

CITY OF MERRIAM, KANSAS

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

2015



Just right.



A Message from the Finance Director

Dear Merriam Residents,

I am pleased to present the City of Merriam's Popular Annual Financial Report (PAFR) for the fiscal year ending December 31, 2015. 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.

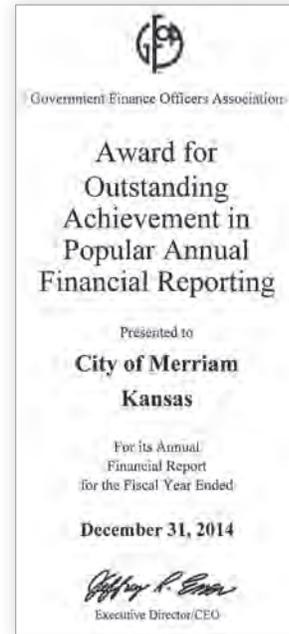
The PAFR contains highlights from the City's 2015 Comprehensive Annual Financial Report (CAFR) which is a more detailed, audited document. Both the PAFR and CAFR are prepared in accordance with Generally Accepted Accounting Principles (GAAP). Copies of both reports are available by contacting me directly, or by visiting the web at www.merriam.org/finance.

If you have questions or comments regarding this report, please contact me at 913.322.5504.

Sincerely,

Cynthia L. Ehart

Cynthia Ehart
Finance Director
913.322.5504
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CONTENTS

- 3 // FINANCIAL ACTIVITY STATEMENTS**
- 4 // REVENUES // *Where does the money come from?***
- 5 // EXPENDITURES // *Where does the money go?***
- 6 // PROPERTY TAX // *How much is it and what City services does it provide?***
- 7 // SALES TAX // *How much is it and who receives it?***
- 7 // DEBT // *How much does the City owe?***
- 7 // EMPLOYEES // *How many people work for the City?***
- 8 // ABOUT MERRIAM // *Learn more about the City.***
- 8 // CITY COUNCIL MEMBERS // *Who is my elected official?***



Financial Activity Statement

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

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

TIF property tax revenue was higher in 2015 due primarily to completion of new construction within the TIF districts. Intergovernmental revenues were lower in 2015 due to reduced grant revenue associated with capital improvement projects.

Capital outlay expenditures for 2015 were less than the prior year due to reduced construction activity. Construction projects in 2014 included Shawnee Creek drainage, Johnson Drive Bridge over Turkey Creek, Residential Street Group IV and 75th Street. For 2015, the largest new project was Meyer Creek drainage improvement. Debt service expenditures were higher in 2015 due to larger payments paid under developer TIF agreements. Higher fund balances will support planned capital improvement projects over the next few years.

Financial Activity Statement for Years Ended December 31, 2014 and December 31, 2015

GOVERNMENTAL FUNDS

REVENUES	2014	2015
Sales taxes	\$11,486,724	\$11,663,849
Property taxes	3,797,739	3,871,816
TIF property taxes	3,463,256	4,593,045
Transient guest taxes	498,887	500,407
Other taxes	1,001,396	1,404,548
Franchise fees	1,477,427	1,459,196
Intergovernmental revenues	3,540,908	2,232,832
Licenses, permits, charges for service	826,346	913,518
Fines & forfeitures	1,346,571	1,223,641
Interest on investments	60,802	60,840
Miscellaneous	237,065	128,854
TOTAL REVENUES	\$27,737,121	\$28,052,546
EXPENDITURES		
General government	\$2,489,575	\$2,542,050
Police and fire protection	5,802,206	5,847,582
Public works & project administration	2,693,662	2,784,998
Community development	840,511	972,181
Parks and recreation	1,346,778	1,328,450
Capital outlay	8,580,884	6,151,380
Debt service (principal, interest & TIF obligation)*	3,534,783	3,895,597
TOTAL EXPENDITURES	\$25,288,399	\$23,522,238
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	29,322	61,984
Net transfers in/out	-	-
NET CHANGE IN FUND BALANCES	\$2,478,044	\$4,592,292
Fund balances January 1	\$21,024,737	\$23,502,781
FUND BALANCES DECEMBER 31	\$23,502,781	\$28,095,073

*2015 Debt Service includes \$2,422,667 in TIF obligations classified as community development expenditures in the CAFR.



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.

