



2022

CITY OF MERRIAM, KANSAS

Popular Annual Financial Report

FOR THE YEAR ENDED DECEMBER 31, 2022



9001 W. 62 ST., MERRIAM, KS 66202 // 913-322-5500 // MERRIAM.ORG



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A Message From the FINANCE DIRECTOR



Dear Merriam Residents,

I am pleased to present the City of Merriam's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2022. This report provides a brief analysis of where City revenues come from and where those dollars are spent. It is intended to inform citizens about the City's financial activity in a simple, easy-to-read format.

The PAFR contains highlights from the City's 2022 Annual Comprehensive Financial Report (ACFR), which is a more detailed, audited document. The PAFR and ACFR are prepared in accordance with Generally Accepted Accounting Principles. Copies of both reports are available by contacting me directly or by visiting **Merriam.org/finance**.

If you have any questions or comments regarding this report, please contact me at 913-322-5504.

A handwritten signature in dark ink, reading "Donna Oliver". The signature is fluid and cursive, with the first name "Donna" being more prominent than the last name "Oliver".

Sincerely,
Donna Oliver
Finance Director
913-322-5504
doliver@merriam.org



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Merriam
Kansas**

For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2021

Christopher P. Morill
Executive Director/CEO



ABOUT MERRIAM

What makes the city of
Merriam stand out?



History

In 1870, the first railroad station was built and the town was named “Merriam” in honor of Charles Merriam, a railroad superintendent. In 1880, the town became home to a large well-planned amusement park that attracted more than 20,000 visitors per day who would ride the train in from nearby Kansas City. Merriam played a role in the desegregation

movement for schools. In 1949, 39 families filed suit against the local school district when their children were rejected from a white-only school located in Merriam. Success of the case paved the way for the historic Brown v. Board of Education, which removed segregation from the public school system. The City continues to be a vibrant middle-class suburb of Kansas City.

●	Location	Northeastern Kansas. The City is part of the Kansas City metro area, just eight miles from downtown Kansas City, Missouri
●	Size/Population	4.5 square miles; 11,017 residents
●	Demographics	Median age 39.1; per capita income \$49,793; average home value \$255,214
●	Unemployment Rate	Johnson County unemployment rate is 2.3%
●	Bond Rating	Series 2018 General Obligation Bonds were rated AAA (Stable) by S&P Global
●	Top 5 Employers	AdventHealth Shawnee Mission, Shawnee Mission School District, Seaboard Allied Milling, Carmax, Nations Holding
●	Major Industries	Medical; new and used automotive dealers; automotive maintenance and repairs; home furnishings and improvements

FINANCIAL ACTIVITY STATEMENTS

Governmental funds are used to account for tax-supported activities. Merriam's governmental funds include the General Fund, Capital Improvement (CIP) Funds, Equipment Replacement Fund, Bond Fund, and Tax Increment Financing Funds (TIF). Merriam also has a Transient Guest Tax Fund and five special revenue funds.

The City's basic services, including police and fire protection, parks and recreation, streets, community and economic development services, maintenance, and capital improvements are accounted for in these funds.

In 2022, sales taxes, transient guest taxes, and licenses, permits, and charges for service all increased over the 2021 revenues. In 2022, memberships and activities at the new Merriam Community Center had significant growth.

Police expenditures included the purchase of four police cars. In addition, Public Works expenditures included the purchase of a skid steer/cold planer and mowers. Capital outlay included project costs related to W. Frontage Road and 55th St. from Merriam Drive to west city limits.

