

City of
MERRIAM

K A N S A S

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended December 31, 2011



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CITY OF MERRIAM, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended December 31, 2011

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June 15, 2012

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, 2011. 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, 2011, 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 11,003. Merriam was incorporated as a third class city on October 23, 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, Budgetary Basis Accounting and Information, in the Notes to the Basic Financial Statements for additional 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. City businesses have averaged \$505 million in annual sales over the last five years. This translates into approximately \$112 million in sales per square mile and is due largely to the success of several large auto dealerships and the Merriam Town Center retail area. City sales taxes rose by 6% this year, the first increase since 2008. Sales tax trends for early 2012 show continued improvement.

Assessed property valuations have declined nearly 12% since 2008 and preliminary valuations for 2012 indicate values will be flat or slightly reduced. However, construction activity in Merriam was strong in 2011 with building permits issued for commercial and residential property valued over \$43 million. Many projects will be completed in 2012 or 2013.

The Women's Care Facility, a significant addition to Shawnee Mission Medical Center, will open mid-2013. Building permit plans were recently submitted for an urgent-care facility and a medical office building near the Shawnee Mission Medical Center campus. Two new single-family homes have been built in the 41-unit Timber Ridge development and permits issued for two more. Russell Stover Candies has demolished an existing retail store and will rebuild at the same location.

The City has also provided developer incentives for private construction in two project areas. In 2012, Merriam's Toyota dealership will move to a new, 62,000 square foot facility at Merriam Pointe. The City is reviewing construction plans for two more auto dealerships also at Merriam Pointe. Construction is nearing completion for a Quik Trip convenience store and a Jack-in-the-Box fast-food restaurant at Merriam Village.

Total employment in Merriam is estimated at 13,500 jobs. The county unemployment rate for 2011 is 5.9%, with an average of approximately 4.8% 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.

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, Meyer Creek, and Hocker Creek, plus upgrades to residential streets. The 2013-2017 plan includes projects totaling an estimated \$30 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. The current CIP plan anticipates that all 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, 2011, General Fund reserves exceed requirements with 42.0% of budgeted revenues (excluding reserves assigned for risk management). The policy also requires that the risk management reserves equal or exceed 7.5% of General Fund budgeted revenues. Reserves assigned to risk management ended the year at just 6.7% of budgeted revenues. City Council acknowledged a conflict with their policy in the preparation of the 2012 budget, with risk management reserves projected to equal 6.6% of budgeted revenues for 2012.

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

Awards and Acknowledgments

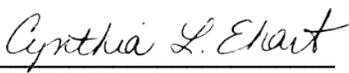
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Merriam for its comprehensive annual financial report for the fiscal year ended December 31, 2011. This was the eighteenth consecutive 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, 2012. 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.



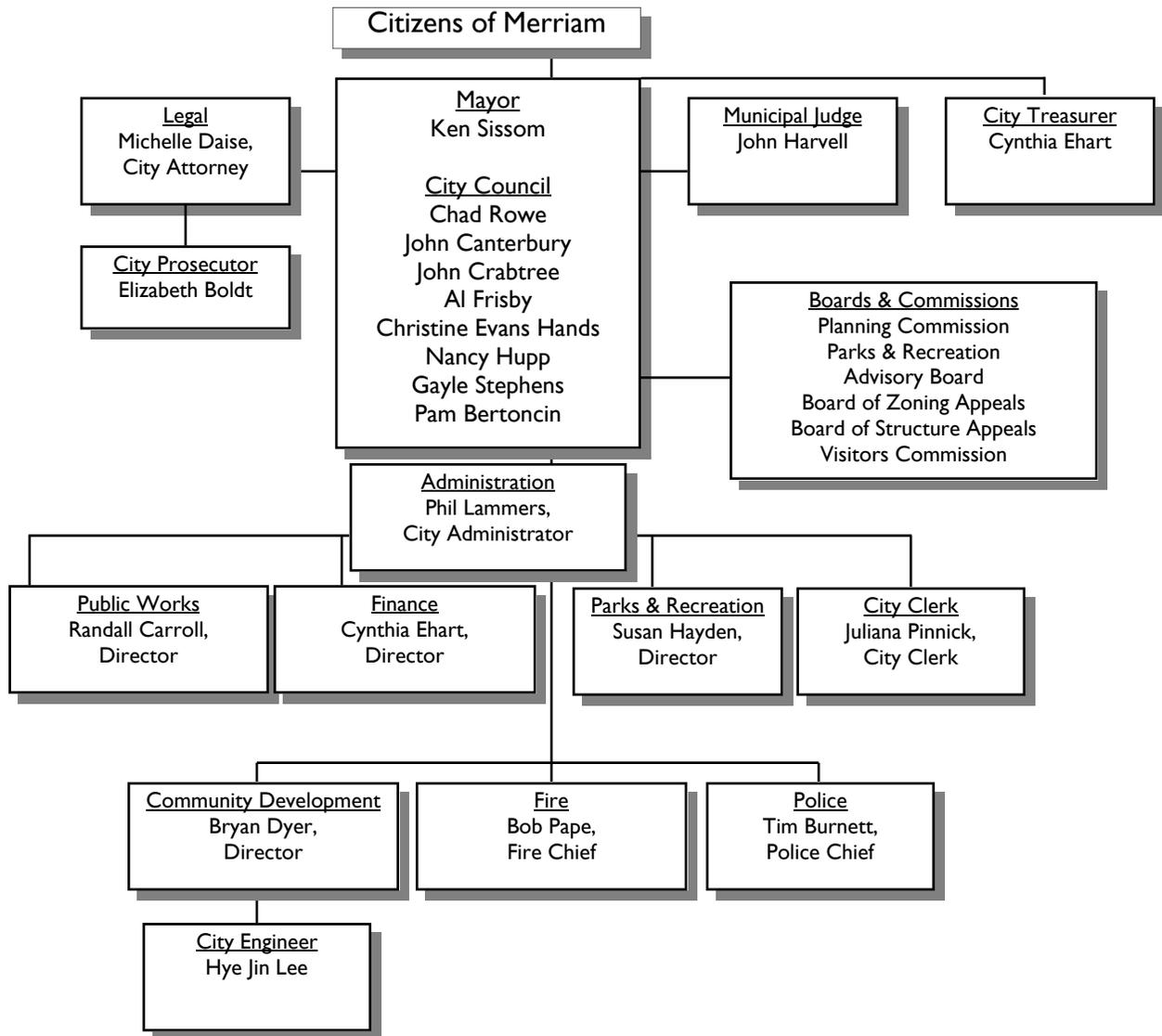
Cynthia Ehart
Finance Director



Phil Lammers
City Administrator



City Organizational Chart



PRINCIPAL OFFICIALS

MAYOR AND CITY COUNCIL	LENGTH OF SERVICE	TERM EXPIRES	POSITION
Ken Sissom	3 Years	2013	Mayor
John Canterbury	1 Year	2015	Ward 1
Chad Rowe	7 Years	2013	Ward 1
Al Frisby	1 Year	2015	Ward 2
John Crabtree	7 Years	2013	Ward 2
Nancy Hupp	9 Years	2015	Ward 3
Christine Evans Hands	7 Years	2013	Ward 3
Pam Bertoncin	5 Years	2015	Ward 4
Gayle Stephens	11 Years	2013	Ward 4

APPOINTED OFFICIALS	POSITION	LENGTH OF SERVICE TO CITY	GOVERNMENT SERVICE
Phil Lammers	City Administrator	4	32
Bob Pape	Fire Chief	35	35
Tim Burnett	Police Chief	30	30
Randy Carroll	Public Works Director	30	30
Susan Hayden	Parks & Recreation Director	22	26
Michelle Daise	City Attorney	12	15
Juli Pinnick	City Clerk	8	14
Cynthia Ehart	Finance Director / City Treasurer	8	8
Bryan Dyer	Community Development Director	4	12
Hye Jin Lee	City Engineer	3	11

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, 2010

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.



Linda C. Sandison

President

Jeffrey R. Emery

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, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Cudney, Eason, McEwen & Williams LLC

May 9, 2012

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, 2011. 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 \$78,687,343 (net assets).
- The City's total net assets increased during this fiscal year by \$2,033,756 due to the completion of 70th Terrace Street and Drainage project, plus Johnson Drive curbing, drainage and railroad crossing improvements. Repayment of general obligation debt associated with capital assets also increased net assets. The net increase in non-capital related TIF liabilities reduced unrestricted net assets.
- At the close of 2011, the City's governmental funds reported combined ending fund balances of \$16,440,745, an increase of \$924,622 over the prior year. This was due to greater than expected sales tax collections and lower than expected costs for the 70th Terrace Street and Drainage project. Building permits fees increased due to significant construction activity during 2011.
- At the close of 2011, unassigned fund balance for the General Fund was \$5,233,346, or 38.64% of revenues for the fund. An additional \$838,172, or 6.19% of revenue, is assigned for Risk Management purposes.
- The City's total general obligation debt decreased by \$2,645,000 (17.0%) during 2011 due to repayment of outstanding debt.
- The City implemented GASB #54 in 2011.

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 2011.

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	
	2011	2010
Current and other assets	\$ 25,957,586	\$ 25,793,941
Capital assets	90,636,540	91,094,238
Total assets	116,594,126	116,888,179
Long-term liabilities	30,959,794	32,866,465
Other liabilities	6,946,989	7,368,127
Total liabilities	37,906,783	40,234,592
Net assets:		
Invested in capital assets, net of related debt	80,022,605	78,091,904
Restricted	5,545,039	5,021,411
Unrestricted	(6,880,301)	(6,459,728)
Total net assets	\$ 78,687,343	\$ 76,653,587

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 \$78,687,343 at the close of 2011.

The largest portion of the City's net assets reflects its investment of \$80,022,605 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 \$5,545,039 of the City's net assets represents resources that are subject to external restrictions on how they may be used. Net assets include \$2,705,252 restricted for capital projects using the City's special ¼-cent sales taxes. Another \$2,630,210 is restricted per state statute for community development inside the City's TIF districts.

