

City of  
**MERRIAM**

**K A N S A S**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the year ended December 31, 2010



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year ended December 31, 20%**

**MERRIAM, KANSAS**

**Prepared by:**

**Cynthia Ehart  
Finance Director**

**Trish Wertz  
Accountant**

**CITY OF MERRIAM, KANSAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For The Year Ended December 31, 20F€

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June 15, 2011

**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, 2010. 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, 2010, 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. Merriam businesses have averaged \$507 million in annual sales over the last five years. This translates into approximately \$113 million in sales per square mile and is due to the presence of several large auto dealerships in the City, as well as the success of the Merriam Town Center retail area. However, effects of the recent recession linger for the City. Sales taxes declined an additional 2% in 2010 following a 10% decline in 2009. Sales tax trends for early 2011 show some improvement over the prior year. Net assessed property valuations have declined over 7% since 2008 and preliminary valuations for 2011 indicate additional, though smaller declines, for 2011.

Total employment in Merriam is estimated at 13,500 jobs. The county unemployment rate for 2010 is 6.5%, with an average of approximately 4.6% over the last 10 years. Two of the County's major employers are located in the City: Shawnee Mission Medical Center and GE Capital Credit. Private redevelopment of Shawnee Mission Medical Center continues and will include the addition of the Women's Care Facility.

Opportunities for future redevelopment exist within the City. Public infrastructure improvements have been completed for two projects adjacent to I-35, Merriam Pointe and Merriam Village. Additionally, the City has provided incentives to developers for private construction. Although the projects have encountered numerous obstacles including a soft market for retail development, there has been recent activity. Plans for construction of a nationally known fast-food restaurant and a convenience store have been submitted for Merriam Village. A new auto dealership facility will be constructed at Merriam Pointe in 2012, per the terms of the amended redevelopment agreement.

Two new residential developments have been long-planned although construction has been slow to commence: the 45-unit Pointe at Prairie Haven townhomes and the 41-unit Timber Ridge single family homes development. The timing of construction for the Pointe at Prairie Haven townhomes is unknown, though a developer has submitted an application to the Kansas Housing Resources Corporation for Housing Tax Credits to finance the construction of an age-restricted housing development. Construction of model homes for the Timber Ridge development is anticipated in late 2011.

**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 South Quaker Creek, plus upgrades to residential streets. The 2011-2016 plan includes projects totaling an estimated \$40 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 calls for only one debt issue of \$1.5 million, because most projects will be completed on a “pay-as-you-go” basis.

**Reserves and Contingencies:** The City maintains a Reserve and Fund Balance Policy that requires General Fund reserves to equal or exceed the greater of 15% of budgeted revenues or 2 months of budgeted operating expenditures. As of December 31, 2010, General Fund reserves exceed requirements with 40.1% of budgeted revenues. The policy also requires that the Risk Management reserves equal or exceed 7.5% of General Fund budgeted revenues. Risk Management reserves ended the year at just 6.8% of budgeted revenues. City Council acknowledged a conflict with their policy in the preparation of the 2011 budget, with Risk Management reserves projected to equal 6.6% of budgeted revenues for 2011.

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

### ***Awards and Acknowledgments***

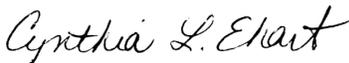
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Merriam for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the seventeenth consecutive 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, 2011. 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.

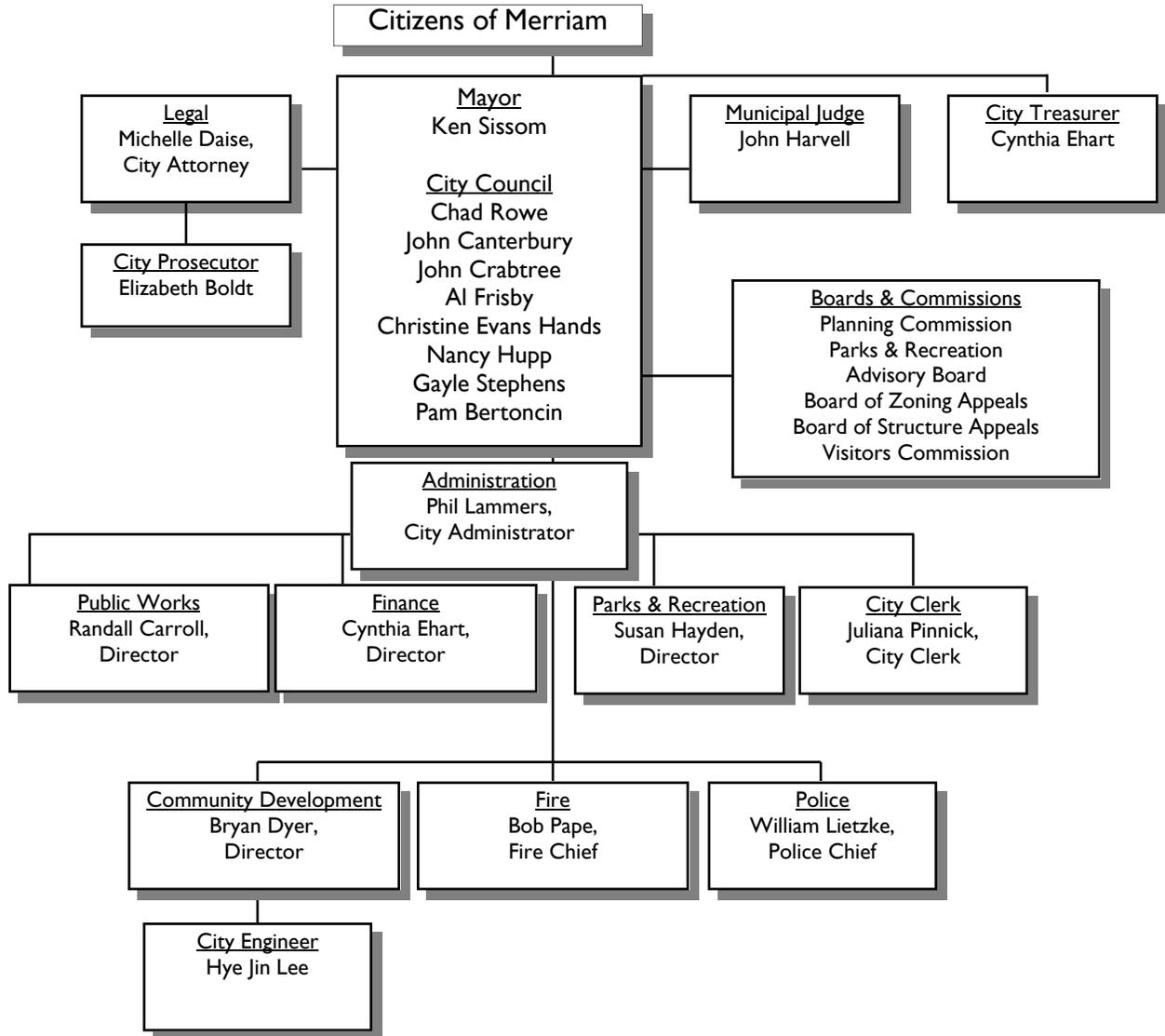
We wish to acknowledge the support given by the Mayor and City Council for their interest in maintaining the highest standard of financial reporting. They have given particular emphasis to the planning and operations of the financial function of the City, resulting in a very responsible and progressive 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	2 Years	2013	Mayor
John Canterbury	<1 Year	2015	Ward 1
Chad Rowe	6 Years	2013	Ward 1
Al Frisby	<1Year	2015	Ward 2
John Crabtree	6 Years	2013	Ward 2
Nancy Hupp	8 Years	2015	Ward 3
Christine Evans Hands	6 Years	2013	Ward 3
Pam Bertoncin	4 Years	2015	Ward 4
Gayle Stephens	10 Years	2013	Ward 4

APPOINTED OFFICIALS	POSITION	LENGTH OF SERVICE TO CITY	GOVERNMENT SERVICE
Phil Lammers	City Administrator	3	31
Bob Pape	Fire Chief	34	34
William Lietzke	Police Chief	31	31
Randy Carroll	Public Works Director	29	29
Susan Hayden	Parks & Recreation Director	21	25
Michelle Daise	City Attorney	11	14
Juli Pinnick	City Clerk	7	13
Cynthia Ehart	Finance Director / City Treasurer	7	7
Bryan Dyer	Community Development Director	3	11
Hye Jin Lee	City Engineer	2	10

***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, 2009

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.



President

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, 2010, 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, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

*Cudney, Scott, McEwen & Williams*

June 3, 2011

## 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, 2010. 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 \$76,653,587 (net assets).
- The City's total net assets increased during this fiscal year by \$3,573,091 due to the completion of four street and bridge projects combined with repayment of general obligation debt associated with capital assets. In addition, the unrestricted net assets component increased due to the net reduction of non-capital related TIF liabilities.
- At the close of 2010, the City's governmental funds reported combined ending fund balances of \$15,516,123, an increase of \$786,836 over the prior year. This was primarily due to a less aggressive construction schedule for the I-35 Redevelopment District.
- At the close of 2010, unreserved fund balance for the General Fund was \$4,965,949, or 48.4% of total General Fund operating expenditures.
- The City's total general obligation debt decreased by \$2,545,000 (13.9%) during 2010 due to repayment of outstanding debt. During the year, the City issued \$3,585,000 in general obligation bonds to refund an outstanding issue.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### **Government-Wide Financial Statements**

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. These statements include infrastructure assets as well as all known liabilities, including long-term debt. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* provides information detailing *how* the City's net assets changed during 2010.

## **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**

<b>Condensed Statement of Net Assets</b>		
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 25,793,941	\$ 26,678,596
Capital assets	91,094,238	91,083,215
Total assets	116,888,179	117,761,811
Long-term liabilities	32,866,465	36,061,031
Other liabilities	7,368,127	8,620,284
Total liabilities	40,234,592	44,681,315
Net assets:		
Invested in capital assets, net of related debt	78,094,202	75,940,313
Restricted	5,331,592	4,471,514
Unrestricted	(6,772,207)	(7,331,331)
Total net assets	\$ 76,653,587	\$ 73,080,496

## **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 \$76,653,587 at the close of 2010.

The largest portion of the City's net assets reflects its investment of \$78,094,202 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 \$5,331,592 of the City's net assets represents resources that are subject to external restrictions on how they may be used. Assets restricted for capital projects include sales tax revenues and funds collected in the City's I-35 Redevelopment District restricted by statute for capital improvements.

