City Direct Rate			Overlapping Rates		Total Direct & Overlapping Rates
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Sanitation Removal District	Total Overlapping Rate	
2016	31.92	4.71	36.63	2.14	2.14	38.77
2015	32.06	3.68	35.74	2.09	2.09	37.83
2014	31.40	3.59	34.99	2.10	2.10	37.09
2013	31.13	3.57	34.70	1.82	1.82	36.52
2012	26.44	3.39	29.83	1.90	1.90	31.73
2011	26.10	3.43	29.53	1.74	1.74	31.27
2010	24.93	3.92	28.85	1.93	1.93	30.78
2009	24.12	3.84	27.96	2.31	2.31	30.27
2008	23.35	4.61	27.96	2.31	2.31	30.27
2007	34.88	7.32	42.20	1.90	1.90	44.10

Source: City of Meriden Tax Collector

*The overlapping rate is only applicable to some property owners within the City of Meriden.

Although the direct rate applies to all property owners, the Sanitation Removal District applies to approximately one-quarter (26%) of the property owners whose property is located within the district's geographic boundaries.

TABLE 7

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

Taxpayer	Fiscal Year Ended June 30, 2016			Taxpayer	Fiscal Year Ended June 30, 2007		
	Assessment	Rank	Percentage of Total City Taxable Assessed Value		Assessment	Rank	Percentage of Total City Taxable Assessed Value
Connecticut Light & Power	\$ 63,515,618	1	1.93 %	Connecticut Light & Power	\$ 39,802,840	3	1.55 %
Meriden Square Partnership	61,562,420	2	1.87	Yankee Gas	19,289,670	6	0.75
Yankee Gas	28,531,320	3	0.87	Computer Sciences Corp.	53,973,960	2	2.11
Computer Sciences Corp.	22,741,340	4	0.69	Urstadt Biddle Properties, Inc.	23,350,670	4	0.91
Urstadt Biddle Properties, Inc.	22,050,000	5	0.67	Meriden Square #3 LLC et al	141,266,270	1	5.52
Meriden Square #3 LLC et al	19,991,630	6	0.61	Radio Frequency Systems, Inc.	22,270,460	5	0.87
Radio Frequency Systems, Inc.	18,180,320	7	0.55	Carabetta Enterprises, Inc.	14,999,610	7	0.59
211 Pomeroy LLC	15,960,000	8	0.49	AT&T Mobility LLC	14,940,050	8	0.58
Carabetta Enterprises, Inc.	12,984,500	9	0.39	Newberry Village Development LLC	12,705,460	9	0.50
Merritt Station LLC	10,729,160	10	0.33	Denmeri Associates LP	11,593,880	10	0.45
	<u>\$ 276,246,308</u>		<u>8.40 %</u>		<u>\$ 354,192,870</u>		<u>13.83 %</u>

Source: City of Meriden Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	\$ 119,752,956	\$ 117,093,329	97.78%	\$ -	\$ 117,093,329	97.78%
2015	116,449,086	113,706,112	97.64%	1,725,805	115,431,917	99.13%
2014	113,772,055	110,777,791	97.37%	2,399,246	113,177,037	99.48%
2013	113,442,437	110,334,477	97.26%	2,676,248	113,010,725	99.62%
2012	109,961,608	107,069,554	97.37%	2,573,402	109,642,956	99.71%
2011	108,576,942	105,858,662	97.50%	2,394,467	108,253,129	99.70%
2010	105,880,360	103,229,589	97.50%	2,370,874	105,600,463	99.74%
2009	103,279,996	100,430,840	97.24%	2,583,023	103,013,863	99.74%
2008	103,063,160	99,842,370	96.87%	2,968,933	102,811,303	99.76%
2007	104,172,211	100,818,674	96.78%	2,957,085	103,775,759	99.62%

