

CITY OF MERRIAM, KANSAS

POPULAR ANNUAL FINANCIAL REPORT

2014





A Message from the Finance Director

Dear Merriam Citizens,

I am pleased to present the City of Merriam's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2014. This report provides a brief analysis of where the City revenues come from and where those dollars are spent. It is intended to inform citizens about the City's financial activity in a simple, easy-to-read format.

The PAFR contains highlights from the City's 2014 Comprehensive Annual Financial Report (CAFR) which is a more inclusive, audited document prepared in accordance with Generally Accepted Accounting Principles (GAAP). The 2014 CAFR is available on the City's website at www.merriam.org/finance.

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

Sincerely,

Cynthia Ehart
Finance Director

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Financial Activity Statement

Governmental funds are used to account for tax-supported activities. Merriam's governmental funds include the General Fund, Capital Improvement Funds (CIP), Equipment Replacement Fund, Bond Fund, and Tax Increment Financing Funds (TIF). Merriam also has a Transient Guest Tax Fund and four special revenue funds.

The City's basic services including police and fire protection, parks and recreation, streets, community and economic development services, maintenance and capital improvements are accounted for in these funds.

Revenues for 2014 were up due to strong sales tax collections, receipt of grant funds for street and stormwater projects and increased fine and forfeiture collections.

Expenditures were up due to the construction of several large projects including Shawnee Creek drainage, Johnson Drive Bridge over Turkey Creek, Residential Street Group IV and 75th Street. Higher fund balances will support planned capital improvement projects over the next few years.

Financial Activity Statement for Years Ended December 31, 2013 and December 31, 2014

GOVERNMENTAL FUNDS

REVENUES	2013	2014
Sales taxes	\$10,041,517	\$11,486,724
Property taxes	3,736,606	3,797,739
TIF property taxes	2,780,265	3,463,256
Transient guest taxes	507,652	498,887
Other taxes	777,433	1,001,396
Franchise fees	1,436,254	1,477,427
Intergovernmental revenues	1,919,131	3,540,908
Licenses, permits, charges for service	864,202	826,346
Fines & forfeitures	902,639	1,346,571
Interest on investments	44,170	60,802
Miscellaneous	125,818	237,065
TOTAL REVENUES	\$23,135,687	\$27,737,121
EXPENDITURES		
General government	\$2,499,888	\$2,489,575
Police and fire protection	5,430,914	5,802,206
Public works & project administration	2,976,584	2,693,662
Community development	732,742	840,511
Parks and recreation	1,203,990	1,346,778
Capital outlay	2,844,881	8,580,884
Debt service (principal & interest)	4,225,628	3,534,783
TOTAL EXPENDITURES	\$19,914,627	\$25,288,399
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	47,488	29,322
Net transfers in/out	-	-
NET CHANGE IN FUND BALANCES	\$3,268,548	\$2,478,044
Fund balances January 1	\$17,756,189	\$21,024,737
FUND BALANCES DECEMBER 31	\$21,024,737	\$23,502,781

REVENUES

Where does the money come from?

SALES TAXES // 1.25% tax on sales occurring within the City. Johnson County shares a portion of its 1.225% sales tax with Merriam and other cities.

PROPERTY TAXES // City taxes on real estate and personal property.

TIF PROPERTY TAXES // Tax Increment Financing (TIF) is a tool used to promote economic redevelopment. Such taxes arise from the difference between the original or base value and the current value of properties within an established TIF district. Taxes must be used for specific development purposes per Kansas statutes.

TRANSIENT GUEST TAXES // 7% room tax on room rental for City hotels and motels.

OTHER TAXES // Special assessment taxes on the Merriam Point development plus TIF replacement taxes paid by Kansas per state statute.