Financial Activity Statement for Years Ended December 31

GOVERNMENTAL FUNDS			
REVENUES	2020	2021	2022
Sales taxes	\$14,048,015	\$17,343,003	\$18,573,107
Property taxes	4,936,816	5,274,312	5,633,791
TIF property taxes	4,195,528	4,326,135	4,513,368
Transient guest taxes	285,734	406,544	409,545
Other taxes	307,082	278,723	272,913
Franchise fees	1,297,965	1,295,072	1,405,385
Intergovernmental revenues	1,530,476	816,125	983,195
Licenses, permits, charges for service	615,044	1,202,956	1,826,121
Fines & forfeits	831,871	1,036,737	801,248
Interest on investments	388,204	(924)	37,432
Miscellaneous	159,980	104,084	121,009
TOTAL REVENUES	\$28,596,715	\$32,082,767	\$34,577,114
EXPENDITURES			
General government	\$3,190,744	\$2,730,382	\$3,071,615
Police and fire protection	7,590,054	6,724,149	6,967,053
Public works & project admin	2,596,624	3,767,086	4,078,061
Community development	1,272,419	1,120,252	3,045,673
Parks and recreation	1,228,254	1,623,645	1,873,874
Capital outlay	14,644,299	2,013,271	4,896,081
Debt service (principal, interest, & TIF obligations)*	10,729,663	4,791,262	3,266,900
TOTAL EXPENDITURES	\$41,252,057	\$22,770,047	\$27,199,257
OTHER FINANCING SOURCES (USES)			
Operating Lease	-	-	100,800
Proceeds from sale of capital assets	19,605	100,859	77,384
Net Transfers in/out	-	-	-
NET CHANGE IN FUND BALANCES	\$(12,635,737)	\$9,413,579	\$7,556,041
Fund Balances January 1	\$41,023,959	\$28,388,222	\$37,801,801
FUND BALANCES DECEMBER 31	\$28,388,222	\$37,801,801	\$45,357,842

*Debt Service includes TIF obligations classified as community development expenditures in the ACFR.



NET POSITION



The City's net position provides a useful indicator of the government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$155,926,717 at the close of 2022. The largest component of net position is the \$117,512,075 for net investment in capital assets, such as land, buildings, streets, stormwater facilities, machinery, and equipment. The City uses these assets to provide services to its citizens, so they are not available for future spending. Restricted net position of \$15,780,858 represents resources subject to external restrictions like state statutes or debt service requirements on how the funds may be spent. Unrestricted net position of \$22,633,784 is available for revenue shortfalls, emergencies, or other unexpected needs.

Overall net position increased by \$8,776,064 and was primarily due to strong sales tax receipts and a smaller than normal Capital Improvement Plan. These resources will be expended in future years in accordance with the 5-Year Capital Improvement Program.

Net Position for Years Ended December 31

NET POSITION	2019	2020	2021	2022
Net Investment in capital assets	\$110,293,112	\$117,415,898	\$116,389,819	\$117,512,075
Restricted	9,056,394	6,490,507	12,723,244	15,780,858
Unrestricted	19,739,730	14,654,051	18,037,590	22,633,784
TOTAL NET POSITION	\$139,089,236	\$138,560,456	\$147,150,653	\$155,926,717

REVENUES

Where does the money come from?



SALES TAXES // 1.50% tax on sales occurring within the City (effective Jan. 1, 2018). Johnson County shares a portion of its 1.475% sales tax with Merriam and other cities. *See page 11 for more information on sales taxes.*

PROPERTY TAXES // City taxes on real estate and personal property. *See page 10 for more information on property taxes.*

TIF PROPERTY TAXES // Tax Increment Financing is a tool used to promote economic redevelopment. Such taxes arise from the difference between the original or base value and the current value of properties within an established TIF district. Taxes must be used for specific development purposes per Kansas statutes.

TRANSIENT GUEST TAXES // 7% room tax on room rentals for City hotels and motels.

OTHER TAXES // TIF replacement taxes paid by Kansas per state statute.

FRANCHISE FEES // 5% fee is charged on electric, natural gas, landline telephones, and cable TV usage; 7% fee on trash haulers.