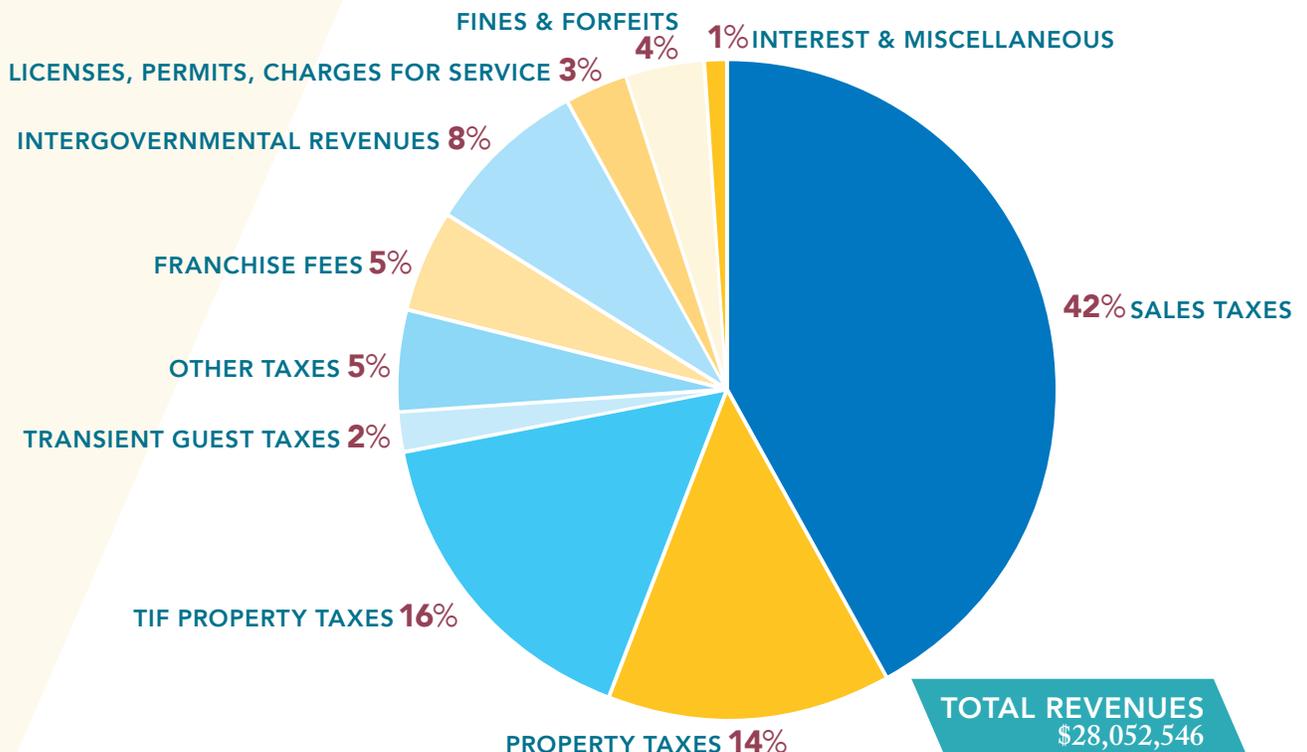
INTERGOVERNMENTAL REVENUES // Federal and local grants for capital projects plus the City's share of Kansas highway funds.

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, and workers compensation dividends.





EXPENDITURES

Where does the money go?

POLICE AND FIRE PROTECTION // Operations for police and fire services.

PUBLIC WORKS AND PROJECT ADMINISTRATION // Maintenance of streets including snow removal performed by public works staff. Expenditures for engineering staff and administration of capital projects.

GENERAL GOVERNMENT // Expenditures related to 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.



POLICE & FIRE PROTECTION 25%

PUBLIC WORKS & PROJECT ADMIN 12%

GENERAL GOVERNMENT 11%

PARKS & RECREATION 5%

COMMUNITY DEVELOPMENT 4%

CAPITAL OUTLAY 26%

DEBT SERVICE 17%

TOTAL EXPENDITURES
\$23,522,238



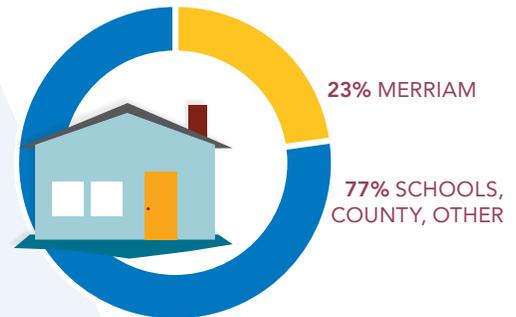
PROPERTY TAX

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

Currently, homeowners pay \$2,092 in annual real estate taxes on a home with a \$150,000 market value. The City of Merriam receives \$477 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>	2.002	35	1%
Community College	9.469	163	8%
Johnson County	26.595	459	22%
City of Merriam	27.676	477	23%
Shawnee Mission Schools	54.059	933	45%
TOTAL MILL	121.301	\$2,092	100%



MERRIAM'S SHARE OF TOTAL PROPERTY TAX

WHAT CITY SERVICES DO PROPERTY TAXES PROVIDE?

PROGRAM	2015 SHARE	ANNUAL COST	MONTHLY COST
Police and fire protection	42%	\$201	\$16.75
Public works	15%	\$70	\$5.82
General government	18%	\$86	\$7.17
Parks and recreation	7%	\$34	\$2.89
Community development	4%	\$21	\$1.74
CIP (sales tax supported)	- %	\$ -	\$ -
Equipment Reserve	5%	\$21	\$1.76
Debt Service	9%	\$44	\$3.65
TOTAL	100%	\$477	\$39.78

HOMEOWNER
MERRIAM, KANSAS 66202

101

City of Merriam \$39.78

PAY TO THE ORDER OF

Thirty Nine and 78/100 _____ DOLLARS

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

Homeowner _____

SALES TAX

How much is it and who receives it?