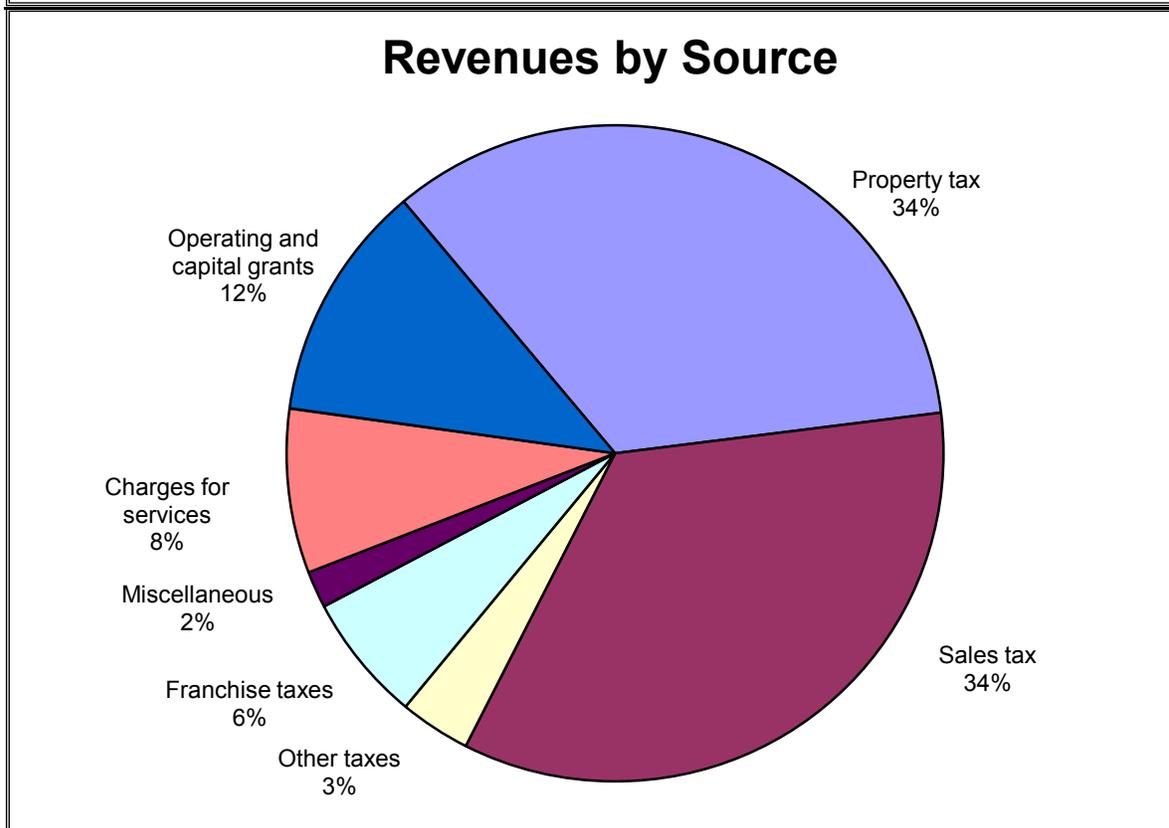
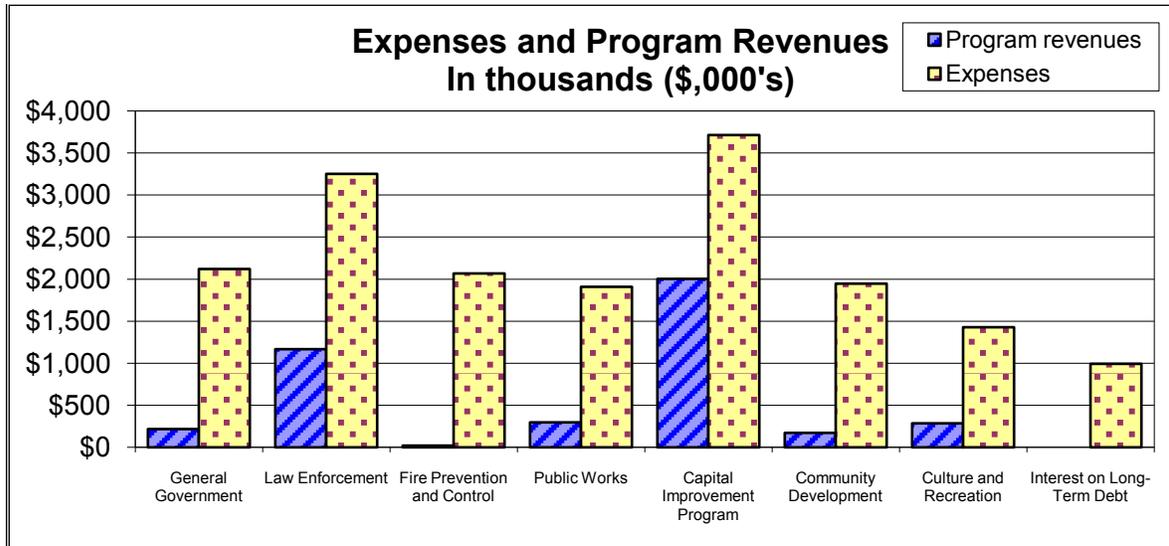
The portion of the City's net assets classified as unrestricted is (\$6,772,207). Were it not for \$16,348,657 in tax increment financing bonds and other contractual obligations, unrestricted net assets would be \$9,576,450. These bonds and contractual obligations are considered fully paid on their maturity 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.

<b>Condensed Statement of Changes in Net Assets</b>		
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,701,187	\$ 1,437,443
Operating grants and contributions	355,361	313,871
Capital grants and contributions	2,103,160	249,749
General revenues:		
Property taxes	7,173,989	7,339,108
Sales taxes	7,246,064	7,387,073
Other taxes	733,491	770,388
Franchise taxes	1,325,346	1,136,796
Miscellaneous	378,696	475,508
Total revenues	<u>21,017,294</u>	<u>19,109,936</u>
Expenses:		
General government	2,118,597	2,065,512
Law enforcement	3,252,442	3,107,819
Fire prevention and control	2,065,774	1,934,384
Public works	1,907,778	1,933,778
Capital improvement program	3,710,509	3,272,407
Community development	1,945,042	3,763,792
Health and welfare	23,827	27,746
Culture and recreation	1,428,918	1,402,631
Interest on long-term debt	991,316	1,228,714
Total expenses	<u>17,444,203</u>	<u>18,736,783</u>
Increase in net assets	3,573,091	373,153
Net assets - beginning of year	73,080,496	72,707,343
Net assets - end of year	<u>\$ 76,653,587</u>	<u>\$ 73,080,496</u>

**Analysis of Changes in Net Assets**

The City's net assets increased during the fiscal year by a total of \$3,573,091 including these changes:

- Investment in capital assets increased by \$2,153,889 due to the repayment of general obligation debt associated with capital assets.
- Net assets restricted for capital projects increased by \$970,150 primarily due to a less aggressive construction schedule for the I-35 Redevelopment District.
- Unrestricted net assets increased by \$559,124 due to the net reduction 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 Capital Improvement Program represents the largest portion of 2010 expenses, followed by Law Enforcement. Operating grants and contributions for 2010 were largely due to federal and county revenues and cost sharing contributions received for street and bridge projects. Community development expenses for 2010 included the addition of \$1,108,386 for non-capital related TIF expenses for redevelopment projects while such amounts totaled \$2,903,133 for 2009. Other revenues and expense functions fall within anticipated ranges.

For governmental activities overall, sales taxes are the largest source of revenue (34.5%) followed closely by property taxes (34.1%).

## **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 2010, the City's governmental funds reported combined ending fund balances of \$15,516,123. Unreserved fund balance is \$14,688,554 (95% of total), of which \$4,465,185 has been designated for subsequent year's expenditures, \$7,267,772 has been designated for capital improvement projects, with the remainder available to be spent at the City's discretion. Fund balances of \$827,569 have been previously committed and are therefore not available for spending.

The General Fund is the primary operating fund for the City. At the end of 2010, the total fund balance of the General Fund was \$4,977,647. Almost the entire amount is unreserved, with \$3,536,349 designated for subsequent year's expenditures, and \$1,429,600 available to be spent at the City's discretion.

The fund balance for the City's General Fund increased by \$63,553 during the fiscal year. A larger than expected beginning fund balance was offset by the increased cost of personal services.

The Capital Improvement Fund had a decrease in fund balance of \$93,727 due to a high level of construction activity offset by a reduction in transfers out necessary to fund debt service obligations.

The fund balance for the I-35 Redevelopment District Fund increased by \$675,610 due to limited construction of projects within the district. Construction projects were postponed to provide for debt service payments in the event that special assessment payments due from a bankrupt developer were not received by the City. No payments are delinquent at this time.

Other Governmental Funds increased by \$148,144 of which \$84,555 was attributable to the Equipment Reserve Fund. The fund anticipates 2011 major equipment purchases, including a fire department pumper truck.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget was not amended during 2010; therefore, the original budget and the final budget are the same.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets, net of accumulated depreciation, was \$91,094,238 as of December 31, 2010. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	<b>Capital Assets (net of depreciation)</b>	
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 12,603,732	\$ 12,603,732
Artwork	24,000	24,000
Construction in progress	212,975	1,928,328
Buildings	9,171,088	9,522,411
Improvements other than buildings	2,559,772	2,700,696
Equipment	2,529,432	2,439,162
Infrastructure	63,993,239	61,864,886
Total	<u>\$ 91,094,238</u>	<u>\$ 91,083,215</u>

Infrastructure additions for 2010 include the completion of Residential Street Group II, Residential Street Group III South, 47<sup>th</sup> Street and Drainage project, and rehabilitation of the Shawnee Mission Parkway Bridge at Mastin Street. Three street overlay projects were also constructed using Federal Economic Stimulus funds (American Recovery and Reinvestment Act or ARRA). Equipment additions included replacement of radios for police, fire and public works departments. 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, 2010 the City had total long-term bonds outstanding of \$23,218,972. This amount included \$15,830,000 of general obligation bonds backed by the full faith and credit of the City. The general obligation bonds include a 2010 refunding issue for \$3,585,000 on Series 2003 general obligation bonds. The refunding issue matched the maturity schedule for the original bonds, but will reduce interest expense due to lower interest rates. The City has an additional \$7,388,972 in outstanding special obligation tax increment revenue bonds. These bonds are repaid solely with property tax increment generated in the project area and do not constitute a general obligation of the City. The City also has tax increment contractual liabilities outstanding of \$8,959,685.