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

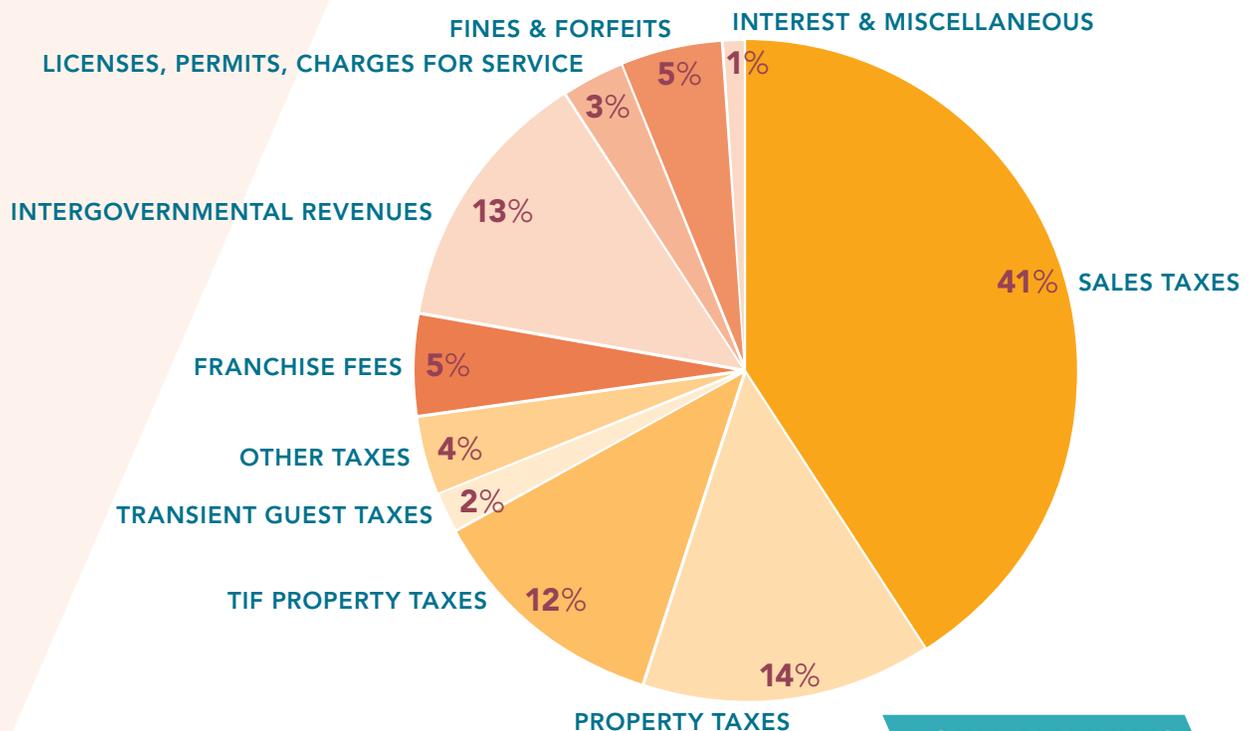
INTERGOVERNMENTAL REVENUES // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

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

CHARGES FOR SERVICES // Fees from the aquatic center, community center health club, culture & recreation programs, and facility rentals.

FINES & FORFEITURES // Fines and fees assessed in the City's municipal court.

INTEREST & MISCELLANEOUS // Interest on investments, administrative fees from developers, workers compensation dividends.



TOTAL REVENUES
\$27,737,121



EXPENDITURES

Where does the money go?

- POLICE AND FIRE PROTECTION** // Operations for the police and fire services.
- PUBLIC WORKS AND PROJECT ADMINISTRATION** // Maintenance of streets including snow removal performed by public works staff. Expenditures for engineering staff and administration of capital projects.
- GENERAL GOVERNMENT** // Expenditures related to city council, city administrator's office, finance, municipal court, legal, insurance, human resources, and information technology.
- PARKS & RECREATION** // Program administration and facility maintenance for the community center, parks, and aquatic center.
- COMMUNITY DEVELOPMENT** // Expenditures related to economic development, planning, zoning, building inspection, and code enforcement.
- CAPITAL OUTLAY** // Construction for street, drainage, building and park improvements.
- DEBT SERVICE** // Principal and interest payments on general and special obligation debts.



TOTAL EXPENDITURES
\$25,288,399



PROPERTY TAX

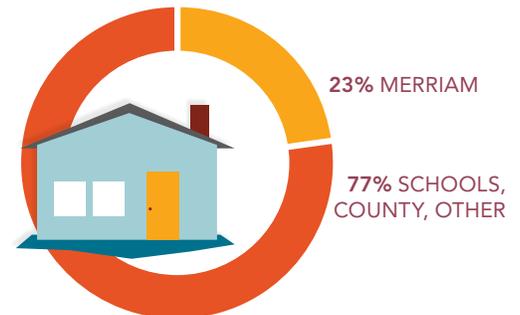
How much is it and what City services does it provide?

Currently, homeowners pay \$2,084 in annual real estate taxes on a home with a \$150,000 market value. The City of Merriam receives \$476 or 23% of this amount.

HOW MUCH IS PROPERTY TAX IN MERRIAM?

TAXING JURISDICTION	RATE	COST*	% OF TOTAL
State of Kansas	1.500	\$26	1%
Merriam Drainage Board <i>(where applicable)</i>	3.088	53	3%
Community College	9.461	163	8%
Johnson County	23.270	401	19%
City of Merriam	27.605	476	23%
Shawnee Mission Schools	55.911	965	46%
TOTAL MILL	120.835	\$2,084	100%

MERRIAM'S SHARE OF TOTAL PROPERTY TAX



WHAT CITY SERVICES DO PROPERTY TAXES PROVIDE?