Source: City of Meriden Tax Collector

CITY OF MERIDEN, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(In Thousands)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities				Total Primary Government (2)	Percentage of Personal Income	Aggregate Personal Income (3)	Population (3)	Per Capita (3)
	General Obligation Bonds	Capital Leases	Notes Payable	Resources Restricted for Debt Payments (1)	Water Bonds	Sewer Bonds	Golf Course Bonds						
2016	\$ 113,246	\$	\$ 1,200	\$	\$ 28,585	\$ 33,254	\$ 69	\$ 176,354	8.94 %	\$ 1,972,000	61	32	
2015	123,857		1,275		13,227	35,466	85	173,910	8.82	1,972,000	61	32	
2014	80,533		1,350		12,757	35,872	82	130,594	6.62	1,972,000	61	32	
2013	89,056		1,425		12,547	37,944	97	141,069	7.15	1,972,000	61	32	
2012	71,879		1,500		12,940	39,477	109	125,905	6.38	1,972,000	61	32	
2011	81,087				14,185	42,059	125	137,456	6.97	1,972,000	59	33	
2010	72,115				14,347	37,319	122	123,903	6.28	1,972,000	59	33	
2009	80,903				15,522	30,280	142	126,847	6.43	1,972,000	58	34	
2008	69,944			275	5,860	2,956	125	79,160	4.01	1,972,000	58	34	
2007	82,722			1,875	7,223	3,663	141	95,624	5.15	1,856,000	58	32	

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

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

(3) U.S. Bureau of Economic Analysis

**CITY OF MERIDEN, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Bonded Debt (thousands)	Net Assessed Value (thousands)	Ratio of Net Bonded Debt to Net Assessed Value	Population	Debt Per Capita
2016	\$ 114,446	\$ 3,218,337	3.56	61,119 *	\$ 1,873
2015	125,132	3,227,412	3.88	60,691	2,062
2014	81,883	3,217,077	2.55	60,456	1,354
2013	90,481	3,249,442	2.78	60,868	1,487
2012	73,379	3,597,957	2.04	60,868	1,206
2011	81,087	3,630,227	2.23	60,868	1,332
2010	72,115	3,634,360	1.98	59,186	1,218
2009	80,903	3,659,204	2.21	59,186	1,367
2008	69,944	3,608,414	1.94	59,468	1,176
2007	82,722	2,420,649	3.42	59,468	1,391

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

**CITY OF MERIDEN, CONNECTICUT
DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)**

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 120,758
Reimbursement for Revenue Loss on: Tax relief for elderly and disabled	<u>442</u>
Base	<u>\$ 121,200</u>

	<u>General Long-Term Debt</u>				<u>Pension Bonding</u>
	<u>General Purposes</u> (2.25 x base)	<u>Schools</u> (4.50 x base)	<u>Urban Renewal</u> (3.25 x base)	<u>Sewers</u> (3.75 x base)	
Debt Limitation: Statutory debt limits by function	\$ <u>272,700</u>	\$ <u>545,400</u>	\$ <u>393,900</u>	\$ <u>454,500</u>	\$ <u>363,600</u>
Debt:					
Notes payable	1,200				
Bonds payable	60,224	48,383			
Bonds authorized but unissued	<u>14,280</u>	<u>11,394</u>	<u>-</u>	<u>853</u>	<u>-</u>
	<u>75,704</u>	<u>59,777</u>	<u>-</u>	<u>853</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 196,996</u>	<u>\$ 485,623</u>	<u>\$ 393,900</u>	<u>\$ 453,647</u>	<u>\$ 363,600</u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$848,386.

**CITY OF MERIDEN, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(In Thousands)**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Debt limitation	\$ 848,400	\$ 827,176	\$ 799,316	\$ 798,819	\$ 771,316	\$ 765,877	\$ 749,462	\$ 729,330	\$ 717,668	\$ 734,819
Total net debt applicable to limit	<u>135,481</u>	<u>133,340</u>	<u>133,910</u>	<u>130,069</u>	<u>129,058</u>	<u>131,935</u>	<u>94,205</u>	<u>99,416</u>	<u>130,409</u>	<u>194,045</u>
Legal Debt Margin	<u>\$ 712,919</u>	<u>\$ 693,836</u>	<u>\$ 665,406</u>	<u>\$ 668,750</u>	<u>\$ 642,258</u>	<u>\$ 633,942</u>	<u>\$ 655,257</u>	<u>\$ 629,914</u>	<u>\$ 587,259</u>	<u>\$ 540,774</u>
Total net debt applicable to the limit as a percentage of debt limit	16.0%	16.1%	16.8%	16.3%	16.7%	17.2%	12.6%	13.6%	18.2%	26.4%

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

**CITY OF MERIDEN, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

<u>Fiscal Year</u>	<u>Population</u>	<u>Median Family Income</u>	<u>Unemployment Rate</u>
2016	61,119	\$ 54,588	5.6 %
2015	60,691	53,831	7.0
2014	60,456	53,831	8.3
2013	60,868	52,788	9.8
2012	60,868	52,788	10.0
2011	60,868	52,788	10.8
2010	59,186	52,788	10.4
2009	59,186	52,788	10.2
2008	59,468	52,788	6.5
2007	59,468	52,788	5.1

