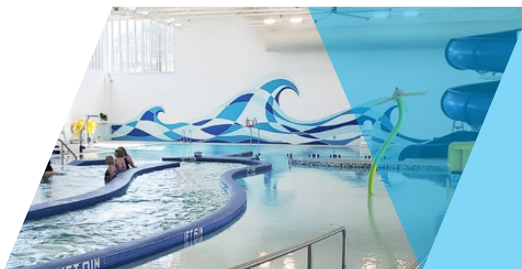


CITY OF MERRIAM, KANSAS

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

2020





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, 2020. 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 2020 Comprehensive Annual Financial Report (AFR), which is a more detailed, audited document. The PAFR and AFR 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**.

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



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Merriam

Kansas

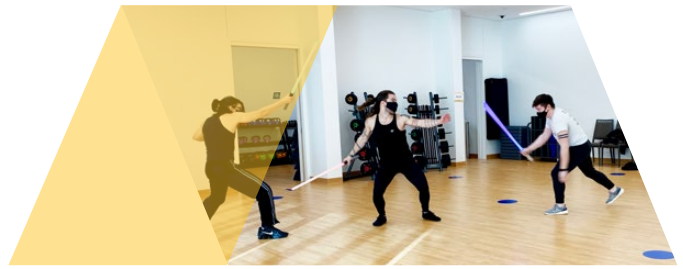
For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2019

Executive Director/CEO

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Merriam



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; 11,081 residents

DEMOGRAPHICS // Median age 39.5; per capita income \$40,221; average home value \$225,800

UNEMPLOYMENT RATE (JOHNSON COUNTY) // 5.10%

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

TOP 5 EMPLOYERS // AdventHealth Shawnee Mission, Synchrony Financial Services, Shawnee Mission School District, Seaboard Allied Milling, DS Bus Lines/First Student

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 (CIP) Funds, 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 2020, sales taxes, transient guest taxes, and licenses, permits, and charges for service all declined due to the COVID-19 global pandemic and subsequent economic slowdown. In 2019, property taxes from the terminated Merriam Town Center TIF were redistributed to original taxing jurisdictions creating a one-year increase. Interest on investments declined due to the spend down of bond proceeds to construct the new Merriam Community Center.

Police and fire protection expenditures included the purchase of a new fire truck and three police cars. Capital outlay included project costs for Johnson Drive – Kessler to Mackey overlay, sidewalk infill (Phase IV), and the new recreational facility/parking structure.

Financial Activity Statement for Years Ended December 31

GOVERNMENTAL FUNDS

REVENUES	2018	2019	2020
Sales taxes	\$14,161,897	\$14,367,399	\$14,048,015
Property taxes	4,642,478	5,507,287	4,936,816
TIF property taxes	4,122,373	4,140,650	4,195,528
Transient guest taxes	424,766	439,149	285,734
Other taxes	738,872	292,851	307,082
Franchise fees	1,494,896	1,314,459	1,297,965
Intergovernmental revenues	1,220,535	1,598,007	1,530,476
Licenses, permits, fees	929,572	653,927	615,044
Fines & forfeitures	921,705	758,238	831,871
Interest on investments	832,153	1,106,010	388,204
Miscellaneous	114,799	199,089	159,980
TOTAL REVENUES	\$29,604,046	\$30,377,066	\$28,596,715
EXPENDITURES			
General government	\$2,874,497	\$3,217,170	\$3,190,744
Police and fire protection	6,550,919	7,248,975	7,590,054
Public works & project administration	3,280,691	3,016,454	2,596,624
Community development	1,171,314	1,239,274	1,272,419
Parks & recreation	1,298,065	976,729	1,228,254
Capital outlay	7,425,077	24,898,294	14,644,299
Debt service <i>(principal, interest & TIF obliga-</i>	9,041,090	5,914,946	10,729,663
TOTAL EXPENDITURES	\$31,641,653	\$46,511,842	\$41,252,057
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued/premium	24,156,436	-	-
Proceeds from sale of capital assets	81,462	50,635	19,605
Net transfers in/out	-	-	-
NET CHANGE IN FUND BALANCES	\$22,200,291	\$(16,084,141)	\$(12,635,737)
Fund balances January 1	\$34,907,809	\$57,108,100	\$41,023,959
FUND BALANCES DECEMBER 31	\$57,108,100	\$41,023,959	\$28,388,222