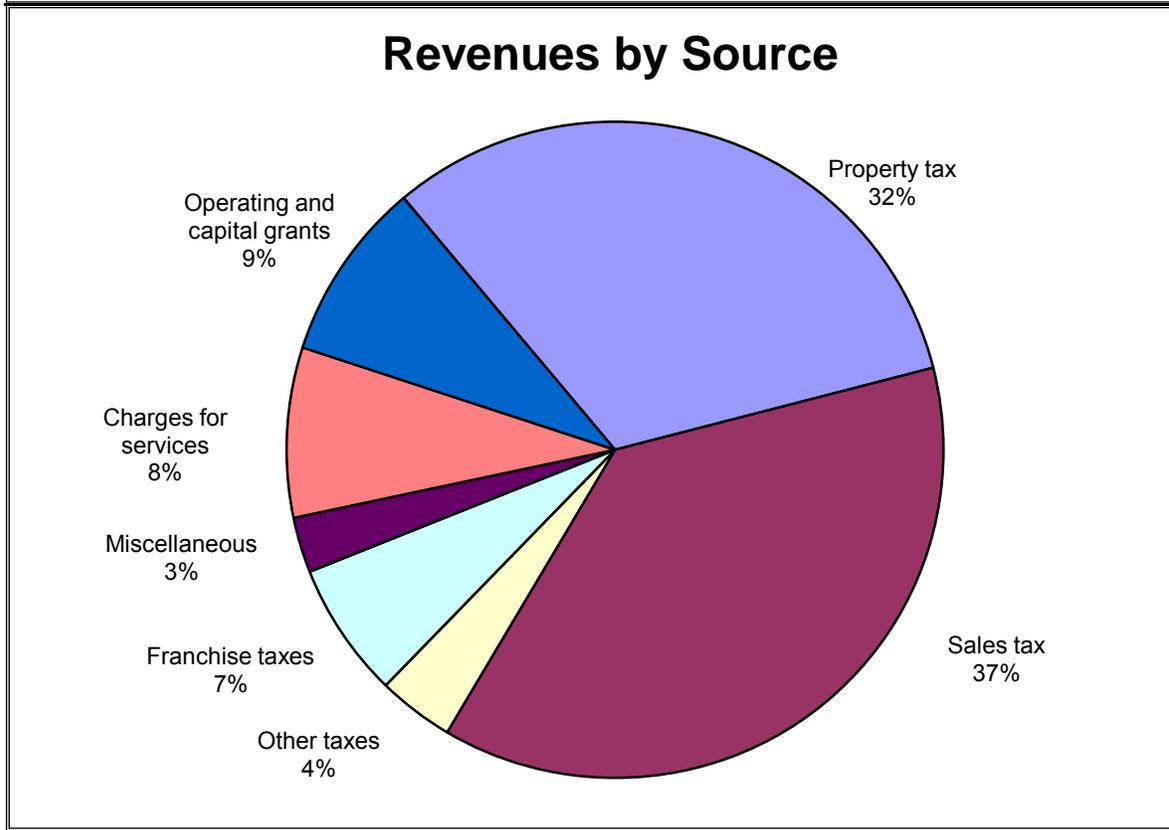
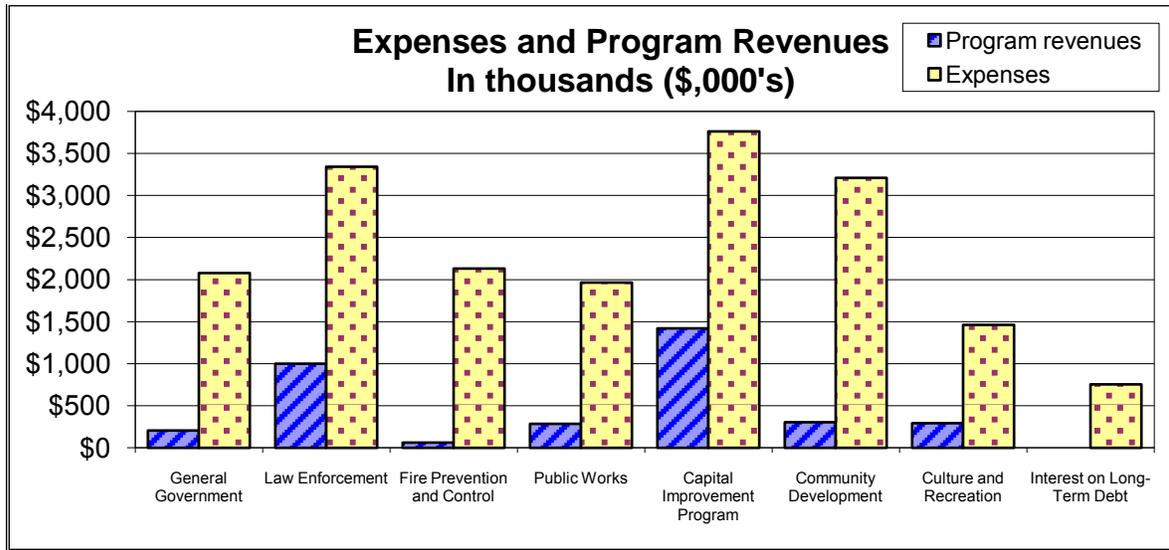
The portion of the City's net assets classified as unrestricted is (\$6,880,301). Were it not for \$17,202,518 in tax increment financing bonds and other contractual obligations, unrestricted net assets would be \$10,322,217. These bonds and contractual obligations are considered fully paid on their 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. However, they do not correspond to any City-owned capital asset.

Condensed Statement of Changes in Net Assets		
	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 1,735,800	\$ 1,701,187
Operating grants and contributions	321,568	355,361
Capital grants and contributions	1,515,293	2,103,160
General revenues:		
Property taxes	6,659,465	7,173,989
Sales taxes	7,795,664	7,246,064
Other taxes	780,888	733,491
Franchise taxes	1,381,109	1,325,346
Miscellaneous	568,202	378,696
Total revenues	<u>20,757,989</u>	<u>21,017,294</u>
Expenses:		
General government	2,077,925	2,118,597
Law enforcement	3,343,059	3,252,442
Fire prevention and control	2,130,222	2,065,774
Public works	1,962,925	1,907,778
Capital improvement program	3,762,187	3,710,509
Community development	3,209,018	1,945,042
Health and welfare	24,123	23,827
Culture and recreation	1,461,193	1,428,918
Interest on long-term debt	753,581	991,316
Total expenses	<u>18,724,233</u>	<u>17,444,203</u>
Increase in net assets	2,033,756	3,573,091
Net assets - beginning of year	76,653,587	73,080,496
Net assets - end of year	<u>\$ 78,687,343</u>	<u>\$ 76,653,587</u>

Analysis of Changes in Net Assets

The City's net assets increased during the fiscal year by a total of \$2,033,756 including these changes:

- Investment in capital assets increased by \$1,930,701 primarily due to the repayment of general obligation debt associated with capital assets.
- Net assets restricted for community development increased by \$451,936 primarily due to a less aggressive construction schedule for the I-35 District TIF Fund.
- Unrestricted net assets decreased by \$420,573 due to the net addition of non-capital related TIF liabilities.



The charts on the previous page illustrate Merriam's governmental expenses and program revenues by function, and revenues by source. The Community Development Program represents the largest portion of 2011 expenses, followed by Law Enforcement. Operating grants and contributions for 2011 were largely due to county revenues and cost sharing contributions received for stormwater projects. Community development expenses for 2011 included the addition of \$2,345,437 for non-capital related TIF expenses for redevelopment projects while such amounts totaled \$1,108,386 for 2010. Other revenues and expense functions fall within anticipated ranges.

For governmental activities overall, sales taxes are the largest source of revenue (37.5%) followed by property taxes (32.1%).

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 2011, the City's governmental funds reported combined ending fund balances of \$16,440,745 including \$6,236,080 restricted by external requirements and laws, \$907,039 committed to future capital equipment purchase, \$4,064,280 assigned to capital projects or other uses, and \$5,233,346 unassigned funds available for use at the City's discretion.

The General Fund is the primary operating fund for the City. At the end of 2011, the total fund balance of the General Fund was \$6,110,874.

The fund balance for the City's General Fund increased by \$295,055 during the fiscal year due to higher than expected sales tax collections.

The Capital Improvement Fund had an increase in fund balance of \$1,127,128 due to lower than budgeted costs for the 70th Terrace drainage project and higher than expected sales tax collections.

The fund balance for the I-35 TIF District Fund decreased by \$167,051 due to increased transfers to the Capital Improvement Fund supporting general obligation debt service for the District.

Other Governmental Funds decreased by \$240,934 attributable to the purchase of a new pumper fire truck in 2011 from Equipment Reserve Fund and offset by better-than-expected collections of Transient Guest taxes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget was not amended during 2011; therefore, the original budget and the final budget are the same.

Variances 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 \$90,636,540 as of December 31, 2011. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	Capital Assets (net of depreciation)	
	Governmental Activities	
	2011	2010
Land	\$ 12,807,709	\$ 12,603,732
Artwork	24,000	24,000
Construction in progress	255,018	212,975
Buildings	8,819,764	9,171,088
Improvements other than buildings	2,486,042	2,559,772
Equipment	3,014,139	2,529,432
Infrastructure	63,229,868	63,993,239
Total	<u>\$ 90,636,540</u>	<u>\$ 91,094,238</u>

Infrastructure additions for 2011 include the completion of the 70th Terrace Street and Drainage project and the Johnson Drive curbing, drainage and railroad crossing improvements. Additional information about the City's capital assets may be found in Note 2 to the basic financial statements.

Long-Term Debt

At December 31, 2011 the City had total long-term bonds outstanding of \$19,228,972. This amount included \$13,140,000 of general obligation bonds backed by the full faith and credit of the City. The City has an additional \$6,088,972 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. In March 2012, final payment was made on the senior tax increment revenue bond. The City also has tax increment contractual liabilities outstanding of \$11,113,546.

The City's total long-term bonds payable decreased by \$3,990,000 during the fiscal year due to principal reductions on outstanding bond issues.

Moody's Investor Services rated the City's most recent bond issue Aa2 and affirmed this rating for all existing debt.

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 \$47,878,996.

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		
	2011		2010
General obligation bonds	\$ 13,140,000	\$	15,830,000
Tax increment revenue bonds	975,450		2,275,450
Subordinate special obligation tax increment revenue bonds	5,113,522		5,113,522
Total	<u>\$ 19,228,972</u>	<u>\$</u>	<u>23,218,972</u>

Economic Factors

During 2011, the City experienced an additional 2.48% reduction in assessed property valuation for a total decrease of 11.7% since 2008. A small decrease for 2012 is expected. City sales taxes improved by 6.0% over the prior year. The positive trend for all sales taxes has continued into the early months of 2012. 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 projects along 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. 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. Merriam Investors, LLC and Hendrick Automotive Group currently own development rights to the project. Construction of a 62,000 square foot auto dealership is nearing completion and the City is reviewing plans for construction of two additional auto dealerships.
- **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. 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 future TIF increments from property taxes. No anchor tenants have been announced for the development, but construction has commenced for a fast-food restaurant and a convenience store.

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, 6200 Eby Street, Merriam, KS 66202.