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

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

TABLE 14

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

2016				2007			
Employer	Employees	Rank	Percentage of Total Employment	Employer	Employees	Rank	Percentage of Total Employment
Midstate Medical Center	1,200	1	4.0%	Midstate Medical Center	1,120	2	4.0%
Hunter's Ambulance Service	390	2	1.3%	Hunter's Ambulance Service	395	4	1.4%
Carabetta Management	320	3	1.1%				
EM (Formerly CUNO, Inc.)	310	4	1.0%	CUNO, Inc.	400	3	1.4%
Canberra Industries, Inc.	300	5	1.0%				
RFS Cable	220	6	0.7%				
Clorox	200	7	0.7%				
Target Corporation	175	8	0.6%	Target Corporation	202	9	0.7%
The Money Source	122	9	0.4%				
Accel International	85	10	0.3%				
				AT&T	1,150	1	4.1%
				State of Connecticut	359	5	1.3%
				Bob's Stores	354	6	1.3%
				Filene's Department Store	300	7	1.1%
				Stop and Shop Supermarkets	268	8	1.0%
				TI Automotive	187	10	0.7%
Totals	3,322		11.1%	Totals	4,735		17.0%

Source: Connecticut Department of Labor, City of Meriden Economic Development Office

**CITY OF MERIDEN, CONNECTICUT
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDED JUNE 30,									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government	156	158.5	167.5	166.5	169.5	165	165.5	174	178	185.5
Public Safety:										
Police										
Officers	121	122	121	120	118	117	118	118	115	121
Civilians	29	27	24	18.5	18.5	35.5	32	31	30.5	31.5
Fire:										
Firefighters and officers	95.5	100	98	99	100	97	96	96	97	95
Civilians	3	3	3	3	3	3	3	3	3	3
Emergency Communications	17.5	16	17	18	13	13	14	15	14	15
Highways and Streets:										
Engineering	10.5	9	9	9.5	12	11.5	12	12	11	12.5
Maintenance	42.5	29.5	30	27	28	29	28	29	29	32
Culture and Recreation	30.5	33.5	45.5	43.5	47.5	29.5	36	29	35.5	32.5
Golf	13	13	10	11	12	12	15	13	14	14
Water	31.5	31	30.5	32	33	33	34	34	30.5	30.5
Sewer	<u>17</u>	<u>15</u>	<u>17</u>	<u>15</u>	<u>14</u>	<u>17</u>	<u>16</u>	<u>15</u>	<u>18.5</u>	<u>19</u>
Total	<u><u>567.0</u></u>	<u><u>557.5</u></u>	<u><u>572.5</u></u>	<u><u>563.0</u></u>	<u><u>568.5</u></u>	<u><u>562.5</u></u>	<u><u>569.5</u></u>	<u><u>569.0</u></u>	<u><u>576.0</u></u>	<u><u>591.5</u></u>

