

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2009



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MERRIAM, KANSAS

Prepared by:

**Cynthia Ehart
Finance Director**

**Trish Wertz
Accountant**

CITY OF MERRIAM, KANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2009

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June 11, 2010

To The Honorable Mayor, City Council, and Citizens of the City of Merriam:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Merriam, Kansas for the fiscal year ended December 31, 2009. This report is submitted to you in compliance with the provisions of Kansas statutes which require an annual audit.

Responsibility to report financial data that is complete and accurate rests with the management of the City. It is our belief that the information reported in this document fairly presents the financial position of the City in all material aspects on a Government-wide and a Fund basis. To enhance the reader's understanding of these financial statements, note disclosures have been included as an integral part of this document.

Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The independent auditing firm of Cudney, Ecord, McEnroe & Mullane, LLC has audited the City of Merriam's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended December 31, 2009, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the government-wide and fund financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The City management's narrative on the financial activities of the City for the fiscal year is in the Management's Discussion and Analysis (MD&A), immediately following the Independent Auditor's Report. This letter of transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other sections of the CAFR.

Profile of the City

General Information: The City of Merriam is located in northeast Johnson County, approximately eight miles from downtown Kansas City, Missouri, and is part of the metropolitan Kansas City area. The City of Merriam is built at the former location of Merriam Park, a major amusement park in the late 1800's that stood at the site of what is now Shawnee Mission Parkway and Interstate 35. The area was originally settled after the Civil War and now encompasses 4.5 square miles and has a population of 10,814. Merriam was incorporated as a third class city on October 28, 1950 and became a second class city on January 18, 1957.

The City operates under a non-partisan Mayor/Council form of government with the addition of a City Administrator. More information about elections and appointments may be found in Note 1 of the Notes to the Basic Financial Statements.

The City of Merriam provides its citizens with a wide variety of services, including: police and fire protection, cultural and recreational activities, construction and maintenance of the City's facilities, parks, street network

and drainage systems, snow removal, building and residential code enforcement, city planning and zoning, and court services.

Component Units: In evaluating the City as a reporting entity, management has considered all potential component units. Such component units would include organizations for which the primary government is financially accountable, and other organizations whose relationships with the primary government are such that the City's financial statements would be misleading or incomplete if excluded. The definition of the reporting entity is based primarily on financial accountability as distinct from strictly legal relationships. Based on the evaluation criteria, there are no organizations related to the City that should be accounted for in the financial statements

Budgetary Control: In addition to accounting and internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the governing body. Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), and the General Obligation Bond Debt Service Fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. See Note 1 of the Notes to the Basic Financial Statements for additional information on Budgetary Basis Accounting and Information.

Factors Affecting Financial Condition

Local economy: Merriam's location along the highly visible Interstate-35 corridor in Kansas City contributes to strong sales per square mile. Merriam businesses have averaged \$516 million in annual sales over the last five years. This translates into approximately \$115 million in sales per square mile and is due to the presence of several large auto dealerships in the City, as well as the success of the Merriam Town Center retail area. However, Merriam was not immune to the effects of the 2009 recession. The slow down in consumer spending resulted in a 10% decline in city sales tax collections for 2009. Sales tax trends for early 2010 have been mixed. Net property valuations declined by 3.6% with similar declines expected in 2010.

Merriam has an employee base of approximately 13,800 employees. The unemployment rate for 2009 is 6.3%, with an average of approximately 4.5% over the last 10 years. Two of the County's major employers are located in the City: Shawnee Mission Medical Center and GE Capital Credit. Private redevelopment of Shawnee Mission Medical Center continues and will include the addition of the Critical Care Facility and the Women's Care Facility.

Opportunities for future development exist with the City. Public infrastructure improvements have been completed for two projects adjacent to I-35, Merriam Pointe and Merriam Village. Additionally, the City has provided incentives to developers for private construction. Although both projects have encountered numerous obstacles including the recent decline in retail development, the City continues to work with developers and believes that the projects will ultimately contribute to increased property values and increased sales taxes for Merriam.

Two new residential developments have been long-planned although construction has been slow to commence: the 45-unit Pointe at Prairie Haven townhomes and the 41-unit Timber Ridge single family homes development. The timing of construction for Prairie Haven townhomes is not known, but construction of model homes for the Timber Ridge development is anticipated in late 2010.

Long-term financial planning: The City of Merriam prepares five-year financial projections of its capital improvement program (CIP). The CIP includes stormwater drainage improvements for Shawnee Creek and Meyer Creek, bridge repairs for Shawnee Mission Parkway over Mastin, and upgrades to residential streets. The 2010-2015 plan includes projects totaling an estimated \$44 million — a significant amount for a city of Merriam's size. The City Council receives staff and citizen input on the prioritization of capital improvement needs which is used to set priorities in preparing the CIP.

The CIP is funded by sales tax transfers from the General Fund in accordance with Council policy, a dedicated city sales tax of ¼ cent, available tax increment, and supplemental grants from federal, state and county sources. Because the current ¼ cent city sales tax is set to expire in 2010, the City recently obtained

voter approval of a similar tax to be collected from 2011 through 2020. The current CIP plan calls for only one debt issue of \$1.5 million, because most projects will be completed on a “pay-as-you-go” basis.

Reserves and Contingencies: The City maintains a Reserve and Fund Balance Policy that requires General Fund reserves to equal or exceed the greater of 15% of budgeted revenues or 2 months of budgeted operating expenditures. As of December 31, 2009, General Fund reserves exceed requirements with 36.8% of budgeted revenues. The policy also requires that the Risk Management reserves equal or exceed 7.5% of General Fund budgeted revenues. Risk Management reserves ended the year at just 6.4% of budgeted revenues. City Council acknowledged a conflict with their policy in the preparation of the 2010 budget, with Risk Management reserves projected to equal 6.8% of budgeted revenues for 2010.

Relevant financial policies: There were no significant effects in the current year from the application of relevant financial policies.

Awards and Acknowledgments

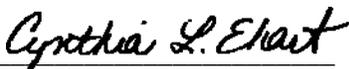
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Merriam for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the sixteenth consecutive 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.

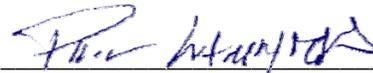
The City is also the recipient of the GFOA’s Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning January 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communication device. The Distinguished Budget Award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and we are submitting it to the GFOA to determine its eligibility for another award.

We offer special thanks to all City staff who contributed to preparing this report on a timely basis, particularly Trish Wertz, Accountant, and Christy Playter, Communications Coordinator.

We wish to acknowledge the support given by the Mayor and City Council for their interest in maintaining the highest standard of financial reporting. They have given particular emphasis to the planning and operations of the financial function of the City, resulting in a very responsible and progressive financial operation.



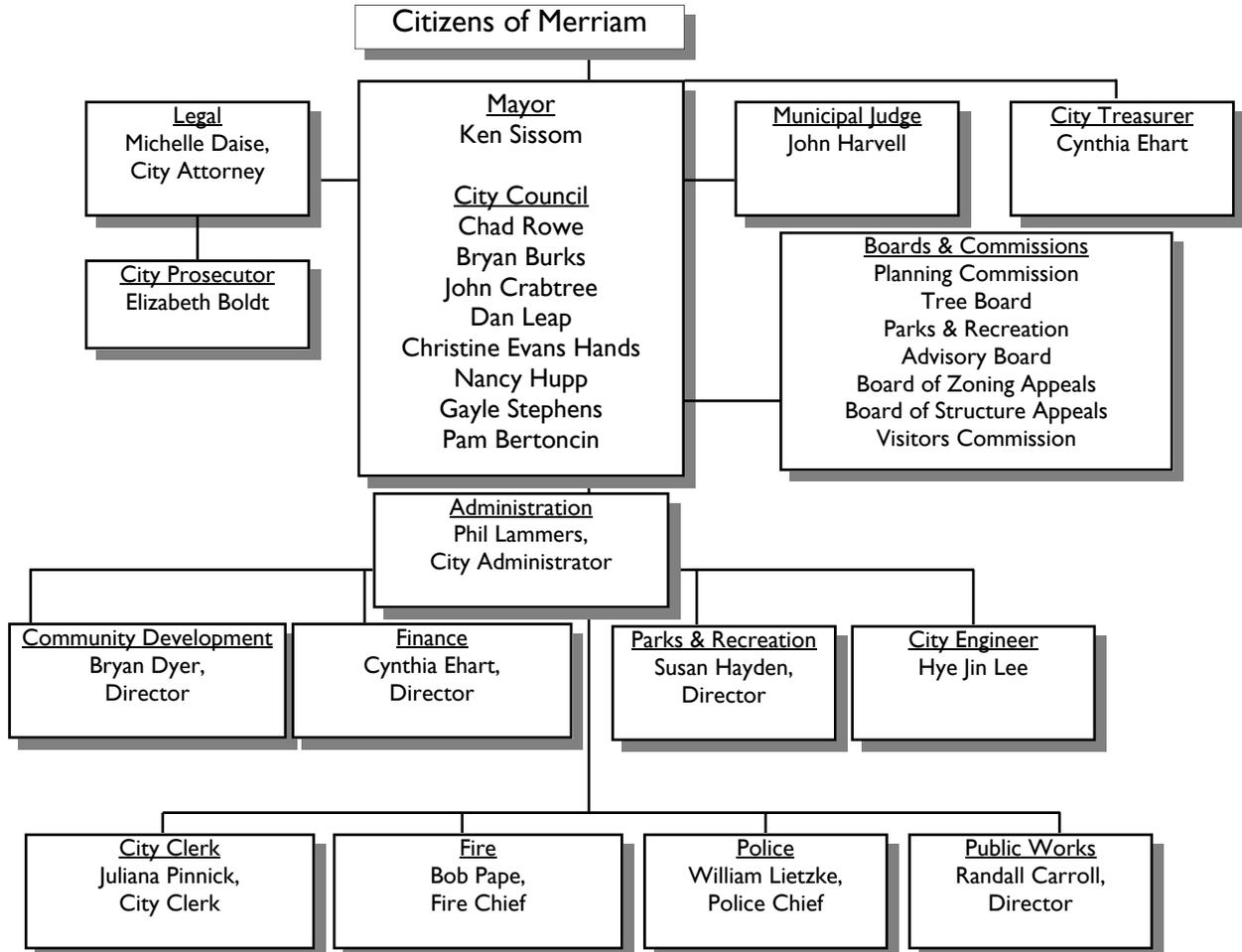
Cynthia Ehart
Finance Director



Phil Lammers
City Administrator



City Organizational Chart



PRINCIPAL OFFICIALS

MAYOR AND CITY COUNCIL	LENGTH OF SERVICE	TERM EXPIRES	POSITION
Ken Sissom	1 Year	2013	Mayor
Bryan Burks	7 Years	2011	Ward 1
Chad Rowe	5 Years	2013	Ward 1
Dan Leap	7 Years	2011	Ward 2
John Crabtree	5 Years	2013	Ward 2
Nancy Hupp	7 Years	2011	Ward 3
Christine Evans Hands	5 Years	2013	Ward 3
Pam Bertoncin	3 Years	2011	Ward 4
Gayle Stephens	9 Years	2013	Ward 4

APPOINTED OFFICIALS	POSITION	LENGTH OF SERVICE TO CITY	GOVERNMENT SERVICE
Phil Lammers	City Administrator	2	30
Bob Pape	Fire Chief	33	33
William Lietzke	Police Chief	30	30
Randy Carroll	Public Works Director	28	28
Susan Hayden	Parks & Recreation Director	20	24
Michelle Daise	City Attorney	10	13
Juli Pinnick	City Clerk	6	12
Cynthia Ehart	Finance Director / City Treasurer	6	6
Bryan Dyer	Community Development Director	2	10
Hye Jin Lee	City Engineer	1	9

Mission Statement: *Our primary values, as a city, are to achieve results and reach our goals exceeding the minimum and leaving things better than we found them. We strive to be the best and to serve the public fairly, honestly, and openly by working together with our citizens. We work to provide local government of unquestioned integrity with a conservative tone in our fiscal planning while providing first class service and facilities.*

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Merriam
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the City Council
City of Merriam, Kansas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Merriam, Kansas (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Merriam, Kansas as of December 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken 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 express no opinion on them.

Cudrey, Scord, McEwen & Mullaney

May 17, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Merriam's (the City) financial statements provides a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2009. This discussion follows guidelines prescribed by the Governmental Accounting Standards Board (GASB) Statement 34, which enhances comparability between governments. The information presented here should be read in conjunction with the accompanying basic financial statements and the notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$73,080,496 (net assets).
- The City's total net assets increased during this fiscal year by \$373,153, due in part to the completion of two park projects and in-process construction of street projects. The unrestricted net assets component declined due to the net addition of non-capital related TIF liabilities.
- At the close of 2009, the City's governmental funds reported combined ending fund balances of \$14,729,287, an increase of \$1,139,392 over the prior year. This was due to a less aggressive construction schedule for street and overlay projects and General Fund operating revenues exceeding expenditures.
- At the close of 2009, unreserved fund balance for the General Fund was \$4,912,154, or 49.5% of total General Fund operating expenditures.
- The City's total general obligation debt decreased by \$2,615,000 (12.5%) during 2009 due to repayment of outstanding debt. During the year, the City issued \$2,980,000 in general obligation bonds to refund an outstanding issue.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which include three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting, which means that the current year's revenues and expenses are recorded as they are earned or incurred, regardless of when cash is received or paid.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. These statements include infrastructure assets as well as all known liabilities, including long-term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* provides information detailing *how* the City's net assets changed during 2009.

Fund Financial Statements

A fund is a fiscal entity with a set of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to demonstrate compliance with legal requirements, such as state statutes or bond covenants. There are three types of funds: governmental, proprietary, and fiduciary. All of the City's funds are classified as governmental funds. Fund accounting focuses on 1) cash flow and how financial assets can readily be converted to available resources, and 2) the balances left at the end of the fiscal year for future spending. The focus is on the budgetary, short-term financial picture of the reported operations rather than on the longer term economic picture of the City as a whole.

Governmental funds are reported using the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Under this basis of accounting, revenues are recognized when they become measurable and available, and expenditures are generally recognized when the related fund liability is incurred. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Therefore, both the government-wide and fund financial statements present different useful aspects of the City's financial picture. They are designed to be compared and interpreted together. The reconciliations at the end of the fund financial statements detail the relationship and differences between the two types of financial statements.

Notes to the Basic Financial Statements

The notes to the basic financial statements are an integral part of the basic financial statements. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Supplementary Information

Required budgetary data related to the General Fund, combining statements for non-major governmental funds and fund budgetary schedules are presented immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets		
	Governmental Activities	
	2009	2008
Current and other assets	\$ 26,678,596	\$ 26,364,801
Capital assets	91,083,215	92,929,458
Total assets	117,761,811	119,294,259
Long-term liabilities	36,061,031	37,258,888
Other liabilities	8,620,284	9,328,028
Total liabilities	44,681,315	46,586,916
Net assets:		
Invested in capital assets, net of related debt	75,940,313	76,334,025
Restricted	4,471,514	3,144,552
Unrestricted	(7,331,331)	(6,771,234)
Total net assets	\$ 73,080,496	\$ 72,707,343

Analysis of Net Assets

As previously mentioned, net assets may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$73,080,496 at the close of 2009.

The largest portion of the City's net assets reflects its investment of \$75,940,313 in capital assets (e.g. land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. These assets are used on an ongoing basis to provide services to citizens, and are thus not available for future spending. The City's investment in its capital assets is reported net of related debt; however, the resources needed to repay this debt must come from other sources. The capital assets themselves cannot be liquidated to satisfy these liabilities.

An additional \$4,471,514 of the City's net assets represents resources that are subject to external restrictions on how they may be used. Assets restricted for capital projects include sales tax revenues and funds collected in the City's I-35 Redevelopment District restricted by statute for capital improvements.