The City's total long-term bonds payable decreased by \$3,845,000 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 \$49,255,580.

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

<b>Outstanding Bonds</b>			
<b>General Obligation and Revenue Bonds</b>			
	<b>Governmental</b>		
	<b>Activities</b>		
	<b>2010</b>	<b>2009</b>	
General obligation bonds	\$ 15,830,000	\$ 18,375,000	
Tax increment revenue bonds	2,275,450	3,575,450	
Subordinate special obligation tax increment revenue bonds	5,113,522	5,113,522	
Total	<u>\$ 23,218,972</u>	<u>\$ 27,063,972</u>	

### **Economic Factors**

The City experienced an additional 2.99% reduction in net assessed property valuations and a 2% reduction in sales tax collections during 2010. Preliminary property valuations for 2011 indicate additional declines may occur. Sales tax collections for early 2011 show improvement over the prior year and with the highest sales tax pull factor in Kansas, Merriam continues to serve a customer base of over 3 times its population. Although the market for new retail development is currently soft, the City offers significant area along Interstate-35 with potential for future development. The City has completed improvements to public infrastructure to facilitate such development and is working with developers in the following redevelopment projects in the Interstate-35 corridor:

- **Merriam Pointe:** In September 2004 the City entered into a redevelopment agreement with Merriam Pointe, LLC to redevelop a 35-acre parcel at the southwest corner of 67<sup>th</sup> Street and I-35 from a light industrial use to a 275,000 square foot retail center. The City has provided \$6.5 million in general obligation bond proceeds and \$2 million in other resources to assist with public infrastructure improvements and eligible redevelopment costs. Additionally the City has committed to provide future TIF increments from property taxes. Merriam Pointe, LLC recently transferred their rights and obligations to Merriam Investors, LLC. The City entered into an amended and restated redevelopment agreement with Merriam Investors, LLC and Hendrick Automotive Group on March 28, 2011. The new developers will construct a 62,000 square foot auto dealership where an existing Merriam business is expected to relocate by December 31, 2012 according to the terms of the revised agreement.
- **Merriam Village:** The City executed a redevelopment agreement in March 2005 with DDR Merriam Village, LLC to redevelop 34 acres at the southeast corner of Johnson Drive and I-35. This redevelopment plans to convert outdated residential uses to 300,000 square feet of retail space as well as condominiums and affordable senior housing. This project is adjacent to the established Merriam Town Center shopping area on the northeast corner of Johnson Drive and I-35. The new project will be a complementary expansion of the existing retail area into a regional shopping attraction. The City has committed \$5.9 million in general obligation bonds for public infrastructure improvements and \$2.05 million in other resources to assist with eligible redevelopment costs. Additionally the City has committed to provide future TIF increments from property taxes. No anchor tenants have been announced for the development, but the City is reviewing plans for the construction of a nationally known fast-food restaurant and convenience store on parcels in the development.

### **REQUESTS FOR INFORMATION**

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

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**BASIC**  
**FINANCIAL STATEMENTS**

**City of Merriam, Kansas**

Statement of Net Assets

December 31, 2010

	<b>Governmental Activities</b>
<b>Assets</b>	
Deposits and investments	\$ 13,697,124
Receivables - (net of allowance for uncollectibles):	
Property taxes	6,327,577
Sales and other taxes	1,528,846
Intergovernmental	382,180
Special assessments - current	320,000
Interest and other	88,115
Restricted investments	762,922
Special assessments - noncurrent	2,580,000
Bond issuance costs, net	107,177
Capital assets:	
Land and other capital assets, non-depreciable	12,840,707
Other capital assets, net of depreciation	78,253,531
Total assets	116,888,179
<b>Liabilities</b>	
Accounts and retainage payable	796,207
Accrued payroll and related liabilities	105,277
Unearned revenue	6,343,645
Accrued interest payable	122,998
Long-term liabilities:	
Due within one year	4,652,407
Due in more than one year	28,214,058
Total liabilities	40,234,592
<b>Net Assets</b>	
Invested in capital assets, net of related debt	78,094,202
Restricted for:	
Capital projects	4,629,979
Debt service	701,613
Unrestricted	(6,772,207)
Total net assets	\$ 76,653,587

See accompanying notes to the basic financial statements.

**City of Merriam, Kansas**  
Statement of Activities  
For the Year Ended December 31, 2010

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
Governmental Activities:					
General government	\$ 2,118,597	\$ 185,749	\$ 6,580	\$ 23,576	\$ (1,902,692)
Law enforcement	3,252,442	1,075,580	33,385	56,775	(2,086,702)
Fire prevention and control	2,065,774	692	-	19,365	(2,045,717)
Public works	1,907,778	-	296,924	-	(1,610,854)
Capital improvement program	3,710,509	-	-	2,003,444	(1,707,065)
Community development	1,945,042	170,830	-	-	(1,774,212)
Health and welfare	23,827	-	-	-	(23,827)
Culture and recreation	1,428,918	268,336	18,472	-	(1,142,110)
Interest on long-term debt	991,316	-	-	-	(991,316)
<b>Total primary government</b>	<b>\$ 17,444,203</b>	<b>\$ 1,701,187</b>	<b>\$ 355,361</b>	<b>\$ 2,103,160</b>	<b>(13,284,495)</b>

General revenues:

Taxes:	
Property taxes, levied for general purposes	3,541,841
Property taxes, levied for debt service	3,632,148
Sales taxes	7,246,064
Transient guest taxes	287,678
Franchise taxes	1,325,346
Tax increment financing replacement taxes	445,813
Intergovernmental not restricted to a specific program	18,472
Unrestricted investment earnings	248,880
Miscellaneous	111,344
Total general revenue	<u>16,857,586</u>
Change in net assets	3,573,091
Net assets-beginning of year	<u>73,080,496</u>
Net assets-end of year	<u>\$ 76,653,587</u>

See accompanying notes to the basic financial statements.

**City of Merriam, Kansas**

Balance Sheet  
Governmental Funds  
December 31, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>I-35 Redevelopment District</u>
<b>Assets:</b>			
Deposits and investments	\$ 4,138,410	\$ 4,202,656	\$ 2,861,365
Receivables (net of allowance for uncollectibles)			
Property tax	3,111,876	-	-
Sales and other taxes	1,241,877	182,719	-
Intergovernmental	-	305,803	-
Interest and miscellaneous	18,248	17,403	6,627
Special assessments	-	-	-
Due from other funds	55,800	19,200	-
Restricted investments	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 8,566,211</u>	<u>\$ 4,727,781</u>	<u>\$ 2,867,992</u>
<b>Liabilities:</b>			
Accounts and retainage payable	\$ 355,343	\$ 215,531	\$ 112,470
Accrued payroll	105,277	-	-
Deferred revenue	3,127,944	-	-
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,588,564</u>	<u>215,531</u>	<u>112,470</u>
<b>Fund balances:</b>			
Reserved for encumbrances	11,698	-	-
Reserved for debt service	-	-	-
Unreserved:			
Designated for subsequent year's expenditures -			
General fund	3,536,349	-	-
Non-major special revenue funds	-	-	-
Designated for capital improvements	-	4,512,250	2,755,522
Undesignated	1,429,600	-	-
Undesignated reported in non-major funds:			
Special revenue funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>4,977,647</u>	<u>4,512,250</u>	<u>2,755,522</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 8,566,211</u>	<u>\$ 4,727,781</u>	<u>\$ 2,867,992</u>

See the accompanying notes to the basic financial statements.

<b>General Obligation Bonds</b>	<b>Tax Increment Revenue Bonds</b>	<b>Tax Increment Contractual Liability</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 47,918	\$ -	\$ 75,600	\$ 2,371,175	\$ 13,697,124
294,728	1,321,189	1,599,784	-	6,327,577
-	-	-	104,250	1,528,846
-	-	-	76,377	382,180
-	-	13,409	6,916	62,603
2,900,000	-	-	-	2,900,000
-	-	-	-	75,000
-	762,922	-	-	762,922
<u>\$ 3,242,646</u>	<u>\$ 2,084,111</u>	<u>\$ 1,688,793</u>	<u>\$ 2,558,718</u>	<u>\$ 25,736,252</u>
\$ -	\$ -	\$ 88,709	\$ 24,154	\$ 796,207
-	-	-	-	105,277
3,194,728	1,321,189	1,599,784	-	9,243,645
-	-	-	75,000	75,000
<u>3,194,728</u>	<u>1,321,189</u>	<u>1,688,493</u>	<u>99,154</u>	<u>10,220,129</u>
-	-	-	4,731	16,429
47,918	762,922	300	-	811,140
-	-	-	-	3,536,349
-	-	-	928,836	928,836
-	-	-	-	7,267,772
-	-	-	-	1,429,600
-	-	-	1,525,997	1,525,997
<u>47,918</u>	<u>762,922</u>	<u>300</u>	<u>2,459,564</u>	<u>15,516,123</u>
<u>\$ 3,242,646</u>	<u>\$ 2,084,111</u>	<u>\$ 1,688,793</u>	<u>\$ 2,558,718</u>	<u>\$ 25,736,252</u>

See the accompanying notes to the basic financial statements.

