

CITY OF MERRIAM, KANSAS

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

2021





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, 2021. 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 2021 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 visiting **Merriam.org/finance**.

If you have any 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, 2020

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; 11,128 residents

DEMOGRAPHICS // Median age 39.3; per capita income \$46,355; average home value \$255,214

UNEMPLOYMENT RATE (JOHNSON COUNTY) // 3.20%

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

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

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 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. The case's success paved the way for the historic Brown v. Board of Education decision, 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 Fund, Equipment Replacement Fund, Bond Fund, and Tax Increment Financing Fund. 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 2021, sales taxes, transient guest taxes, and licenses, permits, and charges for service all increased over the 2020 revenues, which had been impaired by the COVID-19 global pandemic and subsequent economic slowdown. In addition, as pandemic restrictions have eased, memberships and activities at the new Merriam Community Center have seen significant growth.

Police and fire protection expenditures included the purchase of a new fire truck as well as three police cars. In addition, equipment was purchased and installed to allow the City Council meetings to be recorded. Capital outlay included project costs for E. Frontage Road from 67th to 75th.

Financial Activity Statement for Years Ended December 31

GOVERNMENTAL FUNDS

REVENUES	2019	2020	2021
Sales taxes	\$14,367,399	\$14,048,015	\$17,343,003
Property taxes	5,507,287	4,936,816	5,274,312
TIF property taxes	4,140,650	4,195,528	4,326,135
Transient guest taxes	439,149	285,734	406,544
Other taxes	292,851	307,082	278,723
Franchise fees	1,314,459	1,297,965	1,295,072
Intergovernmental revenues	1,598,007	1,530,476	816,125
Licenses, permits, charges for service	653,927	615,044	1,202,956
Fines & forfeits	758,238	831,871	1,036,737
Interest on investments	1,106,010	388,204	(924)
Miscellaneous	199,089	159,980	104,084
TOTAL REVENUES	\$30,377,066	\$28,596,715	\$32,082,767
EXPENDITURES			
General government	\$3,217,170	\$3,190,744	\$2,730,382
Police and fire protection	7,248,975	7,590,054	6,724,149
Public works & project administration	3,016,454	2,596,624	3,767,086
Community development	1,239,274	1,272,419	1,120,252
Parks & recreation	976,729	1,228,254	1,623,645
Capital outlay	24,898,294	14,644,299	2,013,271
Debt service <i>(principal, interest & TIF obligation)*</i>	5,914,946	10,729,663	4,791,262
TOTAL EXPENDITURES	\$46,511,842	\$41,252,057	\$22,770,047
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued/premium	-	-	-
Proceeds from sale of capital assets	\$50,635	\$19,605	\$100,859
Net transfers in/out	-	-	-
NET CHANGE IN FUND BALANCES	\$(16,084,141)	\$(12,635,737)	\$9,413,579
Fund balances January 1	\$57,108,100	\$41,023,959	\$28,388,222
FUND BALANCES DECEMBER 31	\$41,023,959	\$28,388,222	\$37,801,801

**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 \$147,150,653 at the close of 2021. The largest component of net position is the \$116,389,819 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 \$12,723,244 represents resources subject to external restrictions like state statutes or debt service requirements on how the funds may be spent. Unrestricted net position of \$18,037,590 is available for revenue shortfalls, emergencies or other unexpected needs.

Overall net position increased by \$8,590,197 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	2018	2019	2020	2021
Net Investment in capital assets	\$103,699,928	\$110,293,112	\$117,415,898	\$116,389,819
Restricted	12,738,762	9,056,394	6,490,507	12,723,244
Unrestricted	15,340,606	19,739,730	14,654,051	18,037,590
TOTAL NET POSITION	\$131,779,296	\$139,089,236	\$138,560,456	\$147,150,653



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 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, landline telephones, and cable TV usage; 7% fee on trash haulers.