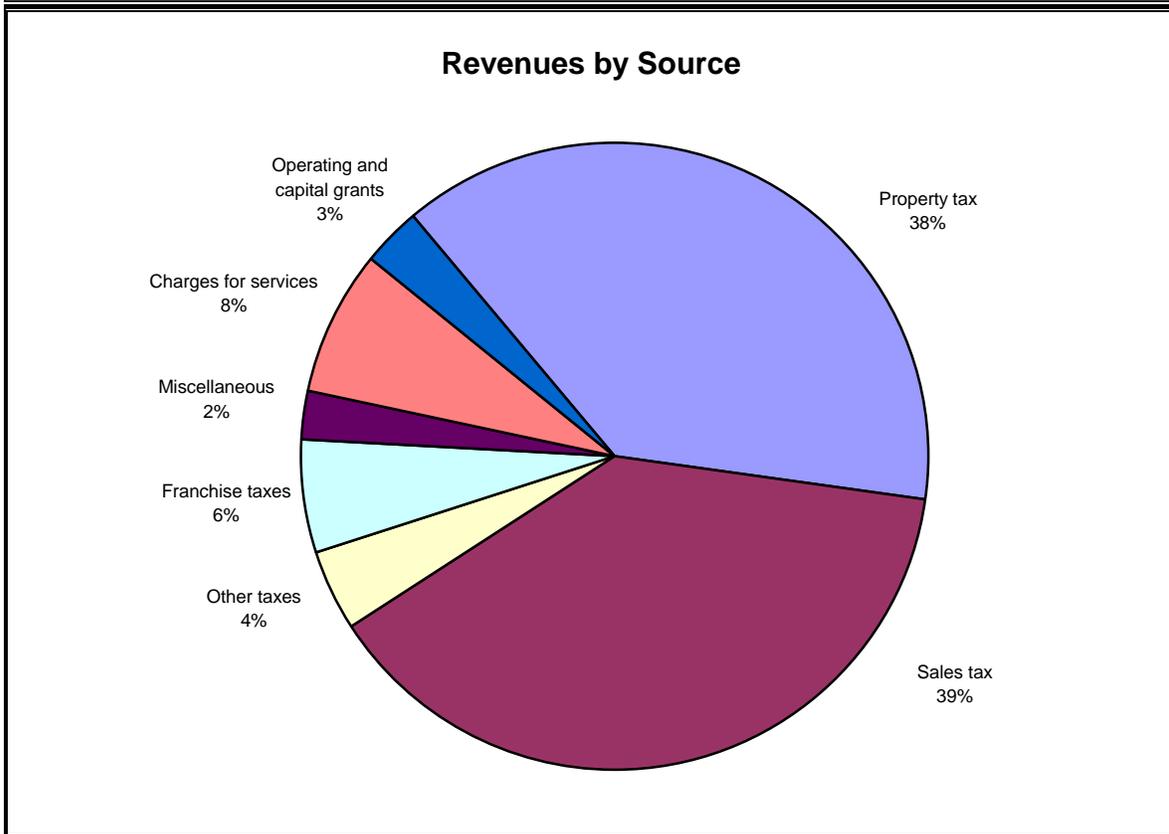
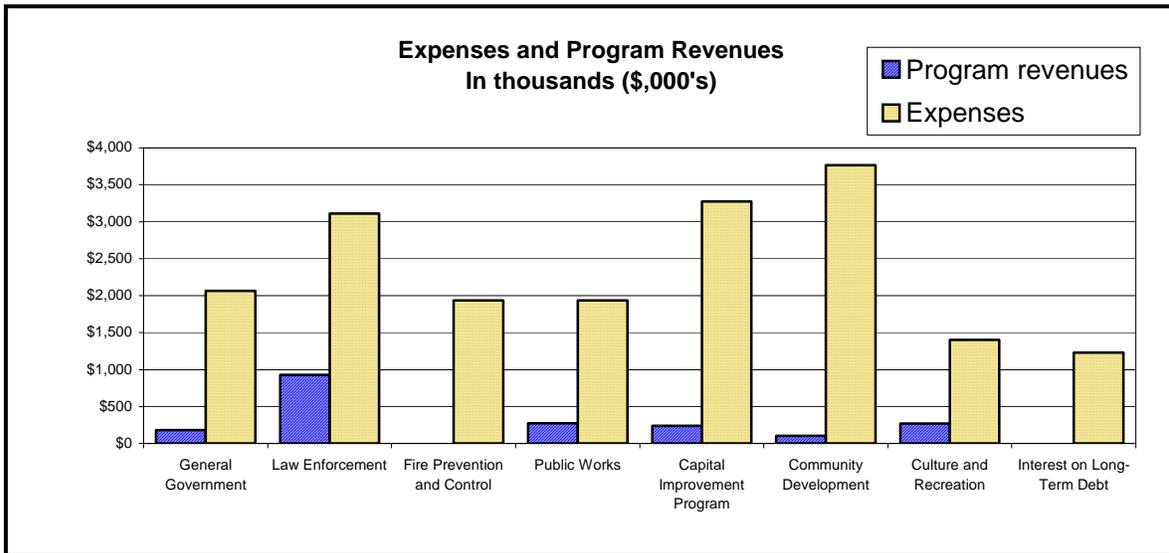
The portion of the City's net assets classified as unrestricted is (\$7,331,331). Were it not for \$17,096,410 in tax increment financing bonds and other contractual obligations, unrestricted net assets would be \$9,765,079. These bonds and contractual obligations are considered fully paid on their maturity date, regardless of the amount of principal or interest that may be outstanding, in the event that property tax increment revenues are insufficient to fully retire the debt. They do not correspond to any City-owned capital asset.

Condensed Statement of Changes in Net Assets		
	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 1,437,443	\$ 1,640,133
Operating grants and contributions	313,871	331,335
Capital grants and contributions	249,749	5,045,656
General revenues:		
Property taxes	7,339,108	6,249,826
Sales taxes	7,387,073	8,051,570
Other taxes	770,388	834,442
Franchise taxes	1,136,796	1,164,267
Miscellaneous	475,508	707,928
Total revenues	<u>19,109,936</u>	<u>24,025,157</u>
Expenses:		
General government	2,065,512	2,097,021
Law enforcement	3,107,819	3,255,207
Fire prevention and control	1,934,384	1,836,880
Public works	1,933,778	1,863,887
Capital improvement program	3,272,407	3,291,462
Community development	3,763,792	3,766,110
Health and welfare	27,746	19,885
Culture and recreation	1,402,631	1,512,621
Interest on long-term debt	1,228,714	1,423,509
Total expenses	<u>18,736,783</u>	<u>19,066,582</u>
Increase in net assets	373,153	4,958,575
Net assets - beginning of year	72,707,343	67,748,768
Net assets - end of year	<u>\$ 73,080,496</u>	<u>\$ 72,707,343</u>

Analysis of Changes in Net Assets

The City's net assets increased during the fiscal year by a total of \$373,153 including these changes:

- Unrestricted net assets declined by \$560,097 due to the addition of non-capital related TIF liabilities.
- Net assets restricted for capital projects increased by \$1,061,695 due to a less aggressive construction schedule combined with the continued collection of associated revenues.



The charts on the previous page illustrate Merriam's governmental expenses and program revenues by function, and revenues by source. Community development represents the largest portion of 2009 expenses, followed by the capital improvement program and law enforcement. Community development expenses include the addition of non-capital related TIF expenses for the Merriam Village redevelopment project; 2008 expenses included similar additions for the Merriam Point redevelopment project. Capital grants and contributions revenues for 2008 included \$3,500,000 of special assessments and \$1,175,350 of contributed assets, while no similar revenues were received in 2009. Other revenues and expense functions fall within anticipated ranges.

For governmental activities overall, sales taxes are the largest source of revenue (39%), followed by property taxes (38%).

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

At the end of 2009, the City's governmental funds reported combined ending fund balances of \$14,729,287. Unreserved fund balance is \$13,909,434 (94% of total), of which \$4,007,653 has been designated for subsequent year's expenditures, \$6,685,889 has been designated for capital improvement projects, with the remainder available to be spent at the City's discretion. Fund balances of \$819,853 have been previously committed and are therefore not available for spending.

The General Fund is the primary operating fund for the City. At the end of 2009, the total fund balance of the General Fund was \$4,914,094. Almost the entire amount is unreserved, with \$3,218,863 designated for subsequent year's expenditures, and \$1,693,291 available to be spent at the City's discretion.

The fund balance for the City's General Fund increased by \$394,343 during the fiscal year, primarily due to revenues exceeding expenditures. The increase was within expectations, and was due in part to an increase in the City mill levy and the receipt of workers' compensation insurance dividends. The increase was offset by increases in the cost of personal services.

The Capital Improvement Fund had an increase in fund balance of \$213,391, primarily due to delays in the construction schedule for the 47th Street and Drainage project. The project is scheduled for completion in 2010.

The fund balance in the I-35 Redevelopment District Fund increased by \$247,605 due to limited construction projects occurring within the district.

Other Governmental Funds increased by \$186,173 of which \$193,772 was attributable to the Special Highway Fund. That increase was due to the postponement of street overlay projects until 2010.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget was not amended during 2009; therefore the original budget and the final budget are the same.

Variations between the final budget and actual amounts are not expected to impact either liquidity or future services. The City budgets for reserves and contingency, but does not expect to expend more than a small amount of these funds. This creates a large positive budget variance each year. Personal services also show a positive variance due to budgeting for a full staff but actually having vacancies in some positions during the year. The budget for personal services includes various estimates for benefit rates including medical insurance and workers compensation, which vary from actual rates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, was \$91,083,215 as of December 31, 2009. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	Capital Assets (net of depreciation)	
	Governmental Activities	
	2009	2008
Land	\$ 12,603,732	\$ 12,603,732
Artwork	24,000	24,000
Construction in progress	1,928,328	861,838
Buildings	9,522,411	9,873,734
Improvements other than buildings	2,700,696	2,232,777
Equipment	2,439,162	2,483,009
Infrastructure	61,864,886	64,850,368
Total	<u>\$ 91,083,215</u>	<u>\$ 92,929,458</u>

Major capital additions in the current year include the completion of the Vavra Park pavilion, Vavra Park decorative water feature, and streetlight installations funded by Community Block Development Grants. Residential Street Group II was completed in spring 2010 but was in progress at year-end. Other construction in progress includes 47th Street and Drainage project, rehabilitation of the Shawnee Mission Parkway Bridge at Mastin Street, and Residential Streets Group III. Additional information about the City's capital assets can be found in Note 2 to the basic financial statements.

Long-Term Debt

At December 31, 2009 the City had total long-term bonds outstanding of \$27,063,972. This amount included \$18,375,000 of general obligation bonds backed by the full faith and credit of the City. The general obligation bonds include a 2009 refunding issue for \$2,980,000 on Series 2002 general obligation bonds. The refunding issue matched the maturity schedule for the original bonds, but will reduce interest expense due to lower interest rates. The City has an additional \$8,688,972 in outstanding special obligation tax increment revenue bonds. These bonds are repaid solely with property tax increment generated in the project area and do not constitute a general obligation of the City. The City also has tax increment contractual liabilities outstanding of \$8,407,438.

The City's total long-term bonds payable decreased by \$2,615,000 during the fiscal year due to principal reductions on outstanding bond issues.

Moody's Investor Services rated the City's five most recent bond issues A1. The City recently received a recalibrated (higher) rating of Aa2 on Moody's new Global Rating Scale.

Kansas statutes limit the amount of general obligation debt a governmental entity to 30% of its total assessed valuation. The current debt limitation for the City is \$52,534,242.

Additional information on the City's long-term debt can be found in Note 4 of the basic financial statements.

Outstanding Bonds
General Obligation and Revenue Bonds

	Governmental Activities	
	2009	2008
General obligation bonds	\$ 18,375,000	\$ 20,990,000
General obligation notes	-	-
Tax increment revenue bonds	3,575,450	4,775,450
Subordinate special obligation tax increment revenue bonds	5,113,522	5,113,522
Total	<u>\$ 27,063,972</u>	<u>\$ 30,878,972</u>

Economic Factors

The 2009 recession was responsible for a 3.6% reduction in net assessed property valuations and a 10% reduction in city sales tax collections. Preliminary property valuations for 2010 indicate additional declines will occur. Sales tax collections for early 2010 have been mixed but with the highest sales tax pull factor in Kansas, Merriam continues to serve a customer base of over 3 times its population. Although the market for new retail development is currently soft, the City offers significant area along Interstate-35 with potential for future development. The City has completed improvements to public infrastructure to facilitate such development and is working with developers in the following redevelopment projects in the Interstate-35 corridor:

- **Merriam Pointe:** In September 2004 the City entered into a redevelopment agreement with Merriam Pointe, LLC to redevelop a 35 acre parcel at the southwest corner of 67th Street and I-35 from a light industrial use to a 275,000 square foot retail center. The City has provided \$6.5 million in general obligation bond proceeds and \$2 million in other resources to assist with public infrastructure improvements and eligible redevelopment costs. Additionally the City has committed to provide an estimated \$1.942 million in future TIF increments from property taxes. The Merriam Pointe development team has encountered numerous obstacles in redevelopment of the site, with only one business opened to date. The developer has declared Chapter 11 bankruptcy and is seeking approval for a plan of reorganization. Obligations of the City and the developer continue under the agreement which was amended on September 11, 2009.
- **Merriam Village:** The City executed a redevelopment agreement in March 2005 with DDR Merriam Village, LLC to redevelop 34 acres at the southeast corner of Johnson Drive and I-35. This redevelopment plans to convert outdated residential uses to 300,000 square feet of retail space as well as condominiums and affordable senior housing. This project is adjacent to the established Merriam Town Center shopping area on the northeast corner of Johnson Drive and I-35. The new project will be a complementary expansion of the existing retail area into a regional shopping attraction. The City has committed \$5.9 million in general obligation bonds for public infrastructure improvements and \$2.05 million in other resources to assist with eligible redevelopment costs. Additionally the City has committed to provide an estimated \$3.737 million in future TIF increments from property taxes. Some construction activity has occurred, but no tenants have been announced and the timing of future construction is not known.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the City's finances for all interested parties. Questions concerning any of the information provided in the report or requests for additional information should be directed to the Finance Director, City of Merriam, 9000 W. 62nd Terrace, Merriam, KS 66202.