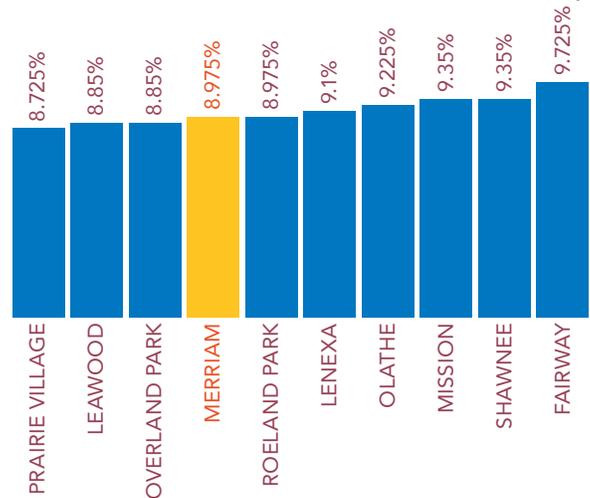
The City's sales tax rate of 8.975% compares favorably to surrounding cities and is divided among three different taxing entities. The State of Kansas receives 6.500%, Johnson County receives 1.225% and the City of Merriam receives 1.25%.

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

The total sales tax collected in 2015 was \$11,663,849, 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 4.67, 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



\$0.0125 MERRIAM

\$0.07725 STATE & COUNTY

DEBT

How much does the City owe?

The City has \$5,165,000 in bonded debt for infrastructure improvements as of December 31, 2015. 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 current debt will be paid in full by October 1, 2023.

OUTSTANDING BONDED DEBT

in millions



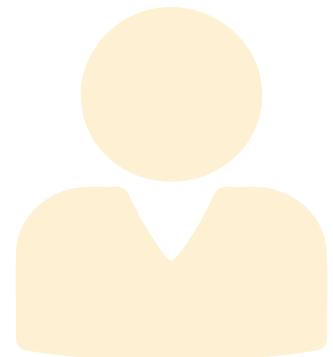
EMPLOYEES

How many people work for the City?

The City employs approximately 112 employees including full-time, part-time and seasonal. This is a decrease of 22 positions from last year and is due to the 2015 transfer of all Merriam firefighters to the City of Overland Park. Merriam's fire station is still fully staffed, but the City now pays Overland Park for the cost of all fire services.

Additions since 2011 include five full-time staff positions: a police officer, an assistant city administrator, a neighborhood services manager, a communication specialist, and an asset management technician.

112 // 2015
 133 // 2014
 130 // 2013
 128 // 2012
 127 // 2011





ABOUT MERRIAM

LOCATION // Northeastern Kansas. The City is part of the Kansas City metro area, just eight miles from downtown Kansas City, MO

SIZE/POPULATION // 4.5 square miles; 11,290 residents

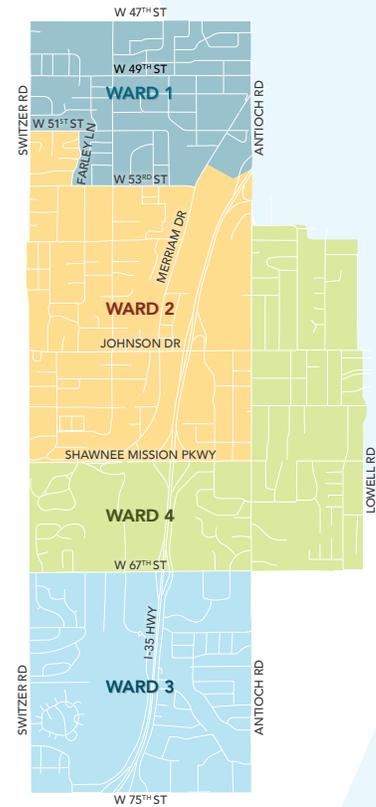
UNEMPLOYMENT RATE (JOHNSON COUNTY) // 3.4% (for 2015)

MOODY'S CREDIT RATING // Aa2

TOP 5 EMPLOYERS // Shawnee Mission Medical Center hospital, Synchrony Financial Services, IKEA home furnishings, First Student school bus service, Hendrick Automotive dealers

MAJOR INDUSTRIES // Medical; New and Used Automotive Dealers; Automotive Maintenance and Repairs; Home Furnishings and Improvements

HISTORY // In 1870, the first railroad station was built and the town was named "Merriam" in honor of Charles Merriam, a railroad superintendent. In 1880, the town became home to a large well-planned amusement park that attracted more than 20,000 visitors per day who would ride the train in from nearby Kansas City. Merriam played a role in the desegregation movement for schools. In 1949, thirty-nine families filed suit against the local school district when their children were rejected from a white-only school located in Merriam. Success of the case paved the way for the historic Brown v. Board of Education which removed segregation from the public school system. The City continues to be a vibrant middle class suburb of Kansas City.



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.



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