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BASIC
FINANCIAL STATEMENTS

City of Merriam, Kansas
Statement of Net Assets
December 31, 2011

	Governmental Activities
Assets	
Deposits and investments	\$ 14,391,518
Receivables (net of allowance for uncollectibles):	
Property taxes	6,105,030
Sales and other taxes	1,643,372
Intergovernmental	416,844
Special assessments - current	330,000
Interest and other	86,195
Restricted investments	661,057
Special assessments - noncurrent	2,250,000
Bond issuance costs, net	73,570
Capital assets:	
Land and other capital assets, non-depreciable	13,086,727
Other capital assets, net of depreciation	77,549,813
Total assets	116,594,126
Liabilities	
Accounts and retainage payable	601,432
Accrued payroll and related liabilities	120,657
Unearned revenue	6,118,470
Accrued interest payable	106,430
Long-term liabilities:	
Due within one year	4,805,865
Due in more than one year	26,153,929
Total liabilities	37,906,783
Net Assets	
Invested in capital assets, net of related debt	80,022,605
Restricted for:	
Capital projects	2,705,252
Community development	2,630,210
Other purposes	209,577
Unrestricted	(6,880,301)
Total net assets	\$ 78,687,343

City of Merriam, Kansas
Statement of Activities
For the Year Ended December 31, 2011

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	\$ 2,077,925	\$ 189,900	\$ -	\$ 16,585	\$ (1,871,440)
Law enforcement	3,343,059	982,233	18,511	-	(2,342,315)
Fire prevention and control	2,130,222	487	-	60,463	(2,069,272)
Public works	1,962,925	-	284,546	-	(1,678,379)
Capital improvement program	3,762,187	-	-	1,420,775	(2,341,412)
Community development	3,209,018	294,816	-	10,000	(2,904,202)
Health and welfare	24,123	-	-	-	(24,123)
Culture and recreation	1,461,193	268,364	18,511	7,470	(1,166,848)
Interest on long-term debt	753,581	-	-	-	(753,581)
Total primary government	\$ 18,724,233	\$ 1,735,800	\$ 321,568	\$ 1,515,293	(15,151,572)

General revenues:

Taxes:	
Property taxes, levied for general purposes	3,543,920
Property taxes, levied for debt service	335,955
Property taxes, tax increment financing	2,779,590
Sales taxes	7,795,664
Transient guest taxes	407,137
Franchise taxes	1,381,109
Tax increment financing replacement taxes	373,751
Intergovernmental not restricted to a specific program	18,611
Unrestricted investment earnings	211,118
Miscellaneous	338,473
Total general revenue	<u>17,185,328</u>
Change in net assets	2,033,756
Net assets-beginning of year	76,653,587
Net assets-end of year	<u>\$ 78,687,343</u>

City of Merriam, Kansas

Balance Sheet
Governmental Funds
December 31, 2011

	General	Capital Improvement	General Obligation Bonds	Merriam Town Center TIF	I-35 District TIF	Other Governmental Funds	Total Governmental Funds
Assets:							
Deposits and investments	\$ 5,170,061	\$ 5,224,926	\$ 71,423	\$ -	\$ 2,781,942	\$ 1,143,166	\$ 14,391,518
Receivables (net of allowance for uncollectibles):							
Property taxes	3,049,638	-	288,200	1,150,252	1,616,940	-	6,105,030
Sales and other taxes	1,331,872	202,882	-	-	-	108,618	1,643,372
Intergovernmental	-	281,001	-	-	-	135,843	416,844
Interest and other	27,034	7,385	-	-	28,211	853	63,483
Special assessments	-	-	2,580,000	-	-	-	2,580,000
Due from other funds	-	61,380	-	-	-	-	61,380
Restricted investments	-	-	-	661,057	-	-	661,057
Total assets	\$ 9,578,605	\$ 5,777,574	\$ 2,939,623	\$ 1,811,309	\$ 4,427,093	\$ 1,388,480	\$ 25,922,684
Liabilities:							
Accounts and retainage payable	\$ 224,631	\$ 138,196	\$ -	\$ -	\$ 221,382	\$ 17,223	\$ 601,432
Accrued payroll and related liabilities	118,642	-	-	-	-	2,015	120,657
Deferred revenue	3,063,078	-	2,868,200	1,150,252	1,616,940	-	8,698,470
Due to other funds	61,380	-	-	-	-	-	61,380
Total liabilities	3,467,731	138,196	2,868,200	1,150,252	1,838,322	19,238	9,481,939
Fund balances:							
Restricted	-	2,452,626	71,423	661,057	2,588,771	462,203	6,236,080
Committed	-	-	-	-	-	907,039	907,039
Assigned	877,528	3,186,752	-	-	-	-	4,064,280
Unassigned	5,233,346	-	-	-	-	-	5,233,346
Total fund balances	6,110,874	5,639,378	71,423	661,057	2,588,771	1,369,242	16,440,745
Total liabilities and fund balances	\$ 9,578,605	\$ 5,777,574	\$ 2,939,623	\$ 1,811,309	\$ 4,427,093	\$ 1,388,480	\$ 25,922,684

City of Merriam, Kansas
 Reconciliation of the Balance Sheet to the Statement of Net Assets
 Governmental Funds
 December 31, 2011

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

Ending fund balances - total governmental funds	\$ 16,440,745
<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>	
	90,636,540
<p>Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements</p>	
	2,602,712
<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, deferred amounts on refunding 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, 2011 are:</p>	
Bond issuance costs, net	73,570
Accrued interest payable	(106,430)
Long-term liabilities	<u>(30,959,794)</u>
 Total net assets of governmental activities	 <u>\$ 78,687,343</u>

City of Merriam, Kansas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Capital Improvement	General Obligation Bonds	Merriam Town Center TIF	I-35 District TIF	Other Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	\$ 3,543,920	\$ -	\$ 335,955	\$ 1,291,351	\$ 1,488,239	\$ -	\$ 6,659,465
Tax increment financing replacement taxes	-	-	-	165,742	208,009	-	373,751
Special assessments	-	-	422,050	-	-	-	422,050
Sales tax	6,637,009	1,158,655	-	-	-	-	7,795,664
Transient guest tax	-	-	-	-	-	407,137	407,137
Intergovernmental	18,611	1,420,775	-	-	-	389,501	1,828,887
Licenses, permits and fees	484,716	-	-	-	-	-	484,716
Franchise taxes	1,381,109	-	-	-	-	-	1,381,109
Charges for services	249,560	-	-	-	-	29,181	278,741
Fines, forfeitures and penalties	969,775	-	-	-	-	2,568	972,343
Use of money and property	25,021	56,448	3,467	15	20,859	6,058	111,868
Miscellaneous	235,588	14,576	-	-	60,242	4,703	315,109
Total revenues	<u>13,545,309</u>	<u>2,650,454</u>	<u>761,472</u>	<u>1,457,108</u>	<u>1,777,349</u>	<u>839,148</u>	<u>21,030,840</u>
Expenditures:							
Current:							
General government	1,891,323	-	-	-	7,868	212,037	2,111,228
Law enforcement	3,153,971	-	-	-	-	74,783	3,228,754
Fire prevention and control	2,060,477	-	-	-	-	499,270	2,559,747
Public works	1,786,903	-	-	-	-	409,109	2,196,012
Capital improvement program	-	46,238	-	-	-	-	46,238
Community development	674,663	-	-	-	-	112,375	787,038
Health and welfare	24,123	-	-	-	-	-	24,123
Culture and recreation	1,007,777	-	-	-	-	228,717	1,236,494
Capital outlay	-	2,806,995	-	-	181,232	-	2,988,227
Debt service:							
Principal retirements	-	-	2,690,000	1,300,000	256,595	-	4,246,595
Interest and fiscal charges	-	-	491,995	93,231	127,745	-	712,971
Total expenditures	<u>10,599,237</u>	<u>2,853,233</u>	<u>3,181,995</u>	<u>1,393,231</u>	<u>573,440</u>	<u>1,536,291</u>	<u>20,137,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,946,072</u>	<u>(202,779)</u>	<u>(2,420,523)</u>	<u>63,877</u>	<u>1,203,909</u>	<u>(697,143)</u>	<u>893,413</u>
Other financing sources (uses):							
Proceeds from sale of capital assets	-	-	-	-	-	31,209	31,209
Transfers in	90,000	3,773,935	2,444,028	-	-	450,000	6,757,963
Transfers out	(2,752,233)	(2,444,028)	-	(165,742)	(1,370,960)	(25,000)	(6,757,963)
Total other financing sources (uses)	<u>(2,662,233)</u>	<u>1,329,907</u>	<u>2,444,028</u>	<u>(165,742)</u>	<u>(1,370,960)</u>	<u>456,209</u>	<u>31,209</u>
Net change in fund balances	283,839	1,127,128	23,505	(101,865)	(167,051)	(240,934)	924,622
Fund balances, beginning of year, as restated	5,827,035	4,512,250	47,918	762,922	2,755,822	1,610,176	15,516,123
Fund balances, end of year	<u>\$ 6,110,874</u>	<u>\$ 5,639,378</u>	<u>\$ 71,423</u>	<u>\$ 661,057</u>	<u>\$ 2,588,771</u>	<u>\$ 1,369,242</u>	<u>\$ 16,440,745</u>

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, 2011

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

Net changes in fund balances - total governmental funds	\$	924,622
<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		3,835,573
Depreciation expense		(4,312,011)
<p>Contributions of capital assets are reported as capital contributions in the Statement of Activities</p>		
		26,585
<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		(7,845)
Change in deferred revenue and interest on special assessments		(322,800)
<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>		
Principal payments		4,246,595
Accrued interest expense		(48,451)
Bond premium amortization		52,417
Deferred amount on refunding amortization		(10,969)
Bond issuance costs, net		(33,607)
<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		(2,345,437)
Change in compensated absences		34,524
Other post employment benefits		(5,440)
Total changes in net assets of governmental activities	\$	<u>2,033,756</u>

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**NOTES TO THE
BASIC
FINANCIAL STATEMENTS**

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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 11,003, 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 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.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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. Nonmajor 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. The fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Improvement Fund is used to account for the construction of street, stormwater, and other improvements financed with the special ¼-cent City sales tax, General Fund sales tax transfers, and grants and contributions from outside agencies.

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.

Merriam Town Center (MTC) District Tax Increment Financing (TIF) Fund is used to account for ad valorem tax revenues received from the property tax increments in this redevelopment district. The fund accounts for the payment of eligible public and private project costs, including principal and interest on special revenue bonds. This fund is considered a special revenue fund.

I-35 District Tax Increment Financing (TIF) Fund is used to account for ad valorem tax revenues received from the property tax increments in this redevelopment district. The fund accounts for the payment of eligible public and private project costs, including the principal and interest on developer contractual obligations. This fund is considered a special revenue fund.

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, 2011

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 sales taxes, franchise taxes, investment earnings and state-levied locally shared taxes (including motor fuel taxes). Reimbursements due for grant 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 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 Bonds Debt Service Fund. An annual operating budget is not required for the Special Law Enforcement and TIF special revenue funds 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.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

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 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 2011.

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, 2011. 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 \$1,169,963 of United States Treasury Bills.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

A summary of the carrying values of deposits, investments and petty cash at December 31, 2011 is as follows:

Total deposits		\$	7,282,133
Total investments			7,766,065
Petty cash			4,377
Total			\$ 15,052,575

Investments include \$690,890 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, 2011 are as follows:

Investment	Fair Value	Investment Maturity		Rating
		Under one year	One to five years	
U.S. Treasury Bills	\$ 1,169,963	\$ 1,169,963	\$ -	-
Federal Home Loan Bank	1,651,870	-	1,651,870	AA+
Federal Home Loan Mortgage Corporation	2,128,733	-	2,128,733	AA+
Federal Farm Credit Bank	697,669	-	697,669	AA+
Federal National Mortgage Association	1,426,940	-	1,426,940	AA+
Federated U.S. Treasury Money Market Fund	690,890	690,890	-	AAAm
	\$ 7,766,065	\$ 1,860,853	\$ 5,905,212	

Credit Risk

The City's policy on credit risk follows the statutory limitations on the allowable investments, which inherently reduces 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. A rating is not required for the treasury bills.

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's policy 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

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

At December 31, 2011, 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, 2011, 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 Home Loan Mortgage Corporation, Federal Farm Credit Bank, and the Federal National Mortgage Association 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 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

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

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 \$361,889 for vacation leave at December 31, 2011 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 \$176,377 for sick leave at December 31, 2011 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.