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BASIC
FINANCIAL STATEMENTS

City of Merriam, Kansas

Statement of Net Assets

December 31, 2009

	Governmental Activities
Assets	
Deposits and investments	\$ 13,895,606
Receivables - (net of allowance for uncollectibles):	
Property taxes	6,961,197
Sales and other taxes	1,381,987
Intergovernmental	121,321
Special assessments - current	407,365
Interest and other	143,883
Restricted investments	755,625
Special assessments - noncurrent	2,900,000
Bond issuance costs, net	111,612
Capital assets:	
Land and other capital assets, non-depreciable	14,556,060
Other capital assets, net of depreciation	76,527,155
Total assets	<u>117,761,811</u>
Liabilities	
Accounts and retainage payable	1,395,370
Accrued payroll and related liabilities	89,445
Unearned revenue	6,974,142
Accrued interest payable	161,327
Long-term liabilities:	
Due within one year	4,835,638
Due in more than one year	31,225,393
Total liabilities	<u>44,681,315</u>
Net Assets	
Invested in capital assets, net of related debt	75,940,313
Restricted for:	
Capital projects	3,659,829
Debt service	811,685
Unrestricted	(7,331,331)
Total net assets	<u>\$ 73,080,496</u>

See accompanying notes to the basic financial statements

City of Merriam, Kansas
Statement of Activities
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 2,065,512	\$ 182,052	\$ -	\$ -	\$ (1,883,460)
Law enforcement	3,107,819	896,337	20,366	25,238	(2,165,878)
Fire prevention and control	1,934,384	920	-	-	(1,933,464)
Public works	1,933,778	-	275,964	-	(1,657,814)
Capital improvement program	3,272,407	-	-	224,511	(3,047,896)
Community development	3,763,792	104,502	-	-	(3,659,290)
Health and welfare	27,746	-	-	-	(27,746)
Culture and recreation	1,402,631	253,632	17,541	-	(1,131,458)
Interest on long-term debt	1,228,714	-	-	-	(1,228,714)
Total primary government	\$ 18,736,783	\$ 1,437,443	\$ 313,871	\$ 249,749	(16,735,720)

General revenues:

Taxes:	
Property taxes, levied for general purposes	3,600,888
Property taxes, levied for debt service	3,738,220
Sales taxes	7,387,073
Transient guest taxes	306,165
Franchise taxes	1,136,796
Tax increment financing replacement taxes	464,223
Intergovernmental not restricted to a specific program	17,541
Investment earnings	277,877
Miscellaneous	180,090
Total general revenue	<u>17,108,873</u>
Change in net assets	373,153
Net assets-beginning of year	<u>72,707,343</u>
Net assets-end of year	<u>\$ 73,080,496</u>

See accompanying notes to the basic financial statements

City of Merriam, Kansas

Balance Sheet
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Capital Improvements</u>	<u>I-35 Redevelopment District</u>
Assets:			
Deposits and investments	\$ 4,363,442	\$ 4,751,149	\$ 2,180,946
Receivables (net of allowance for uncollectibles)			
Property tax	3,250,000	-	-
Sales and other taxes	1,145,578	168,268	-
Intergovernmental	-	47,093	-
Interest and miscellaneous	12,945	21,479	20,329
Special assessments	-	-	-
Due from other funds	24,117	-	-
Restricted investments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 8,796,082</u>	<u>\$ 4,987,989</u>	<u>\$ 2,201,275</u>
 Liabilities:			
Accounts and retainage payable	\$ 529,598	\$ 366,895	\$ 121,363
Accrued payroll	89,445	-	-
Deferred revenue	3,262,945	-	-
Due to other funds	-	15,117	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,881,988</u>	<u>382,012</u>	<u>121,363</u>
 Fund balances:			
Reserved for encumbrances	1,940	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures -			
General fund	3,218,863	-	-
Non-major special revenue funds	-	-	-
Designated for capital improvements	-	4,605,977	2,079,912
Undesignated	1,693,291	-	-
Undesignated reported in non-major funds:			
Special revenue funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>4,914,094</u>	<u>4,605,977</u>	<u>2,079,912</u>
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Total liabilities and fund balances	<u>\$ 8,796,082</u>	<u>\$ 4,987,989</u>	<u>\$ 2,201,275</u>

See accompanying notes to the basic financial statements

General Obligation Bonds	Tax Increment Revenue Bonds	Tax Increment Contractual Liability	Other Governmental Funds	Total Governmental Funds
\$ 61,646	\$ -	\$ 333,748	\$ 2,204,675	\$ 13,895,606
307,000	1,490,216	1,913,981	-	6,961,197
-	-	-	68,141	1,381,987
-	-	-	74,228	121,321
-	-	613	17,142	72,508
3,350,515	-	-	-	3,350,515
-	-	-	-	24,117
-	755,625	-	-	755,625
<u>\$ 3,719,161</u>	<u>\$ 2,245,841</u>	<u>\$ 2,248,342</u>	<u>\$ 2,364,186</u>	<u>\$ 26,562,876</u>
\$ -	\$ -	\$ 333,748	\$ 43,766	\$ 1,395,370
-	-	-	-	89,445
3,657,515	1,490,216	1,913,981	-	10,324,657
-	-	-	9,000	24,117
<u>3,657,515</u>	<u>1,490,216</u>	<u>2,247,729</u>	<u>52,766</u>	<u>11,833,589</u>
-	-	-	29	1,969
61,646	755,625	613	-	817,884
-	-	-	-	3,218,863
-	-	-	788,790	788,790
-	-	-	-	6,685,889
-	-	-	-	1,693,291
-	-	-	1,522,601	1,522,601
<u>61,646</u>	<u>755,625</u>	<u>613</u>	<u>2,311,420</u>	<u>14,729,287</u>
<u>\$ 3,719,161</u>	<u>\$ 2,245,841</u>	<u>\$ 2,248,342</u>	<u>\$ 2,364,186</u>	<u>\$ 26,562,876</u>

See accompanying notes to the basic financial statements

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City of Merriam, Kansas
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 December 31, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Ending fund balances - total governmental funds	\$ 14,729,287
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Net Assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets</p>	
	91,083,215
<p>Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements</p>	
	3,378,740
<p>Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as liabilities within the fund financial statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Discounts, premiums, and bond issuance costs are reported in the governmental fund financial statements when the debt was issued, whereas these amounts are deferred and amortized over the life of the debt in the government-wide financial statements. Balances as of December 31, 2009 are:</p>	
Bond issuance costs, net	111,612
Accrued interest payable	(161,327)
Long-term liabilities	<u>(36,061,031)</u>
Total net assets of governmental activities	<u><u>\$ 73,080,496</u></u>

City of Merriam, Kansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	<u>General</u>	<u>Capital Improvements</u>	<u>I-35 Redevelopment District</u>
Revenues:			
Ad valorem taxes	\$ 3,600,888	\$ -	\$ -
Tax increment financing replacement taxes	-	-	-
Special assessments	-	-	-
Sales tax	6,305,420	1,081,653	-
Transient guest tax	-	-	-
Intergovernmental	17,541	224,511	-
Licenses, permits and fees	286,554	-	-
Franchise taxes	1,136,796	-	-
Charges for services	237,396	-	-
Fines, forfeitures and penalties	891,222	-	-
Use of money and property	12,488	68,539	46,616
Miscellaneous	167,739	937	-
Total revenues	<u>12,656,044</u>	<u>1,375,640</u>	<u>46,616</u>
Expenditures:			
Current:			
General government	1,844,305	-	-
Law enforcement	2,925,839	-	-
Fire prevention and control	1,810,732	-	-
Public works	1,691,079	-	-
Capital improvement program	-	28,558	-
Community development	589,251	-	-
Health and welfare	27,746	-	-
Culture and recreation	1,031,158	-	-
Capital outlay	-	1,611,063	351,741
Debt service:			
Principal retirements	-	-	-
Interest, fiscal charges and issue costs	-	41,600	-
Total expenditures	<u>9,920,110</u>	<u>1,681,221</u>	<u>351,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,735,934</u>	<u>(305,581)</u>	<u>(305,125)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Issuance of refunding bonds	-	2,980,000	-
Premium on refunding bonds	-	63,946	-
Redemption of refunded bonds	-	(3,000,000)	-
Transfers in	245,000	3,058,446	1,625,099
Transfers out	(2,586,591)	(2,583,420)	(1,072,369)
Total other financing sources (uses)	<u>(2,341,591)</u>	<u>518,972</u>	<u>552,730</u>
Net change in fund balances	394,343	213,391	247,605
Fund balances, beginning of year	<u>4,519,751</u>	<u>4,392,586</u>	<u>1,832,307</u>
Fund balances, end of year	<u>\$ 4,914,094</u>	<u>\$ 4,605,977</u>	<u>\$ 2,079,912</u>

See accompanying notes to the basic financial statements

General Obligation Bonds	Tax Increment Revenue Bonds	Tax Increment Contractual Liability	Other Governmental Funds	Total Governmental Funds
\$ 351,706	\$ 1,569,365	\$ 1,817,149	\$ -	\$ 7,339,108
-	206,722	257,501	-	464,223
278,004	-	-	-	278,004
-	-	-	-	7,387,073
-	-	-	306,165	306,165
-	-	-	324,109	566,161
-	-	-	-	286,554
-	-	-	-	1,136,796
-	-	-	21,767	259,163
-	-	-	505	891,727
2,490	162	-	24,335	154,630
-	-	-	320	168,996
<u>632,200</u>	<u>1,776,249</u>	<u>2,074,650</u>	<u>677,201</u>	<u>19,238,600</u>
-	-	14,724	64,961	1,923,990
-	-	-	106,519	3,032,358
-	-	-	38,853	1,849,585
-	-	-	301,096	1,992,175
-	-	-	-	28,558
-	-	-	90,270	679,521
-	-	-	-	27,746
-	-	-	118,944	1,150,102
-	-	-	-	1,962,804
2,595,000	1,200,000	454,149	-	4,249,149
756,410	273,406	190,365	-	1,261,781
<u>3,351,410</u>	<u>1,473,406</u>	<u>659,238</u>	<u>720,643</u>	<u>18,157,769</u>
(2,719,210)	302,843	1,415,412	(43,442)	1,080,831
-	-	-	14,615	14,615
-	-	-	-	2,980,000
-	-	-	-	63,946
-	-	-	-	(3,000,000)
2,723,934	-	-	450,000	8,102,479
-	(206,722)	(1,418,377)	(235,000)	(8,102,479)
<u>2,723,934</u>	<u>(206,722)</u>	<u>(1,418,377)</u>	<u>229,615</u>	<u>58,561</u>
4,724	96,121	(2,965)	186,173	1,139,392
56,922	659,504	3,578	2,125,247	13,589,895
<u>\$ 61,646</u>	<u>\$ 755,625</u>	<u>\$ 613</u>	<u>\$ 2,311,420</u>	<u>\$ 14,729,287</u>

See accompanying notes to the basic financial statements

City of Merriam, Kansas
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	1,139,392
<p>Governmental funds report capital outlays as expenditures in the year acquired. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.</p>		
Capital additions		2,218,535
Depreciation expense		(4,076,256)
Contribution of capital assets are reported as capital contributions in the Statement of Activities		15,000
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Disposition of assets		(3,522)
Change in deferred revenue and interest on special assessments		(154,757)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from the issuance of debt		(3,043,946)
Principal payments		7,249,149
Accrued interest expense		4,808
Bond premium amortization		8,483
Deferred amount on refunding amortization		(1,630)
Bond issuance costs, net		21,406
<p>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.</p>		
TIF contractual liability		(3,003,567)
Change in compensated absences		434
Other post employment benefits		(376)
Total changes in net assets of governmental activities	\$	373,153

See accompanying notes to the basic financial statements

**NOTES TO THE
BASIC
FINANCIAL STATEMENTS**

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Note 1: Summary of Significant Accounting Policies

The City of Merriam, Kansas (the City), was incorporated as a third class city on October 28, 1950 and was made a second class city on January 18, 1957. The City, with a population of 10,814, is located in northeast Johnson County and covers 4.5 square miles.

The City operates under a non-partisan Mayor-Council form of government with the addition of a City Administrator. The Mayor is elected on an at-large basis and serves a four year term. The eight Council Members are elected by ward (two represent each of four wards) and serve four year terms of office. The City Administrator is appointed by the Mayor and City Council as the chief administrative officer of the City and is charged with the efficient and effective administration of the City.

The City provides a host of services including general government, law enforcement, fire prevention and control, public works, community development, health and welfare, and cultural and recreation.

The accounting and reporting policies of the City of Merriam, Kansas conform to accounting principles generally accepted in the United States of America. The more significant accounting and reporting policies and practices employed by the City are as follows:

A. Reporting Entity

Generally accepted accounting principles require that the basic financial statements present the City (the primary government) and its component units. Component units are required to be included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Based on the evaluation criteria, there are no component units related to the City which should be accounted for in the basic financial statements.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Eliminations of interfund charges and balances have been made in these statements to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program of the governmental activities. Direct expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

The City's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities. At December 31, 2009, net assets invested in capital assets, net of related debt, excludes \$65,685 of unspent debt proceeds.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The major governmental funds of the City are described below:

General Fund is the main operating fund of the City which accounts for all financial transactions not accounted for in other funds. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are financed through revenues received by the General Fund.

Capital Improvement Fund is used to account for all monies derived from 50% of the City 1% sales tax, 100% of special sales taxes, grants and contributions of outside agencies used to finance infrastructure improvements in the City.

I-35 Redevelopment District is used to account for all monies derived from property tax incremental financing (TIF) revenue received from properties located in a redevelopment district.

General Obligation Bonds Fund is used to account for resources to be used for the payment of principal, interest and related costs of the general obligation bonds and certain other long-term obligations of the City.

Tax Increment Revenue Bonds Fund is used to account for revenues received from the property tax increment of a tax increment financing (TIF) project to be used for the payment of principal, interest and related costs of the revenue bonds that financed improvements within the district.

Tax Increment Contractual Liability Fund is used to account for revenues received from the property tax increments of tax increment financing (TIF) projects to be used for the payment of contractual obligations to certain entities that have made improvements within the district.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, sales tax, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Governmental Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (collectible within the current year or within two months of year-end and available to pay obligations of the current period). This includes investment earnings and state-levied locally shared taxes (including motor fuel taxes). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property taxes and special assessments receivable are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt, which have not matured are recognized when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Budgetary Basis Accounting and Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specially exempted by statute), and the General Obligation Debt Service Fund. An annual operating budget is not required for the Special Law Enforcement special revenue fund under the statutory exemption. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- (1) Preparation of the budget for the succeeding calendar year on or before August 1st.
- (2) Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
- (3) Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- (4) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at any time. There were no budget amendments in 2009.

The statutes establish the overall budget level of control at the fund level by prohibiting expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. City Council approval is required for overexpenditures or transfers of personal services line items. The City Administrator is authorized to approve overexpenditures or transfers of budgeted appropriations of all other individual departmental line items. Also, management may not amend a fund's budgeted expenditures without Council approval. Spending in funds that are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments such as purchase orders or contracts.

Property Taxes Receivable

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as deferred revenues on the balance sheets of the appropriate funds. It is not practical to apportion delinquent taxes held by the County Treasurer as of December 31, 2009. Estimated delinquencies are insignificant and have not been recorded.

Deposits and Investments

The disclosures that follow have been prepared in accordance with the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes disclosure requirements for investment and deposit risks related to credit risk, concentrations of credit risk, interest rate risk, and foreign currency risk.

The City pools temporarily idle cash from all funds for investments purposes. Each fund's portion of the pool is shown on the Statement of Net Assets as deposits and investments. Deposits during the year included cash in interest bearing and demand bank accounts. Interest is allocated to each fund based on the respective invested balance.

As permitted by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City reflects investments with a maturity of one year or longer at the time of purchase at fair value and those maturing in less than one year at the time of purchase at amortized cost, which approximates fair value. Investments carried at amortized cost consist of \$2,361,979 of United States Treasury Bills.

City of Merriam, Kansas
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A summary of the carrying values of deposits, investments and petty cash at December 31, 2009 is as follows:

Total deposits		\$	5,785,785
Total investments			8,860,496
Petty cash			4,950
Total			\$ 14,651,231

Investments include \$755,625 of money market funds held by the trustee which are restricted for debt service on the tax increment revenue bonds.

Investment Policies

The City's investment policies follow state statutes which limit the types of investments it may utilize. Allowable investments generally include United States Treasury bills or notes with maturities not exceeding two years, repurchase agreements and the Kansas State Municipal Investment Pool. In addition, bond proceeds and capital project and equipment reserve funds may be invested in United States government agency securities, money market mutual funds that invest in United States government or agency securities and certain Kansas municipal obligations.

The carrying amount, maturity segment and ratings for the City's investments at December 31, 2009 are as follows:

Investment	Fair Value	Investment Maturity		Rating
		Under one year	One to three years	
U.S. Treasury Bills	\$ 2,361,979	\$ 2,361,979	\$ -	AAA
Federal Home Loan Bank	3,372,081	467,450	2,904,631	AAA
Federal Farm Credit Bank	998,125	-	998,125	AAA
Freddie Mac	1,372,686	-	1,372,686	AAA
Federated U.S. Treasury Money Market Fund	755,625	755,625	-	AAAm
	\$ 8,860,496	\$ 3,585,054	\$ 5,275,442	

Credit Risk

The statutory limitations on the allowable investments under the City's policy inherently reduce its credit risk. Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. The ratings shown above are by Standard & Poor's as of year end for each investment.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. For deposits, the City follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts, and that the collateral be held in safekeeping in the City's name at other than the depository financial institution. To comply with the statutes, the City requires the issuance of joint custody receipts as evidence of the pledged collateral. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the

City of Merriam, Kansas
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possession of an outside party. The City's investment policy requires that securities be held by the City's agent.

At December 31, 2009, the City's deposits were covered by Federal depository insurance or were fully collateralized by securities held by the City's agent in the City's name.

At December 31, 2009, the U.S. Treasury Bills and U.S. Government agency securities were held by the City's financial institution in the City's name.