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



Net Position

The City's net position provides a useful indicator of the government's financial position. The City's assets exceeded liabilities by \$138,560,456 at the close of 2020. The largest component of net position is the \$117,415,898 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 they are not available for future spending. Restricted net position of \$6,490,507 represents resources subject to external restrictions like state statutes or debt service requirements on how the funds may be spent. Unrestricted net position of \$14,654,051 is available for revenue shortfalls, emergencies, or other unexpected needs.

Overall net position decreased by \$528,780 and was primarily due to reduced revenues during the COVID-19 global pandemic.

Net Position for Years Ended December 31

NET POSITION	2017	2018	2019	2020
Net Investment in capital assets	\$99,965,594	\$103,699,928	\$110,293,112	\$117,415,898
Restricted	13,679,699	12,738,762	9,056,394	6,490,507
Unrestricted	14,248,605	15,340,606	19,739,730	14,654,051
TOTAL NET POSITION	\$127,893,898	\$131,779,296	\$139,089,236	\$138,560,456



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 8 for more information on sales taxes.*

PROPERTY TAXES // City taxes on real estate and personal property. *See page 7 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, landline telephones, and cable TV usage; 7% fee on trash haulers.

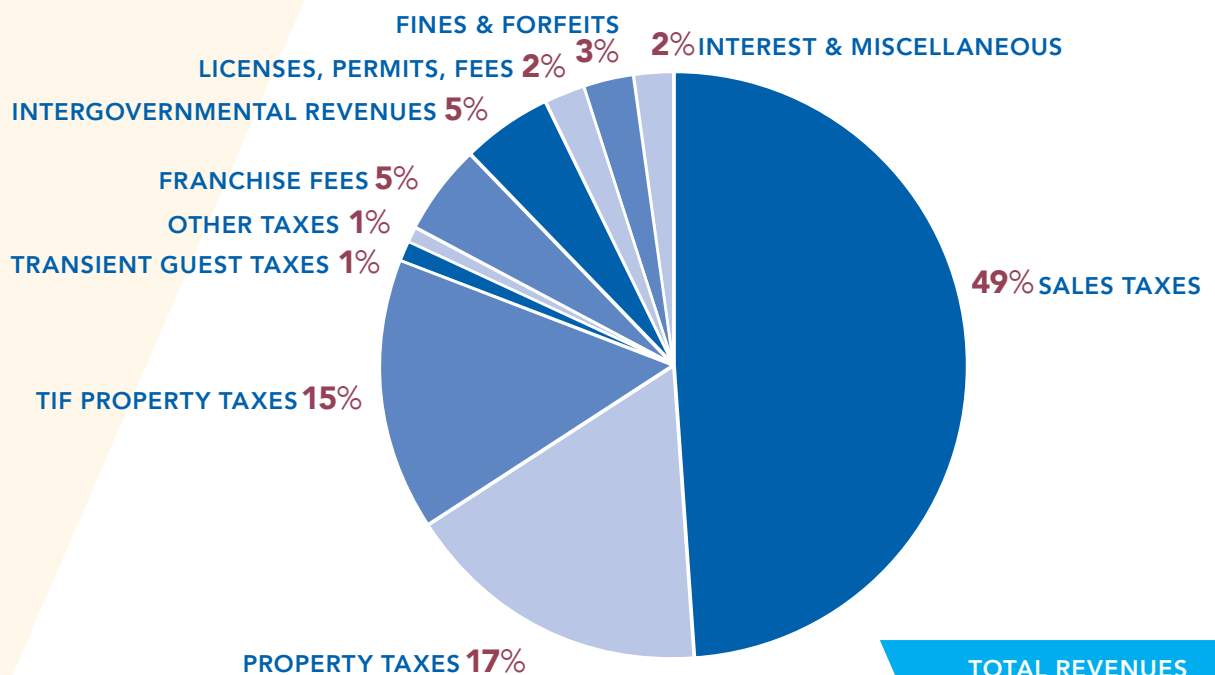
INTERGOVERNMENTAL REVENUES // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

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.