Fund Balances

In 2011, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This new statement changed how fund balances are classified and reported, and clarified the definitions of existing governmental fund types. The new fund balance classifications for the City are described below. The adoption of the statement resulted in the reclassification of the \$849,388 beginning fund balance of the Risk Management Reserve Fund from other governmental funds to the General Fund, and the combination of the previously reported I-35 Redevelopment District Fund and Tax Increment Contractual Liability Fund into the I-35 District TIF Fund.

For governmental funds, fund balance is classified into five components:

Nonspendable – Nonspendable consists of amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation.

Committed – This classification consists of amounts that can be used only for the specific purposes imposed by a formal action of the City Council and cannot be used for any other purpose unless removed or changed by taking the same type of action that previously committed those amounts.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority. Encumbrances are considered as assigned unless they specifically meet the requirements to be restricted or committed.

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Unassigned – This consists of the residual balance for the general fund not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from expenditures exceeding amounts that had been restricted, committed or assigned.

The City applies restricted resources first to finance qualifying expenditures, when either restricted or unrestricted amounts are available. For unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts.

It is the policy of the City to maintain a minimum fund balance in the general fund equal to 15% of current year budgeted revenues, with a target of 25%.

Detailed information on the components of the City's fund balance classifications are shown in Note 5.

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
Notes to the Basic Financial Statements
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Note 2: Capital Assets

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

	Ending Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,603,732	\$ 203,977	\$ -	\$ 12,807,709
Artwork	24,000	-	-	24,000
Construction in progress	212,975	2,926,144	2,884,101	255,018
Total capital assets not being depreciated	<u>12,840,707</u>	<u>3,130,121</u>	<u>2,884,101</u>	<u>13,086,727</u>
Capital assets being depreciated:				
Buildings	12,989,976	-	-	12,989,976
Improvements other than buildings	4,414,935	145,445	-	4,560,380
Equipment	5,629,767	870,669	231,787	6,268,649
Infrastructure	104,725,786	2,600,024	53,456	107,272,354
Total capital assets being depreciated	<u>127,760,464</u>	<u>3,616,138</u>	<u>285,243</u>	<u>131,091,359</u>
Less accumulated depreciation for:				
Buildings	3,818,888	351,324	-	4,170,212
Improvements other than buildings	1,855,163	219,175	-	2,074,338
Equipment	3,100,335	378,117	223,942	3,254,510
Infrastructure	40,732,547	3,363,395	53,456	44,042,486
Total accumulated depreciation	<u>49,506,933</u>	<u>\$ 4,312,011</u>	<u>\$ 277,398</u>	<u>53,541,546</u>
Total capital assets being depreciated, net	<u>78,253,531</u>			<u>77,549,813</u>
Governmental activity capital assets, net	<u>\$ 91,094,238</u>			<u>\$ 90,636,540</u>

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

General government	\$ 142,830
Law enforcement	179,676
Fire prevention and control	94,809
Public works	151,380
Capital improvement program	3,363,395
Community development	73,579
Culture and recreation	306,342
Total depreciation expense	<u>\$ 4,312,011</u>

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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, 2011, 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, 2011 are as follows:

Current	\$ 330,000
Noncurrent	<u>2,250,000</u>
 Total	 <u><u>\$ 2,580,000</u></u>

Note 4: Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2011:

	Balance December 31, 2010	Increases	Decreases	Balance December 31, 2011	Amounts Due Within One Year
General obligation bonds					
to be paid with:					
Tax levies	\$ 12,930,000	\$ -	\$ 2,370,000	\$ 10,560,000	\$ 2,470,000
Special assessments	2,900,000	-	320,000	2,580,000	330,000
Unamortized premium	131,128	-	52,417	78,711	47,232
Deferred amount on refunding	(25,274)	-	(10,969)	(14,305)	(9,746)
Tax increment revenue bond	2,275,450	-	1,300,000	975,450	975,450
Subordinate special obligation					
tax increment revenue bond	5,113,522	-	-	5,113,522	301,436
Tax increment contractual					
liabilities	8,959,685	2,410,456	256,595	11,113,546	297,993
Claims and judgements	5,000	9,958	9,958	5,000	5,000
Compensated absences*	572,790	381,608	416,132	538,266	388,500
Net OPEB obligation*	4,164	5,440	-	9,604	-
Total governmental					
activity debt	<u>\$ 32,866,465</u>	<u>\$ 2,807,462</u>	<u>\$ 4,714,133</u>	<u>\$ 30,959,794</u>	<u>\$ 4,805,865</u>

* These liabilities 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, 2011 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2011
Internal improvements:					
Series 2004	12/01/04	2.95-3.5%	\$ 3,000,000	10/01/14	\$ 1,590,000
Series 2005	11/15/05	3.55-5.0%	5,900,000	10/01/23	5,225,000
Series 2008	09/15/08	3.25-3.75%	3,500,000	10/01/18	2,580,000
Series 2009	09/01/09	2.00-3.00%	2,980,000	10/01/12	980,000
Series 2010	07/01/10	2.00%	3,585,000	10/01/13	2,765,000
			<u>\$ 18,965,000</u>		<u>\$ 13,140,000</u>

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2011 are as follows:

Year	Governmental		Special Assessments		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,470,000	\$ 334,870	\$ 330,000	\$ 90,850	\$ 2,800,000	\$ 425,720
2013	2,530,000	272,295	340,000	79,300	2,870,000	351,595
2014	1,280,000	207,765	355,000	67,400	1,635,000	275,165
2015	345,000	162,805	370,000	55,862	715,000	218,667
2016	375,000	150,385	380,000	43,283	755,000	193,668
2017 - 2021	2,355,000	519,447	805,000	45,167	3,160,000	564,614
2022 - 2023	1,205,000	71,996	-	-	1,205,000	71,996
Total	<u>\$ 10,560,000</u>	<u>\$ 1,719,563</u>	<u>\$ 2,580,000</u>	<u>\$ 381,862</u>	<u>\$ 13,140,000</u>	<u>\$ 2,101,425</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.

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.

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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 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 2011, principal and interest paid and incremental tax revenues were \$1,393,231 and \$1,291,351, 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 I-35 District Tax Increment Financing 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

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increment bonds. The City has entered into contractual agreements with several private entities for redevelopment projects since the District was established.

Merriam Village Project – Eligible costs as allowed by state statute were previously certified to the City under the terms of the redevelopment agreement which was entered into on March 28, 2005. The City will reimburse eligible costs from the project's future tax increments over the remaining fourteen-year term of the agreement. The resulting contractual liability for eligible costs are reflected in the government-wide financial statements. This obligation does not bear interest and is payable solely from future increments generated over the remaining term of the agreement.

Merriam Pointe Project – Under the terms of a March 28, 2011 redevelopment agreement, the City has agreed to reimburse up to \$6,750,000 of eligible costs over the remaining twelve-year term of the agreement. Under certain conditions, the City may terminate the agreement if the developers' ad valorem or special assessment taxes become delinquent. The resulting contractual liability for eligible costs, including amounts recognized in 2011 as certified by the developers, are reflected in the government-wide financial statements. This obligation does not bear interest and is payable solely from future increments generated over the remaining term of the agreement.

Others – 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 agreements were 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, 2011, \$65,019 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.

The portion of the tax increments used to reimburse these private entities in 2011 is recorded as principal and interest expenditures in the I-35 District Tax Increment Financing Fund.

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 \$47,878,996, leaving a debt margin of \$38,483,996.

City of Merriam, Kansas
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Note 5: Fund Balances

The components of fund balances at December 31, 2011 are as follows:

	Major				Nonmajor	Total Governmental Funds
	General	Capital Improvement	General Obligation Bonds	TIF	Other Governmental Funds	
Restricted for:						
Debt service	\$ -	\$ -	\$ 71,423	\$ -	\$ -	\$ 71,423
Public safety	-	-	-	-	33,730	33,730
Capital projects	-	2,452,626	-	-	252,626	2,705,252
Community development	-	-	-	3,249,828	167,103	3,416,931
Parks and recreation	-	-	-	-	8,744	8,744
Committed to:						
Capital equipment	-	-	-	-	907,039	907,039
Assigned to:						
Capital projects	-	3,186,752	-	-	-	3,186,752
Risk management	838,172	-	-	-	-	838,172
General government	39,356	-	-	-	-	39,356
Unassigned	5,233,346	-	-	-	-	5,233,346
Total fund balances	<u>\$ 6,110,874</u>	<u>\$ 5,639,378</u>	<u>\$ 71,423</u>	<u>\$ 3,249,828</u>	<u>\$ 1,369,242</u>	<u>\$ 16,440,745</u>

Encumbrances included in the amounts above are \$39,356 in the General Fund and \$1,190 in restricted fund balance for the Transient Guest Tax nonmajor special revenue fund.

Note 6: 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 2011 is 7.74%. The City’s employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009 were \$182,835, \$169,285, and \$134,860, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating

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employer rate established for fiscal year 2011 is 14.57%. 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, 2011, 2010, and 2009 were \$473,414, \$410,985, and \$419,650, respectively, equal to the statutory required contributions for each year.

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 2011 were 0% to 3% for employees, with a City matching range of .59% to 6.83%. In 2011, covered payroll was \$2,377,162. The contributions by the City and employees for 2011 were \$143,096 and \$62,443, respectively.

Note 7: 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. There is no stand alone financial report for the plan.

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	\$	4,639
Amortization of unfunded actuarial accrued liability		5,894
Annual required contribution (ARC)		10,533
Interest on net OPEB obligation		250
Adjustment to annual required contribution		(286)
Annual OPEB cost		10,497
Contributions made:		
Implicit rate subsidy		(5,057)
Change in net OPEB obligation		5,440
Net OPEB obligation, December 31, 2010		4,164
Net OPEB obligation, December 31, 2011	\$	9,604

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

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	\$ 9,728	96.1%	\$ 906
12/31/2010	9,549	65.8%	4,164
12/31/2011	10,497	48.2%	9,604

Funded Status and Funding Progress – As of January 1, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$85,998, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$85,998. The covered payroll (annual payroll of active employees covered by the plan) was \$8,912,122, and the ratio of the UAAL to the covered payroll was .96%.

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 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.

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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, 2011, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6% 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 on a level dollar, open basis over a period of 30 years.

Note 8: Interfund Balances and Transfers

The interfund balances between the General Fund and Capital Improvement 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, 2011 are as follows:

Transfers from	Transfers to:				
	General Fund	Capital Improvement Fund	General Obligation Bonds Fund	Equipment Reserve Fund	Total
General Fund	\$ -	\$ 2,302,233	\$ -	\$ 450,000	\$ 2,752,233
Capital Improvement Fund	-	-	2,444,028	-	2,444,028
I-35 District TIF	90,000	1,280,960	-	-	1,370,960
Merriam Town Center TIF	-	165,742	-	-	165,742
Transient Guest Tax Fund	-	25,000	-	-	25,000
Total	\$ 90,000	\$ 3,773,935	\$ 2,444,028	\$ 450,000	\$ 6,757,963

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.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Note 9: 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. At December 31, 2011, the project authorizations and expenditures since inception for street and stormwater engineering were \$392,180 and \$370,242, respectively.