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**City of Merriam, Kansas**  
 Reconciliation of the Balance Sheet to the Statement of Net Assets  
 Governmental Funds  
 December 31, 2010

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

Ending fund balances - total governmental funds	\$ 15,516,123
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Net Assets the cost of those assets is capitalized and shown at cost, net of accumulated depreciation. This is the amount of net capital assets reported in the Statement of Net Assets</p>	
	91,094,238
<p>Long-term assets are not available to pay for current period expenditures and are therefore deferred in the fund statements</p>	
	2,925,512
<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, 2010 are:</p>	
Bond issuance costs, net	107,177
Accrued interest payable	(122,998)
Long-term liabilities	<u>(32,866,465)</u>
Total net assets of governmental activities	<u>\$ 76,653,587</u>

See accompanying notes to the basic financial statements.

**City of Merriam, Kansas**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010

	<u>General</u>	<u>Capital Improvements</u>	<u>I-35 Redevelopment District</u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 3,541,841	\$ -	\$ -
Tax increment financing replacement taxes	-	-	-
Special assessments	-	-	-
Sales tax	6,169,046	1,077,018	-
Transient guest tax	-	-	-
Intergovernmental	34,159	678,867	-
Licenses, permits and fees	356,579	-	-
Franchise taxes	1,325,346	-	-
Charges for services	251,306	-	-
Fines, forfeitures and penalties	1,049,970	-	-
Use of money and property	22,679	65,715	27,861
Miscellaneous	102,427	412	-
Total revenues	<u>12,853,353</u>	<u>1,822,012</u>	<u>27,861</u>
<b>Expenditures:</b>			
Current:			
General government	1,899,942	-	-
Law enforcement	3,032,005	-	-
Fire prevention and control	1,973,464	-	-
Public works	1,730,056	-	-
Capital improvement program	-	189,541	-
Community development	645,274	-	-
Health and welfare	23,827	-	-
Culture and recreation	946,644	-	-
Capital outlay	-	2,466,986	16,448
Debt service:			
Principal retirements	-	-	-
Interest, fiscal charges and issue costs	-	105,688	-
Total expenditures	<u>10,251,212</u>	<u>2,762,215</u>	<u>16,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,602,141</u>	<u>(940,203)</u>	<u>11,413</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets	-	-	-
Issuance of refunding bonds	-	3,585,000	-
Premium on refunding bonds	-	97,846	-
Redemption of refunded bonds	-	(3,570,000)	-
Transfers in	90,000	2,959,099	1,476,708
Transfers out	(2,628,588)	(2,225,469)	(812,511)
Total other financing sources (uses)	<u>(2,538,588)</u>	<u>846,476</u>	<u>664,197</u>
Net change in fund balances	63,553	(93,727)	675,610
Fund balances, beginning of year	<u>4,914,094</u>	<u>4,605,977</u>	<u>2,079,912</u>
Fund balances, end of year	<u>\$ 4,977,647</u>	<u>\$ 4,512,250</u>	<u>\$ 2,755,522</u>

See accompanying notes to the basic financial statements.

<b>General Obligation Bonds</b>	<b>Tax Increment Revenue Bonds</b>	<b>Tax Increment Contractual Liability</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 337,162	\$ 1,490,211	\$ 1,804,775	\$ -	\$ 7,173,989
-	190,593	255,220	-	445,813
563,414	-	-	-	563,414
-	-	-	-	7,246,064
-	-	-	287,678	287,678
-	-	-	380,034	1,093,060
-	-	-	-	356,579
-	-	-	-	1,325,346
-	-	-	22,663	273,969
-	-	-	20,669	1,070,639
5,411	17	-	17,011	138,694
-	-	-	2,410	105,249
<u>905,987</u>	<u>1,680,821</u>	<u>2,059,995</u>	<u>730,465</u>	<u>20,080,494</u>
-	-	17,456	341,877	2,259,275
-	-	-	71,948	3,103,953
-	-	-	-	1,973,464
-	-	-	280,399	2,010,455
-	-	-	-	189,541
-	-	-	111,338	756,612
-	-	-	-	23,827
-	-	-	200,966	1,147,610
-	-	-	-	2,483,434
2,560,000	1,300,000	584,638	-	4,444,638
585,184	182,931	172,099	-	1,045,902
<u>3,145,184</u>	<u>1,482,931</u>	<u>774,193</u>	<u>1,006,528</u>	<u>19,438,711</u>
(2,239,197)	197,890	1,285,802	(276,063)	641,783
-	-	-	32,207	32,207
-	-	-	-	3,585,000
-	-	-	-	97,846
-	-	-	-	(3,570,000)
2,225,469	-	-	450,000	7,201,276
-	(190,593)	(1,286,115)	(58,000)	(7,201,276)
<u>2,225,469</u>	<u>(190,593)</u>	<u>(1,286,115)</u>	<u>424,207</u>	<u>145,053</u>
(13,728)	7,297	(313)	148,144	786,836
<u>61,646</u>	<u>755,625</u>	<u>613</u>	<u>2,311,420</u>	<u>14,729,287</u>
<u>\$ 47,918</u>	<u>\$ 762,922</u>	<u>\$ 300</u>	<u>\$ 2,459,564</u>	<u>\$ 15,516,123</u>

See accompanying notes to the basic financial statements.

**City of Merriam, Kansas**  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2010

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

Net changes in fund balances - total governmental funds	\$	786,836
<p>Governmental funds report capital outlays as expenditures in the year acquired. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.</p>		
Capital additions		2,823,455
Depreciation expense		(4,170,253)
Contributions of capital assets are reported as capital contributions in the Statement of Activities		1,383,933
<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		(26,112)
Change in deferred revenue and interest on special assessments		(453,228)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the effect of these differences in the treatment of long-term debt and related items.</p>		
Proceeds from the issuance of debt		(3,682,846)
Principal payments		8,014,638
Accrued interest expense		9,830
Bond premium amortization		37,363
Deferred amount on refunding amortization		(7,928)
Bond issuance costs, net		15,321
<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		(1,108,386)
Change in compensated absences		(46,274)
Other post employment benefits		(3,258)
Total changes in net assets of governmental activities	\$	3,573,091

See accompanying notes to the basic financial statements.

**NOTES TO THE  
BASIC  
FINANCIAL STATEMENTS**

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**Note 1: Summary of Significant Accounting Policies**

The City of Merriam, Kansas (the City), was incorporated as a third class city on October 23, 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 City first utilizes restricted resources to finance qualifying activities. At December 31, 2010, net assets invested in capital assets, net of related debt, excludes \$23,777 of unspent debt proceeds.

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

**Fund Financial Statements**

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

The major governmental funds of the City are described below:

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

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

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

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

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

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

**C. Measurement Focus and Basis of Accounting**

**Government-wide Financial Statements**

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

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

**Governmental Fund Financial Statements**

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

**Revenue Recognition**

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

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

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

**Expenditure Recognition**

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

**Budgetary Basis Accounting and Information**

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

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

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

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after publication the hearing may be held and the governing body may amend the budget at any time. There were no budget amendments in 2010.

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, 2010. 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 \$1,169,545 of United States Treasury Bills.

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A summary of the carrying values of deposits, investments and petty cash at December 31, 2010 is as follows:

Total deposits		\$	6,719,303
Total investments			7,734,366
Petty cash			6,377
Total			\$ 14,460,046

Investments include \$762,922 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, 2010 are as follows:

Investment	Fair Value	Investment Maturity		Rating
		Under one year	One to five years	
U.S. Treasury Bills	\$ 1,169,545	\$ 1,169,545	\$ -	AAA
Federal Home Loan Bank	3,682,503	2,666,899	1,015,604	AAA
Federal Home Loan Mortgage Corporation	722,822	-	722,822	AAA
Federal National Mortgage Association	1,396,574	1,396,574	-	AAA
Federated U.S. Treasury Money Market Fund	762,922	762,922	-	AAAm
	\$ 7,734,366	\$ 5,995,940	\$ 1,738,426	

**Credit Risk**

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

**Custodial Credit Risk**

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

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

At December 31, 2010, 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, 2010, 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, 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 federal grants, must be used in accordance with the terms of the grant.

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

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

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

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**Compensated Absences**

The City's policies allow up to 240 hours of vacation leave to be carried over into the next year for full-time employees and 336 hours for firefighters. This carryforward is payable upon separation from service. The liability of \$383,055 for vacation leave at December 31, 2010 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 \$189,735 for sick leave at December 31, 2010 is reported in the government-wide financial statements, but not in the governmental fund financial statements as it is not estimated to be payable from expendable available resources.

**Reserves and Designations of Fund Balances**

Reserves are reported in the various funds in the fund financial statements to indicate that a portion of the fund balance is restricted by law or contract for a specific purpose. The amount of unreserved fund balance designated for subsequent year's expenditures represents the amount of fund balance available for appropriation that has been designated for the adopted 2011 budget.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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**Note 2: Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,603,732	\$ -	\$ -	\$ 12,603,732
Artwork	24,000	-	-	24,000
Construction in progress	1,928,328	3,703,523	5,418,876	212,975
Total capital assets not being depreciated	<u>14,556,060</u>	<u>3,703,523</u>	<u>5,418,876</u>	<u>12,840,707</u>
Capital assets being depreciated:				
Buildings	12,989,976	-	-	12,989,976
Improvements other than buildings	4,350,250	70,440	5,755	4,414,935
Equipment	5,195,683	497,570	63,486	5,629,767
Infrastructure	100,183,274	5,354,731	812,219	104,725,786
Total capital assets being depreciated	<u>122,719,183</u>	<u>5,922,741</u>	<u>881,460</u>	<u>127,760,464</u>
Less accumulated depreciation for:				
Buildings	3,467,565	351,323	-	3,818,888
Improvements other than buildings	1,649,554	211,364	5,755	1,855,163
Equipment	2,756,521	381,188	37,374	3,100,335
Infrastructure	38,318,388	3,226,378	812,219	40,732,547
Total accumulated depreciation	<u>46,192,028</u>	<u>\$ 4,170,253</u>	<u>\$ 855,348</u>	<u>49,506,933</u>
Total capital assets being depreciated, net	<u>76,527,155</u>			<u>78,253,531</u>
Governmental activity capital assets, net	<u><u>\$ 91,083,215</u></u>			<u><u>\$ 91,094,238</u></u>