TOTAL REVENUES
\$28,596,715



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 8 for more information on debt.



POLICE & FIRE PROTECTION 18%

PUBLIC WORKS & PROJECT ADMIN 6%

GENERAL GOVERNMENT 7%

PARKS & RECREATION 3%

COMMUNITY DEVELOPMENT 3%

CAPITAL OUTLAY 36%

DEBT SERVICE 26%

TOTAL EXPENDITURES
\$41,252,057



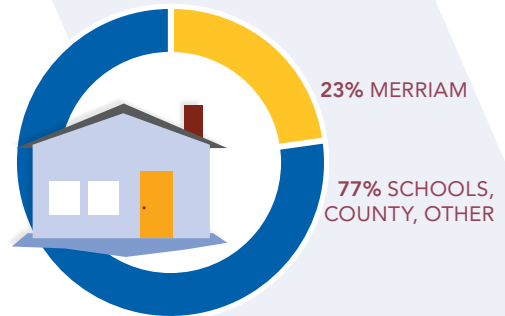
PROPERTY TAX

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

Currently, homeowners pay \$3,070 in annual real estate taxes on a home with market value of \$225,800. The City of Merriam receives \$721 or 23% of this amount.

HOW MUCH IS PROPERTY TAX IN MERRIAM?

TAXING JURISDICTION	2020 RATE	COST	% OF TOTAL
State of Kansas	1.500	\$39	1%
Merriam Drainage Board (where applicable)	1.700	\$44	1%
Community College	9.121	\$237	8%
Johnson County	26.030	\$676	22%
City of Merriam	27.765	\$721	23%
Shawnee Mission Schools	52.121	\$1,353	45%
TOTAL MILL	118.237	\$3,070	100%



MERRIAM'S SHARE OF TOTAL PROPERTY TAX

WHAT CITY SERVICES DO PROPERTY TAXES PROVIDE?

PROGRAM	2020 SHARE	ANNUAL COST	MONTHLY COST
Police and fire protection	42.41%	\$305.76	\$25.48
Public works	11.73%	\$84.54	\$7.04
General government	24.01%	\$173.07	\$14.42
Parks and recreation	6.85%	\$49.38	\$4.12
Community development	4.99%	\$35.96	\$3.00
CIP (sales tax supported)	0.00%	\$-	\$-
Equipment Reserve	6.28%	\$45.30	\$3.78
Debt Service	3.74%	\$26.95	\$2.25
TOTAL	100%	\$720.97	\$60.08

HOMEOWNER
MERRIAM, KANSAS 66202

101

City of Merriam \$60.08

PAY TO THE ORDER OF

Sixty and 08/100 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 2020 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 2020 was \$14,048,015, 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 the City than those who live within the City. It is a measure of the strength of the City's retail business community.

WHO RECEIVES SALES TAXES PAID IN MERRIAM?

On a \$1 purchase



\$0.0150 MERRIAM



\$0.07975 STATE & COUNTY

SALES TAX RATE COMPARISON

Base sales tax rate only

PRAIRIE VILLAGE	8.975%
LEAWOOD	9.100%
OVERLAND PARK	9.100%
LENEXA	9.350%
MERRIAM	9.475%
ROELAND PARK	9.475%
OLATHE	9.475%
MISSION	9.600%
SHAWNEE	9.600%
FAIRWAY	9.975%

Several cities have special district sales taxes. Sales tax is the same throughout Merriam. Rates as of 12/31/2020

DEBT

How much does the City owe?

The City has \$17,075,000 in bonded debt for infrastructure improvements as of December 31, 2020. 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 October 1, 2027.

OUTSTANDING BONDED DEBT

in millions



EMPLOYEES

How many people work for the City?