Note 10: 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 deductibles of \$1,000 for both automobile and employee benefits liability, \$5,000 for large vehicles, public officials' and law enforcement liability, \$15,000 for employment practices liability, and \$25,000 for property. Based on outstanding claims at December 31, 2011, 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:

	2011	2010
Beginning liability	\$ 5,000	\$ 5,000
Claims and changes in estimates	9,958	15,026
Payments	(9,958)	(15,026)
Ending liability	\$ 5,000	\$ 5,000

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.

City of Merriam, Kansas
Notes to the Basic Financial Statements
December 31, 2011

Note 11: Subsequent Events

On March 1, 2012 the City issued \$7,300,000 in General Obligation Refunding Bonds with interest rates ranging from 1.25% to 2.00% and maturing through October 1, 2023. The bonds are an advance refunding of certain eligible maturities for the Series 2004, Series 2005 and Series 2008 General Obligation bonds.

**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, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 3,446,801	\$ 3,446,801	\$ 3,543,920	\$ 97,119
Sales tax	6,179,310	6,179,310	6,637,009	457,699
Intergovernmental	17,000	17,000	18,611	1,611
Licenses, permits and fees	275,200	275,200	484,716	209,516
Franchise taxes	1,184,600	1,184,600	1,381,109	196,509
Charges for services	252,974	252,974	249,560	(3,414)
Fines, forfeitures and penalties	1,026,500	1,026,500	969,775	(56,725)
Use of money and property	12,000	12,000	23,281	11,281
Miscellaneous	55,000	55,000	235,588	180,588
Total revenues	12,449,385	12,449,385	13,543,569	1,094,184
Expenditures:				
Current:				
General government	4,122,579	4,122,579	1,906,797	2,215,782
Law enforcement	3,370,904	3,370,904	3,155,464	215,440
Fire prevention and control	2,208,288	2,208,288	2,057,219	151,069
Public works	2,013,218	2,013,218	1,787,896	225,322
Community development	718,038	718,038	674,663	43,375
Health and welfare	26,100	26,100	24,123	1,977
Culture and recreation	1,088,931	1,088,931	1,007,777	81,154
Total expenditures	13,548,058	13,548,058	10,613,939	2,934,119
Excess (deficiency) of revenues over (under) expenditures	(1,098,673)	(1,098,673)	2,929,630	4,028,303
Other financing sources (uses):				
Transfers in	90,000	90,000	90,000	-
Transfers out	(2,527,676)	(2,527,676)	(2,752,233)	(224,557)
Total other financing uses	(2,437,676)	(2,437,676)	(2,662,233)	(224,557)
Net change in fund balance	(3,536,349)	(3,536,349)	267,397	\$ 3,803,746
Fund balance, beginning of year	3,536,349	3,536,349	4,977,647	
Fund balance, end of year, budget basis	\$ -	\$ -	5,245,044	
Encumbrances at beginning of year			(11,698)	
Encumbrances at end of year			39,356	
Fund balance of the Risk Management Reserve Fund (Note B)			838,172	
Fund balance, end of year GAAP basis			\$ 6,110,874	

See the accompanying notes to the budgetary comparison schedule.

City of Merriam, Kansas
 Schedule of Funding Progress
 Other Postemployment Benefits
 For the year ended December 31, 2011

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%
January 1, 2011	-	85,998	85,998	- %	8,912,122	0.96%

City of Merriam, Kansas
Notes to Required Supplementary Information
December 31, 2011

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:

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

Budgetary Comparison Schedule

- A. 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. Also see Note 1 to the financial statements for additional budgetary information.
- B. For financial reporting purposes, the City's Risk Management Reserve Fund, which has its own legally adopted budget, is reported with the General Fund. The reconciliation of the amounts reported in the budgetary comparison schedule for the General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP basis) is as follows:

<u>Revenues</u>	
General Fund - budgetary basis	\$ 13,543,569
Risk Management Reserve Fund	1,740
GAAP basis	<u>\$ 13,545,309</u>
 <u>Expenditures</u>	
General Fund - budgetary basis	\$ 10,613,939
General Fund change in encumbrances	(27,658)
Total General Fund	<u>10,586,281</u>
Risk Management Reserve Fund	12,956
GAAP basis	<u>\$ 10,599,237</u>

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**COMBINING
AND
INDIVIDUAL FUND**

**STATEMENTS
AND
SCHEDULES**

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City of Merriam, Kansas
Other Governmental Funds
December 31, 2011

Fund Descriptions

Nonmajor Special Revenue 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 a tax levied upon the gross rental receipts paid by guests for lodging to be used for promotion of tourism, conventions and economic development.

Special Law Enforcement Fund

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

Nonmajor Capital Projects

Equipment Reserve

To account for monies pursuant to a City Ordinance established under K.S.A. 12-1,117 for the purpose of financing the acquisition of equipment.

Other Funds

Risk Management Reserve

For financial reporting purposes, this fund is included with the General Fund, and is used to account for amounts transferred from the General Fund pursuant to K.S.A. 12-2615 for the purpose of having reserves on hand for paying claims and related costs arising from legal actions and settlements not covered by commercial insurance.

City of Merriam, Kansas
Combining Balance Sheet
Nonmajor Government Funds
December 31, 2011

	Special Highway	Special Alcohol	Special Parks and Recreation	Transient Guest Tax	Special Law Enforcement	Capital Projects Equipment Reserve	Totals
Assets:							
Deposits and investments	\$ 181,748	\$ 4,983	\$ 18,846	\$ 66,381	\$ 28,747	\$ 842,461	\$ 1,143,166
Receivables, net:							
Sales and other taxes	-	-	-	108,618	-	-	108,618
Intergovernmental	72,108	-	-	-	-	63,735	135,843
Interest and other	-	-	-	-	-	853	853
Total assets	\$ 253,856	\$ 4,983	\$ 18,846	\$ 174,999	\$ 28,747	\$ 907,049	\$ 1,388,480
Liabilities:							
Accounts and retainage payable	\$ 1,230	\$ -	\$ 10,102	\$ 5,881	\$ -	\$ 10	\$ 17,223
Accrued payroll and related liabilities	-	-	-	2,015	-	-	2,015
Total liabilities	1,230	-	10,102	7,896	-	10	19,238
Fund balances:							
Restricted	252,626	4,983	8,744	167,103	28,747	-	462,203
Committed	-	-	-	-	-	907,039	907,039
Total fund balances	252,626	4,983	8,744	167,103	28,747	907,039	1,369,242
Total liabilities and fund balances	\$ 253,856	\$ 4,983	\$ 18,846	\$ 174,999	\$ 28,747	\$ 907,049	\$ 1,388,480

City of Merriam, Kansas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Governmental Funds
For the year ended December 31, 2011

	Special Highway	Special Alcohol	Special Parks and Recreation	Transient Guest Tax	Special Law Enforcement	Capital Projects Equipment Reserve	Totals
Revenues:							
Transient guest tax	\$ -	\$ -	\$ -	\$ 407,137	\$ -	\$ -	\$ 407,137
Intergovernmental	284,546	18,511	18,511	-	-	67,933	389,501
Charges for services	-	-	-	29,181	-	-	29,181
Fines, forfeitures and penalties	-	-	-	-	2,568	-	2,568
Use of money and property	-	-	-	-	-	6,058	6,058
Miscellaneous	-	-	-	4,603	100	-	4,703
Total revenues	<u>284,546</u>	<u>18,511</u>	<u>18,511</u>	<u>440,921</u>	<u>2,668</u>	<u>73,991</u>	<u>839,148</u>
Expenditures:							
General government	-	-	-	-	-	212,037	212,037
Law enforcement	-	21,675	-	-	9,108	44,000	74,783
Fire prevention and control	-	-	-	-	-	499,270	499,270
Public works	333,439	-	-	-	-	75,670	409,109
Community development	-	-	-	112,375	-	-	112,375
Culture and recreation	-	-	26,385	163,806	-	38,526	228,717
Total expenditures	<u>333,439</u>	<u>21,675</u>	<u>26,385</u>	<u>276,181</u>	<u>9,108</u>	<u>869,503</u>	<u>1,536,291</u>
Excess (deficiency) of revenues over (under) expenditures	(48,893)	(3,164)	(7,874)	164,740	(6,440)	(795,512)	(697,143)
Other financing sources (uses):							
Proceeds from sale of capital assets	-	-	-	-	-	31,209	31,209
Transfers in	-	-	-	-	-	450,000	450,000
Transfers out	-	-	-	(25,000)	-	-	(25,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>481,209</u>	<u>456,209</u>
Net change in fund balances	(48,893)	(3,164)	(7,874)	139,740	(6,440)	(314,303)	(240,934)
Fund balance, beginning of year	<u>301,519</u>	<u>8,147</u>	<u>16,618</u>	<u>27,363</u>	<u>35,187</u>	<u>1,221,342</u>	<u>1,610,176</u>
Fund balance, end of year	<u>\$ 252,626</u>	<u>\$ 4,983</u>	<u>\$ 8,744</u>	<u>\$ 167,103</u>	<u>\$ 28,747</u>	<u>\$ 907,039</u>	<u>\$ 1,369,242</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 284,546	\$ 9,546
Expenditures:				
Public works:				
Contractual services	383,118	383,118	297,731	85,387
Commodities	40,000	40,000	35,708	4,292
Contingency	25,000	25,000	-	25,000
Total expenditures	<u>448,118</u>	<u>448,118</u>	<u>333,439</u>	<u>114,679</u>
Net change in fund balances	<u>\$ (173,118)</u>	<u>\$ (173,118)</u>	(48,893)	<u>\$ 124,225</u>
Fund balance, beginning of year			<u>301,519</u>	
Fund balance, end of year			<u>\$ 252,626</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 18,511</u>	<u>\$ 1,511</u>
Expenditures:				
Law enforcement:				
Contractual services	<u>21,675</u>	<u>21,675</u>	<u>21,675</u>	<u>-</u>
Net change in fund balances	<u>\$ (4,675)</u>	<u>\$ (4,675)</u>	<u>(3,164)</u>	<u>\$ 1,511</u>
Fund balance, beginning of year			<u>8,147</u>	
Fund balance, end of year			<u>\$ 4,983</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 18,511</u>	<u>\$ 1,511</u>
Expenditures:				
Culture and recreation:				
Capital outlay	<u>21,654</u>	<u>21,654</u>	<u>21,654</u>	<u>-</u>
Total expenditures	<u>21,654</u>	<u>21,654</u>	<u>21,654</u>	<u>-</u>
Net change in fund balances	<u>\$ (4,654)</u>	<u>\$ (4,654)</u>	<u>(3,143)</u>	<u>\$ 1,511</u>
Fund balance, beginning of year			<u>16,618</u>	
Fund balance, end of year, budget basis			13,475	
Encumbrances at beginning of year			<u>(4,731)</u>	
Fund balance, end of year			<u>\$ 8,744</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:				
Transient guest tax	\$ 305,000	\$ 305,000	\$ 407,137	\$ 102,137
Charges for services	23,000	23,000	29,181	6,181
Miscellaneous	-	-	4,603	4,603
	<u>328,000</u>	<u>328,000</u>	<u>440,921</u>	<u>112,921</u>
Total revenues				
Expenditures:				
General government	3,000	3,000	-	3,000
Community development	183,886	183,886	112,375	71,511
Culture and recreation	128,545	128,545	164,996	(36,451)
	<u>315,431</u>	<u>315,431</u>	<u>277,371</u>	<u>38,060</u>
Total expenditures				
Excess of revenues over expenditures	12,569	12,569	163,550	150,981
Other financing uses:				
Transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (12,431)</u>	<u>\$ (12,431)</u>	138,550	<u>\$ 150,981</u>
Fund balance, beginning of year			<u>27,363</u>	
Fund balance, end of year, budget basis			165,913	
Encumbrances at end of year			<u>1,190</u>	
Fund balance, end of year			<u>\$ 167,103</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 5,000	\$ 5,000	\$ 6,058	\$ 1,058
Intergovernmental	-	-	67,933	67,933
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>73,991</u>	<u>68,991</u>
Expenditures:				
General government	797,415	797,415	212,037	585,378
Fire prevention	509,250	509,250	499,270	9,980
Law enforcement	44,000	44,000	44,000	-
Public works	93,500	93,500	75,670	17,830
Culture and recreation	42,000	42,000	38,526	3,474
Total expenditures	<u>1,486,165</u>	<u>1,486,165</u>	<u>869,503</u>	<u>616,662</u>
Excess of revenues over (under) expenditures	(1,481,165)	(1,481,165)	(795,512)	685,653
Other financing sources:				
Proceeds from sale of capital assets	5,000	5,000	31,209	26,209
Transfers in	450,000	450,000	450,000	-
Total other financing sources	<u>455,000</u>	<u>455,000</u>	<u>481,209</u>	<u>26,209</u>
Net change in fund balances	<u>\$ (1,026,165)</u>	<u>\$ (1,026,165)</u>	(314,303)	<u>\$ 711,862</u>
Fund balance, beginning of year			<u>1,221,342</u>	
Fund balance, end of year			<u>\$ 907,039</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 1,740	\$ (260)
Expenditures:				
General government:				
Contractual services	15,000	15,000	12,000	3,000
Contingencies and reserves	<u>833,531</u>	<u>833,531</u>	<u>956</u>	<u>832,575</u>
Total expenditures	<u>848,531</u>	<u>848,531</u>	<u>12,956</u>	<u>835,575</u>
Net change in fund balances	<u>\$ (846,531)</u>	<u>\$ (846,531)</u>	(11,216)	<u>\$ 835,315</u>
Fund balance, beginning of year			<u>849,388</u>	
Fund balance, end of year			<u>\$ 838,172</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 Bonds Fund