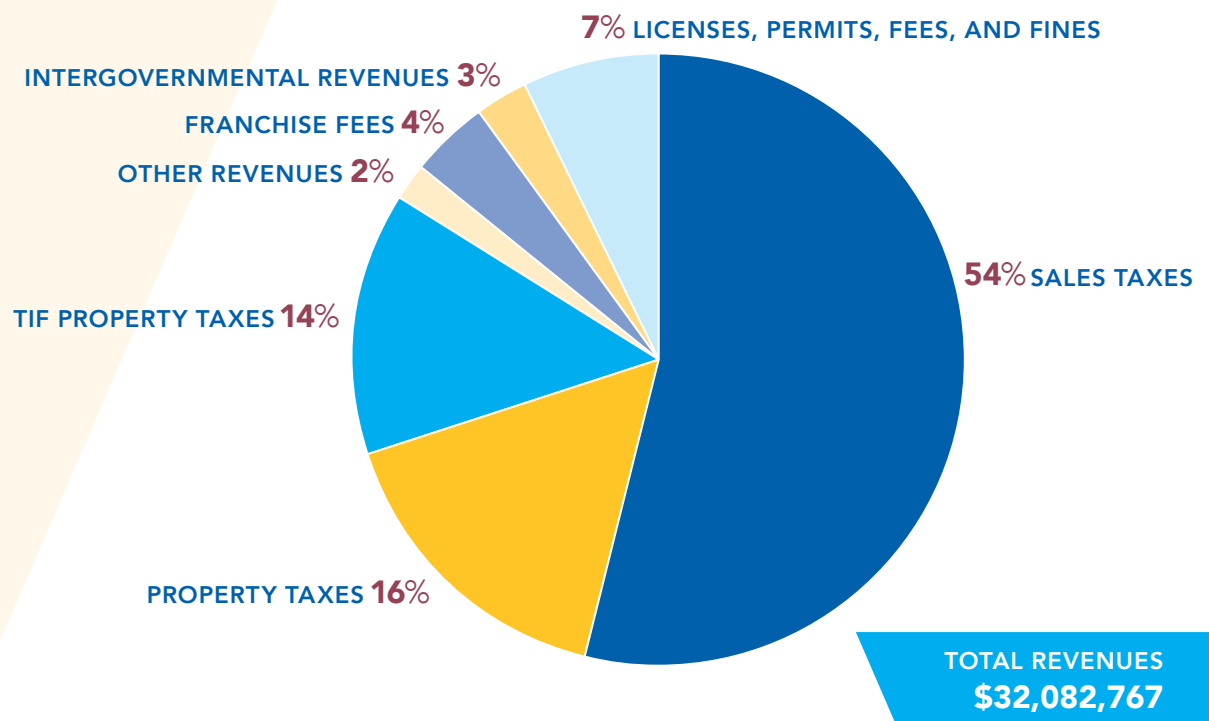
INTERGOVERNMENTAL REVENUES // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

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?

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, administration, 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 30%

PUBLIC WORKS & PROJECT ADMIN 17%

GENERAL GOVERNMENT 12%

PARKS & RECREATION 7%

COMMUNITY DEVELOPMENT 5%

CAPITAL OUTLAY 9%

DEBT SERVICE 20%

TOTAL EXPENDITURES
\$22,770,047



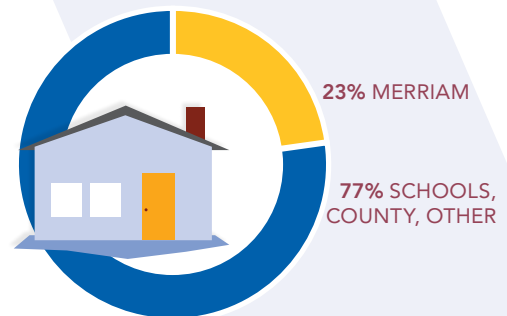
PROPERTY TAX

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

Currently, homeowners pay \$3,467 in annual real estate taxes on a home with market value of \$255,214. The City of Merriam receives \$808 or 23% of this amount.

How much is property tax in Merriam?

TAXING JURISDICTION	2021 RATE	COST	% OF TOTAL
State of Kansas	1.500	\$44	1.3%
Merriam Drainage Board (where applicable)	1.777	\$52	1.5%
Community College	9.191	\$270	7.8%
Johnson County	25.797	\$757	21.8%
City of Merriam	27.558	\$808	23.3%
Shawnee Mission Schools	52.351	\$1,536	44.3%
TOTAL MILL	118.174	\$3,467	100%



MERRIAM'S SHARE OF TOTAL PROPERTY TAX

What city services do property taxes provide?

PROGRAM	2021 SHARE	ANNUAL COST	MONTHLY COST
Police and Fire Protection	41.15%	\$332.80	\$27.73
Public Works	20.45%	\$165.41	\$13.78
General Government	17.58%	\$142.20	\$11.85
Parks and Recreation	8.64%	\$69.89	\$5.82
Community Development	4.58%	\$37.03	\$3.09
CIP (sales tax supported)	0.00%	\$-	\$-
Equipment Reserve	3.83%	\$31.01	\$2.58
Debt Service	3.77%	\$30.46	\$2.54
TOTAL	100.00%	\$808.80	\$67.39

HOMEOWNER
MERRIAM, KANSAS 66202

101

City of Merriam

\$67.39

PAY TO THE ORDER OF

Sixty seven and 39/100

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 2021 sales tax rate of 9.475% compares favorably to surrounding cities and is divided among three different taxing entities. The State of Kansas receives 6.50%, 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 2021 was \$14,929,419, 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 4.79, 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 strength of the City's retail business community.

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%
OLATHE	9.475%
ROELAND PARK	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 12/31/2021

Who receives sales taxes paid in Merriam?