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

General government	\$ 138,208
Law enforcement	186,299
Fire prevention and control	91,951
Public works	151,079
Capital improvement program	3,226,378
Community development	75,235
Culture and recreation	301,103
Total depreciation expense	<u><u>\$ 4,170,253</u></u>

**City of Merriam, Kansas**  
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**Note 3: Special Assessments**

As required by state statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Further, state statutes require levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments. The City's special assessment taxes are levied over the ten year term of the bonds and the annual installments are due and payable with annual ad valorem property taxes. Liens may be foreclosed against the property benefited by the special assessments when delinquent assessments are two years in arrears. At December 31, 2010, 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, 2010 are as follows:

Current	\$ 320,000
Noncurrent	<u>2,580,000</u>
 Total	 <u><u>\$ 2,900,000</u></u>

**Note 4: Long-term Debt**

The following is a summary of changes in long-term debt for the year ended December 31, 2010:

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010	Amounts Due Within One Year
General obligation bonds					
to be paid with:					
Tax levies	\$ 15,165,000	\$ 3,585,000	\$ 5,820,000	\$ 12,930,000	\$ 2,370,000
Special assessments	3,210,000	-	310,000	2,900,000	320,000
Unamortized premium	70,645	97,846	37,363	131,128	-
Deferred amount on refunding	(13,446)	(19,756)	(7,928)	(25,274)	-
Tax increment revenue bond	3,575,450	-	1,300,000	2,275,450	1,300,000
Subordinate special obligation					
tax increment revenue bond	5,113,522	-	-	5,113,522	-
Tax increment contractual					
liabilities	8,407,438	1,136,885	584,638	8,959,685	245,407
Claims and judgements	5,000	15,026	15,026	5,000	5,000
Compensated absences*	526,516	394,669	348,395	572,790	412,000
Net OPEB obligation	906	3,258	-	4,164	-
Total governmental					
activity debt	<u>\$ 36,061,031</u>	<u>\$ 5,212,928</u>	<u>\$ 8,407,494</u>	<u>\$ 32,866,465</u>	<u>\$ 4,652,407</u>

\* Compensated absences typically have been liquidated in the General Fund

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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, 2010 are as follows:

	Date Issued	Interest Rates	Original Amount	Maturity Date	Outstanding December 31, 2010
Internal improvements:					
Series 2004	12/01/04	2.95-3.5%	\$ 3,000,000	10/01/14	\$ 1,890,000
Series 2005	11/15/05	3.55-5.0%	5,900,000	10/01/23	5,475,000
Series 2008	09/15/08	3.25-3.75%	3,500,000	10/01/18	2,900,000
Series 2009	09/01/09	2.00-3.00%	2,980,000	10/01/12	1,980,000
Series 2010	07/01/10	2.00%	3,585,000	10/01/13	3,585,000
			<u>\$ 18,965,000</u>		<u>\$ 15,830,000</u>

The annual debt service requirements to amortize the general obligation bonds outstanding as of December 31, 2010 are as follows:

Year	Governmental		Special Assessments		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 2,370,000	\$ 389,945	\$ 320,000	\$ 102,050	\$ 2,690,000	\$ 491,995
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 - 2020	2,190,000	601,735	1,185,000	88,450	3,375,000	690,185
2021 - 2023	1,745,000	140,093	-	-	1,745,000	140,093
Total	<u>\$ 12,930,000</u>	<u>\$ 2,109,508</u>	<u>\$ 2,900,000</u>	<u>\$ 483,912</u>	<u>\$ 15,830,000</u>	<u>\$ 2,593,420</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.

On July 1, 2010, the City issued \$3,585,000 in General Obligation Refunding Bonds, Series 2010 with an average interest rate of 2.00% to currently refund the \$3,570,000 of outstanding Series 2003 bonds with an average interest rate of 3.35%. Net proceeds of \$3,570,000, including the issuance premium and after the payment of issuance costs, were used to call and redeem the Series 2003 bonds on October 1, 2010.

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The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$19,756. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized through the year 2013. The City completed the refunding to reduce its total debt service payments over the next three years by \$150,302 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$147,018.

**Tax Increment Revenue Bonds**

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

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

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

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

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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 2010, principal and interest paid and incremental tax revenues were \$1,482,931 and \$1,490,211, respectively.

**Tax Increment Contractual Obligations**

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

In prior years, the City entered into contractual agreements with four private entities to reimburse them for certain eligible land and land improvement costs, plus interest, fixed at the prime rate at the time the agreement was executed. The agreements limit the total reimbursement to \$3,384,279, plus interest, at fixed rates from 6.00% to 8.25%. The reimbursements are made solely from the property tax increment derived from each property over the seventeen to twenty year terms of the agreements. In accordance with these agreements, interest accrued and unpaid when due is added to the principal amount of the contractual obligation. For the year ended December 31, 2010, \$28,499 of unpaid interest has been added to the principal amount on these obligations. If the increments are not sufficient to fully reimburse the costs and interest, the City will have no further obligation to the entities.

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

The portion of the tax increments during 2010 used to reimburse these private entities is recorded as principal and interest expenditures in the Tax Increment Contractual Liability Fund. Any ad valorem tax increment collected in excess of the amount required to service the debt under the contractual agreements is transferred to the I-35 Redevelopment District Capital Project Fund and is designated for other improvements within the District. Excess collections of \$1,286,115 were transferred to the I-35 Redevelopment District Capital Project Fund during the year ended December 31, 2010.

In connection with another redevelopment agreement in the District dated September 15, 2004, the City has agreed to reimburse up to \$6,750,000 of eligible costs over the remaining thirteen-year term of the agreement. The original developer recently transferred their rights and obligations to new developers and the City entered into an amended and restated redevelopment agreement with the new developers on March 28, 2011. Key provisions of the original agreement remain in place although a revised development timeline allows the City the right to terminate the agreement unless specific development occurs by December 31, 2012, with additional development to occur by September 15, 2018. The City may also terminate the agreement if the developers' ad valorem or special assessment taxes become delinquent. Eligible costs, including amounts recognized in 2010 as certified by the developer, are reflected as a contractual liability at December 31, 2010. This obligation does not bear interest and is payable solely from the future increments generated over the remaining term of the agreement.

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**Conduit Debt**

The City has issued various industrial revenue bonds to provide capital financing to private entities, which are not component units of the City. The City has no obligation for this debt which is collateralized by the respective facilities and payable solely from rentals generated by the underlying lease-purchase agreements. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements. As of December 31, 2010, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$6,170,000.

**Legal Debt Margin**

The City is subject to state statutes, which limit the amount of bonded debt (exclusive of revenue bonds, bonds issued for storm drainage and sanitary sewer improvements, and refunding bonds) that the City may issue to 30% of assessed valuation. Currently the City has a debt limit of \$49,255,580, leaving a debt margin of \$38,990,580.

**Note 5: Pension Plans**

**Defined Benefit Plans**

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

**Funding Policy** – K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 2010 is 7.14%. The City’s employer contributions to KPERS for the years ended December 31, 2010, 2009, and 2008 were \$169,285, \$134,860, and \$117,332, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal year 2010 is 12.86%. 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, 2010, 2009, and 2008 were \$410,985, \$419,650, and \$403,566, 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 2010 were 0% to 3% for employees, with a City matching range of .21% to 5.72%. In 2010, covered payroll was

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\$2,320,083. The contributions by the City and employees for 2010 were \$115,315 and \$60,502, respectively.

**Note 6: Other Postemployment Benefits**

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

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

Normal cost	\$	2,453
Amortization of unfunded actuarial accrued liability		6,955
Interest cost		159
Annual required contribution (ARC)		9,567
Interest on net OPEB obligation		59
Adjustment to annual required contribution		(77)
Annual OPEB cost		9,549
Contributions made:		
Claims and fees paid on behalf of retirees		29,066
Retiree contributions		(22,775)
Net employer contributions		6,291
Change in net OPEB obligation		3,258
Net OPEB obligation, December 31, 2009		906
Net OPEB obligation, December 31, 2010	\$	4,164

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
12/31/2008	\$ 9,882	94.7%	\$ 530
12/31/2009	9,728	96.1%	906
12/31/2010	9,549	65.8%	4,164

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions** – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.45% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, an annual healthcare cost trend of 8% initially, reduced by decrements to an ultimate rate of 5% after six years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over a period of 20 years. The remaining amortization period at December 31, 2010 was 18 years.

**Note 7: Interfund Balances and Transfers**

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

Interfund transfers for the year ended December 31, 2010 are as follows:

<b>Transfers from</b>	General Fund	Capital Improvements Fund	I-35 District	General Obligation Bond Fund	Equipment Reserve Fund	Total
General Fund	\$ -	\$ 2,178,588	\$ -	\$ -	\$ 450,000	\$ 2,628,588
Capital Improvements Fund	-	-	-	2,225,469	-	2,225,469
I-35 District	90,000	722,511	-	-	-	812,511
Tax Incremental Revenue Bond Fund	-	-	190,593	-	-	190,593
Tax Incremental Contractual Liability Fund	-	-	1,286,115	-	-	1,286,115
Transient Guest Tax Fund	-	58,000	-	-	-	58,000
<b>Total</b>	<b>\$ 90,000</b>	<b>\$ 2,959,099</b>	<b>\$ 1,476,708</b>	<b>\$ 2,225,469</b>	<b>\$ 450,000</b>	<b>\$ 7,201,276</b>

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

**Note 8: Commitments and Contingencies**

**Litigation**

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

**Commitments**

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

Project Category	Authorization	Obligations Since Inception
Drainage Projects	\$ 168,454	\$ 124,057

**Note 9: Risk Management**

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

The City's current coverages include a \$1,000 deductible for both automobile and employee benefits liability, a \$5,000 deductible for large vehicles, public officials' and law enforcement liability, and a \$15,000 deductible for employment practices liability. Based on outstanding claims at December 31, 2010, 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:

	2010	2009
Beginning liability	\$ 5,000	\$ 5,000
Claims and changes in estimates	15,026	3,230
Payments	(15,026)	(3,230)
Ending liability	\$ 5,000	\$ 5,000

