

CITY OF MERRIAM, KANSAS

# POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

2019





## A Message from the Finance Director

Dear Merriam Residents,

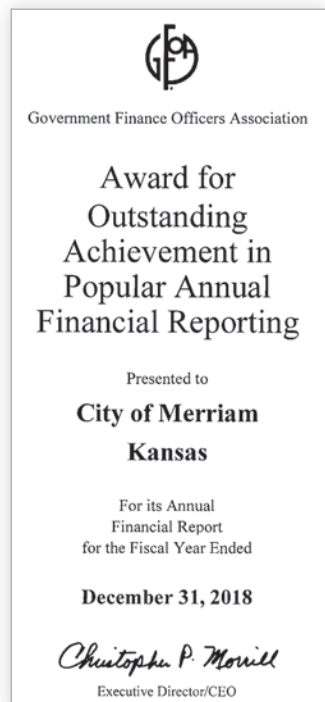
I am pleased to present the City of Merriam's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2019. This report provides a brief analysis of where City revenues come from and where those dollars are spent. It is intended to inform citizens about the City's financial activity in a simple, easy-to-read format.

The PAFR contains highlights from the City's 2019 Comprehensive Annual Financial Report (CAFR), which is a more detailed, audited document. The PAFR and CAFR are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Copies of both reports are available by contacting me directly or by visiting [merriam.org/finance](http://merriam.org/finance).

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

Sincerely,

Donna Oliver  
Finance Director  
913-322-5504  
[doliver@merriam.org](mailto:doliver@merriam.org)



## CONTENTS

- 2 // ABOUT MERRIAM // *Learn more about the City.*
- 3 // FINANCIAL ACTIVITY STATEMENTS
- 4 // NET POSITION
- 5 // REVENUES // *Where does the money come from?*
- 6 // EXPENDITURES // *Where does the money go?*
- 7 // PROPERTY TAX // *How much is it and what City services does it provide?*
- 8 // SALES TAX // *How much is it and who receives it?*
- 8 // DEBT // *How much does the City owe?*
- 8 // EMPLOYEES // *How many people work for the City?*
- 9 // CITY COUNCIL MEMBERS // *Who is my elected official?*



## ABOUT MERRIAM

**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; 11,178 residents

**DEMOGRAPHICS** // Median age 39.2; per capita income \$38,376; average home value \$205,000

**UNEMPLOYMENT RATE (JOHNSON COUNTY)** // 2.80%

**BOND RATING** // Series 2018 General Obligation Bonds were rated AAA (Stable) by S & P Global

**TOP 5 EMPLOYERS** // AdventHealth Shawnee Mission (formerly Shawnee Mission Medical Center); Synchrony Financial Services; DS Bus Lines/First Student; IKEA Home Furnishings; Seaboard Allied Milling

**MAJOR INDUSTRIES** // Medical; New and Used Automotive Dealers; Automotive Maintenance and Repairs; Home Furnishings and Improvements

**HISTORY** // In 1870, the first railroad station was built and the town was named "Merriam" in honor of Charles Merriam, a railroad superintendant. 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. The case's success 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.







## Financial Activity Statements

Governmental funds are used to account for tax-supported activities. Merriam's governmental funds include the General Fund, Capital Improvement Funds (CIP), Equipment Replacement Fund, Bond Fund, and Tax Increment Financing Funds (TIF). Merriam also has a Transient Guest Tax Fund and four 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 2018, the City returned \$2.5 million in unused tax increment funds on the terminated Merriam Town Center district to Johnson County. These funds were then redistributed to original taxing jurisdictions in 2019. As a result, property taxes increased and debt service expenditures decreased. Other taxes declined due to the state's discontinuation of the TIF replacement tax and the payoff of special assessments by property owners. Intergovernmental revenues increased due to Johnson County CARS funding for the 67th Street Reconstruction. The City's municipal pool was closed to allow for construction of the new recreation facility. As a result, licenses, permits, and fee revenues were down.

Police and fire protection expenditures included the purchase of a new fire truck as well as police in-car and body cameras. Capital outlay included project costs for 67th Street Reconstruction, Sidewalk Infill (Phase III), and the new recreational facility.