The City employs approximately 123 employees, including full-time, part-time and seasonal. Additions since 2016 include nine new Parks and Recreation full-time equivalent (full- and part-time employees) and three full-time Public Works/Facilities employees. After 2016, pool staff positions were eliminated and three Parks and Recreation Center employees were moved to Public Works/Facilities.

123 // 2020
111 // 2019
111 // 2018
111 // 2017
112 // 2016



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



SCOTT DIEBOLD
WARD 1

sdiebold@merriam.org



JASON SILVERS
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jsilvers@merriam.org



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BRUCE KALDAHL
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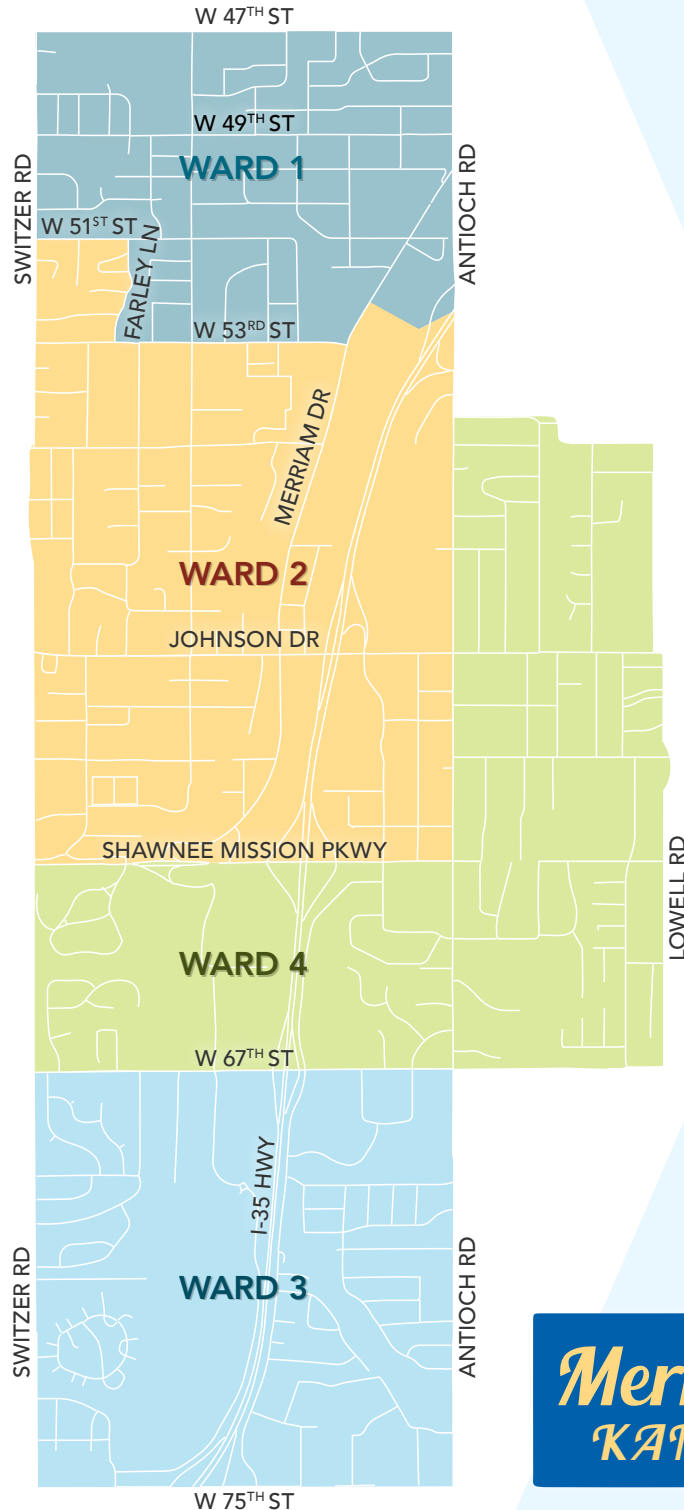
DAVID NEAL
WARD 4

dneal@merriam.org



BOB PAPE
WARD 4

bpape@merriam.org



Merriam
KANSAS