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the City's investment policy follows state statutes which generally limit investment maturities to two years. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

Concentration of Credit Risk

The City's investment policies limit the amounts that can be invested in certain investment types and include having no more than 25% invested in Kansas municipal securities and 50% in certificates of deposit. Investments that represent more than 5% of the City's investments consist of the Federal Home Loan Bank, Federal Farm Credit Bank, and the Freddie Mac U.S. Government agency securities.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (i.e. roads, street lights, storm sewers, etc.), are reported in the applicable governmental activities column in the government-wide financial statements. In the governmental fund statements, capital assets are charged to expenditures as purchased. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial individual cost of \$5,000 or more (\$100,000 for streets and bridges, \$25,000 for sidewalks, parking lots, jogging trails, and drainage structures) and a useful life greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Assets, which have been acquired with funds received through federal grants, must be used in accordance with the terms of the grant.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	5-20 years
Equipment	3-20 years
Infrastructure	20-50 years

Fully depreciated capital assets are included in the capital asset accounts until their disposal.

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Compensated Absences

The City's policies allow up to 240 hours of vacation leave to be carried over into the next year for full-time employees and 336 hours for firefighters. This carryforward is payable upon separation from service. The liability of \$361,279 for vacation leave at December 31, 2009 is reported in the government-wide financial statements, but not in the governmental fund financial statements as it is not estimated to be payable from expendable available resources.

Sick leave is earned at the rate of one day per month for full-time employees and one-half shift day per month for firefighters, with a maximum accumulation of 520 hours for full-time employees and 720 hours for fire department shift personnel. Upon separation from service due to retirement, employees are compensated for 30% of the accumulated balance. The liability of \$165,237 for sick leave at December 31, 2009 is reported in the government-wide financial statements, but not in the governmental fund financial statements as it is not estimated to be payable from expendable available resources.

Reserves and Designations of Fund Balances

Reserves are reported in the various funds in the fund financial statements to indicate that a portion of the fund balance is restricted by law or contract for a specific purpose. The amount of unreserved fund balance designated for subsequent year's expenditures represents the amount of fund balance available for appropriation that has been designated for the adopted 2010 budget.

Use of 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 expenditures during the reporting period. Actual results could differ from those estimates.

City of Merriam, Kansas
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Note 2: Capital Assets

A summary of changes in capital assets for the year follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,603,732	\$ -	\$ -	\$ 12,603,732
Artwork	24,000	-	-	24,000
Construction in progress	861,838	1,860,181	793,691	1,928,328
Total capital assets not being depreciated	<u>13,489,570</u>	<u>1,860,181</u>	<u>793,691</u>	<u>14,556,060</u>
Capital assets being depreciated:				
Buildings	12,989,976	-	-	12,989,976
Improvements other than buildings	3,682,863	667,387	-	4,350,250
Equipment	5,114,259	343,914	262,490	5,195,683
Infrastructure	100,048,034	155,744	20,504	100,183,274
Total capital assets being depreciated	<u>121,835,132</u>	<u>1,167,045</u>	<u>282,994</u>	<u>122,719,183</u>
Less accumulated depreciation for:				
Buildings	3,116,242	351,323	-	3,467,565
Improvements other than buildings	1,450,086	199,468	-	1,649,554
Equipment	2,631,250	384,239	258,968	2,756,521
Infrastructure	35,197,666	3,141,226	20,504	38,318,388
Total accumulated depreciation	<u>42,395,244</u>	<u>\$ 4,076,256</u>	<u>\$ 279,472</u>	<u>46,192,028</u>
Total capital assets being depreciated, net	<u>79,439,888</u>			<u>76,527,155</u>
Governmental activity capital assets, net	<u>\$ 92,929,458</u>			<u>\$ 91,083,215</u>

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

General government	\$ 158,356
Law enforcement	181,932
Fire prevention and control	79,309
Public works	145,925
Capital improvement program	3,141,226
Community development	77,772
Culture and recreation	291,736
Total depreciation expense	<u>\$ 4,076,256</u>

City of Merriam, Kansas
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Note 3: Special Assessments

As required by state statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments. The City's special assessment taxes are levied over the ten year term of the bonds and the annual installments are due and payable with annual ad valorem property taxes. Liens may be foreclosed against the property benefited by the special assessments when delinquent assessments are two years in arrears. At December 31, 2009, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Debt Service Fund with a corresponding amount recorded as deferred revenue in the fund financial statements. Special assessments receivable at December 31, 2009 are as follows:

Current	\$ 407,365
Noncurrent	<u>2,900,000</u>
 Total	 <u><u>\$ 3,307,365</u></u>

Note 4: Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2009:

	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Amounts Due Within One Year
General obligation bonds to be paid with:					
Tax levies	\$ 17,345,000	\$ 2,980,000	\$ 5,160,000	\$ 15,165,000	\$ 2,250,000
Special assessments	3,500,000	-	290,000	3,210,000	310,000
General obligation notes	145,000	-	145,000	-	-
Unamortized premium	15,182	63,946	8,483	70,645	-
Deferred amount on refunding	-	(15,076)	1,630	(13,446)	-
Tax increment revenue bond	4,775,450	-	1,200,000	3,575,450	1,300,000
Subordinate special obligation tax increment revenue bond	5,113,522	-	-	5,113,522	-
Tax increment contractual liabilities	5,832,254	3,029,333	454,149	8,407,438	584,638
Claims and judgements	5,000	3,230	3,230	5,000	5,000
Compensated absences*	526,950	340,429	340,863	526,516	386,000
Net OPEB obligation	530	376	-	906	-
Total governmental activity debt	<u>\$ 37,258,888</u>	<u>\$ 6,402,238</u>	<u>\$ 7,603,355</u>	<u>\$ 36,061,031</u>	<u>\$ 4,835,638</u>

* Compensated absences typically have been liquidated in the General Fund

City of Merriam, Kansas
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The general obligation bonds to be paid with tax levies were issued to construct or acquire capital assets.

General obligation bonds outstanding at December 31, 2009 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2009
Internal improvements:					
Series 2003	11/15/03	2.9-3.5%	\$ 4,985,000	10/01/13	\$ 4,305,000
Series 2004	12/1/04	2.95-3.5%	3,000,000	10/01/14	2,180,000
Series 2005	11/15/05	3.55-5.0%	5,900,000	10/01/23	5,700,000
Series 2008	9/15/08	3.25-3.75%	3,500,000	10/01/18	3,210,000
Series 2009	9/1/09	2.00-3.00%	2,980,000	10/01/12	2,980,000
			<u>\$ 20,365,000</u>		<u>\$ 18,375,000</u>

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2009 are as follows:

Year	Governmental		Special Assessments		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,250,000	\$ 515,008	\$ 310,000	\$ 112,900	\$ 2,560,000	\$ 627,908
2011	2,340,000	439,543	320,000	102,050	2,660,000	541,593
2012	2,455,000	375,588	330,000	90,850	2,785,000	466,438
2013	2,560,000	301,770	340,000	79,300	2,900,000	381,070
2014	1,280,000	207,765	355,000	67,400	1,635,000	275,165
2015 - 2019	2,030,000	677,002	1,555,000	144,312	3,585,000	821,314
2020 - 2023	2,250,000	227,634	-	-	2,250,000	227,634
Total	<u>\$ 15,165,000</u>	<u>\$ 2,744,310</u>	<u>\$ 3,210,000</u>	<u>\$ 596,812</u>	<u>\$ 18,375,000</u>	<u>\$ 3,341,122</u>

On September 15, 2008, the City issued \$3,500,000 General Obligation Bonds, Series 2008 to retire temporary notes issued to finance the cost of improvements in the West Frontage Road Benefit District, which is located in the I-35 Redevelopment District. The notes were issued as part of a redevelopment agreement dated September 15, 2004. In connection with this agreement, the benefit district was established to levy special assessments in order to provide for the repayment of the notes.

These bonds are to be retired from the special assessments levied on the property that benefited from the improvements. As provided for by state statute, if the assessments are not sufficient due to delinquencies, the deficiency is payable from ad valorem property taxes.

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On September 1, 2009, the City issued \$2,980,000 in General Obligation Refunding Bonds, Series 2009 with an average interest rate of 2.33% to currently refund the \$3,000,000 of outstanding Series 2002 bonds with an average interest rate of 3.78%. Net proceeds of \$3,000,000, including the issuance premium and after the payment of issuance costs, were used to call and redeem the Series 2002 bonds on October 1, 2009.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$15,076. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized through the year 2012. The City completed the refunding to reduce its total debt service payments over the next three years by \$117,517 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$113,957.

Tax Increment Revenue Bonds

On March 27, 1995 the City established a redevelopment district for the purpose of financing redevelopment projects in blighted areas within the City. Kansas statutes provide for the establishment of these districts to encourage and promote development in blighted areas and enterprise zones and limit the use of the bond proceeds to finance the costs that the City would be eligible to incur, primarily land acquisition and infrastructure improvements.

On February 26, 1996 the City entered into an agreement with Developers Diversified Realty Corporation (the Developer) for the redevelopment of certain property into a commercial and retail shopping center. On April 1, 1996, the City issued \$9,675,450 in Tax Increment Revenue Bonds Series 1996 (the Bonds) in connection with the establishment of the redevelopment district. The Developer purchased the Bonds. The Bonds are special obligations of the City and are payable solely from the real property tax increment received by the City from properties located in the redevelopment district. Real property tax increment received by the City is required to be deposited in a Bond Fund maintained by United Missouri Bank, N.A. (the original trustee). Principal and interest payments on the Bonds are due on February 1 and August 1 of each year, until maturity. If the Bonds have not been paid and redeemed in full prior to February 1, 2016, the final maturity date, then the Bonds will be deemed to be paid in full upon payment to the registered owners by the original trustee of the amount then on deposit in the Bond Fund. (Through December 2001 the annual property tax increment received by the City had only been sufficient to pay a portion of the interest on the Bonds.) In accordance with the Trust Indenture Agreement, interest accrued and unpaid on the semi-annual payment dates is added to the principal amount of the Bonds.

On December 14, 2001 the Bonds were restructured and reissued pursuant to a supplemental trust indenture agreement between the City and J. P. Morgan Trust Company, National Association (the successor Trustee). Prior to the restructuring and reissuance the amount outstanding on the Bonds was \$14,788,972, which included the original principal amount of \$9,675,450 plus accrued and unpaid interest of \$5,113,522, which had been compounded as principal.

The City has restructured certain provisions of the Bonds by lowering the interest rate from 10.35% to 6.9%, eliminating the compounding of the accrued and unpaid interest on the Bonds as principal and reducing the principal amount of the Bonds to the original principal amount of \$9,675,450. The restructured Bonds mature February 1, 2016, with principal payments to be applied from the excess tax increment, which is any amount available after payment of interest on the Bonds on the principal payment date. Since the principal and interest amounts are based on future tax collections, it is not practical to present the debt service requirements to maturity for this issue. The compounded interest has been restructured and reissued as a separate bond designated as the Subordinate Special Obligation Tax Increment Revenue Bond, Series 1996 A (the Subordinate Bond). The Subordinate Bond matures February 1, 2016 and is a non-interest bearing obligation

City of Merriam, Kansas
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payable solely from excess tax increment finance revenues as defined in the supplemental indenture; and following payment in full of the Bonds.

The Bonds and Subordinate Bond do not constitute a general obligation of the City and are excluded from its statutory debt limitation. The City's only obligation is to remit the property tax increment received each year over the twenty-year term of the Bonds to the successor Trustee.

The bonds are deemed fully paid on their maturity date, regardless of the amount of principal or interest that may be outstanding in the event the property tax increment revenues are not sufficient to fully retire the debt. For 2009, principal and interest paid and incremental tax revenues were \$1,473,406 and \$1,569,365, respectively.

Tax Increment Contractual Obligations

On August 22, 1994 the City established the I-35 Redevelopment District (the District) pursuant to Kansas Statute Annotated 12-1771. Real property taxes produced from that portion of the current assessed valuation of real property within the District in excess of the base year assessed valuation (the tax increment) are reported as ad valorem taxes in the Tax Increment Contractual Liability Debt Service Fund. These ad valorem taxes can be used to pay for the redevelopment project costs, including the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds.

In prior years, the City entered into contractual agreements with four private entities to reimburse them for certain eligible land and land improvement costs, plus interest, fixed at the prime rate at the time the agreement was executed. The agreements limit the total reimbursement to \$3,384,279, plus interest, at fixed rates from 6.00% to 8.25%. The reimbursements are made solely from the property tax increment derived from each property over the seventeen to twenty year terms of the agreements. In accordance with these agreements, interest accrued and unpaid when due is added to the principal amount of the contractual obligation. For the year ended December 31, 2009, \$25,766 of unpaid interest has been added to the principal amount on these obligations. If the increments are not sufficient to fully reimburse the costs and interest, the City will have no further obligation to the entities.

Eligible costs as allowed by state statute were certified to the City under the terms of the most recent development agreement in the District which was entered into on March 28, 2005. The City is to reimburse these eligible costs from the project's future tax increments over the remaining sixteen-year term of the agreement, and the resulting contractual liability for these reimbursable costs has been reflected in the 2009 government-wide financial statements. This obligation does not bear interest and is payable solely from the future increments generated over the remaining term of the agreement.

The portion of the tax increments during 2009 used to reimburse these private entities is recorded as principal and interest expenditures in the Tax Increment Contractual Liability Fund. Any ad valorem tax increment collected in excess of the amount required to service the debt under the contractual agreements is transferred to the I-35 Redevelopment District Capital Project Fund and is designated for other improvements within the District. Excess collections of \$1,418,377 were transferred to the I-35 Redevelopment District Capital Project Fund during the year ended December 31, 2009.

In connection with another redevelopment agreement in the District dated September 15, 2004, the City has agreed to reimburse up to \$6,750,000 of eligible costs over the remaining fifteen-year term of the agreement, provided the developer has met certain conditions, including the certification of eligible costs and a specified percentage of construction by September 15, 2009. The construction

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percentage requirement was extended until September 15, 2012 under the terms of a September 11, 2009 amendment to the agreement. Since that time, the developer filed for bankruptcy protection under Chapter 11 of the United States Code. Although certain eligible costs were certified by the developer to the City in 2008 and reflected as a contractual liability at that time, their ability to meet the extended construction requirement remains uncertain. The effect of this uncertainty and the bankruptcy filing on the future reimbursement of eligible costs is unknown. This obligation does not bear interest and is payable solely from the future increments generated over the remaining term of the agreement.

Conduit Debt

The City has issued various industrial revenue bonds to provide capital financing to private entities, which are not component units of the City. The City has no obligation for this debt which is collateralized by the respective facilities and payable solely from rentals generated by the underlying lease-purchase agreements. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of December 31, 2009, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$7,315,000.

Legal Debt Margin

The City is subject to state statutes, which limit the amount of bonded debt (exclusive of revenue bonds, bonds issued for storm drainage and sanitary sewer improvements, and refunding bonds) that the City may issue to 30% of assessed valuation. Currently the City has a debt limit of \$52,534,242, leaving a debt margin of \$38,753,617.

Note 5: Pension Plans

Defined Benefit Plans

Plan Description – The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a single available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas Avenue, Suite 100; Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established by statute for calendar year 2009 is 6.54%. The City's employer contributions to KPERs for the years ended December 31, 2009, 2008, and 2007 were \$134,860, \$117,332 and \$115,596, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal year 2009 is 13.51%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2009, 2008, and 2007 were \$419,650, \$403,566 and \$396,681, respectively, equal to the statutory required contributions for each year.

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Defined Contribution Plan

In 1998, the City established a defined contribution plan for those full-time employees eligible for the KPERS program. The plan is administered by the ICMA Retirement Corporation, and any changes to the plan's provisions or the contribution requirements are determined by the governing body of the City. The contribution percentages are determined annually and for 2009 were 0% to 3% for employees, with a City matching range of 1.18% to 6.97%. In 2009, covered payroll was \$2,175,536. The contributions by the City and employees for 2009 were \$135,937 and \$57,315, respectively.

Note 6: Other Postemployment Benefits

Plan Description – The City sponsors a single-employer, defined benefit healthcare plan that provides healthcare benefits to retirees and their dependents to age 65, including medical and dental coverage. Retiree health coverage is provided for under Kansas Statute 12-5040. Retirees who retire with at least 10 years of cumulative service with the City and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits.

The City requires retirees to pay the same premiums charged to active participants. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB) under Governmental Accounting Standards Board Statement No. 45 (GASB Statement 45).