PROGRAM	2013 SHARE	ANNUAL COST	MONTHLY COST
Police and fire protection	40%	\$191	\$15.94
Public works	15%	\$69	\$5.79
General government	18%	\$86	\$7.15
Parks and recreation	7%	\$34	\$2.80
Community development	4%	\$19	\$1.59
CIP (sales tax supported)	-%	\$-	\$-
Equipment Reserve	8%	\$36	\$3.00
Debt Service	8%	\$41	\$3.40
TOTAL	100%	\$476	\$39.67

HOMEOWNER
MERRIAM, KANSAS 66202

101

City of Merriam \$39.67
PAY TO THE ORDER OF

Thirty Nine and 67/100 _____ DOLLARS

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

Homeowner _____

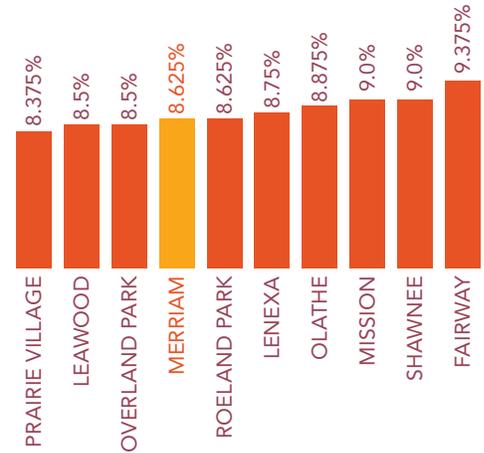
SALES TAX

How much is it and who receives it?

The City's sales tax rate of 8.625% compares favorably to surrounding cities and is divided among three different taxing entities. The State of Kansas receives 6.150%, Johnson County receives 1.225% and the City of Merriam receives 1.25%.

Of the City's 1.25% sales tax, 1% is for general uses and .25% is dedicated to street and stormwater projects.

The total sales tax collected in 2014 was \$11,486,724, a significant amount for a City of only 4.5 square miles. In fact, Merriam has the highest "pull-factor" in the State of Kansas at 4.12, meaning that more purchases are made by shoppers who live outside the City than those who live within the City. It is a measure of the strength of the City's retail business community.



SALES TAX RATE COMPARISON

Base sales tax rate only.

WHO RECEIVES SALES TAXES PAID IN MERRIAM?

On a \$1 purchase



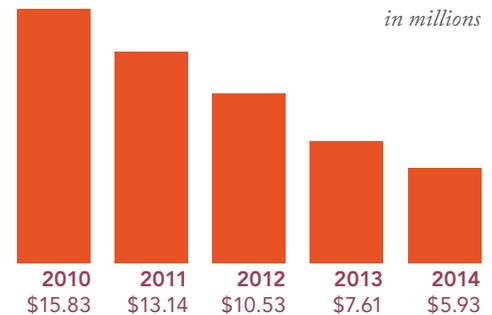
DEBT

How much does the City owe?

The City has \$5,930,000 in bonded debt for infrastructure improvements as of December 31, 2014. Moody's Investor Service rates the City's debt as "Aa2" which is assigned to bonds judged to be of high quality by all standards. Total debt has decreased steadily in recent years and will be paid in full by October 1, 2023.

OUTSTANDING BONDED DEBT

in millions



EMPLOYEES

How many people work for the City?

The City employs approximately 133 employees including full-time, part-time and seasonal. Since 2011, 4 full time staff positions have been added: one police officer, funded by a three-year grant; an assistant city administrator and a neighborhood services manager, previously unfunded due to budgetary reasons; and a communication specialist/graphic artist. Part-time employees were added to assist with code enforcement issues and capital improvement administration.

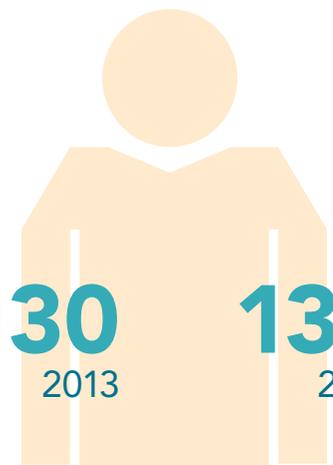
128
2010

127
2011

128
2012

130
2013

133
2014



CITY COUNCIL MEMBERS

Who is my elected official?

The mayor is elected on a City-wide basis (“at-large”) and serves a four year term. The eight Council Members are elected by ward and serve four year terms.

KEN SISSOM
MAYOR

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