Source: City of Meriden Payroll System

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

Function / Operating Indicator	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Cases Investigated	10,972	11,097	11,298	14,363 B)	n/a B)	27,872 B)	35,973	34,390	38,313	34,784
Calls for Service	45,826	44,705	41,116	44,279 B)	56,178 B)					
Arrests	3,373	3,428	3,495	3,012	3,592	3,809	3,491	3,083	3,225	3,147
Traffic Citations	3,023	3,764	3,426	2,723	3,071	4,233	5,958	7,579	4,520	6,866
Parking Citations	1,781	1,981	1,465	1,105	1,050	2,063	1,442	1,396	1,693	1,229
Fire										
Emergency Responses	8,016	7,710	7,692	7,738	8,650	7,256	7,299	6,424	6,021	6,033
Non-emergency Responses	1,510	1,642	1,471	1,403	1,656	1,574	1,612	1,937	1,911	1,643
Inspections	1,283	2,307	3,359	4,091	4,123	2,409	1,774	2,656	2,542	1,527
Fire Investigations (C)	121	70	73	63						
Refuse Collection										
Refuse Collected (Tons)	18,000	30,253	28,929	30,297	32,175	32,067	32,702	31,908	31,978	34,952
Recyclables Collected (Tons)	2,800	1,105 F)	2,426	2,775	2,797	2,521	1,813	1,812	1,775	1,777
Other Public Works										
Street Resurfacing (Miles)	6.82	4.26	5.75	5.68	2.04	2.5	2.17	2.24	1	2
Potholes Repaired	5,284	6,406	7,654	4,792 E)	800	800	785	900	650	705
Library										
Volumes in Collection (Print)	206,436	249,190	245,620	239,686	234,772	235,134	232,783	233,157	234,897	239,314
Volumes in Collection (Non-print)	16,002	20,857	19,239	18,111	16,707	15,332	14,028	16,860	14,069	13,546
Total Volumes Borrowed	238,710	242,368	251,687	246,198	232,141	231,325	248,017	228,224	191,651	208,194
Annual Library Visits	281,655	288,000	312,442	308,801	307,904	292,421	278,629			
Water										
Average Daily Production (thousands of gallons)	5,318	5,001	5,234	5,379	5,560	5,720	5,422	5,960	6,050	6,504
Average Daily Demand (thousands of gallons)	5,318	5,001	5,234	5,379	5,560	5,720	5,422	5,960	5,980	6,333
Wastewater										
Average Daily Treatment (thousands of gallons)	8,600	9,200	10,005	10,983	11,925	12,080	12,917	11,400	11,800	9,400
Transit										
Total Route Miles	24,495	25,243	27,600 A)	52,999	52,999	52,926				
Passengers	10,514	12,847	15,233	17,549	18,274	18,734	18,638	17,521	15,537	16,493
Human Services										
Environmental Inspections and Responses	4,736	3,208	2,919	2,616 D)	2,988	3,621	3,251	3,454	2,402	2,885
Health and Clinic Services Provided	2,858	4,203	4,272	4,892 D)	4,385	4,913	9,366	2,982	4,869	5,252
School Health Services Provided	104,392	83,113	96,690	91,814 D)	134,031	147,718	158,557	116,696	138,513	107,061
Social Service Worker Clients	1,037	381	683	1,102 D)	1,211	1,953	1,683	1,572	2,233	2,377
Youth Program Participants	345	648 G)	5,429	2,081 D)	11,673	11,087	10,498	10,765	8,576	6,843
Senior Program Participants	26,792	20,721	20,400	20,400 D)	8,922	15,287	17,973	19,947	20,471	20,204

Sources: Various City of Meriden Departments

- A) Change in formula used by the State of Connecticut implemented in 2010.
 B) New police software implemented in 2011 uses new criteria to calculate investigations.
 C) New in 2013 - Fire Investigations completed by the Fire Marshals Office required by State Statute
 D) Calculation methods were changed in 2013
 E) New pothole machine was purchased
 F) Includes inner city only (excludes outer district trash haulers)
 G) Decrease in number is due to not conducting educational programming in Meriden Public Schools

**CITY OF MERIDEN, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police stations	1	1	1	1	1	1	1	1	1	1
Police sub-stations	3	3	3	3	3	3	2	3	3	3
Fire stations	5	5	5	5	5	5	5	5	5	5
Volunteer Fire stations	1	1	1	1	1	1	1	1	1	1
Municipal buildings	10	10	10	10	10	10	10	10	10	10
Schools	13	13	13	13	13	13	13	13	13	13
High Schools	2	2	2	2	2	2	2	2	2	2
Elementary Schools	8	8	8	8	8	8	8	8	8	8
Middle Schools	2	2	2	2	2	2	2	2	2	2
Magnet Schools	1	1	1	1	1	1	1	1	1	1
Parks and recreation										
Fields - Municipal	11	11	11	11	11	11	11	8	8	8
Fields - Schools	9	9	9	9	9	9	9	9	9	9
Water										
Water mains (Municipal) (feet)	1,279,148	1,278,060	1,276,601	1,275,235	1,218,960	1,218,120	1,217,120	1,216,560	1,210,732	1,205,030
Fire hydrants (Municipal)	1,493	1,493	1,493	1,493	1,496	1,544	1,544	1,552	1,552	1,549
Fire hydrants (Private)	340	340	340	339	282	275	275	274	256	239
Wastewater										
Sewer line (feet)	1,126,560	1,126,179	1,123,712	1,111,214	1,111,026	1,111,026	1,111,026	1,111,026	1,111,026	1,111,026
Highway										
Paved miles	187.83	187.83	187.83	187.36	187.45	187.45	187.45	187.45	187.45	187.45
Unimproved miles	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58	0.58

Sources: Various City of Meriden Departments