## Financial Activity Statement for Years Ended December 31

### GOVERNMENTAL FUNDS

REVENUES	2017	2018	2019
Sales taxes	\$12,108,424	\$14,161,897	\$14,367,399
Property taxes	4,624,853	4,642,478	5,507,287
TIF property taxes	4,195,263	4,122,373	4,140,650
Transient guest taxes	537,276	424,766	439,149
Other taxes	1,339,890	738,872	292,851
Franchise fees	1,451,264	1,494,896	1,314,459
Intergovernmental revenues	985,694	1,220,535	1,598,007
Licenses, permits, fees	675,345	929,572	653,927
Fines & forfeitures	861,201	921,705	758,238
Interest on investments	184,832	832,153	1,106,010
Miscellaneous	137,622	114,799	199,089
<b>TOTAL REVENUES</b>	<b>\$27,101,664</b>	<b>\$29,604,046</b>	<b>\$30,377,066</b>
EXPENDITURES			
General government	\$2,720,163	\$2,874,497	\$3,217,170
Police and fire protection	6,307,836	6,550,919	7,248,975
Public works & project administration	2,706,338	3,280,691	3,016,454
Community development	1,083,676	1,171,314	1,239,274
Parks & recreation	1,276,211	1,298,065	976,729
Capital outlay	7,168,645	7,425,077	24,898,294
Debt service ( <i>principal, interest &amp; TIF obligation</i> )*	3,844,648	9,041,090	5,914,946
<b>TOTAL EXPENDITURES</b>	<b>\$25,107,517</b>	<b>\$31,641,653</b>	<b>\$46,511,842</b>
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued/premium	-	24,156,436	-
Proceeds from sale of capital assets	44,850	81,462	50,635
Net transfers in/out	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$2,038,997</b>	<b>\$22,200,291</b>	<b>\$(16,084,141)</b>
Fund balances January 1	\$32,868,812	\$34,907,809	\$57,108,100
<b>FUND BALANCES DECEMBER 31</b>	<b>\$34,907,809</b>	<b>\$57,108,100</b>	<b>\$41,023,959</b>

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



## Net Position

The City's net position provides a useful indicator of the government's financial position. The City's assets exceeded liabilities by \$139,089,236 at the close of 2019. The largest component of net position is the \$110,293,112 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, and so they are not available for future spending. Restricted net position of \$9,056,394 represents resources subject to external restrictions like state statutes or debt service requirements on how the funds may be spent. Unrestricted net position of \$19,739,730 is available for revenue shortfalls, emergencies, or other unexpected needs.

Overall net position increased by \$7,309,940 and was primarily due to construction of major capital projects.

### Net Position for Years Ended December 31

NET POSITION	2017	2018	2019
Net Investment in capital assets	\$99,965,594	\$103,699,928	\$110,293,112
Restricted	13,679,699	12,738,762	9,056,394
Unrestricted	14,248,605	15,340,606	19,739,730
<b>TOTAL NET POSITION</b>	<b>\$127,893,898</b>	<b>\$131,779,296</b>	<b>\$139,089,236</b>



## REVENUES

### Where does the money come from?

**SALES TAXES** // 1.50% tax on sales occurring within the City (effective January 1, 2018). Johnson County shares a portion of its 1.475% sales tax with Merriam and other cities. *See page 9 for more information on sales taxes.*

**PROPERTY TAXES** // City taxes on real estate and personal property. *See page 8 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** // Special assessment taxes on the Merriam Point development plus TIF replacement taxes paid by Kansas per state statute.

**FRANCHISE FEES** // 5% fee is charged on electric, natural gas, telephone (landline only), and cable TV usage; 7% fee on trash haulers.

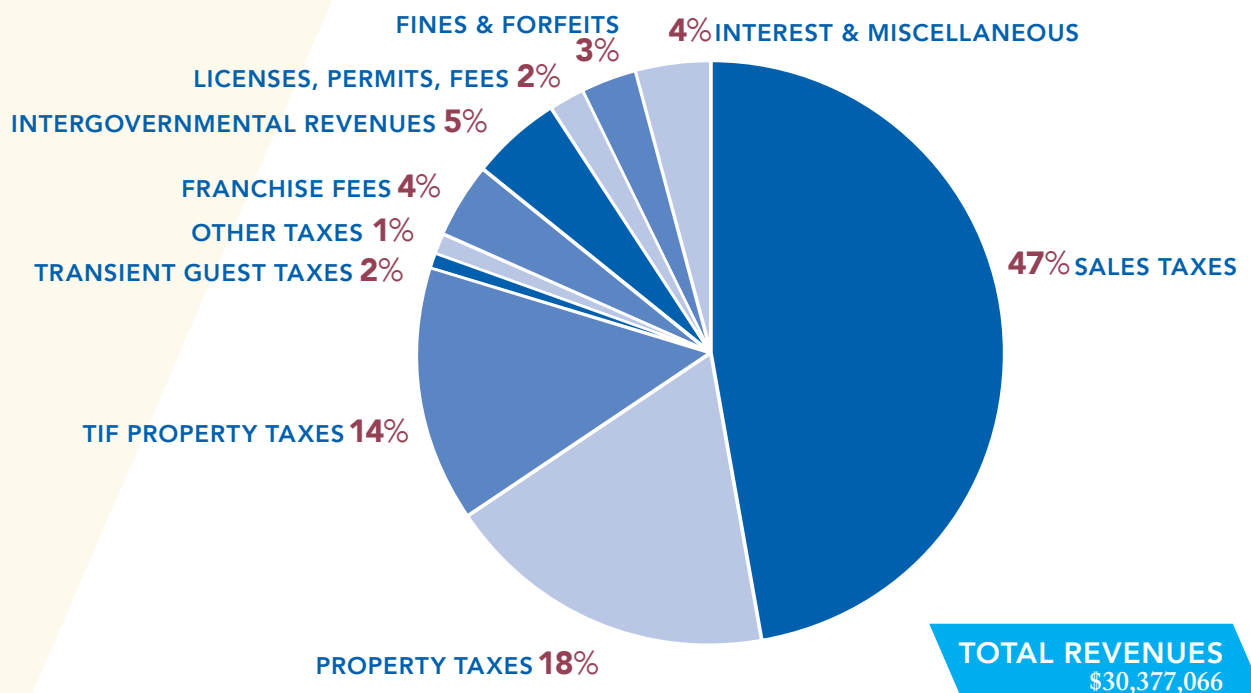
**INTERGOVERNMENTAL REVENUES** // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