On a \$1 purchase



\$0.0150 MERRIAM

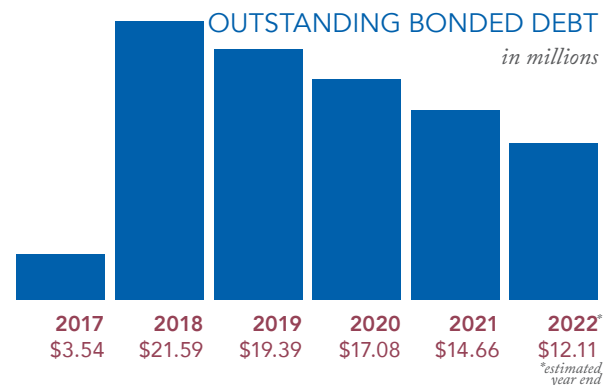


\$0.07975 STATE & COUNTY

DEBT

How much does the City owe?

The City has \$14,655,000 in bonded debt for infrastructure improvements as of Dec. 31, 2021. 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 is funded in part by a 0.25% city sales tax. All debt will be paid in full by Oct. 1, 2027.



EMPLOYEES

How many people work for the City?

The City employs approximately 122 employees, including full-time, part-time, and seasonal. Additions since 2017 include 12 new parks and recreation full-time equivalent (full- and part-time employees), elimination of .7 part-time public works/facilities employees, and .8 part-time crossing guards.

122 // 2021
123 // 2020
111 // 2019
111 // 2018
111 // 2017



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.

BOB PAPE
MAYOR

bpape@merriam.org



JACOB LAHA
WARD 1

jlaha@merriam.org



JASON SILVERS
WARD 1

jsilvers@merriam.org



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WARD 2

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WHITNEY YADRICH
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BRUCE KALDAHL
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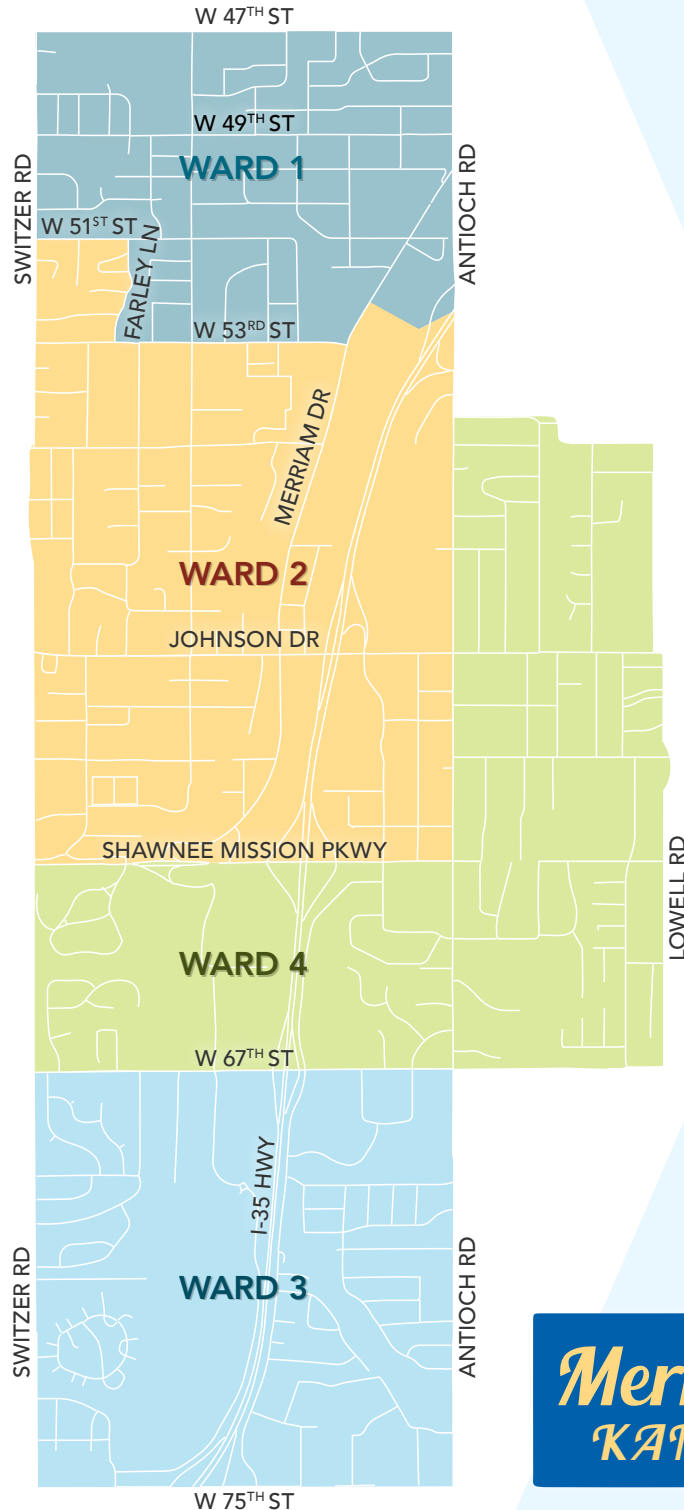
STACI CHIVETTA
WARD 4

schivetta@merriam.org



DAVID NEAL
WARD 4

dneal@merriam.org



Merriam
KANSAS