Retirees and spouses have the same benefits as active employees. Coverage terminates either when the retiree or spouse becomes covered under another employer health plan, or when they reach age 65.

Funding Policy – GASB Statement 45 does not require funding of the OPEB liability, and the City has chosen not to fund it. City policy dictates the payment of retiree claims as they become due.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 the unfunded actuarial liability over a period not to exceed thirty 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:

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Normal cost	\$	2,615
Amortization of unfunded actuarial accrued liability		6,955
Interest cost		169
Annual required contribution (ARC)		9,739
Interest on net OPEB obligation		34
Adjustment to annual required contribution		(45)
Annual OPEB cost		9,728
Contributions made:		
Claims and fees paid on behalf of retirees		39,811
Retiree contributions		(30,459)
Net employer contributions		9,352
Change in net OPEB obligation		376
Net OPEB obligation, December 31, 2008		530
Net OPEB obligation, December 31, 2009	\$	906

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 9,882	94.7%	\$ 530
12/31/2009	9,728	96.1%	906

Funded Status and Funding Progress – As of January 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$76,943, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$76,943. The covered payroll (annual payroll of active employees covered by the plan) was \$6,171,000, and the ratio of the UAAL to the covered payroll was 1.25%.

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 actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of 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 January 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.45% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend of 8% initially, reduced by decrements to an ultimate rate of 5% after six years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of 20 years. The remaining amortization period at December 31, 2009 was 19 years.

Note 7: Interfund Balances and Transfers

The interfund balances between the General Fund, Capital Improvements Fund, and Transient Guest Tax Fund are due to the nature and timing of governmental receipts and will be repaid from subsequent years’ resources.

Interfund transfers for the year ended December 31, 2009 are as follows:

Transfers from	Transfers to:					Total
	General Fund	Capital Improvements Fund	I-35 District	General Obligation Bond Fund	Equipment Reserve Fund	
General Fund	\$ -	\$ 2,136,591	\$ -	\$ -	\$ 450,000	\$ 2,586,591
Capital Improvements Fund	-	-	-	2,583,420	-	2,583,420
I-35 District	90,000	841,855	-	140,514	-	1,072,369
Tax Incremental Revenue Bond Fund	-	-	206,722	-	-	206,722
Tax Incremental Contractual Liability Fund	-	-	1,418,377	-	-	1,418,377
Transient Guest Tax Fund	155,000	80,000	-	-	-	235,000
Total	\$ 245,000	\$ 3,058,446	\$ 1,625,099	\$ 2,723,934	\$ 450,000	\$ 8,102,479

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

Transfers are used to (1) move revenues from the fund that a statute or the budget requires to collect them to the fund that a statute or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds have been eliminated in the government-wide Statement of Activities.

Note 8: Commitments and Contingencies

Litigation

Various legal actions and claims against the City are currently pending. The ultimate liability that might result from their resolution is not presently determinable; however, in the opinion of management and counsel, the probability of material aggregate liabilities resulting from these claims is remote.

Commitments

Capital projects often extend over several years. The City has made normal commitments for future expenditures related to capital project programs. Project authorizations and expenditures since the inception of each project are as follows:

<u>Project Category</u>	<u>Authorization</u>	<u>Obligations Since Inception</u>
47th Street Improvements	\$ 1,729,100	\$ 376,293
Street Projects	1,075,000	1,042,736

Note 9: Risk Management

The City is exposed to various risks of loss related to torts, loss and damage to property, errors and omissions and injuries to employees. The City currently purchases commercial insurance coverage for these risks. Settled claims have not exceeded the commercial insurance coverage in any of the past three years.

The City's current coverages include a \$1,000 deductible for both auto and employee benefits liability, a \$5,000 deductible for both public officials' and law enforcement liability, and a \$15,000 deductible for employment practices liability. Based on outstanding claims at December 31, 2009, a \$5,000 deductible liability has been recorded in the financial statements. The City reports its risk management activities in the General Fund with the deductible claim liability reported as long-term debt, as it is not expected to be liquidated with expendable available financial resources.

The changes in the claims liability are as follows:

	<u>2009</u>	<u>2008</u>
Beginning liability	\$ 5,000	\$ 5,000
Claims and changes in estimates	3,230	1,140
Payments	(3,230)	(1,140)
Ending liability	<u>\$ 5,000</u>	<u>\$ 5,000</u>

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2009

The City obtains workers' compensation insurance through its membership in the Kansas Eastern Region Insurance Trust (KERIT), whose members consist of local cities and counties. KERIT is a risk-sharing pool organized under the insurance laws of the State of Kansas, which self-insures workers' compensation and other related expenses up to certain limits and reinsures additional excess amounts up to certain limits. The City pays annual premiums to the Trust based upon historical experience and legal requirements mandated by the State of Kansas. The trust agreement allows for member assessments in the event claims and expenses exceed the Trust's self-insured retention limit. The City does not anticipate any additional assessments in excess of premiums paid as a result of their participation in the Trust.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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City of Merriam, Kansas
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
(Non-GAAP Basis)
For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 3,658,437	\$ 3,658,437	\$ 3,600,888	\$ (57,549)
Sales tax	6,359,040	6,359,040	6,305,420	(53,620)
Intergovernmental	13,000	13,000	17,541	4,541
Licenses, permits and fees	440,500	440,500	286,554	(153,946)
Franchise taxes	1,100,000	1,100,000	1,136,796	36,796
Charges for services	248,530	248,530	237,396	(11,134)
Fines, forfeitures and penalties	1,032,500	1,032,500	891,222	(141,278)
Use of money and property	100,000	100,000	12,488	(87,512)
Miscellaneous	66,000	66,000	167,739	101,739
Total revenues	<u>13,018,007</u>	<u>13,018,007</u>	<u>12,656,044</u>	<u>(361,963)</u>
Expenditures:				
Current:				
General government	4,131,400	4,131,400	1,840,293	2,291,107
Law enforcement	3,386,560	3,386,560	2,916,594	469,966
Fire prevention and control	2,080,398	2,080,398	1,810,732	269,666
Public works	1,914,416	1,914,416	1,689,938	224,478
Community development	777,230	777,230	586,007	191,223
Health and welfare	33,100	33,100	27,746	5,354
Culture and recreation	1,143,344	1,143,344	1,031,157	112,187
Total expenditures	<u>13,466,448</u>	<u>13,466,448</u>	<u>9,902,467</u>	<u>3,563,981</u>
Excess (deficiency) of revenues over (under) expenditures	(448,441)	(448,441)	2,753,577	3,202,018
Other financing sources (uses):				
Transfers in	345,000	345,000	245,000	(100,000)
Transfers out	(2,719,734)	(2,719,734)	(2,586,591)	133,143
Total other financing sources (uses)	<u>(2,374,734)</u>	<u>(2,374,734)</u>	<u>(2,341,591)</u>	<u>33,143</u>
Net change in fund balance	<u>(2,823,175)</u>	<u>(2,823,175)</u>	411,986	<u>\$ 3,235,161</u>
Fund balance, beginning of year	2,823,175	2,823,175	4,519,751	
Fund balance, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	4,931,737	
Encumbrances at beginning of year			(19,583)	
Encumbrances at end of year			1,940	
Fund balance, end of year			<u>\$ 4,914,094</u>	

City of Merriam, Kansas
 Schedule of Funding Progress
 Other Postemployment Benefits
 For the year ended December 31, 2009

Actuarial Valuation	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Annual Covered Payroll	(b) - (a) / (c) UAL As A Percentage Of Covered Payroll
January 1, 2008	\$ -	\$ 76,943	\$ 76,943	- %	\$ 6,171,000	1.25%

City of Merriam, Kansas

Notes to Required Supplementary Information
December 31, 2009

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

For the City, this information includes:

- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
- Schedule of Funding Progress – Other Postemployment Benefits

Budgetary Data

The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received.

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**COMBINING
AND
INDIVIDUAL FUND**

**STATEMENTS
AND
SCHEDULES**

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City of Merriam, Kansas
Non-major Governmental Funds
December 31, 2009

Fund Descriptions

Budgeted Funds

Special Highway

To account for monies levied by the State of Kansas (Motor Fuel Tax) producing revenues to be used to defray in whole or in part the cost of constructing, altering, reconstructing, maintaining and repairing streets and highways pursuant to K.S.A. 79-3425C.

Special Alcohol

To account for monies provided by a state liquor taxation on private clubs, and expended for the purchase, establishment, maintenance or expansion of services or programs for alcoholism prevention and education.

Special Parks and Recreation

To account for monies provided by a state liquor taxation on private clubs, and expended for the purchase, establishment, maintenance or expansion of park and recreational services, programs and facilities.

Transient Guest Tax

To account for monies derived from transient guest tax levied upon the gross rental receipts paid by guests for lodging to be used for promotion of tourism, conventions and economic development.

Equipment Reserve

To account for monies reserved pursuant to K.S.A. 12-1,117 for the purpose of financing the acquisition of equipment.

Risk Management Reserve

To account for monies reserved pursuant to K.S.A. 12-2615 for the purpose of having reserves on hand to transfer to the General Fund for paying claims and related costs arising from legal action and settlement not covered by commercial insurance.

Non-budgeted Fund

Special Law Enforcement Fund

This fund derives monies from property seizures related to drug arrests and prosecution.

City of Merriam, Kansas
Combining Balance Sheet
Non-major Government Funds
December 31, 2009

	<u>Special Highway</u>	<u>Special Alcohol</u>	<u>Special Parks and Recreation</u>
Assets:			
Deposits and investments	\$ 174,706	\$ 6,840	\$ 9,109
Receivables, net			
Sales and other taxes	-	-	-
Intergovernmental	74,228	-	-
Interest and miscellaneous	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 248,934</u>	<u>\$ 6,840</u>	<u>\$ 9,109</u>
Liabilities:			
Accounts and retainage payable	\$ 27,915	\$ -	\$ 2,231
Due to other funds	-	-	-
Total liabilities	<u>27,915</u>	<u>-</u>	<u>2,231</u>
Fund balances:			
Reserved for encumbrances	-	-	-
Unreserved:			
Designated for subsequent year's expenditures	47,901	2,165	2,224
Undesignated	173,118	4,675	4,654
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>221,019</u>	<u>6,840</u>	<u>6,878</u>
Total liabilities and fund balances	<u>\$ 248,934</u>	<u>\$ 6,840</u>	<u>\$ 9,109</u>

Transient Guest Tax	Equipment Reserve	Risk Management Reserve	Special Law Enforcement	Total
\$ 6,400	\$ 1,126,046	\$ 859,531	\$ 22,043	\$ 2,204,675
68,141	-	-	-	68,141
-	-	-	-	74,228
-	17,142	-	-	17,142
<u>\$ 74,541</u>	<u>\$ 1,143,188</u>	<u>\$ 859,531</u>	<u>\$ 22,043</u>	<u>\$ 2,364,186</u>
\$ 6,017	\$ 6,401	\$ -	\$ 1,202	\$ 43,766
9,000	-	-	-	9,000
<u>15,017</u>	<u>6,401</u>	<u>-</u>	<u>1,202</u>	<u>52,766</u>
29	-	-	-	29
44,060	692,440	-	-	788,790
<u>15,435</u>	<u>444,347</u>	<u>859,531</u>	<u>20,841</u>	<u>1,522,601</u>
<u>59,524</u>	<u>1,136,787</u>	<u>859,531</u>	<u>20,841</u>	<u>2,311,420</u>
<u>\$ 74,541</u>	<u>\$ 1,143,188</u>	<u>\$ 859,531</u>	<u>\$ 22,043</u>	<u>\$ 2,364,186</u>

City of Merriam, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-major Governmental Funds
For the year ended December 31, 2009

	<u>Special Highway</u>	<u>Special Alcohol</u>	<u>Special Parks and Recreation</u>
Revenues:			
Transient guest tax	\$ -	\$ -	\$ -
Intergovernmental	275,964	17,541	17,541
Charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>275,964</u>	<u>17,541</u>	<u>17,541</u>
Expenditures:			
General government	-	-	-
Law enforcement	-	13,000	-
Fire prevention and control	-	-	-
Public works	82,192	-	-
Community development	-	-	-
Culture and recreation	-	-	13,543
Total expenditures	<u>82,192</u>	<u>13,000</u>	<u>13,543</u>
Excess (deficiency) of revenues over (under) expenditures	193,772	4,541	3,998
Other financing sources (uses):			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	193,772	4,541	3,998
Fund balance, beginning of year	<u>27,247</u>	<u>2,299</u>	<u>2,880</u>
Fund balance, end of year	<u>\$ 221,019</u>	<u>\$ 6,840</u>	<u>\$ 6,878</u>

Transient Guest Tax	Equipment Reserve	Risk Management Reserve	Special Law Enforcement	Total
\$ 306,165	\$ -	\$ -	\$ -	\$ 306,165
-	10,238	-	2,825	324,109
21,767	-	-	-	21,767
-	-	-	505	505
-	22,389	1,852	94	24,335
320	-	-	-	320
<u>328,252</u>	<u>32,627</u>	<u>1,852</u>	<u>3,424</u>	<u>677,201</u>
-	45,996	18,965	-	64,961
-	79,374	-	14,145	106,519
-	38,853	-	-	38,853
-	218,904	-	-	301,096
90,270	-	-	-	90,270
63,633	41,768	-	-	118,944
<u>153,903</u>	<u>424,895</u>	<u>18,965</u>	<u>14,145</u>	<u>720,643</u>
174,349	(392,268)	(17,113)	(10,721)	(43,442)
-	14,615	-	-	14,615
-	450,000	-	-	450,000
(235,000)	-	-	-	(235,000)
<u>(235,000)</u>	<u>464,615</u>	<u>-</u>	<u>-</u>	<u>229,615</u>
(60,651)	72,347	(17,113)	(10,721)	186,173
120,175	1,064,440	876,644	31,562	2,125,247
<u>\$ 59,524</u>	<u>\$ 1,136,787</u>	<u>\$ 859,531</u>	<u>\$ 20,841</u>	<u>\$ 2,311,420</u>

City of Merriam, Kansas

Special Highway Fund

Schedule of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 275,964	\$ (24,036)
Expenditures:				
Public works:				
Contractual services	239,346	239,346	33,143	206,203
Commodities	40,000	40,000	48,212	(8,212)
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>329,346</u>	<u>329,346</u>	<u>81,355</u>	<u>247,991</u>
Net change in fund balances	<u>\$ (29,346)</u>	<u>\$ (29,346)</u>	194,609	<u>\$ 223,955</u>
Fund balance, beginning of year			<u>27,247</u>	
Fund balance, end of year, budget basis			221,856	
Encumbrances at beginning of year			<u>(837)</u>	
Fund balance, end of year			<u>\$ 221,019</u>	

City of Merriam, Kansas

Special Alcohol Fund

Schedule of Revenues and Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 17,541</u>	<u>\$ 4,541</u>
Expenditures:				
Law Enforcement:				
Contractual services	<u>13,134</u>	<u>13,134</u>	<u>13,000</u>	<u>134</u>
Net change in fund balances	<u>\$ (134)</u>	<u>\$ (134)</u>	<u>4,541</u>	<u>\$ 4,675</u>
Fund balance, beginning of year			<u>2,299</u>	
Fund balance, end of year			<u>\$ 6,840</u>	

City of Merriam, Kansas

Special Parks and Recreation Fund

Schedule of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 17,541</u>	<u>\$ 4,541</u>
Expenditures:				
Culture and recreation:				
Capital outlay	<u>13,656</u>	<u>13,656</u>	<u>13,543</u>	<u>113</u>
Total expenditures	<u>13,656</u>	<u>13,656</u>	<u>13,543</u>	<u>113</u>
Net change in fund balances	<u>\$ (656)</u>	<u>\$ (656)</u>	<u>3,998</u>	<u>\$ 4,654</u>
Fund balance, beginning of year			<u>2,880</u>	
Fund balance, end of year			<u>\$ 6,878</u>	