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

For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 326,365	\$ 326,365	\$ 335,955	\$ 9,590
Special assessments	422,050	422,050	422,050	-
Use of money and property	<u>2,500</u>	<u>2,500</u>	<u>3,467</u>	<u>967</u>
Total revenues	<u>750,915</u>	<u>750,915</u>	<u>761,472</u>	<u>10,557</u>
Expenditures:				
Debt service	<u>3,237,443</u>	<u>3,237,443</u>	<u>3,181,995</u>	<u>55,448</u>
Deficiency of revenues under expenditures	(2,486,528)	(2,486,528)	(2,420,523)	66,005
Other financing sources:				
Transfers in	<u>2,444,028</u>	<u>2,444,028</u>	<u>2,444,028</u>	<u>-</u>
Net change in fund balances	<u>\$ (42,500)</u>	<u>\$ (42,500)</u>	23,505	<u>\$ 66,005</u>
Fund balance, beginning of year			<u>47,918</u>	
Fund balance, end of year			<u>\$ 71,423</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 and Community Center

City of Merriam, Kansas
Schedule of Expenditures - Budget and Actual - General Fund
(Non-GAAP Basis)
For the year ended December 31, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General Government				
City Council				
Personal services	\$ 58,149	\$ 58,149	\$ 57,384	\$ 765
Contractual services	9,240	9,240	5,284	3,956
Commodities	2,275	2,275	1,188	1,087
Total	<u>69,664</u>	<u>69,664</u>	<u>63,856</u>	<u>5,808</u>
Administration				
Personal services	676,658	676,658	630,006	46,652
Contractual services	39,375	39,375	33,225	6,150
Commodities	2,225	2,225	747	1,478
Total	<u>718,258</u>	<u>718,258</u>	<u>663,978</u>	<u>54,280</u>
Municipal Court				
Personal services	196,029	196,029	141,471	54,558
Contractual services	139,200	139,200	116,769	22,431
Commodities	3,850	3,850	3,582	268
Total	<u>339,079</u>	<u>339,079</u>	<u>261,822</u>	<u>77,257</u>
Information Services				
Personal services	68,367	68,367	67,713	654
Contractual services	146,231	146,231	95,108	51,123
Commodities	10,815	10,815	12,872	(2,057)
Total	<u>225,413</u>	<u>225,413</u>	<u>175,693</u>	<u>49,720</u>
General Overhead				
Personal services	9,500	9,500	5,179	4,321
Contractual services	798,972	798,972	703,985	94,987
Commodities	19,550	19,550	14,593	4,957
Reserves and contingency	1,942,143	1,942,143	17,691	1,924,452
Total	<u>2,770,165</u>	<u>2,770,165</u>	<u>741,448</u>	<u>2,028,717</u>
Total General Government	<u>\$ 4,122,579</u>	<u>\$ 4,122,579</u>	<u>\$ 1,906,797</u>	<u>\$ 2,215,782</u>
Law Enforcement				
Law Enforcement				
Personal services	\$ 3,030,064	\$ 3,030,064	\$ 2,811,464	\$ 218,600
Contractual services	181,990	181,990	189,064	(7,074)
Commodities	152,650	152,650	148,841	3,809
Capital outlay	6,200	6,200	6,095	105
Total Law Enforcement	<u>\$ 3,370,904</u>	<u>\$ 3,370,904</u>	<u>\$ 3,155,464</u>	<u>\$ 215,440</u>
Fire Prevention and Control				
Fire Prevention and Control				
Personal services	\$ 2,061,483	\$ 2,061,483	\$ 1,925,404	\$ 136,079
Contractual services	68,680	68,680	59,661	9,019
Commodities	72,125	72,125	67,028	5,097
Capital outlay	6,000	6,000	5,126	874
Total Fire Prevention and Control	<u>\$ 2,208,288</u>	<u>\$ 2,208,288</u>	<u>\$ 2,057,219</u>	<u>\$ 151,069</u>

City of Merriam, Kansas
Schedule of Expenditures - Budget and Actual - General Fund
(Non-GAAP Basis)
For the year ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Public Works				
Public Works				
Personal services	\$ 1,408,886	\$ 1,408,886	\$ 1,255,516	\$ 153,370
Contractual services	241,748	241,748	221,196	20,552
Commodities	362,584	362,584	311,184	51,400
Total Public Works	<u>\$ 2,013,218</u>	<u>\$ 2,013,218</u>	<u>\$ 1,787,896</u>	<u>\$ 225,322</u>
Community Development				
Community Development				
Personal services	\$ 667,463	\$ 667,463	\$ 643,511	\$ 23,952
Contractual services	44,775	44,775	26,606	18,169
Commodities	5,800	5,800	4,546	1,254
Total Community Development	<u>\$ 718,038</u>	<u>\$ 718,038</u>	<u>\$ 674,663</u>	<u>\$ 43,375</u>
Health and Welfare				
Community Services				
Contractual services	\$ 26,100	\$ 26,100	\$ 24,123	\$ 1,977
Total Health and Welfare	<u>\$ 26,100</u>	<u>\$ 26,100</u>	<u>\$ 24,123</u>	<u>\$ 1,977</u>
Culture and recreation				
Aquatic Center				
Personal services	\$ 217,049	\$ 217,049	\$ 183,215	\$ 33,834
Contractual services	85,424	85,424	96,554	(11,130)
Commodities	43,400	43,400	34,966	8,434
Total	<u>345,873</u>	<u>345,873</u>	<u>314,735</u>	<u>31,138</u>
Community Center				
Personal services	535,631	535,631	495,560	40,071
Contractual services	180,870	180,870	173,752	7,118
Commodities	26,557	26,557	23,730	2,827
Total	<u>743,058</u>	<u>743,058</u>	<u>693,042</u>	<u>50,016</u>
Total Culture and Recreation	<u>\$ 1,088,931</u>	<u>\$ 1,088,931</u>	<u>\$ 1,007,777</u>	<u>\$ 81,154</u>
Total expenditures	<u>\$ 13,548,058</u>	<u>\$ 13,548,058</u>	<u>\$ 10,613,939</u>	<u>\$ 2,934,119</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.

19 - 21

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 Nine Fiscal Years
(accrual basis of accounting)**

Table 1

	Fiscal Year								
	2003	2004	2005	2006	2007	2008 (a)	2009	2010	2011 (b)
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	\$ 78,091,904	\$ 80,022,605
Restricted	4,898,861	8,054,119	3,855,008	2,309,606	3,224,248	3,144,552	4,471,514	5,021,411	5,545,039
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>	<u>(6,459,728)</u>	<u>(6,880,301)</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>	<u>\$ 76,653,587</u>	<u>\$ 78,687,343</u>

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

Note: The City had no business-type activities for years 2003 through 2011.

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

(b) GASB 54 was implemented during FY 2011. Only 2010 was reinstated to comply with the new presentation format.

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

Table 2

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
General Government	\$ 1,872,409	\$ 2,070,372	\$ 1,993,649	\$ 2,037,324	\$ 2,245,240	\$ 2,097,021	\$ 2,065,512	\$ 2,118,597	\$ 2,077,925
Law enforcement	2,326,745	2,570,839	2,944,730	2,851,255	3,077,774	3,255,207	3,107,819	3,252,442	3,343,059
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	2,065,774	2,130,222
Public works	1,681,830	1,451,927	1,600,768	1,674,918	1,823,196	1,863,887	1,933,778	1,907,778	1,962,925
Capital improvement program	3,052,852	3,703,037	2,661,360	2,831,548	2,962,448	3,291,462	3,272,407	3,710,509	3,762,187
Community development	463,695	2,567,420	8,465,709	1,379,909	595,872	3,766,110	3,763,792	1,945,042	3,209,018
Health and welfare	17,758	23,992	47,510	49,389	31,586	19,885	27,746	23,827	24,123
Culture and recreation	1,041,167	1,223,648	1,292,932	1,351,841	1,333,353	1,512,621	1,402,631	1,428,918	1,461,193
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	991,316	753,581
Total expenses	\$ 13,563,385	\$ 16,850,903	\$ 22,442,587	\$ 15,723,008	\$ 15,530,054	\$ 19,066,582	\$ 18,736,783	\$ 17,444,203	\$ 18,724,233
Program Revenues									
Charges for services:									
General government	\$ 157,026	\$ 147,439	\$ 167,619	\$ 136,878	\$ 158,213	\$ 195,743	\$ 182,052	\$ 185,749	\$ 189,900
Law enforcement	607,031	693,690	766,380	782,567	866,708	972,469	896,337	1,075,580	982,233
Fire prevention and control	1,618	1,748	1,018	920	1,068	509	920	692	487
Community development	91,173	181,657	169,213	217,511	286,050	215,664	104,502	170,830	294,816
Culture and recreation	260,387	246,192	247,355	251,123	240,606	255,748	253,632	268,336	268,364
Operating grants and contributions	10,024	-	142,087	440,723	319,538	331,335	313,871	355,361	321,568
Capital grants and contributions	849,148	1,562,483	1,893,996	1,087,348	850,375	5,045,656	249,749	2,103,160	1,515,293
Total program revenues	\$ 1,976,407	\$ 2,833,209	\$ 3,387,668	\$ 2,917,070	\$ 2,722,558	\$ 7,017,124	\$ 2,001,063	\$ 4,159,708	\$ 3,572,661
Total Net Expense	\$ (11,586,978)	\$ (14,017,694)	\$ (19,054,919)	\$ (12,805,938)	\$ (12,807,496)	\$ (12,049,458)	\$ (16,735,720)	\$ (13,284,495)	\$ (15,151,572)
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	\$ 16,478,890	\$ 16,617,126
Unrestricted investment earnings	340,069	286,973	506,358	818,906	875,861	492,230	277,877	248,880	211,118
Miscellaneous	(80,233)	28,938	64,431	437,262	382,718	200,533	180,090	111,344	338,473
Legal settlement	1,050,000	-	-	-	-	-	-	-	-
Intergovernmental not restricted to a specific program	-	-	-	15,031	13,774	15,165	17,541	18,472	18,611
Total general revenues	\$ 15,879,058	\$ 15,252,085	\$ 15,926,481	\$ 16,866,471	\$ 17,243,285	\$ 17,008,033	\$ 17,108,873	\$ 16,857,586	\$ 17,185,328
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	\$ 3,573,091	\$ 2,033,756