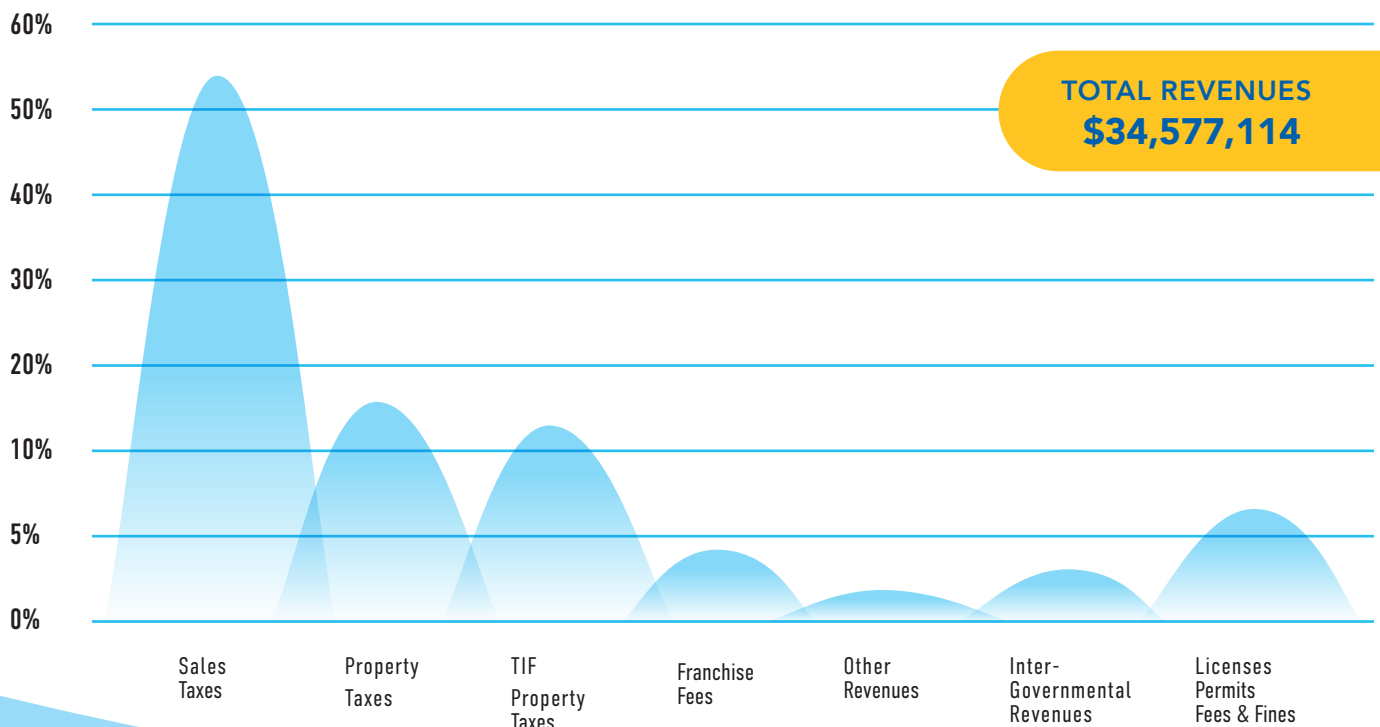
INTERGOVERNMENTAL REVENUES // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

LICENSES & PERMITS // Fees from City business licenses and building permits.

FEES // Fees from the community center, parks and recreation programs, and facility rentals.

FINES & FORFEITURES // Fines and fees assessed in the City's municipal court.

INTEREST & MISCELLANEOUS // Interest on investments, administrative fees from developers, and workers compensation dividends.



EXPENDITURES

Where does the money go?



26%

Police & Fire Protection

Operations for police and fire services.



15%

Public Works & Project Admin

Maintenance of streets, including snow removal performed by public works staff. Expenditures for engineering staff and administration of capital projects.



11%

General Government

Expenditures related to the City Council, administration, finance, municipal court, legal, insurance, human resources, and information technology.



7%

Parks and Recreation

Program administration and facility maintenance for the community center and parks.



18%

Capital Outlay

Construction for street, drainage, building, and park improvements.



11%

Community Development

Expenditures related to economic development, planning, zoning, building inspection, and code enforcement.



12%

Debt Service

Principal and interest payments on general and special obligation debts.

See page 12 for more information on debt.

TOTAL EXPENDITURES
\$27,199,257

PROPERTY TAX

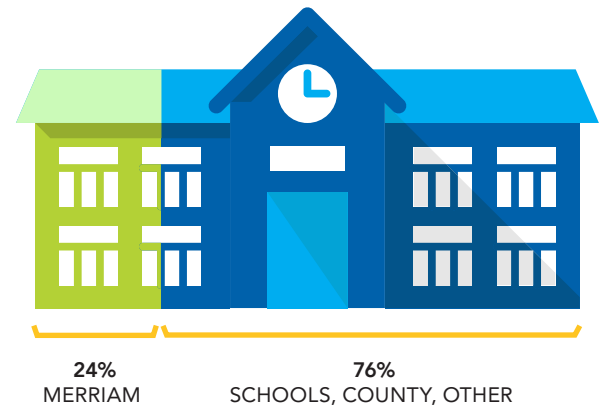
How much money is it and what does it provide?