City of Merriam, Kansas

Transient Guest Tax Fund

Schedule of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Transient guest tax	\$ 420,000	\$ 420,000	\$ 306,165	\$ (113,835)
Charges for services	26,000	26,000	21,767	(4,233)
Miscellaneous	-	-	320	320
Total revenues	<u>446,000</u>	<u>446,000</u>	<u>328,252</u>	<u>(117,748)</u>
Expenditures:				
General government	13,478	13,478	-	13,478
Community development	183,150	183,150	90,299	92,851
Culture and recreation	74,000	74,000	61,277	12,723
Total expenditures	<u>270,628</u>	<u>270,628</u>	<u>151,576</u>	<u>119,052</u>
Excess of revenues over expenditures	175,372	175,372	176,676	1,304
Other financing uses:				
Transfers out	<u>(235,000)</u>	<u>(235,000)</u>	<u>(235,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (59,628)</u>	<u>\$ (59,628)</u>	<u>(58,324)</u>	<u>\$ 1,304</u>
Fund balance, beginning of year			<u>120,175</u>	
Fund balance, end of year, budget basis			61,851	
Encumbrances at beginning of year			(2,356)	
Encumbrances at end of year			<u>29</u>	
Fund balance, end of year			<u>\$ 59,524</u>	

City of Merriam, Kansas

Equipment Reserve Fund

Schedule of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 22,389	\$ 7,389
Intergovernmental	-	-	10,238	10,238
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	15,000	15,000	32,627	17,627
Expenditures:				
General government	689,165	689,165	45,996	643,169
Fire prevention	169,000	169,000	38,853	130,147
Law enforcement	288,400	288,400	74,391	214,009
Public works	295,600	295,600	218,904	76,696
Culture and recreation	48,500	48,500	41,768	6,732
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,490,665	1,490,665	419,912	1,070,753
Excess of revenues over (under) expenditures	(1,475,665)	(1,475,665)	(387,285)	1,088,380
Other financing sources:				
Proceeds from sale of capital assets	5,000	5,000	14,615	9,615
Transfers in	450,000	450,000	450,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	455,000	455,000	464,615	9,615
Net change in fund balances	<u>\$ (1,020,665)</u>	<u>\$ (1,020,665)</u>	77,330	<u>\$ 1,097,995</u>
Fund balance, beginning of year			<u>1,064,440</u>	
Fund balance, end of year, budget basis			1,141,770	
Encumbrances at beginning of year			<u>(4,983)</u>	
Fund balance, end of year			<u>\$ 1,136,787</u>	

City of Merriam, Kansas

Risk Management Reserve Fund

Schedule of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 1,852	\$ (23,148)
Expenditures:				
General government:				
Contractual services	15,000	15,000	12,800	2,200
Contingencies and reserves	<u>854,610</u>	<u>854,610</u>	<u>6,165</u>	<u>848,445</u>
Total expenditures	<u>869,610</u>	<u>869,610</u>	<u>18,965</u>	<u>850,645</u>
Excess of revenues over (under) expenditures	(844,610)	(844,610)	(17,113)	827,497
Other financing uses:				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	-	<u>(100,000)</u>
Total other financing uses	<u>(100,000)</u>	<u>(100,000)</u>	-	<u>(100,000)</u>
Net change in fund balances	<u>\$ (944,610)</u>	<u>\$ (944,610)</u>	(17,113)	<u>\$ 927,497</u>
Fund balance, beginning of year			<u>876,644</u>	
Fund balance, end of year			<u>\$ 859,531</u>	

Debt Service Fund

Fund Description

Budgeted Funds

General Obligation Bonds

To account for resources to be used for the payment of principal, interest and related costs of the general obligation bonds and certain other long-term obligations of the City.

City of Merriam, Kansas

General Obligation Debt Service Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance
Budget and Actual
(Non-GAAP Basis)

For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 353,545	\$ 353,545	\$ 351,706	\$ (1,839)
Special assessments	579,890	579,890	278,004	(301,886)
Use of money and property	<u>30,000</u>	<u>30,000</u>	<u>2,490</u>	<u>(27,510)</u>
Total revenues	<u>963,435</u>	<u>963,435</u>	<u>632,200</u>	<u>(331,235)</u>
Expenditures:				
Debt Service	<u>3,568,484</u>	<u>3,568,484</u>	<u>3,351,410</u>	<u>217,074</u>
Deficiency of revenues under expenditures	(2,605,049)	(2,605,049)	(2,719,210)	(114,161)
Other financing sources:				
Transfers in	<u>2,576,917</u>	<u>2,576,917</u>	<u>2,723,934</u>	<u>147,017</u>
Net change in fund balances	<u>\$ (28,132)</u>	<u>\$ (28,132)</u>	4,724	<u>\$ 32,856</u>
Fund balance, beginning of year			<u>56,922</u>	
Fund balance, end of year			<u>\$ 61,646</u>	

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General Fund

Fund Description

To account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund functions are reported in five categories as follows:

General government - City Council, Administration, Municipal Court, Information Services and General Overhead

Law enforcement - Police

Fire prevention and Control - Fire

Public works - Public Works

Community development - Community Development

Health and welfare - Direct grants to outside agencies

Culture and recreation – Aquatic Center, Community Center and Merriam Marketplace

City of Merriam, Kansas
Schedule of Expenditures - Budget and Actual - General Fund
(Non-GAAP Basis)
For the year ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General Government				
City Council				
Personal services	\$ 56,513	\$ 56,513	\$ 56,301	\$ 212
Contractual services	12,125	12,125	5,998	6,127
Commodities	2,700	2,700	1,828	872
Total	<u>71,338</u>	<u>71,338</u>	<u>64,127</u>	<u>7,211</u>
Administration				
Personal services	666,945	666,945	594,411	72,534
Contractual services	37,418	37,418	30,239	7,179
Commodities	2,250	2,250	1,790	460
Total	<u>706,613</u>	<u>706,613</u>	<u>626,440</u>	<u>80,173</u>
Municipal Court				
Personal services	189,873	189,873	152,607	37,266
Contractual services	138,405	138,405	115,044	23,361
Commodities	4,200	4,200	4,018	182
Total	<u>332,478</u>	<u>332,478</u>	<u>271,669</u>	<u>60,809</u>
Information Services				
Personal services	64,416	64,416	59,992	4,424
Contractual services	78,392	78,392	51,959	26,433
Commodities	22,750	22,750	13,493	9,257
Capital outlay	15,500	15,500	4,776	10,724
Total	<u>181,058</u>	<u>181,058</u>	<u>130,220</u>	<u>50,838</u>
General Overhead				
Personal services	9,500	9,500	10,358	(858)
Contractual services	801,313	801,313	694,271	107,042
Commodities	24,100	24,100	18,363	5,737
Reserves and contingency	2,005,000	2,005,000	24,845	1,980,155
Total	<u>2,839,913</u>	<u>2,839,913</u>	<u>747,837</u>	<u>2,092,076</u>
Total General Government	<u>\$ 4,131,400</u>	<u>\$ 4,131,400</u>	<u>\$ 1,840,293</u>	<u>\$ 2,291,107</u>
Law Enforcement				
Law Enforcement				
Personal services	\$ 3,017,770	\$ 3,017,770	\$ 2,634,542	\$ 383,228
Contractual services	194,890	194,890	162,801	32,089
Commodities	173,900	173,900	119,251	54,649
Total Law Enforcement	<u>\$ 3,386,560</u>	<u>\$ 3,386,560</u>	<u>\$ 2,916,594</u>	<u>\$ 469,966</u>
Fire Prevention and Control				
Fire Prevention and Control				
Personal services	\$ 1,956,194	\$ 1,956,194	\$ 1,708,449	\$ 247,745
Contractual services	58,154	58,154	47,142	11,012
Commodities	66,050	66,050	55,141	10,909
Total Fire Prevention and Control	<u>\$ 2,080,398</u>	<u>\$ 2,080,398</u>	<u>\$ 1,810,732</u>	<u>\$ 269,666</u>

City of Merriam, Kansas
Schedule of Expenditures - Budget and Actual - General Fund
(Non-GAAP Basis)
For the year ended December 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works				
Public Works				
Personal services	\$ 1,311,194	\$ 1,311,194	\$ 1,218,162	\$ 93,032
Contractual services	242,183	242,183	197,909	44,274
Commodities	361,039	361,039	273,867	87,172
Total Public Works	<u>\$ 1,914,416</u>	<u>\$ 1,914,416</u>	<u>\$ 1,689,938</u>	<u>\$ 224,478</u>
Community Development				
Community Development				
Personal services	\$ 725,468	\$ 725,468	\$ 539,781	\$ 185,687
Contractual services	44,887	44,887	42,454	2,433
Commodities	6,875	6,875	3,772	3,103
Total Community Development	<u>\$ 777,230</u>	<u>\$ 777,230</u>	<u>\$ 586,007</u>	<u>\$ 191,223</u>
Health and Welfare				
Community Services				
Contractual services	\$ 33,100	\$ 33,100	\$ 27,746	\$ 5,354
Total Health and Welfare	<u>\$ 33,100</u>	<u>\$ 33,100</u>	<u>\$ 27,746</u>	<u>\$ 5,354</u>
Culture and recreation				
Aquatic Center				
Personal services	\$ 220,754	\$ 220,754	\$ 182,828	\$ 37,926
Contractual services	50,800	50,800	45,074	5,726
Commodities	43,890	43,890	48,438	(4,548)
Total	<u>315,444</u>	<u>315,444</u>	<u>276,340</u>	<u>39,104</u>
Community Center				
Personal services	573,093	573,093	534,863	38,230
Contractual services	191,167	191,167	176,712	14,455
Commodities	28,901	28,901	24,657	4,244
Total	<u>793,161</u>	<u>793,161</u>	<u>736,232</u>	<u>56,929</u>
Merriam Marketplace				
Personal services	9,779	9,779	5,265	4,514
Contractual services	24,120	24,120	13,194	10,926
Commodities	840	840	126	714
Total	<u>34,739</u>	<u>34,739</u>	<u>18,585</u>	<u>16,154</u>
Total Culture and Recreation	<u>\$ 1,143,344</u>	<u>\$ 1,143,344</u>	<u>\$ 1,031,157</u>	<u>\$ 112,187</u>
Total expenditures	<u>\$ 13,466,448</u>	<u>\$ 13,466,448</u>	<u>\$ 9,902,467</u>	<u>\$ 3,563,981</u>

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STATISTICAL SECTION

This part of the City of Merriam's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

1 - 5

Revenue Capacity

These tables contain information to help the reader assess the City's two most significant local revenue sources: sales tax and property tax.

6 - 11

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

12 - 16

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

17 - 18

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Merriam, Kansas
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

Table 1

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 61,741,717	\$ 63,684,387	\$ 63,944,547	\$ 69,073,366	\$ 70,780,458	\$ 76,334,025	\$ 75,940,313
Restricted	4,898,861	8,054,119	3,855,008	2,309,606	3,224,248	3,144,552	4,471,514
Unrestricted	<u>(5,494,085)</u>	<u>(9,357,622)</u>	<u>(8,547,109)</u>	<u>(8,069,993)</u>	<u>(6,255,938)</u>	<u>(6,771,234)</u>	<u>(7,331,331)</u>
Total Governmental activities net assets	<u>\$ 61,146,493</u>	<u>\$ 62,380,884</u>	<u>\$ 59,252,446</u>	<u>\$ 63,312,979</u>	<u>\$ 67,748,768</u>	<u>\$ 72,707,343</u>	<u>\$ 73,080,496</u>

Note: GASB 34 was implemented in FY 2003, so only seven fiscal years are shown.

Note: The City had no business-type activities for years 2003 through 2009.

(a) During 2008, the City determined that \$3.87 million of construction in progress capitalized in 2005 did not qualify as public infrastructure.

City of Merriam, Kansas
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
General Government	\$ 1,872,409	\$ 2,070,372	\$ 1,993,649	\$ 2,037,324	\$ 2,245,240	\$ 2,097,021	\$ 2,065,512
Law enforcement	2,326,745	2,570,839	2,944,730	2,851,255	3,077,774	3,255,207	3,107,819
Fire prevention and control	1,658,481	1,777,561	1,873,660	1,873,247	1,933,116	1,836,880	1,934,384
Public works	1,681,830	1,451,927	1,600,768	1,674,918	1,823,196	1,863,887	1,933,778
Capital improvement program	3,052,852	3,703,037	2,661,360	2,831,548	2,962,448	3,291,462	3,272,407
Community development	463,695	2,567,420	8,465,709	1,379,909	595,872	3,766,110	3,763,792
Health and welfare	17,758	23,992	47,510	49,389	31,586	19,885	27,746
Culture and recreation	1,041,167	1,223,648	1,292,932	1,351,841	1,333,353	1,512,621	1,402,631
Interest on long-term debt	1,448,448	1,462,107	1,562,269	1,673,577	1,527,469	1,423,509	1,228,714
Total expenses	\$ 13,563,385	\$ 16,850,903	\$ 22,442,587	\$ 15,723,008	\$ 15,530,054	\$ 19,066,582	\$ 18,736,783
Program Revenues							
Charges for services:							
General government	\$ 157,026	\$ 147,439	\$ 167,619	\$ 136,878	\$ 158,213	\$ 195,743	\$ 182,052
Law enforcement	607,031	693,690	766,380	782,567	866,708	972,469	896,337
Fire prevention and control	1,618	1,748	1,018	920	1,068	509	920
Community development	91,173	181,657	169,213	217,511	286,050	215,664	104,502
Culture and recreation	260,387	246,192	247,355	251,123	240,606	255,748	253,632
Operating grants and contributions	10,024	-	142,087	440,723	319,538	331,335	313,871
Capital grants and contributions	849,148	1,562,483	1,893,996	1,087,348	850,375	5,045,656	249,749
Total program revenues	\$ 1,976,407	\$ 2,833,209	\$ 3,387,668	\$ 2,917,070	\$ 2,722,558	\$ 7,017,124	\$ 2,001,063
Total Net Expense	\$ (11,586,978)	\$ (14,017,694)	\$ (19,054,919)	\$ (12,805,938)	\$ (12,807,496)	\$ (12,049,458)	\$ (16,735,720)
General Revenues and Other Changes in Net Assets							
Taxes	\$ 14,569,222	\$ 14,936,174	\$ 15,355,692	\$ 15,595,272	\$ 15,970,932	\$ 16,300,105	\$ 16,633,365
Unrestricted investment earnings	340,069	286,973	506,358	818,906	875,861	492,230	277,877
Miscellaneous	(80,233)	28,938	64,431	437,262	382,718	200,533	180,090
Legal settlement	1,050,000	-	-	-	-	-	-
Intergovernmental not restricted to a specific program	-	-	-	15,031	13,774	15,165	17,541
Total general revenues	\$ 15,879,058	\$ 15,252,085	\$ 15,926,481	\$ 16,866,471	\$ 17,243,285	\$ 17,008,033	\$ 17,108,873
Change in Net Assets, as restated (a)	\$ 4,292,080	\$ 1,234,391	\$ (3,128,438)	\$ 4,060,533	\$ 4,435,789	\$ 4,958,575	\$ 373,153

Note: GASB 34 was implemented in FY 2003, so only seven fiscal years are shown.

(a) The City determined that \$3.87 million of construction in progress capitalized in 2005 did not qualify as public infrastructure. Community development expenses for 2005 have been increased accordingly.