Note: GASB 34 was implemented in FY 2003, so only nine 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (a)</u>
General Fund										
Reserved	\$ 36,381	\$ 37,481	\$ 15,950	\$ 5,016	\$ 27,389	\$ 39,332	\$ 19,583	\$ 1,940	\$ 11,698	\$ -
Unreserved	4,267,687	3,708,681	4,002,960	4,026,794	4,077,660	4,100,651	4,500,168	4,912,154	4,965,949	-
Assigned	-	-	-	-	-	-	-	-	-	877,528
Unassigned	-	-	-	-	-	-	-	-	-	5,233,346
Total General Fund	<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>	<u>\$ 4,977,647</u>	<u>\$ 6,110,874</u>
All Other Governmental Funds										
Reserved	\$ 1,159,936	\$ 611,122	\$ 681,123	\$ 786,761	\$ 736,620	\$ 793,635	\$ 728,180	\$ 817,913	\$ 815,871	\$ -
Unreserved, reported in:										
Capital projects funds	11,847,736	14,746,682	16,686,658	10,105,901	8,101,019	7,107,537	6,224,893	6,685,889	7,267,772	-
Special revenue funds	1,783,497	1,838,753	1,351,337	1,589,236	1,883,550	1,982,326	2,117,071	2,311,391	2,454,833	-
Restricted/Committed/Assigned										
Debt service	-	-	-	-	-	-	-	-	-	732,480
Capital projects funds	-	-	-	-	-	-	-	-	-	8,228,149
Special revenue funds	-	-	-	-	-	-	-	-	-	1,369,242
Total All Other Governmental Funds	<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>	<u>\$ 10,538,476</u>	<u>\$ 10,329,871</u>

(a) GASB 54 was implemented during FY 2011. The City did not restate fund balances in prior years to comply with the new presentation format.

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

Table 4

	2002	2003	2004	2005	2006	2007	2008 (d)	2009	2010	2011
Revenues										
Taxes (see Table 5)	\$13,501,727	\$14,234,030	\$14,622,632	\$15,039,502	\$ 15,647,617	\$ 16,025,394	\$ 16,351,480	\$ 16,911,369	\$ 17,042,304	\$ 17,039,176
Intergovernmental	1,273,408	445,178	1,384,985	2,407,251	1,543,102	1,183,687	716,806	566,161	1,093,060	1,828,887
Licenses, permits and fees	267,010	247,824	329,096	336,832	354,389	444,263	411,406	286,554	356,579	484,716
Charges for services	272,387	273,537	254,835	253,148	257,739	246,332	259,252	259,163	273,969	278,741
Fines, forfeitures and penalties	533,251	595,844	686,795	761,605	776,871	862,050	969,475	891,727	1,070,639	972,343
Uses of money and property	501,878	340,069	286,973	506,358	818,906	875,861	458,733	154,630	138,694	111,868
Miscellaneous	64,024	19,964	28,938	64,431	437,262	119,885	177,388	168,996	105,249	315,109
Total revenues	16,413,685	16,156,446	17,594,254	19,369,127	19,835,886	19,757,472	19,344,540	19,238,600	20,080,494	21,030,840
Expenditures										
Current:										
General government	\$ 2,054,812	\$ 1,645,702	\$ 1,861,465	\$ 1,810,614	\$ 1,897,151	\$ 2,090,447	\$ 1,888,964	\$ 1,923,990	\$ 2,259,275	\$ 2,111,228
Law enforcement	2,257,529	2,340,427	2,505,606	2,940,455	2,776,197	3,023,002	3,118,002	3,032,358	3,103,953	3,228,754
Fire prevention and control	1,532,712	1,606,647	2,387,182	1,784,602	1,813,836	1,892,137	1,778,730	1,849,585	1,973,464	2,559,747
Public works	1,677,919	1,865,370	1,811,413	1,816,485	1,711,502	1,900,830	2,189,116	1,992,175	2,010,455	2,196,012
Capital improvement program (a)	-	284,211	270,348	357,993	307,482	298,207	88,509	28,558	189,541	64,238
Community development (b)	385,870	457,125	2,559,426	8,395,226	520,253	561,539	726,701	679,521	756,612	787,038
Health and welfare	40,792	17,758	23,992	47,510	49,389	31,586	19,885	27,746	23,827	24,123
Culture and recreation	1,056,000	924,722	1,049,526	1,076,234	1,118,463	1,137,703	1,104,239	1,150,102	1,147,610	1,236,494
Capital outlay	2,847,180	6,843,437	7,044,872	9,740,366	7,959,274	5,157,492	4,048,384	1,962,804	2,483,434	2,988,227
Bad debt	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	2,608,739	2,817,375	1,957,990	2,117,735	2,506,276	3,258,409	3,489,801	4,249,149	4,444,638	4,246,595
Interest	1,301,941	1,609,017	1,416,592	1,498,333	1,604,999	1,504,402	1,405,243	1,261,781	1,045,902	712,971
Total expenditures, as restated (c)	15,763,494	20,411,791	22,888,412	31,585,553	22,264,822	20,855,754	19,857,574	18,157,769	19,438,711	20,137,427
Excess of revenues over (under) expenditures	650,191	(4,255,345)	(5,294,158)	(12,216,426)	(2,428,936)	(1,098,282)	(513,034)	1,080,831	641,783	893,413
Other financing sources (uses)										
Proceeds from sale of capital assets	-	67,827	589,467	91,662	266,466	295,525	63,742	14,615	32,207	31,209
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	-	-	-	-	-	-	-	-	-	-
Premium on general obligation bonds	-	-	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	3,500,000	2,980,000	3,585,000	-
Premium on refunding bonds	-	-	-	-	-	-	15,706	63,946	97,846	-
Redemption of refunded bonds	-	-	-	-	-	-	(3,500,000)	(3,000,000)	(3,570,000)	-
Transfers in	6,793,602	5,760,560	5,953,566	5,925,029	6,816,820	7,382,087	7,476,079	8,102,479	7,201,276	6,757,963
Transfers out	(6,793,602)	(5,760,560)	(5,953,566)	(5,925,029)	(6,816,820)	(7,382,087)	(7,476,079)	(8,102,479)	(7,201,276)	(6,757,963)
Total other financing sources (uses)	4,750,000	5,052,827	7,089,467	5,992,106	741,466	295,525	79,448	58,561	145,053	31,209
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)	\$ 5,400,191	\$ 1,847,482	\$ 1,795,309	\$ (6,224,320)	\$ (1,687,470)	\$ (802,757)	\$ (433,586)	\$ 1,139,392	\$ 786,836	\$ 924,622
Debt service as a percentage of noncapital expenditures	31.0%	33.5%	21.9%	16.8%	29.2%	31.4%	31.5%	34.6%	33.0%	30.4%

(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								
	Property Tax	TIF Property Taxes	City Sales Tax	County Sales Tax	Transient Guest Tax	TIF Replacement Taxes	Special Assessments	Franchise Fees	Total
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
2010	3,879,003	3,294,986	5,952,837	1,293,227	287,678	445,813	563,414	1,325,346	17,042,304
2011	3,879,875	2,779,590	6,326,148	1,469,516	407,137	373,751	422,050	1,381,109	17,039,176

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

Table 6

Sales by Retail Category	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Restaurants/Entertainment	\$ 22,407,784	\$ 18,814,848	\$ 21,192,720	\$ 23,237,520	\$ 19,255,040	\$ 18,290,240	\$ 19,310,880	\$ 20,111,440	\$ 21,893,680	\$ 24,856,400
Auto dealerships	156,381,052	200,877,453	204,015,840	194,993,280	208,754,480	216,574,960	228,372,320	204,567,600	207,159,440	225,970,160
Auto rental, leasing, repairs gasoline	24,324,024	30,569,326	26,246,160	30,450,672	32,306,240	28,049,120	26,291,120	26,118,400	25,510,080	32,898,000
Construction, home repairs and maintenance	91,577,510	61,839,257	60,813,120	54,373,538	54,522,800	55,799,680	51,604,800	49,816,240	44,964,080	44,105,360
Grocery and drug stores	22,733,530	20,778,049	19,695,760	18,703,680	19,289,760	19,807,840	21,153,200	20,497,440	19,074,160	18,073,040
Clothing, department and shoe stores	36,203,246	34,824,193	32,684,000	31,840,080	29,505,840	26,962,400	24,762,400	25,347,680	25,040,240	26,183,680
Utilites and communications	28,455,640	27,596,390	25,665,200	27,169,440	27,074,560	29,507,040	37,167,840	30,971,920	37,145,920	32,734,800
Hotels	7,516,158	6,563,867	5,877,680	5,860,080	7,475,600	5,411,680	6,050,320	4,965,840	5,275,760	6,930,560
Medical	3,293,179	2,912,690	2,644,640	6,291,440	6,385,600	1,868,720	3,163,200	6,442,960	5,265,600	6,930,560
Specialty shops	18,776,110	19,933,535	22,156,720	21,108,160	28,460,400	25,229,520	24,647,520	18,966,080	19,297,680	18,065,120
All other outlets	80,300,269	89,194,516	105,038,538	96,206,777	96,836,938	96,563,857	93,008,086	75,441,440	65,600,320	69,826,880
Total	\$ 491,968,502	\$ 513,904,124	\$ 526,030,378	\$ 510,234,667	\$ 529,867,258	\$ 524,065,057	\$ 535,531,686	\$ 483,247,040	\$ 476,226,960	\$ 506,574,560

Source: Determined from information provided by the Kansas Department of Revenue.