**City of Merriam, Kansas**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**City of Merriam, Kansas**  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
(Non-GAAP Basis)  
For the year ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,613,180	\$ 3,613,180	\$ 3,541,841	\$ (71,339)
Sales tax	6,006,587	6,006,587	6,169,046	162,459
Intergovernmental	15,000	15,000	34,159	19,159
Licenses, permits and fees	280,200	280,200	356,579	76,379
Franchise taxes	1,170,100	1,170,100	1,325,346	155,246
Charges for services	242,553	242,553	251,306	8,753
Fines, forfeitures and penalties	1,001,500	1,001,500	1,049,970	48,470
Use of money and property	25,000	25,000	22,679	(2,321)
Miscellaneous	67,436	67,436	102,427	34,991
<b>Total revenues</b>	<u>12,421,556</u>	<u>12,421,556</u>	<u>12,853,353</u>	<u>431,797</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,059,028	4,059,028	1,907,151	2,151,877
Law enforcement	3,318,223	3,318,223	3,032,005	286,218
Fire prevention and control	2,112,345	2,112,345	1,976,722	135,623
Public works	1,950,094	1,950,094	1,730,056	220,038
Community development	701,912	701,912	644,565	57,347
Health and welfare	31,100	31,100	23,827	7,273
Culture and recreation	1,055,176	1,055,176	946,644	108,532
<b>Total expenditures</b>	<u>13,227,878</u>	<u>13,227,878</u>	<u>10,260,970</u>	<u>2,966,908</u>
Excess (deficiency) of revenues over (under) expenditures	(806,322)	(806,322)	2,592,383	3,398,705
<b>Other financing sources (uses):</b>				
Transfers in	90,000	90,000	90,000	-
Transfers out	(2,502,541)	(2,502,541)	(2,628,588)	(126,047)
<b>Total other financing uses</b>	<u>(2,412,541)</u>	<u>(2,412,541)</u>	<u>(2,538,588)</u>	<u>(126,047)</u>
<b>Net change in fund balance</b>	<u>(3,218,863)</u>	<u>(3,218,863)</u>	<u>53,795</u>	<u>\$ 3,272,658</u>
Fund balance, beginning of year	<u>3,218,863</u>	<u>3,218,863</u>	<u>4,914,094</u>	
Fund balance, end of year, budget basis	<u>\$ -</u>	<u>\$ -</u>	<u>4,967,889</u>	
Encumbrances at beginning of year			(1,940)	
Encumbrances at end of year			<u>11,698</u>	
Fund balance, end of year			<u>\$ 4,977,647</u>	

**City of Merriam, Kansas**  
 Schedule of Funding Progress  
 Other Postemployment Benefits  
 For the year ended December 31, 2010

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

**City of Merriam, Kansas**  
Notes to Required Supplementary Information  
December 31, 2010

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

For the City, this information includes:

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

Budgetary Data

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

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**COMBINING  
AND  
INDIVIDUAL FUND**

**STATEMENTS  
AND  
SCHEDULES**

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**City of Merriam, Kansas**  
Non-major Governmental Funds  
December 31, 2016

**Fund Descriptions**

**Budgeted Funds**

**Special Highway**

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

**Special Alcohol**

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

**Special Parks and Recreation**

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

**Transient Guest Tax**

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

**Equipment Reserve**

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

**Risk Management Reserve**

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

**Non-budgeted Fund**

**Special Law Enforcement Fund**

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

**City of Merriam, Kansas**  
Combining Balance Sheet  
Non-major Government Funds  
December 31, 2010

	<b>Special Highway</b>	<b>Special Alcohol</b>	<b>Special Parks and Recreation</b>
<b>Assets:</b>			
Deposits and investments	\$ 236,498	\$ 8,147	\$ 17,769
Receivables, net			
Sales and other taxes	-	-	-
Intergovernmental	76,377	-	-
Interest and miscellaneous	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 312,875</u>	<u>\$ 8,147</u>	<u>\$ 17,769</u>
<b>Liabilities:</b>			
Accounts and retainage payable	\$ 11,356	\$ -	\$ 1,151
Due to other funds	-	-	-
Total liabilities	<u>11,356</u>	<u>-</u>	<u>1,151</u>
<b>Fund balances:</b>			
Reserved for encumbrances	-	-	4,731
Unreserved:			
Designated for subsequent year's expenditures	173,118	4,675	4,654
Undesignated	128,401	3,472	7,233
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>301,519</u>	<u>8,147</u>	<u>16,618</u>
Total liabilities and fund balances	<u>\$ 312,875</u>	<u>\$ 8,147</u>	<u>\$ 17,769</u>

<b>Transient Guest Tax</b>	<b>Equipment Reserve</b>	<b>Risk Management Reserve</b>	<b>Special Law Enforcement</b>	<b>Totals</b>
\$ 3,788	\$ 1,216,889	\$ 849,388	\$ 38,696	\$ 2,371,175
104,250	-	-	-	104,250
-	-	-	-	76,377
-	6,916	-	-	6,916
<u>\$ 108,038</u>	<u>\$ 1,223,805</u>	<u>\$ 849,388</u>	<u>\$ 38,696</u>	<u>\$ 2,558,718</u>
\$ 5,675	\$ 2,463	\$ -	\$ 3,509	\$ 24,154
75,000	-	-	-	75,000
<u>80,675</u>	<u>2,463</u>	<u>-</u>	<u>3,509</u>	<u>99,154</u>
-	-	-	-	4,731
12,431	718,958	15,000	-	928,836
14,932	502,384	834,388	35,187	1,525,997
<u>27,363</u>	<u>1,221,342</u>	<u>849,388</u>	<u>35,187</u>	<u>2,459,564</u>
<u>\$ 108,038</u>	<u>\$ 1,223,805</u>	<u>\$ 849,388</u>	<u>\$ 38,696</u>	<u>\$ 2,558,718</u>

**City of Merriam, Kansas**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-major Governmental Funds  
For the year ended December 31, 2010

	<b>Special Highway</b>	<b>Special Alcohol</b>	<b>Special Parks and Recreation</b>
<b>Revenues:</b>			
Transient guest tax	\$ -	\$ -	\$ -
Intergovernmental	296,924	18,472	18,472
Charges for services	-	-	-
Fines, forfeitures and penalties	-	-	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>296,924</u>	<u>18,472</u>	<u>18,472</u>
<b>Expenditures:</b>			
General government	-	-	-
Law enforcement	-	17,165	-
Public works	216,424	-	-
Community development	-	-	-
Culture and recreation	-	-	8,732
Total expenditures	<u>216,424</u>	<u>17,165</u>	<u>8,732</u>
Excess (deficiency) of revenues over (under) expenditures	80,500	1,307	9,740
<b>Other financing sources (uses):</b>			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	80,500	1,307	9,740
Fund balance, beginning of year	<u>221,019</u>	<u>6,840</u>	<u>6,878</u>
Fund balance, end of year	<u>\$ 301,519</u>	<u>\$ 8,147</u>	<u>\$ 16,618</u>

<b>Transient Guest Tax</b>	<b>Equipment Reserve</b>	<b>Risk Management Reserve</b>	<b>Special Law Enforcement</b>	<b>Totals</b>
\$ 287,678	\$ -	\$ -	\$ -	\$ 287,678
-	44,860	-	1,306	380,034
22,663	-	-	-	22,663
-	-	-	20,669	20,669
-	13,486	3,353	172	17,011
1,290	858	-	262	2,410
<u>311,631</u>	<u>59,204</u>	<u>3,353</u>	<u>22,409</u>	<u>730,465</u>
-	328,381	13,496	-	341,877
-	46,720	-	8,063	71,948
-	63,975	-	-	280,399
111,338	-	-	-	111,338
174,454	17,780	-	-	200,966
<u>285,792</u>	<u>456,856</u>	<u>13,496</u>	<u>8,063</u>	<u>1,006,528</u>
25,839	(397,652)	(10,143)	14,346	(276,063)
-	32,207	-	-	32,207
-	450,000	-	-	450,000
(58,000)	-	-	-	(58,000)
<u>(58,000)</u>	<u>482,207</u>	<u>-</u>	<u>-</u>	<u>424,207</u>
(32,161)	84,555	(10,143)	14,346	148,144
59,524	1,136,787	859,531	20,841	2,311,420
<u>\$ 27,363</u>	<u>\$ 1,221,342</u>	<u>\$ 849,388</u>	<u>\$ 35,187</u>	<u>\$ 2,459,564</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 275,000	\$ 275,000	\$ 296,924	\$ 21,924
Expenditures:				
Public works:				
Contractual services	257,901	257,901	190,466	67,435
Commodities	40,000	40,000	25,958	14,042
Contingency	25,000	25,000	-	25,000
Total expenditures	<u>322,901</u>	<u>322,901</u>	<u>216,424</u>	<u>106,477</u>
Net change in fund balances	<u>\$ (47,901)</u>	<u>\$ (47,901)</u>	80,500	<u>\$ 128,401</u>
Fund balance, beginning of year			<u>221,019</u>	
Fund balance, end of year			<u>\$ 301,519</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 18,472</u>	<u>\$ 3,472</u>
Expenditures:				
Law enforcement:				
Contractual services	<u>17,165</u>	<u>17,165</u>	<u>17,165</u>	<u>-</u>
Net change in fund balances	<u>\$ (2,165)</u>	<u>\$ (2,165)</u>	<u>1,307</u>	<u>\$ 3,472</u>
Fund balance, beginning of year			<u>6,840</u>	
Fund balance, end of year			<u>\$ 8,147</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 18,472	\$ 3,472
Expenditures:				
Culture and recreation:				
Capital outlay	<u>17,224</u>	<u>17,224</u>	<u>13,463</u>	<u>3,761</u>
Total expenditures	<u>17,224</u>	<u>17,224</u>	<u>13,463</u>	<u>3,761</u>
Net change in fund balances	<u>\$ (2,224)</u>	<u>\$ (2,224)</u>	5,009	<u>\$ 7,233</u>
Fund balance, beginning of year			<u>6,878</u>	
Fund balance, end of year, budget basis			11,887	
Encumbrances at end of year			<u>4,731</u>	
Fund balance, end of year			<u>\$ 16,618</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, 2010