City of Merriam, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 85,976	\$ 11,632	\$ 36,381	\$ 37,481	\$ 15,950	\$ 5,016	\$ 27,389	\$ 39,332	\$ 19,583	\$ 1,940
Unreserved	4,393,110	4,788,362	4,267,687	3,708,681	4,002,960	4,026,794	4,077,660	4,100,651	4,500,168	4,912,154
Total general fund	<u>\$ 4,479,086</u>	<u>\$ 4,799,994</u>	<u>\$ 4,304,068</u>	<u>\$ 3,746,162</u>	<u>\$ 4,018,910</u>	<u>\$ 4,031,810</u>	<u>\$ 4,105,049</u>	<u>\$ 4,139,983</u>	<u>\$ 4,519,751</u>	<u>\$ 4,914,094</u>
All Other Governmental Funds										
Reserved	\$ 452,911	\$ 737,378	\$ 1,159,936	\$ 611,122	\$ 681,123	\$ 786,761	\$ 736,620	\$ 793,635	\$ 728,180	\$ 817,913
Unreserved, reported in :										
Capital projects funds	7,587,975	6,282,393	11,847,736	14,746,682	16,686,658	10,105,901	8,101,019	7,107,537	6,224,893	6,685,889
Special revenue funds	2,186,903	1,875,281	1,783,497	1,838,753	1,351,337	1,589,236	1,883,550	1,982,326	2,117,071	2,311,391
Total all other governmental funds	<u>\$ 10,227,789</u>	<u>\$ 8,895,052</u>	<u>\$ 14,791,169</u>	<u>\$ 17,196,557</u>	<u>\$ 18,719,118</u>	<u>\$ 12,481,898</u>	<u>\$ 10,721,189</u>	<u>\$ 9,883,498</u>	<u>\$ 9,070,144</u>	<u>\$ 9,815,193</u>

City of Merriam, Kansas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	2000	2001	2002	2003	2004	2005	2006	2007	2008 (d)	2009
Revenues										
Taxes (see Table 5)	\$11,862,699	\$13,580,017	\$13,501,727	\$14,234,030	\$14,622,632	\$15,039,502	\$ 15,647,617	\$ 16,025,394	\$ 16,351,480	\$ 16,911,369
Intergovernmental	1,464,198	745,913	1,273,408	445,178	1,384,985	2,407,251	1,543,102	1,183,687	716,806	566,161
Licenses, permits and fees	201,768	250,752	267,010	247,824	329,096	336,832	354,389	444,263	411,406	286,554
Charges for services	247,557	275,840	272,387	273,537	254,835	253,148	257,739	246,332	259,252	259,163
Fines, forfeitures and penalties	461,731	480,917	533,251	595,844	686,795	761,605	776,871	862,050	969,475	891,727
Uses of money and property	823,314	675,480	501,878	340,069	286,973	506,358	818,906	875,861	458,733	154,630
Miscellaneous	626,191	195,791	64,024	19,964	28,938	64,431	437,262	119,885	177,388	168,996
Total revenues	15,687,458	16,204,710	16,413,685	16,156,446	17,594,254	19,369,127	19,835,886	19,757,472	19,344,540	19,238,600
Expenditures										
Current:										
General government	\$ 1,798,001	\$ 1,739,533	\$ 2,054,812	\$ 1,645,702	\$ 1,861,465	\$ 1,810,614	\$ 1,897,151	\$ 2,090,447	\$ 1,888,964	\$ 1,923,990
Law enforcement	2,129,423	2,399,784	2,257,529	2,340,427	2,505,606	2,940,455	2,776,197	3,023,002	3,118,002	3,032,358
Fire prevention and control	1,311,850	1,411,552	1,532,712	1,606,647	2,387,182	1,784,602	1,813,836	1,892,137	1,778,730	1,849,585
Public works	1,240,806	1,570,884	1,677,919	1,865,370	1,811,413	1,816,485	1,711,502	1,900,830	2,189,116	1,992,175
Capital improvement program (a)	-	-	-	284,211	270,348	357,993	307,482	298,207	88,509	28,558
Community development (b)	294,552	329,028	385,870	457,125	2,559,426	8,395,226	520,253	561,539	726,701	679,521
Health and welfare	73,721	47,247	40,792	17,758	23,992	47,510	49,389	31,586	19,885	27,746
Culture and recreation	932,971	1,176,072	1,056,000	924,722	1,049,526	1,076,234	1,118,463	1,137,703	1,104,239	1,150,102
Capital outlay	3,487,443	4,906,152	2,847,180	6,843,437	7,044,872	9,740,366	7,959,274	5,157,492	4,048,384	1,962,804
Bad debt	-	667,094	-	-	-	-	-	-	-	-
Debt service:										
Principal	1,375,648	1,396,317	2,608,739	2,817,375	1,957,990	2,117,735	2,506,276	3,258,409	3,489,801	4,249,149
Interest	2,204,303	2,717,836	1,301,941	1,609,017	1,416,592	1,498,333	1,604,999	1,504,402	1,405,243	1,261,781
Total expenditures, as restated (c)	14,848,718	18,361,499	15,763,494	20,411,791	22,888,412	31,585,553	22,264,822	20,855,754	19,857,574	18,157,769
Excess of revenues over (under) expenditures	838,740	(2,156,789)	650,191	(4,255,345)	(5,294,158)	(12,216,426)	(2,428,936)	(1,098,282)	(513,034)	1,080,831
Other financing sources (uses)										
Proceeds from sale of capital assets	-	-	-	67,827	589,467	91,662	266,466	295,525	63,742	14,615
Issuance of general obligation bonds	-	-	4,750,000	4,985,000	3,000,000	5,900,444	475,000	-	-	-
Issuance of general obligation notes	-	-	-	-	3,500,000	-	-	-	-	-
Unpaid matured interest added to principal	673,870	1,144,960	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-	3,500,000	2,980,000
Premium on refunding bonds	-	-	-	-	-	-	-	-	15,706	63,946
Redemption of refunded bonds	-	-	-	-	-	-	-	-	(3,500,000)	(3,000,000)
Transfers in	6,118,145	5,249,530	6,793,602	5,760,560	5,953,566	5,925,029	6,816,820	7,382,087	7,476,079	8,102,479
Transfers out	(6,118,145)	(5,249,530)	(6,793,602)	(5,760,560)	(5,953,566)	(5,925,029)	(6,816,820)	(7,382,087)	(7,476,079)	(8,102,479)
Total other financing sources (uses)	673,870	1,144,960	4,750,000	5,052,827	7,089,467	5,992,106	741,466	295,525	79,448	58,561
Other changes in fund balance										
Legal settlement	-	-	-	1,050,000	-	-	-	-	-	-
Total other changes in fund balance	-	-	-	1,050,000	-	-	-	-	-	-
Net change in fund balances, as restated (c)	\$ 1,512,610	\$ (1,011,829)	\$ 5,400,191	\$ 1,847,482	\$ 1,795,309	\$ (6,224,320)	\$ (1,687,470)	\$ (802,757)	\$ (433,586)	\$ 1,139,392
Debt service as a percentage of noncapital expenditures	32.8%	33.1%	31.0%	33.5%	21.9%	16.8%	29.2%	31.4%	31.5%	34.6%

(a) Prior to 2003 and after 2007, Capital improvement program expenditures were included primarily in the general government expenditures.

(b) In 2004 and 2005, Community development expenditures included non-recurring payments for project costs related to the Merriam Pointe and Merriam Village developments.

(c) In 2008, the City restated of \$3.87 million of construction in progress capitalized in 2005 and reclassified the same amount from capital outlay to community development expenditures.

(d) In 2008, \$3.5 million of bonds were issued to finance maturing temporary notes and were previously presented as issuance of general obligation bonds and debt service expenditures.

The reporting of these transactions have been revised and are now reflected as an issuance of refunding bonds and a redemption of refunded bonds.

City of Merriam, Kansas
Tax by Revenue Source, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 5

Fiscal Year	Tax Revenues								Total
	Property Tax	TIF Property Taxes	City Sales Tax	County Sales Tax	Transient Guest Tax	TIF Replacement Taxes	Special Assessments	Franchise Fees	
2000	\$ 2,349,837	\$ 1,774,783	\$ 5,069,725	\$ 1,198,718	\$ 348,621	\$ -	\$ 51,975	\$ 1,069,040	\$ 11,862,699
2001	2,314,792	1,718,900	6,511,712	1,083,829	325,653	297,482	53,536	1,274,113	13,580,017
2002	2,511,884	1,864,074	6,149,580	1,046,826	400,566	333,870	51,734	1,143,193	13,501,727
2003	2,517,294	2,173,363	6,423,777	1,275,896	357,528	333,625	54,560	1,097,987	14,234,030
2004	2,730,585	2,071,549	6,575,355	1,439,407	333,124	344,253	52,390	1,075,969	14,622,632
2005	2,764,039	2,522,742	6,377,908	1,449,336	348,014	396,625	54,978	1,125,860	15,039,502
2006	2,806,413	2,855,175	6,623,315	1,454,689	362,605	427,628	52,345	1,065,447	15,647,617
2007	3,055,871	2,947,029	6,550,788	1,473,119	379,558	412,696	54,462	1,151,871	16,025,394
2008	3,151,493	3,098,333	6,694,377	1,357,193	393,902	440,540	51,375	1,164,267	16,351,480
2009	3,952,594	3,386,514	6,040,858	1,346,215	306,165	464,223	278,004	1,136,796	16,911,369

City of Merriam, Kansas
Total City Taxable Sales by Category
Last Ten Fiscal Years

Table 6

Sales by Retail Category	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Restaurants/Entertainment	\$ 17,556,215	\$ 20,850,889	\$ 22,407,784	\$ 18,814,848	\$ 21,192,720	\$ 23,237,520	\$ 19,255,040	\$ 18,290,240	\$ 19,310,880	\$ 20,111,440
Auto dealerships	136,608,721	157,278,703	156,381,052	200,877,453	204,015,840	194,993,280	208,754,480	216,574,960	228,372,320	204,567,600
Auto rental, leasing, repairs gasoline	18,451,105	20,399,303	24,324,024	30,569,326	26,246,160	30,450,672	32,306,240	28,049,120	26,291,120	26,118,400
Construction, home repairs and maintenance	112,996,592	95,041,899	91,577,510	61,839,257	60,813,120	54,373,538	54,522,800	55,799,680	51,604,800	49,816,240
Grocery and drug stores	19,816,472	23,369,718	22,733,530	20,778,049	19,695,760	18,703,680	19,289,760	19,807,840	21,153,200	20,497,440
Clothing, department and shoe stores	38,102,788	41,112,772	36,203,246	34,824,193	32,684,000	31,840,080	29,505,840	26,962,400	24,762,400	25,347,680
Utilities and communications	65,522,629	56,535,783	28,455,640	27,596,390	25,665,200	27,169,440	27,074,560	29,507,040	37,167,840	30,971,920
Hotels	9,570,699	6,206,406	7,516,158	6,563,867	5,877,680	5,860,080	7,475,600	5,411,680	6,050,320	4,965,840
Medical	1,840,346	1,778,354	3,293,179	2,912,690	2,644,640	6,291,440	6,385,600	1,868,720	3,163,200	6,442,960
Specialty shops	23,615,472	25,693,225	18,776,110	19,933,535	22,156,720	21,108,160	28,460,400	25,229,520	24,647,520	18,966,080
All other outlets	62,893,524	72,671,883	80,300,269	89,194,516	105,038,538	96,206,777	96,836,938	96,563,857	93,008,086	75,441,440
Total	\$ 506,974,563	\$ 520,938,935	\$ 491,968,502	\$ 513,904,124	\$ 526,030,378	\$ 510,234,667	\$ 529,867,258	\$ 524,065,057	\$ 535,531,686	\$ 483,247,040

**City of Merriam, Kansas
Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 7

<u>Direct Sales Tax Rate of Merriam</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002 (a)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (b)</u>
General	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Street Improvement	0.000%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
Total Direct Sales Tax	<u>1.000%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>	<u>1.250%</u>
 <u>Total Sales Tax Rate</u>										
State of Kansas	4.900%	4.900%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%
Johnson County	0.975%	0.975%	0.850%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.225%
City of Merriam	1.000%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%
Total Direct and Overlapping Rate	<u>6.875%</u>	<u>7.125%</u>	<u>7.400%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.775%</u>

Source: Kansas Department of Revenue

(a) Rates effective as of 12/31/2002. The State of Kansas rate increase to 5.300% was effective 7/1/2002.
The Johnson County rate decrease to .850% was effective 4/1/2002.

(b) Rates effective as of 12/31/2009. The Johnson County rate increase to 1.225% was effective 4/1/2009.

City of Merriam, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 8

Fiscal Year	Assessed Valuation						Direct Tax Rate (per \$1,000)	Estimated Actual Valuation (a)	Assessed Value as a % of Actual
	Residential	Commercial	Vacant/Other	Personal Property	Railroads & Utilities	Total Assessed			
2000	\$ 48,134,955	\$ 60,899,181	\$ 837,746	\$ 18,098,326	\$ 3,340,134	\$ 131,310,342	18.067	\$ 752,697,096	17.4%
2001	51,740,433	65,519,143	820,765	15,948,719	3,223,344	137,252,404	17.475	792,560,803	17.3%
2002	55,529,255	68,708,899	612,507	16,044,221	3,531,059	144,425,941	17.592	838,981,180	17.2%
2003	57,624,220	67,601,787	1,515,772	14,804,514	3,414,507	144,960,800	18.526	854,841,242	17.0%
2004	59,882,752	72,999,059	929,237	13,092,465	3,469,381	150,372,894	19.285	884,798,708	17.0%
2005	61,818,650	76,401,456	899,025	11,158,513	3,659,520	153,937,164	19.275	908,073,012	17.0%
2006	64,022,739	78,740,324	1,703,765	11,611,330	3,807,284	159,885,442	19.241	945,643,429	16.9%
2007	65,340,913	93,188,068	2,447,387	11,501,177	3,835,761	176,313,306	21.181	1,017,536,544	17.3%
2008	66,457,996	81,786,926	3,387,991	10,145,687	3,962,287	165,740,887	21.186	987,892,871	16.8%
2009	67,060,047	83,627,805	3,756,050	7,400,355	3,950,513	165,794,770	27.360	992,708,496	16.7%

Source: Johnson County Appraiser's Office and Johnson County Records & Tax Administration

(a) Estimated Actual Valuation is equal to appraised value. Residential real estate is assessed at 11.5% of appraised value; commercial real estate at 25%; all other property at rates between 12% to 33%

**City of Merriam, Kansas
Property Tax Rates (Per \$1,000 of Assessed Valuation)
Direct and Overlapping Governments
Last Ten Fiscal Years**

Table 9

Fiscal Year	City of Merriam			Overlapping Rates (a)						Total Direct and Overlapping
	Basic Rate	Debt Service	Total Direct	State	County (b)	Junior College	Board of Education (c)	Merriam Drainage Bd.	Total Overlapping	
2000	\$ 10.924	\$ 7.143	\$ 18.067	\$ 1.500	\$ 25.866	\$ 7.184	\$ 41.246	\$ 2.285	\$ 78.081	\$ 96.148
2001	10.564	6.911	17.475	1.500	24.626	7.646	40.327	2.743	76.842	94.317
2002	10.957	6.635	17.592	1.500	24.867	7.743	38.699	2.886	75.695	93.287
2003	11.914	6.612	18.526	1.500	20.771	9.428	42.238	3.176	77.113	95.639
2004	17.174	2.111	19.285	1.500	21.700	9.432	37.774	3.612	74.018	93.303
2005	17.161	2.114	19.275	1.500	21.364	9.438	42.655	3.749	78.706	97.981
2006	17.131	2.110	19.241	1.500	23.163	8.960	49.748	3.798	87.169	106.410
2007	18.836	2.345	21.181	1.500	23.199	8.872	51.980	4.050	89.601	110.782
2008	18.840	2.346	21.186	1.500	23.242	8.749	52.008	3.934	89.433	110.619
2009	24.999	2.361	27.360	1.500	23.165	8.768	52.094	2.488	88.015	115.375

Source: Johnson County Appraiser's Office

- (a) Overlapping rates are those of local and county governments that apply to property owners within the City of Merriam.
- (b) County rate includes Johnson County, Parks and Recreation District, and Library
- (c) Shawnee Mission School District No. 512

**City of Merriam, Kansas
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 10

<u>Taxpayer</u>	<u>2009</u>			<u>2000</u>		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Merriam Town Center	\$ 8,333,251	1	5.03%	\$ 9,195,400	1	8.12%
Aristocrat Motors	2,939,668	2	1.77%	1,625,000	10	1.43%
Car Max	2,664,411	3	1.61%	-		-
Santa Fe Medical Building	2,452,000	4	1.48%	-		-
Lee Apparel Company	2,194,500	5	1.32%	-		-
G.E. Credit	2,165,501	6	1.31%	2,526,500	2	2.23%
Antioch Plaza Office	1,999,000	7	1.21%	2,124,275	5	1.87%
Baron BMW	1,780,683	8	1.07%	2,157,955	4	1.90%
Georgetown Medical Building	1,552,750	9	0.94%	-		-
Home Depot	1,524,501	10	0.92%	1,871,225	7	1.65%
G.E. Capital	-		-	2,525,575	3	2.23%
Georgetown Apartments	-		-	2,063,302	6	1.82%
Lucent Technologies	-		-	1,771,475	8	1.56%
King's Cove Office Park	-		-	1,663,125	9	1.47%
	<u>\$ 27,606,265</u>		<u>16.66%</u>	<u>\$ 27,523,832</u>		<u>24.29%</u>

Source: Johnson County Appraiser's Office

**City of Merriam, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 11

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2000	\$ 2,372,384	\$ 2,308,938	97.33%	\$ 13,943	\$ 2,322,881	97.91%
2001	2,398,486	2,323,221	96.86%	9,891	2,333,112	97.27%
2002	2,540,741	2,472,229	97.30%	19,574	2,491,804	98.07%
2003	2,685,544	2,603,296	96.94%	27,046	2,630,342	97.94%
2004	2,899,944	2,833,984	97.73%	20,558	2,854,542	98.43%
2005	2,967,139	2,887,999	97.33%	10,553	2,898,552	97.69%
2006	3,076,356	2,974,459	96.69%	31,991	3,006,451	97.73%
2007	* 3,734,492	3,256,645	87.20%	8,855	3,265,500	87.44%
2008	3,511,387	3,408,974	97.08%	17,410	3,426,384	97.58%
2009	4,536,145	4,378,952	96.53%	-	4,378,952	96.53%

Note: Source Johnson County Treasurer's Office

* The assessed valuation for the 2007 budget included 3 parcels that were classified as tax-exempt prior to 2007. These parcels were being replatted at the time the county assessment was prepared, but regained their tax-exempt status after taxes were levied for 2007. Without the inclusion of these parcels, taxes levied would have been approximately \$3,403,000, with collections totaling 95.69% in the fiscal year of levy, and 96.82% for total collections to date.