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

**FEES** // Fees from the community center fitness 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?

**POLICE AND FIRE PROTECTION** // Operations for police and fire services.

**PUBLIC WORKS AND PROJECT ADMINISTRATION** // Maintenance of streets including snow removal performed by public works staff. Expenditures for engineering staff and administration of capital projects.

**GENERAL GOVERNMENT** // Expenditures related to the city council, city administrator's office, finance, municipal court, legal, insurance, human resources, and information technology.

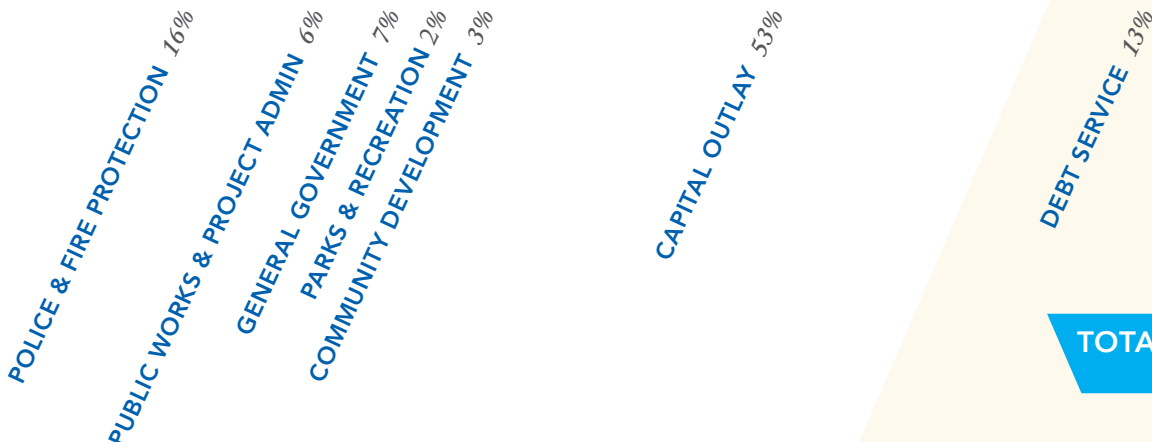
**PARKS & RECREATION** // Program administration and facility maintenance for the community center, and parks.

**COMMUNITY DEVELOPMENT** // Expenditures related to economic development, planning, zoning, building inspection, and code enforcement.

**CAPITAL OUTLAY** // Construction for street, drainage, building, and park improvements.

**DEBT SERVICE** // Principal and interest payments on general and special obligation debts.

*See page 9 for more information on debt.*



**TOTAL EXPENDITURES**  
\$46,511,842



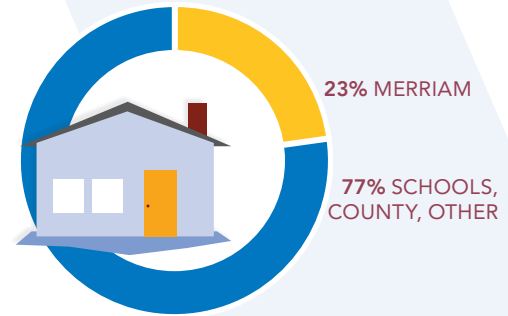
## PROPERTY TAX

### How much is it and what City services does it provide?

Currently, homeowners pay \$2,800 in annual real estate taxes on a home with market value of \$205,000. The City of Merriam receives \$657 or 23% of this amount.