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>				
Transient guest tax	\$ 315,000	\$ 315,000	\$ 287,678	\$ (27,322)
Charges for services	21,500	21,500	22,663	1,163
Miscellaneous	-	-	1,290	1,290
<b>Total revenues</b>	<b>336,500</b>	<b>336,500</b>	<b>311,631</b>	<b>(24,869)</b>
<b>Expenditures:</b>				
General government	11,967	11,967	-	11,967
Community development	123,978	123,978	111,309	12,669
Culture and recreation	186,615	186,615	174,454	12,161
<b>Total expenditures</b>	<b>322,560</b>	<b>322,560</b>	<b>285,763</b>	<b>36,797</b>
<b>Excess of revenues over expenditures</b>	<b>13,940</b>	<b>13,940</b>	<b>25,868</b>	<b>11,928</b>
<b>Other financing uses:</b>				
Transfers out	(58,000)	(58,000)	(58,000)	-
<b>Net change in fund balances</b>	<b><u>(44,060)</u></b>	<b><u>(44,060)</u></b>	<b>(32,132)</b>	<b><u>11,928</u></b>
Fund balance, beginning of year			59,524	
Fund balance, end of year, budget basis			27,392	
Encumbrances at beginning of year			(29)	
Fund balance, end of year			<b><u>\$ 27,363</u></b>	

**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, 2010

	<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	\$ 13,486	\$ 8,486
Intergovernmental	-	-	44,860	44,860
Miscellaneous	-	-	858	858
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>59,204</u>	<u>54,204</u>
Expenditures:				
General government	951,940	951,940	328,381	623,559
Fire prevention	35,000	35,000	-	35,000
Law enforcement	84,000	84,000	46,720	37,280
Public works	64,000	64,000	63,975	25
Culture and recreation	17,500	17,500	17,780	(280)
Total expenditures	<u>1,152,440</u>	<u>1,152,440</u>	<u>456,856</u>	<u>695,584</u>
Excess of revenues over (under) expenditures	(1,147,440)	(1,147,440)	(397,652)	749,788
Other financing sources:				
Proceeds from sale of capital assets	5,000	5,000	32,207	27,207
Transfers in	450,000	450,000	450,000	-
Total other financing sources	<u>455,000</u>	<u>455,000</u>	<u>482,207</u>	<u>27,207</u>
Net change in fund balances	<u>\$ (692,440)</u>	<u>\$ (692,440)</u>	84,555	<u>\$ 776,995</u>
Fund balance, beginning of year			<u>1,136,787</u>	
Fund balance, end of year			<u>\$ 1,221,342</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Use of money and property	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 3,353</u>	<u>\$ (21,647)</u>
Expenditures:				
General government:				
Contractual services	15,000	15,000	12,000	3,000
Contingencies and reserves	<u>796,644</u>	<u>796,644</u>	<u>1,496</u>	<u>795,148</u>
Total expenditures	<u>811,644</u>	<u>811,644</u>	<u>13,496</u>	<u>798,148</u>
Net change in fund balances	<u>\$ (786,644)</u>	<u>\$ (786,644)</u>	(10,143)	<u>\$ 776,501</u>
Fund balance, beginning of year			<u>859,531</u>	
Fund balance, end of year			<u>\$ 849,388</u>	

## **Debt Service Fund**

### **Fund Description**

### **Budgeted Funds**

#### **General Obligation Bonds**

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

**City of Merriam, Kansas**

General Obligation Debt Service Fund

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

For the year ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 341,300	\$ 341,300	\$ 337,162	\$ (4,138)
Special assessments	422,900	422,900	563,414	140,514
Use of money and property	<u>10,000</u>	<u>10,000</u>	<u>5,411</u>	<u>(4,589)</u>
Total revenues	<u>774,200</u>	<u>774,200</u>	<u>905,987</u>	<u>131,787</u>
Expenditures:				
Debt service	<u>3,298,884</u>	<u>3,298,884</u>	<u>3,145,184</u>	<u>153,700</u>
Deficiency of revenues under expenditures	(2,524,684)	(2,524,684)	(2,239,197)	285,487
Other financing sources:				
Transfers in	<u>2,509,693</u>	<u>2,509,693</u>	<u>2,225,469</u>	<u>(284,224)</u>
Net change in fund balances	<u>\$ (14,991)</u>	<u>\$ (14,991)</u>	<u>(13,728)</u>	<u>\$ 1,263</u>
Fund balance, beginning of year			<u>61,646</u>	
Fund balance, end of year			<u>\$ 47,918</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government</b>				
City Council				
Personal services	\$ 58,079	\$ 58,079	\$ 56,825	\$ 1,254
Contractual services	10,105	10,105	4,236	5,869
Commodities	2,025	2,025	1,252	773
Total	<u>70,209</u>	<u>70,209</u>	<u>62,313</u>	<u>7,896</u>
Administration				
Personal services	655,194	655,194	604,243	50,951
Contractual services	44,205	44,205	31,327	12,878
Commodities	2,000	2,000	1,320	680
Total	<u>701,399</u>	<u>701,399</u>	<u>636,890</u>	<u>64,509</u>
Municipal Court				
Personal services	192,509	192,509	151,562	40,947
Contractual services	142,525	142,525	124,778	17,747
Commodities	4,350	4,350	3,593	757
Total	<u>339,384</u>	<u>339,384</u>	<u>279,933</u>	<u>59,451</u>
Information Services				
Personal services	66,208	66,208	64,652	1,556
Contractual services	87,116	87,116	73,710	13,406
Commodities	38,900	38,900	37,580	1,320
Total	<u>192,224</u>	<u>192,224</u>	<u>175,942</u>	<u>16,282</u>
General Overhead				
Personal services	9,500	9,500	5,780	3,720
Contractual services	812,862	812,862	689,111	123,751
Commodities	23,450	23,450	17,453	5,997
Reserves and contingency	1,910,000	1,910,000	39,729	1,870,271
Total	<u>2,755,812</u>	<u>2,755,812</u>	<u>752,073</u>	<u>2,003,739</u>
Total General Government	<u>\$ 4,059,028</u>	<u>\$ 4,059,028</u>	<u>\$ 1,907,151</u>	<u>\$ 2,151,877</u>
<b>Law Enforcement</b>				
Law Enforcement				
Personal services	\$ 2,973,803	\$ 2,973,803	\$ 2,727,786	\$ 246,017
Contractual services	186,920	186,920	171,244	15,676
Commodities	151,300	151,300	126,775	24,525
Capital outlay	6,200	6,200	6,200	-
Total Law Enforcement	<u>\$ 3,318,223</u>	<u>\$ 3,318,223</u>	<u>\$ 3,032,005</u>	<u>\$ 286,218</u>
<b>Fire Prevention and Control</b>				
Fire Prevention and Control				
Personal services	\$ 1,982,705	\$ 1,982,705	\$ 1,871,337	\$ 111,368
Contractual services	60,600	60,600	51,065	9,535
Commodities	69,040	69,040	54,320	14,720
Total Fire Prevention and Control	<u>\$ 2,112,345</u>	<u>\$ 2,112,345</u>	<u>\$ 1,976,722</u>	<u>\$ 135,623</u>

**City of Merriam, Kansas**  
Schedule of Expenditures - Budget and Actual - General Fund  
(Non-GAAP Basis)  
For the year ended December 31, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Works</b>				
Public Works				
Personal services	\$ 1,362,527	\$ 1,362,527	\$ 1,213,100	\$ 149,427
Contractual services	247,908	247,908	217,671	30,237
Commodities	339,659	339,659	299,285	40,374
Total Public Works	<u>\$ 1,950,094</u>	<u>\$ 1,950,094</u>	<u>\$ 1,730,056</u>	<u>\$ 220,038</u>
<b>Community Development</b>				
Community Development				
Personal services	\$ 648,392	\$ 648,392	\$ 618,388	\$ 30,004
Contractual services	48,395	48,395	21,645	26,750
Commodities	5,125	5,125	4,532	593
Total Community Development	<u>\$ 701,912</u>	<u>\$ 701,912</u>	<u>\$ 644,565</u>	<u>\$ 57,347</u>
<b>Health and Welfare</b>				
Community Services				
Contractual services	\$ 31,100	\$ 31,100	\$ 23,827	\$ 7,273
Total Health and Welfare	<u>\$ 31,100</u>	<u>\$ 31,100</u>	<u>\$ 23,827</u>	<u>\$ 7,273</u>
<b>Culture and recreation</b>				
Aquatic Center				
Personal services	\$ 218,634	\$ 218,634	\$ 171,797	\$ 46,837
Contractual services	65,990	65,990	62,379	3,611
Commodities	43,675	43,675	31,230	12,445
Total	<u>328,299</u>	<u>328,299</u>	<u>265,406</u>	<u>62,893</u>
Community Center				
Personal services	508,889	508,889	482,999	25,890
Contractual services	188,113	188,113	170,994	17,119
Commodities	29,875	29,875	27,245	2,630
Total	<u>726,877</u>	<u>726,877</u>	<u>681,238</u>	<u>45,639</u>
Total Culture and Recreation	<u>\$ 1,055,176</u>	<u>\$ 1,055,176</u>	<u>\$ 946,644</u>	<u>\$ 108,532</u>
Total expenditures	<u><u>\$ 13,227,878</u></u>	<u><u>\$ 13,227,878</u></u>	<u><u>\$ 10,260,970</u></u>	<u><u>\$ 2,966,908</u></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 Eight Fiscal Years**  
(accrual basis of accounting)

**Table 1**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008 (a)	2009	2010
<b>Governmental activities</b>								
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	\$78,094,202
Restricted	4,898,861	8,054,119	3,855,008	2,309,606	3,224,248	3,144,552	4,471,514	5,331,592
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>(6,772,207)</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>

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

Note: The City had no business-type activities for years 2003 through 2010.