City of Merriam, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 12

Fiscal Year	Governmental Activities						Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment G.O. Bonds	Temporary Notes	TIF Revenue Bond	Subordinate Special Obligation TIF Bond	Tax Increment Contractual Liabilities			
2000	\$ 12,753,300	\$ 35,000	\$ -	\$ 9,675,450	\$ -	\$ 1,289,731	\$ 23,753,481	8.0%	2,158
2001	11,413,300	-	-	9,675,450	5,113,522	2,766,305	28,968,577	9.4%	2,632
2002	13,798,300	-	-	9,475,450	5,113,522	2,746,254	31,133,526	9.9%	2,844
2003	16,430,000	-	-	9,075,450	5,113,522	2,696,762	33,315,734	10.7%	3,072
2004	18,060,000	-	3,500,000	8,575,450	5,113,522	2,629,019	37,877,991	11.6%	3,496
2005	22,535,000	-	3,500,000	7,975,450	5,113,522	2,563,065	41,687,037	12.6%	3,863
2006	21,055,000	-	3,975,000	7,075,450	5,113,522	3,276,180	40,495,152	12.2%	3,760
2007	19,250,000	-	3,810,000	5,975,450	5,113,522	3,107,850	37,256,822	10.8%	3,458
2008	20,845,000	-	145,000	4,775,450	5,113,522	5,832,254	36,711,226	10.3%	3,402
2009	15,165,000	3,210,000	-	3,575,450	5,113,522	8,407,438	35,471,410	10.4%	3,280

Note: See Table 17 for personal income data.

Note: Details regarding the City's outstanding debt can be found in Note 4 to the financial statements.

City of Merriam, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 13

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Temporary Notes</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 12,753,300	\$ -	\$ 441,872	\$12,311,428	1.55%	\$ 1,118
2001	11,413,300	-	735,278	10,678,022	1.27%	970
2002	13,798,300	-	910,101	12,888,199	1.51%	1,177
2003	16,430,000	-	276,393	16,153,607	1.83%	1,490
2004	18,060,000	3,500,000	297,427	21,262,573	2.34%	1,962
2005	22,535,000	3,500,000	317,767	25,717,233	2.72%	2,383
2006	21,055,000	3,975,000	72,291	24,957,709	2.45%	2,318
2007	19,250,000	3,810,000	22,698	23,037,302	2.33%	2,138
2008	20,845,000	145,000	56,922	20,933,078	2.11%	1,940
2009	18,375,000	-	61,646	18,313,354	1.91%	1,693

Note: See Table 8 for property value data.

Note: See Table 17 for population data.

**City of Merriam, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009**

Table 14

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Shawnee Mission U.S. District No. 512	\$ 236,370,000	5.19%	\$ 12,273,183
Johnson County	24,571,715	2.02%	<u>495,892</u>
Subtotal, overlapping debt			\$ 12,769,076
City direct debt			<u>18,375,000</u>
Total direct and overlapping debt			<u><u>\$ 31,144,076</u></u>

Source: Johnson County Office of Financial Management

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Merriam. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**City of Merriam, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years**

Table 15

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$45,685,758	\$47,517,148	\$47,874,894	\$49,475,023	\$50,571,446	\$52,276,857	\$57,197,504	\$53,995,124	\$54,055,994	\$52,534,242
Total net debt applicable to limit	<u>7,388,300</u>	<u>6,118,300</u>	<u>9,388,300</u>	<u>11,025,625</u>	<u>17,065,625</u>	<u>21,835,625</u>	<u>20,830,625</u>	<u>20,830,625</u>	<u>19,120,625</u>	<u>13,780,625</u>
Legal debt margin	<u>\$38,297,458</u>	<u>\$41,398,848</u>	<u>\$38,486,594</u>	<u>\$38,449,398</u>	<u>\$33,505,821</u>	<u>\$30,441,232</u>	<u>\$36,366,879</u>	<u>\$33,164,499</u>	<u>\$34,935,369</u>	<u>\$38,753,617</u>
Total net debt applicable to the limit as a percentage of debt limit	16.17%	12.88%	19.61%	22.29%	33.75%	41.77%	36.42%	38.58%	35.37%	26.23%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value (a)	\$175,114,140
Debt Limit (b)	52,534,242
Debt applicable to limit:	
General Obligation bonds and notes	18,375,000
Less: drainage and refunding issues not subject to limit (c)	(1,614,375)
refunding issue not subject to limit (c)	<u>(2,980,000)</u>
Total net debt applicable to limit	<u>13,780,625</u>
Legal debt margin	<u>\$38,753,617</u>

(a) Combination of Motor Vehicle values and Real Property Values

(b) Debt limits for Kansas cities are established by state statutes. Based on the statutes, the debt limit for the City of Merriam is 30% of assessed value.

(c) As provided by Kansas statute K.S.A. 10-309

**City of Merriam, Kansas
Pledged Revenue Coverage
Last Ten Fiscal Years**

Table 16

Fiscal Year	Special Assessment Bonds (a)				Tax Increment Revenue Bonds (b)				Tax Increment Contractual Liabilities (b)			
	Special Assessment Collections	Debt Service		Coverage	Property Tax Increment	Debt Service		Coverage	Property Tax Increment	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2000	\$ 50,261	\$ 30,000	\$ 2,250	1.56	\$ 810,717	\$ -	\$ -	-	\$ 181,513	\$ 5,648.00	\$ 146,268.00	1.19
2001	53,571	35,000	788	1.50	895,530	-	-	-	224,317	21,317	170,086	1.17
2002	51,568	-	-	-	1,039,510	200,000	633,148	1.25	256,280	43,739	182,400	1.13
2003	54,560	-	-	-	1,118,559	400,000	633,106	1.08	297,151	64,075	201,162	1.12
2004	52,390	-	-	-	1,126,361	500,000	600,331	1.02	312,203	87,990	193,515	1.11
2005	54,977	-	-	-	1,292,286	600,000	560,656	1.11	300,273	92,735	178,551	1.11
2006	52,345	-	-	-	1,592,966	900,000	503,731	1.13	361,910	126,275	179,296	1.18
2007	54,462	-	-	-	1,545,727	1,100,000	438,281	1.00	458,058	188,409	174,925	1.26
2008	51,375	-	-	-	1,506,552	1,200,000	353,706	0.97	493,686	219,801	236,233	1.08
2009	278,004	290,000	128,519	0.66	1,569,365	1,200,000	273,406	1.07	504,175	454,149	190,365	0.78

Note: Details regarding the City's outstanding debt can be found in Note 4 to the financial statements.

(a) Special assessment bonds were refunded early in 2001 due to additional payments made in 1998. The related special assessment taxes were collected through 2008. In 2008, new general obligation bonds with special assessment backing were issued.

(b) Tax increment revenue bonds and contractual liabilities are backed by the incremental real estate property tax revenue produced by the properties located in the redevelopment district.

**City of Merriam, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table 17

Year	Population (a)	Personal Income	Per Capita Personal Income (b)	Median Age (b)	Unemployment Rate (c)
2000	11,008	\$ 296,566,528	\$ 26,941	37.0	1.80%
2001	11,008	308,279,040	28,005	35.5	3.70%
2002	10,947	313,609,656	28,648	36.2	3.90%
2003	10,844	310,658,912	28,648	36.2	4.50%
2004	10,835	327,000,300	30,180	36.2	4.30%
2005	10,791	331,272,909	30,699	36.8	4.50%
2006	10,769	331,308,285	30,765	36.5	4.00%
2007	10,777	344,993,324	32,012	36.5	3.90%
2008	10,790	354,861,520	32,888	37.0	4.40%
2009	10,814	342,457,752	31,668	37.3	6.30%

- (a) Population data for 1999 and 2002 - 2008 was based upon State of Kansas estimates. The 2000 and 2001 data is based on the 2000 Federal Census.
- (b) County Economic Research Institute, Inc., Johnson County Zip Code Demographics.
- (c) Kansas Department of Labor provides demographics by county.

**City of Merriam, Kansas
Principal Employers
Current Year and Nine Years Ago**

Table 18

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Shawnee Mission Medical Center	2,930	1	20.93%	2,200	1	16.92%
GE Money Finance	492	2	3.51%	-		-
First Student	360	3	2.57%	242	4	1.86%
Superior Chevrolet/Toyota	320	4	2.29%	260	3	2.00%
Seaboard Allied Milling	200	5	1.43%	-		-
Carmax	162	6	1.16%	-		-
Industrial Bearing (IBT)	152	7	1.09%	135	10	1.04%
Aristocrat Motors	144	8	1.03%	-		-
Home Depot	130	9	0.93%	180	8	1.38%
Baron BMW/Volkswagon	108	10	0.77%	-		-
Montgomery Ward Credit Services	-		-	720	2	5.54%
Lee Company	-		-	240	5	1.85%
Lucent Technologies	-		-	200	6	1.54%
Hen House	-		-	180	7	1.38%
K-Mart	-		-	160	9	1.23%
	<u>4,998</u>		<u>35.70%</u>	<u>4,517</u>		<u>34.75%</u>

Source: Employee totals provided by individual employers.

City of Merriam, Kansas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 19

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Mayor/City Council	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
General Government	8.45	9.45	9.75	9.75	9.00	9.75	9.75	9.75	9.75	8.75
Information Services (a)	-	-	-	-	-	-	-	-	0.50	0.50
Municipal Court	2.70	2.95	2.95	2.95	2.95	2.75	2.75	2.75	2.75	2.75
Law enforcement										
Officers	26.00	26.00	26.00	26.00	26.00	28.00	28.00	29.00	28.00	28.00
Civilians	8.50	5.75	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00
Fire prevention and control										
Firefighters	21.64	21.64	22.00	22.00	22.00	22.00	22.00	22.00	21.00	24.00
Public works	16.70	18.00	19.00	19.00	19.00	20.46	20.46	20.46	20.76	20.96
Culture and recreation										
Community Center	8.98	8.98	8.98	8.98	9.36	9.36	9.36	9.36	9.36	9.36
Aquatic Center	10.33	10.33	10.33	10.33	10.33	10.66	10.66	10.66	10.66	10.66
Merriam Marketplace	-	0.20	0.26	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Community development	4.78	6.78	6.00	6.00	6.75	6.00	6.00	8.00	8.00	8.00
Capital improvement program (b)	1.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	-	-
Total	118.08	123.08	124.27	123.33	123.71	128.30	128.30	131.30	127.10	129.30

Source: City of Merriam Human Resources records

(a) Previously included in General Government

(b) Capital Improvements Program employees included in Community Development after 2008

**City of Merriam, Kansas
Operating Indicators by Function
Last Ten Fiscal Years**

Table 20

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Occupational licenses issued	920	887	913	898	967	912	915	915	996	1,003
Vendor payments	5,310	4,512	4,667	4,168	4,384	4,475	4,225	3,632	3,552	3,327
Court filings processed	6,935	7,198	8,172	8,585	8,010	9,958	10,641	10,597	10,159	8,913
Law enforcement										
Physical arrests	1,143	996	1,130	1,577	1,427	1,326	1,406	1,193	1,116	1,209
Accidents investigated	833	543	546	529	512	637	764	688	587	499
Traffic violations issued	6,704	7,504	8,016	8,006	8,233	9,958	10,641	10,867	10,159	8,913
Animal control service calls	1,409	1,361	1,352	1,375	1,293	1,310	733	1,620	1,872	288
Fire prevention and control										
Fire inspections performed	534	410	978	926	832	865	814	954	675	781
Alarm responses	1,645	1,585	1,538	1,478	1,614	1,647	1,624	1,740	1,761	1,554
Public education attendance	4,564	2,893	15,176	15,000	13,246	6,707	14,040	18,318	5,352	5,205
Public works										
Miles of street repair/overlay	8.5	8.5	8.5	8.5	4.0	3.5	3.0	3.0	3.0	3.0
Acres mowed	40	40	40	60	60	60	60	60	66	60
Miles of curbing/sidewalk repaired	4.0	4.0	4.0	4.5	3.5	4.0	3.0	5.0	3.5	3.0
Culture and recreation										
Community Center attendance	66,358	63,325	70,511	68,399	56,805	49,993	50,090	43,586	45,434	46,543
Aquatic Center attendance	37,789	35,131	36,914	28,389	14,534	20,306	20,167	17,600	19,030	21,235
Farmers' Market ave. wkly. attend.	150	134	469	389	340	532	581	431	446	532
Community development										
Construction permits issued	582	528	333	313	236	252	311	250	351	276
Value of new commercial const.	\$ 3,861,500	\$ 1,325,000	\$ 8,300,000	\$ 4,324,168	\$ 1,735,000	\$ 15,284,365	\$ 8,880,987	\$ 11,478,003	\$ 17,627,005	\$ 67,500
Value of new residential const.	\$ 238,000	\$ 90,000	\$ 475,000	\$ 935,000	\$ 828,400	\$ 957,000	\$ 1,207,970	\$ -	\$ -	\$ -
Capital improvement program										
Number of projects managed	14	15	7	6	32	29	23	19	21	19

Source: City of Merriam departmental records

**City of Merriam, Kansas
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table 21

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government										
Visitors' Bureau/Historical Plaza (a)	-	-	-	-	-	-	1	1	1	1
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	15	14	15	15	15	15	18
Animal control units	1	1	1	1	1	1	1	1	1	1
Mobile command post	-	1	1	1	1	1	1	1	-	-
Fire control and prevention										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency vehicles	5	5	4	4	4	4	4	4	4	4
Non-emergency vehicles	3	3	3	3	3	2	2	2	2	1
Rescue boat	1	1	1	1	1	1	1	1	1	1
Civil defense sirens	4	4	4	4	4	4	4	4	4	4
Public works										
Streets (miles)	112	112	112	112	112	112	112	112	113	113
Streetlights	953	953	953	988	1,117	1,302	1,481	1,493	1,571	1,601
Traffic signals	68	102	102	102	102	106	106	107	107	107
Maintenance vehicles	20	20	20	21	20	23	24	24	24	23
Culture and recreation										
Acreage of city parks	46.57	55.73	60.98	60.98	63.08	63.08	64.08	64.08	79.08	79.08
Parks	4	6	7	7	8	8	9	9	9	9
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Farmers' Market	1	1	1	1	1	1	1	1	1	1

Source: Capital asset records maintained by the Merriam Finance Department

(a) Merriam Visitors' Bureau opened in 2006