Currently, homeowners pay \$3,439 in annual real estate taxes on a home with market value of \$255,214. The City of Merriam receives \$812 or 24% of this amount.

How much is property tax in Merriam?

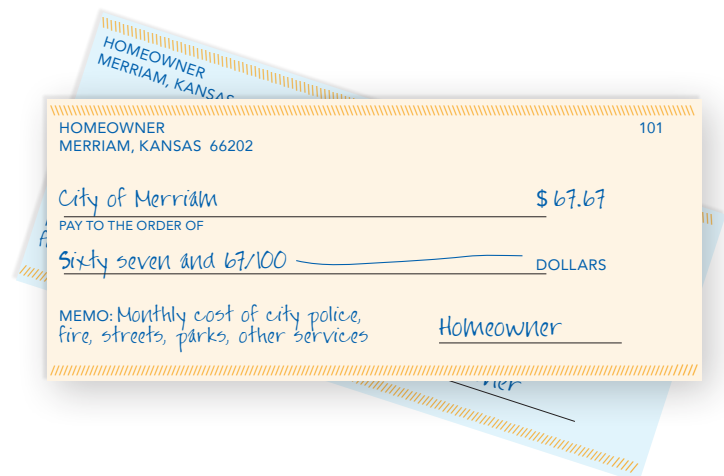
TAXING JURISDICTION	2022 RATE	COST	% OF TOTAL
State of Kansas	1.500	\$44	1.3%
Merriam Drainage Board (where applicable)	1.707	\$50	1.5%
Community College	9.110	\$267	7.8%
Johnson County	25.568	\$750	21.8%
City of Merriam	27.665	\$812	23.6%
Shawnee Mission Schools	51.667	\$1,516	44.0%
TOTAL MILL	117.217	\$3,439	100%



MERRIAM'S SHARE OF TOTAL PROPERTY TAX

What city services do property taxes provide?

PROGRAM	2022 SHARE	ANNUAL COST	MONTHLY COST
Police and fire protection	39.54%	\$320.99	\$26.75
Public works	20.30%	\$164.86	\$13.74
General government	18.08%	\$146.83	\$12.24
Parks and recreation	9.54%	\$77.46	\$6.45
Community Development	4.64%	\$37.68	\$3.14
CIP (sales tax supported)	0.00%	\$-	\$-
Equipment Reserve	4.13%	\$33.56	\$2.80
Debt Service	3.77%	\$30.58	\$2.55
	100%	\$811.96	\$67.67



SALES TAX

How much is it and who receives it?