#### HOW MUCH IS PROPERTY TAX IN MERRIAM?

TAXING JURISDICTION	2019 RATE	COST	% OF TOTAL
State of Kansas	1.500	\$35	1.3%
Merriam Drainage Board <i>(where applicable)</i>	1.700	40	1.4%
Community College	9.266	218	7.8%
Johnson County	26.013	613	21.9%
City of Merriam	27.880	657	23.5%
Shawnee Mission Schools	52.427	1,236	44.1%
<b>TOTAL MILL</b>	<b>118.786</b>	<b>\$2,800</b>	<b>100%</b>



MERRIAM'S SHARE OF TOTAL PROPERTY TAX

#### WHAT CITY SERVICES DO PROPERTY TAXES PROVIDE?

PROGRAM	2019 SHARE	ANNUAL COST	MONTHLY COST
Police and fire protection	0.445	\$292	\$24
Public works	0.147	97	8
General government	0.213	140	12
Parks and recreation	0.055	36	3
Community development	0.053	35	3
CIP (sales tax supported)	0.000	-	-
Equipment Reserve	0.050	33	3
Debt Service	0.037	25	2
<b>TOTAL</b>	<b>100%</b>	<b>\$658</b>	<b>\$55</b>

HOMEOWNER  
MERRIAM, KANSAS 66202

101

City of Merriam \$55.00

PAY TO THE ORDER OF

Fifty-five and 00/100 DOLLARS

MEMO: Monthly cost of city police,  
fire, streets, parks, other services

Homeowner



## SALES TAX

### How much is it and who receives it?

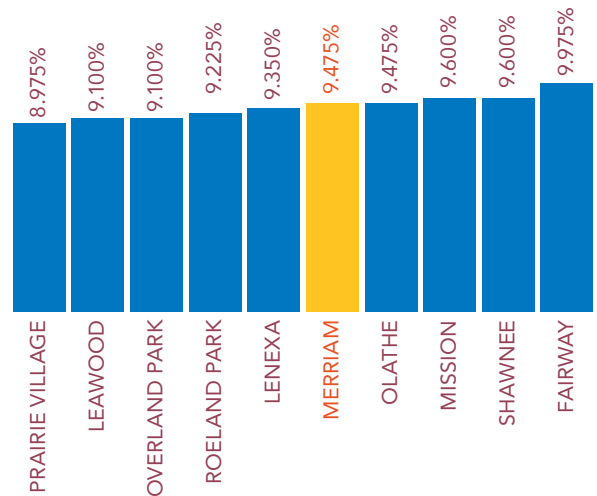
The City's 2019 sales tax rate of 9.475% compares favorably to surrounding cities and is divided among three different taxing entities. The State of Kansas receives 6.500%, Johnson County receives 1.475% and the City of Merriam receives 1.50%.

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 2019 was \$12,291,885, 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 4.5, meaning that more purchases are made by shoppers who live outside of 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 12/31/2019

### WHO RECEIVES SALES TAXES PAID IN MERRIAM?

On a \$1 purchase



\$0.0150 MERRIAM



\$0.07975 STATE & COUNTY

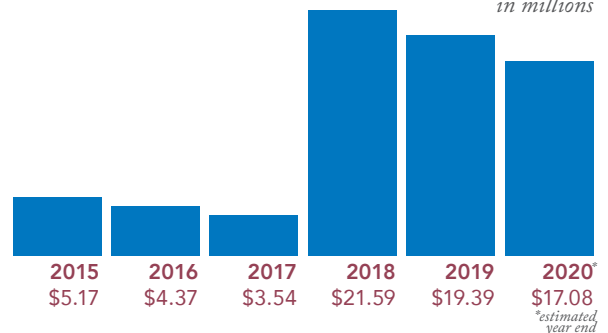
## DEBT

### How much does the City owe?

The City has \$19,385,000 in bonded debt for infrastructure improvements as of December 31, 2019. 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 interest expense – 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 October 1, 2027.

## OUTSTANDING BONDED DEBT

in millions

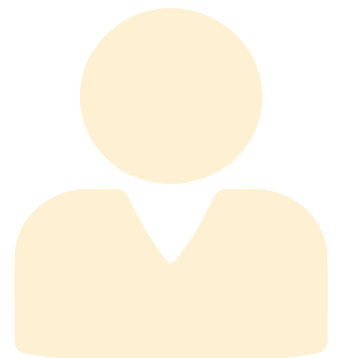


## EMPLOYEES

### How many people work for the City?

The City employs approximately 111 employees, including full-time, part-time, and seasonal. Additions since 2015 include a part-time administrative assistant and a management intern. After 2016, staffing was reduced by one employee since the director of public works also serves as the capital improvements director.

111 // 2019  
111 // 2018  
111 // 2017  
112 // 2016  
112 // 2015



## CITY COUNCIL MEMBERS

### Who is my elected official?

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.

**KEN SISSOM**  
MAYOR

[mayors@merriam.org](mailto:mayors@merriam.org)



**SCOTT DIEBOLD**  
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