Note: Kansas statutes prohibit cities from disclosing sales tax remitters and the respective amounts of sales tax revenue remitted.

**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>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>	<u>2010 (c)</u>	<u>2011</u>
General	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Street/Stormwater Improvement	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
Total Direct Sales Tax	<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>1.250%</u>
<u>Total Sales Tax Rate</u>										
State of Kansas	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	6.300%	6.300%
Johnson County	0.850%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	1.225%	1.225%	1.225%
City of Merriam	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%	1.250%
Total Direct and Overlapping Rate	<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>	<u>8.775%</u>	<u>8.775%</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.

(c) Rates effective as of 12/31/2010. The State of Kansas rate increase to 6.300% was effective 7/1/2010.

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
	Real Property			Personal Property	Railroads & Utilities	Total Assessed			
	Residential	Commercial	Vacant/Other						
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%
2010	65,569,729	82,541,936	2,653,510	6,161,303	3,910,033	160,836,511	27.352	961,187,702	16.7%
2011	64,083,385	74,646,079	2,461,089	5,123,564	4,090,951	150,405,068	27.474	911,659,932	16.5%

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	
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
2010	24.991	2.361	27.352	1.500	23.213	8.784	55.318	2.615	91.430	118.782
2011	25.102	2.372	27.474	1.500	23.256	8.799	57.192	2.849	93.596	121.070

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>2011</u>			<u>2002</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Merriam Town Center	\$ 6,123,751	1	3.81%	\$ 9,296,600	1	6.77%
Aristocrat Motors	3,167,161	2	1.97%	-		-
Car Max	2,641,831	3	1.64%	1,755,465	8	1.28%
Santa Fe Medical Building	2,517,750	4	1.57%	-		-
G.E. Capital	2,350,001	5	1.46%	2,568,200	2	1.87%
Lee Apparel Company	1,969,750	6	1.22%	2,436,450	3	1.78%
Baron BMW	1,905,681	7	1.18%	2,008,698	5	1.46%
Antioch Plaza Office	1,787,000	8	1.11%	2,313,575	4	1.69%
Georgetown Medical Building	1,702,500	9	1.06%	1,871,225	6	1.36%
Superior Chevrolet	1,554,138	10	0.97%	-		-
Home Depot	-		-	1,792,875	7	1.31%
Georgetown Market Place	-		-	1,569,475	9	1.14%
Georgetown Apartments	-		-	1,561,815	10	1.14%
	<u>\$ 25,719,563</u>		<u>15.99%</u>	<u>\$ 27,174,378</u>		<u>19.80%</u>

Source: Johnson County Appraiser's Office

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

Table 11

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2002	\$ 2,540,741	\$ 2,472,229	97.30%	\$ 19,072	\$ 2,491,301	98.05%
2003	2,685,544	2,603,296	96.94%	26,884	2,630,180	97.94%
2004	2,899,944	2,833,984	97.73%	20,360	2,854,344	98.43%
2005	2,967,139	2,887,999	97.33%	9,552	2,897,551	97.65%
2006	3,076,356	2,974,459	96.69%	31,695	3,006,154	97.72%
2007	* 3,734,492	3,256,645	87.20%	44,707	3,301,352	88.40%
2008	3,511,387	3,408,974	97.08%	30,376	3,439,350	97.95%
2009	4,536,145	4,378,952	96.53%	31,154	4,410,106	97.22%
2010	4,399,200	4,256,814	96.76%	3,185	4,259,999	96.84%
2011	4,132,227	4,029,285	97.51%	-	4,029,285	97.51%

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 97.01% 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			
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
2010	12,930,000	2,900,000	-	2,275,450	5,113,522	8,959,685	32,178,657	9.3%	2,925
2011	10,560,000	2,580,000	-	975,450	5,113,522	11,113,546	30,342,518	9.6%	2,758

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>
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
2010	15,830,000	-	47,918	15,782,082	1.73%	1,434
2011	13,140,000	-	71,423	13,068,577	1.46%	1,188

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, 2011

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	\$ 207,765,000	5.01%	\$ 10,401,410
Johnson County	11,064,129	1.94%	<u>214,234</u>
Subtotal, overlapping debt			\$ 10,615,645
City direct debt			<u>13,140,000</u>
Total direct and overlapping debt			<u><u>\$ 23,755,645</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$47,874,894	\$49,475,023	\$50,571,446	\$52,276,857	\$57,197,504	\$53,995,124	\$54,055,994	\$52,534,242	\$49,255,580	\$47,878,996
Total net debt applicable to limit	<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>	<u>10,265,000</u>	<u>9,395,000</u>
Legal debt margin	<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>	<u>\$38,990,580</u>	<u>\$38,483,996</u>
Total net debt applicable to the limit as a percentage of debt limit	19.61%	22.29%	33.75%	41.77%	36.42%	38.58%	35.37%	26.23%	20.84%	19.62%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value (a)	\$159,596,652
Debt Limit (b)	47,878,996
Debt applicable to limit:	
General Obligation bonds and notes	13,140,000
Less: Drainage and refunding issue not subject to limit (c)	<u>(3,745,000)</u>
Total net debt applicable to limit	<u>9,395,000</u>
Legal debt margin	<u>\$38,483,996</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	
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	628,321	454,149	190,365	0.97
2010	563,414	310,000	112,900	1.33	1,490,211	1,300,000	182,931	1.00	846,857	584,638	172,099	1.12
2011	422,050	320,000	102,050	1.00	1,291,351	1,300,000	93,231	0.93	495,786	256,595	127,745	1.29

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)
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%
2010	11,003	344,199,477	31,282	37.4	6.50%
2011	11,003	315,973,151	28,717	35.8	5.90%

- (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. The 2010 and 2011 data is based on the 2010 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>2011</u>			<u>2002</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	2,786	1	20.64%	2,500	1	17.86%
GE Consumer Finance/GE Credit Services	540	2	4.00%	800	2	5.71%
First Student	285	3	2.11%	-		-
Superior Chevrolet/Toyota	281	4	2.08%	265	3	1.89%
Seaboard Allied Milling	202	5	1.50%	170	6	1.21%
Carmax	160	6	1.19%	-		-
Home Depot	140	7	1.04%	150	8	1.07%
Aristocrat Motors	140	8	1.04%	-		-
Industrial Bearing (IBT)	135	9	1.00%	150	9	1.07%
Lee Company	115	10	0.85%	190	5	1.36%
School Services Leasing	-		-	250	4	1.79%
Shawnee Mission School District	-		-	151	7	1.08%
Hen House	-		-	120	10	0.86%
	<u>4,784</u>		<u>35.44%</u>	<u>4,746</u>		<u>33.90%</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

<u>Function/Program</u>	<u>Fiscal Year</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>	<u>2010</u>	<u>2011</u>
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	9.75	9.75	9.00	9.75	9.75	9.75	9.75	8.75	8.75	8.75
Information Services (a)	-	-	-	-	-	-	0.50	0.50	0.50	0.50
Municipal Court	2.95	2.95	2.95	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Law enforcement										
Officers	26.00	26.00	26.00	28.00	28.00	29.00	28.00	28.00	28.00	28.00
Civilians	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00
Fire prevention and control										
Firefighters	22.00	22.00	22.00	22.00	22.00	22.00	21.00	24.00	23.00	23.00
Public works	19.00	19.00	19.00	20.46	20.46	20.46	20.76	20.96	20.96	20.96
Culture and recreation										
Community Center	8.98	8.98	9.36	9.36	9.36	9.36	9.36	9.36	9.36	9.36
Aquatic Center	10.33	10.33	10.33	10.66	10.66	10.66	10.66	10.66	10.66	10.66
Merriam Marketplace	0.26	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Community development	6.00	6.00	6.75	6.00	6.00	8.00	8.00	8.00	8.00	8.00
Capital improvement program (b)	4.00	3.00	3.00	3.00	3.00	3.00	-	-		
Total	124.27	123.33	123.71	128.30	128.30	131.30	127.10	129.30	128.30	127.30

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Occupational licenses issued	913	898	967	912	915	915	996	1,003	966	945
Vendor payments	4,667	4,168	4,384	4,475	4,225	3,632	3,552	3,327	3,184	3,371
Court filings processed	8,172	8,585	8,010	9,958	10,641	10,597	10,159	8,913	9,172	8,063
Law enforcement										
Physical arrests	1,130	1,577	1,427	1,326	1,406	1,193	1,116	1,209	1,278	1,022
Accidents investigated	546	529	512	637	764	688	587	499	486	486
Traffic violations issued	8,016	8,006	8,233	9,958	10,641	10,867	10,159	8,913	9,202	8,499
Animal control service calls	1,352	1,375	1,293	1,310	733	1,620	1,872	288	1,020	1,020
Fire prevention and control										
Fire inspections performed	978	926	832	865	814	954	675	781	562	572
Alarm responses	1,538	1,478	1,614	1,647	1,624	1,740	1,761	1,554	1,542	1,687
Public education attendance	15,176	15,000	13,246	6,707	14,040	18,318	5,352	5,205	3,526	4,675
Public works										
Miles of street repair/overlay	8.5	8.5	4.0	3.5	3.0	3.0	3.0	3.0	2.2	3.5
Acres mowed	40	60	60	60	60	60	66	60	66	60
Miles of curbing/sidewalk repaired	4.0	4.5	3.5	4.0	3.0	5.0	3.5	3.0	3.0	2.5
Culture and recreation										
Community Center attendance	70,511	68,399	56,805	49,993	50,090	43,586	45,434	46,543	44,946	40,266
Aquatic Center attendance	36,914	28,389	14,534	20,306	20,167	17,600	19,030	21,235	25,996	29,967
Farmers' Market ave. wkly. attend.	469	389	340	532	581	431	446	532	708	546
Community development										
Construction permits issued	333	313	236	252	311	250	351	276	274	290
Value of new commercial const.	\$8,300,000	\$4,324,168	\$1,735,000	\$15,284,365	\$ 8,880,987	\$11,478,003	\$17,627,005	\$ 67,500	\$ -	\$ 43,109,064
Value of new residential const.	\$ 475,000	\$ 935,000	\$ 828,400	\$ 957,000	\$ 1,207,970	\$ -	\$ -	\$ -	\$ 248,550	\$ 685,000
Capital improvement program										
Number of projects managed	7	6	32	29	23	19	21	19	19	17

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Visitors' Bureau/Historical Plaza (a)	-	-	-	-	1	1	1	1	1	1
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	15	14	15	15	15	15	18	19	21
Animal control units	1	1	1	1	1	1	1	1	1	1
Mobile command post	1	1	1	1	1	1	-	-	-	-
Fire control and prevention										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency vehicles	4	4	4	4	4	4	4	4	4	4
Non-emergency vehicles	3	3	3	2	2	2	2	1	1	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	113	113	113	113
Streetlights	953	988	1,117	1,302	1,481	1,493	1,571	1,601	1,615	1,646
Traffic signals	102	102	102	106	106	107	107	107	107	107
Maintenance vehicles	20	21	20	23	24	24	24	23	24	24
Culture and recreation										
Acreage of city parks	60.98	60.98	63.08	63.08	64.08	64.08	79.08	79.08	79.08	79.08
Parks	7	7	8	8	9	9	9	9	9	9
Tennis courts	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