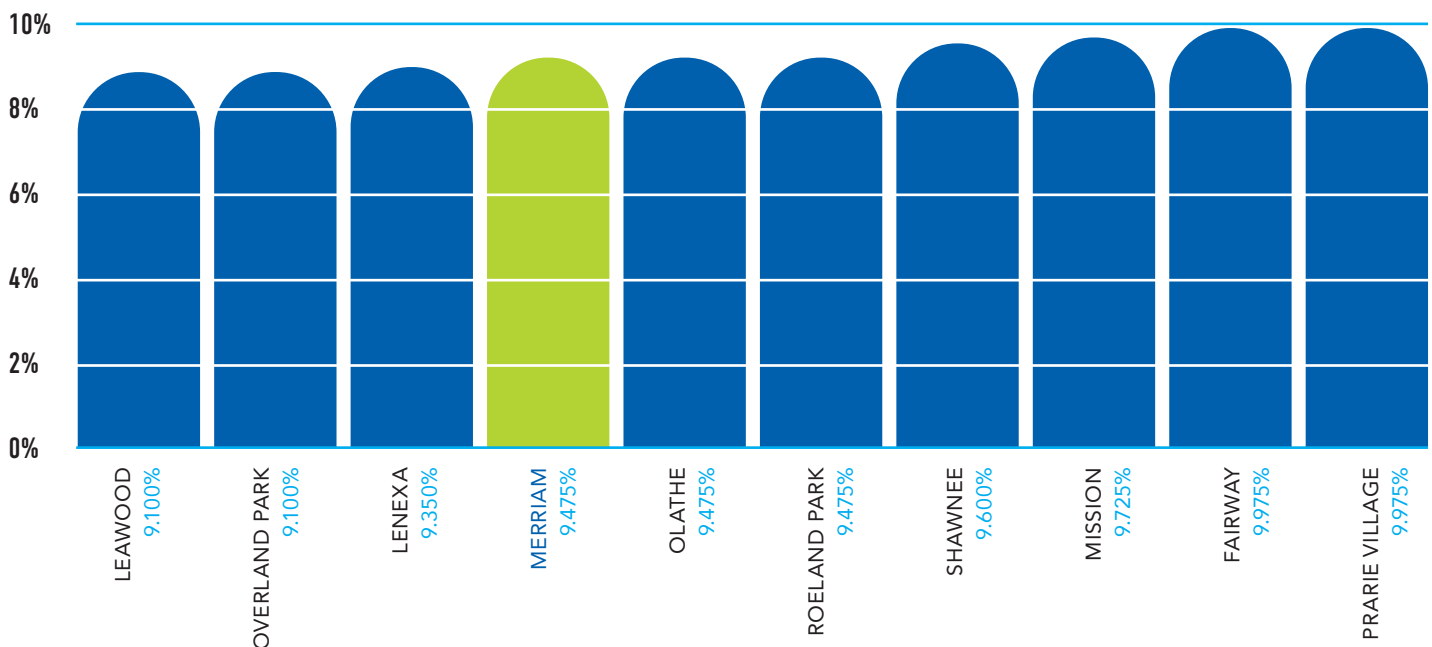
The City's 2022 sales tax rate of 9.475% compares favorably to surrounding cities and is divided among three different taxing entities. The State of Kansas receives 6.500%, Johnson County receives 1.475%, and the City of Merriam receives 1.50%.

Of the City's 1.50%, sales tax 1.00% is for General Fund operations, 0.25% is dedicated to street and stormwater projects, and 0.25% is dedicated to debt service on bonds for the new recreational facility.

The total City sales tax collected in 2022 was \$15,918,369, a significant amount for a City of only 4.5 square miles. In fact, Merriam has the highest "pull-factor" in the State of Kansas at 4.92, meaning that more purchases are made by shoppers who live outside the City than those who live within the City. It is a measure of the strength of the City's retail business community.

SALES TAX RATE COMPARISON

Base sales tax rate only. Several cities have special district sales taxes. Sales tax is the same throughout Merriam. Rates as of 12/31/2022



Who receives sales taxes paid in Merriam?

On a \$1 purchase



DEBT

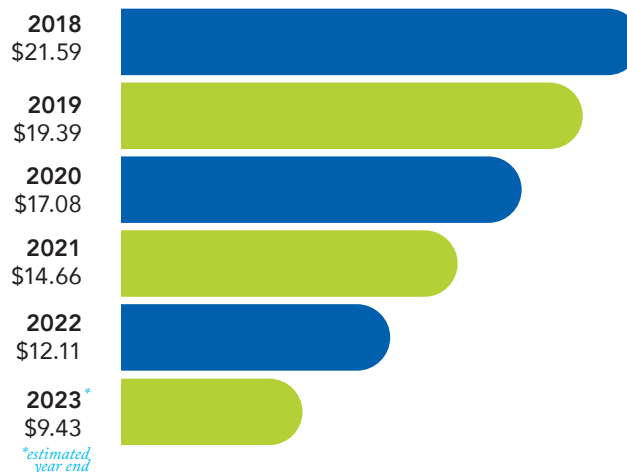
How much does the city owe?



The City has \$12,110,000 in bonded debt for infrastructure improvements as of Dec. 31, 2022. In 2018, the City issued additional bonds for \$20,935,000 to construct a new recreational facility. S&P Global rated the latest issue as AAA, its highest credit rating. Because the AAA rating is an indicator of financial strength, the City will pay lower borrowing costs – less than 2% overall on the new bonds. Debt service for the latest issue will be funded in part by a new 0.25% city sales tax. All debt will be paid in full by Oct. 1, 2027.

OUTSTANDING BONDED DEBT

in millions



EMPLOYEES

How many employees work for the city?



The City employs approximately 123 employees, including full-time, part-time, and seasonal. Additions since 2018 include: 12 new Parks & Recreation full-time equivalent (full- and part-time employees), two new police officers, elimination of .7 part-time Public Works/Facilities employees, .8 part-time crossing guards, and .4 part-time CIP assistant.



CITY COUNCIL

Who is my elected official?



BOB PAPE
MAYOR
bpape@merriam.org

The mayor is elected on a City-wide basis ("at-large") and serves a four year term.
The eight Council Members are elected by ward and serve four year terms.



JACOB LAHA
WARD 1
jlaha@merriam.org



JASON SILVERS
WARD 1
jsilvers@merriam.org



AMY RIDER
WARD 2
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WHITNEY YADRICH
WARD 2
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CHRISTINE HANDS
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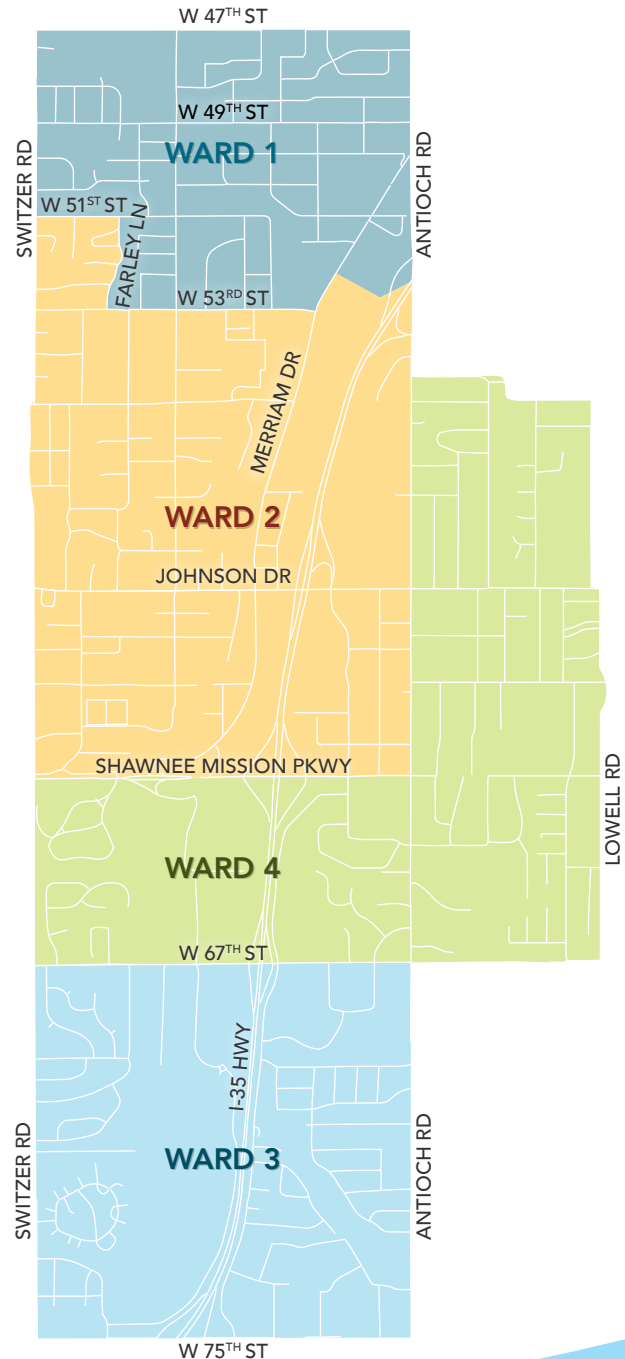
BRUCE KALDAHL
WARD 3
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STACI CHIVETTA
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DAVID NEAL
WARD 4
dneal@merriam.org





Thank you!



MERRIAM

just right.

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