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

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

Table 2

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
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
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
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
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
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
Community development	463,695	2,567,420	8,465,709	1,379,909	595,872	3,766,110	3,763,792	1,945,042
Health and welfare	17,758	23,992	47,510	49,389	31,586	19,885	27,746	23,827
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
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
<b>Total expenses</b>	<b>\$ 13,563,385</b>	<b>\$ 16,850,903</b>	<b>\$ 22,442,587</b>	<b>\$ 15,723,008</b>	<b>\$ 15,530,054</b>	<b>\$ 19,066,582</b>	<b>\$ 18,736,783</b>	<b>\$ 17,444,203</b>
<b>Program Revenues</b>								
Charges for services:								
General government	\$ 157,026	\$ 147,439	\$ 167,619	\$ 136,878	\$ 158,213	\$ 195,743	\$ 182,052	\$ 185,749
Law enforcement	607,031	693,690	766,380	782,567	866,708	972,469	896,337	1,075,580
Fire prevention and control	1,618	1,748	1,018	920	1,068	509	920	692
Community development	91,173	181,657	169,213	217,511	286,050	215,664	104,502	170,830
Culture and recreation	260,387	246,192	247,355	251,123	240,606	255,748	253,632	268,336
Operating grants and contributions	10,024	-	142,087	440,723	319,538	331,335	313,871	355,361
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
<b>Total program revenues</b>	<b>\$ 1,976,407</b>	<b>\$ 2,833,209</b>	<b>\$ 3,387,668</b>	<b>\$ 2,917,070</b>	<b>\$ 2,722,558</b>	<b>\$ 7,017,124</b>	<b>\$ 2,001,063</b>	<b>\$ 4,159,708</b>
<b>Total Net Expense</b>	<b>\$(11,586,978)</b>	<b>\$(14,017,694)</b>	<b>\$(19,054,919)</b>	<b>\$(12,805,938)</b>	<b>\$(12,807,496)</b>	<b>\$(12,049,458)</b>	<b>\$(16,735,720)</b>	<b>\$(13,284,495)</b>
<b>General Revenues and Other Changes in Net Assets</b>								
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
Unrestricted investment earnings	340,069	286,973	506,358	818,906	875,861	492,230	277,877	248,880
Miscellaneous	(80,233)	28,938	64,431	437,262	382,718	200,533	180,090	111,344
Legal settlement	1,050,000	-	-	-	-	-	-	-
Intergovernmental not restricted to a specific program	-	-	-	15,031	13,774	15,165	17,541	18,472
<b>Total general revenues</b>	<b>\$ 15,879,058</b>	<b>\$ 15,252,085</b>	<b>\$ 15,926,481</b>	<b>\$ 16,866,471</b>	<b>\$ 17,243,285</b>	<b>\$ 17,008,033</b>	<b>\$ 17,108,873</b>	<b>\$ 16,857,586</b>
<b>Change in Net Assets, as restated (a)</b>	<b>\$ 4,292,080</b>	<b>\$ 1,234,391</b>	<b>\$ (3,128,438)</b>	<b>\$ 4,060,533</b>	<b>\$ 4,435,789</b>	<b>\$ 4,958,575</b>	<b>\$ 373,153</b>	<b>\$ 3,573,091</b>

Note: GASB 34 was implemented in FY 2003, so only eight 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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>										
Reserved	\$ 11,632	\$ 36,381	\$ 37,481	\$ 15,950	\$ 5,016	\$ 27,389	\$ 39,332	\$ 19,583	\$ 1,940	\$ 11,698
Unreserved	4,788,362	4,267,687	3,708,681	4,002,960	4,026,794	4,077,660	4,100,651	4,500,168	4,912,154	4,965,949
Total general fund	<u>\$ 4,799,994</u>	<u>\$ 4,304,068</u>	<u>\$ 3,746,162</u>	<u>\$ 4,018,910</u>	<u>\$ 4,031,810</u>	<u>\$ 4,105,049</u>	<u>\$ 4,139,983</u>	<u>\$ 4,519,751</u>	<u>\$ 4,914,094</u>	<u>\$ 4,977,647</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 737,378	\$ 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	6,282,393	11,847,736	14,746,682	16,686,658	10,105,901	8,101,019	7,107,537	6,224,893	6,685,889	7,267,772
Special revenue funds	1,875,281	1,783,497	1,838,753	1,351,337	1,589,236	1,883,550	1,982,326	2,117,071	2,311,391	2,454,833
Total all other governmental funds	<u>\$ 8,895,052</u>	<u>\$ 14,791,169</u>	<u>\$ 17,196,557</u>	<u>\$ 18,719,118</u>	<u>\$ 12,481,898</u>	<u>\$ 10,721,189</u>	<u>\$ 9,883,498</u>	<u>\$ 9,070,144</u>	<u>\$ 9,815,193</u>	<u>\$ 10,538,476</u>

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

Table 4

	2001	2002	2003	2004	2005	2006	2007	2008 (d)	2009	2010
<b>Revenues</b>										
Taxes (see Table 5)	\$13,580,017	\$13,501,727	\$14,234,030	\$14,622,632	\$15,039,502	\$ 15,647,617	\$ 16,025,394	\$ 16,351,480	\$ 16,911,369	\$ 17,042,304
Intergovernmental	745,913	1,273,408	445,178	1,384,985	2,407,251	1,543,102	1,183,687	716,806	566,161	1,093,060
Licenses, permits and fees	250,752	267,010	247,824	329,096	336,832	354,389	444,263	411,406	286,554	356,579
Charges for services	275,840	272,387	273,537	254,835	253,148	257,739	246,332	259,252	259,163	273,969
Fines, forfeitures and penalties	480,917	533,251	595,844	686,795	761,605	776,871	862,050	969,475	891,727	1,070,639
Uses of money and property	675,480	501,878	340,069	286,973	506,358	818,906	875,861	458,733	154,630	138,694
Miscellaneous	195,791	64,024	19,964	28,938	64,431	437,262	119,885	177,388	168,996	105,249
<b>Total revenues</b>	<b>16,204,710</b>	<b>16,413,685</b>	<b>16,156,446</b>	<b>17,594,254</b>	<b>19,369,127</b>	<b>19,835,886</b>	<b>19,757,472</b>	<b>19,344,540</b>	<b>19,238,600</b>	<b>20,080,494</b>
<b>Expenditures</b>										
Current:										
General government	\$ 1,739,533	\$ 2,054,812	\$ 1,645,702	\$ 1,861,465	\$ 1,810,614	\$ 1,897,151	\$ 2,090,447	\$ 1,888,964	\$ 1,923,990	\$ 2,259,275
Law enforcement	2,399,784	2,257,529	2,340,427	2,505,606	2,940,455	2,776,197	3,023,002	3,118,002	3,032,358	3,103,953
Fire prevention and control	1,411,552	1,532,712	1,606,647	2,387,182	1,784,602	1,813,836	1,892,137	1,778,730	1,849,585	1,973,464
Public works	1,570,884	1,677,919	1,865,370	1,811,413	1,816,485	1,711,502	1,900,830	2,189,116	1,992,175	2,010,455
Capital improvement program (a)	-	-	284,211	270,348	357,993	307,482	298,207	88,509	28,558	189,541
Community development (b)	329,028	385,870	457,125	2,559,426	8,395,226	520,253	561,539	726,701	679,521	756,612
Health and welfare	47,247	40,792	17,758	23,992	47,510	49,389	31,586	19,885	27,746	23,827
Culture and recreation	1,176,072	1,056,000	924,722	1,049,526	1,076,234	1,118,463	1,137,703	1,104,239	1,150,102	1,147,610
Capital outlay	4,906,152	2,847,180	6,843,437	7,044,872	9,740,366	7,959,274	5,157,492	4,048,384	1,962,804	2,483,434
Bad debt	667,094	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	1,396,317	2,608,739	2,817,375	1,957,990	2,117,735	2,506,276	3,258,409	3,489,801	4,249,149	4,444,638
Interest	2,717,836	1,301,941	1,609,017	1,416,592	1,498,333	1,604,999	1,504,402	1,405,243	1,261,781	1,045,902
<b>Total expenditures, as restated (c)</b>	<b>18,361,499</b>	<b>15,763,494</b>	<b>20,411,791</b>	<b>22,888,412</b>	<b>31,585,553</b>	<b>22,264,822</b>	<b>20,855,754</b>	<b>19,857,574</b>	<b>18,157,769</b>	<b>19,438,711</b>
Excess of revenues over (under) expenditures	(2,156,789)	650,191	(4,255,345)	(5,294,158)	(12,216,426)	(2,428,936)	(1,098,282)	(513,034)	1,080,831	641,783
<b>Other financing sources (uses)</b>										
Proceeds from sale of capital assets	-	-	67,827	589,467	91,662	266,466	295,525	63,742	14,615	32,207
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	1,144,960	-	-	-	-	-	-	-	-	-
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	5,249,530	6,793,602	5,760,560	5,953,566	5,925,029	6,816,820	7,382,087	7,476,079	8,102,479	7,201,276
Transfers out	(5,249,530)	(6,793,602)	(5,760,560)	(5,953,566)	(5,925,029)	(6,816,820)	(7,382,087)	(7,476,079)	(8,102,479)	(7,201,276)
<b>Total other financing sources (uses)</b>	<b>1,144,960</b>	<b>4,750,000</b>	<b>5,052,827</b>	<b>7,089,467</b>	<b>5,992,106</b>	<b>741,466</b>	<b>295,525</b>	<b>79,448</b>	<b>58,561</b>	<b>145,053</b>
<b>Other changes in fund balance</b>										
Legal settlement	-	-	1,050,000	-	-	-	-	-	-	-
<b>Total other changes in fund balance</b>	<b>-</b>	<b>-</b>	<b>1,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances, as restated (c)</b>	<b>\$ (1,011,829)</b>	<b>\$ 5,400,191</b>	<b>\$ 1,847,482</b>	<b>\$ 1,795,309</b>	<b>\$ (6,224,320)</b>	<b>\$ (1,687,470)</b>	<b>\$ (802,757)</b>	<b>\$ (433,586)</b>	<b>\$ 1,139,392</b>	<b>\$ 786,836</b>
Debt service as a percentage of noncapital expenditures	33.1%	31.0%	33.5%	21.9%	16.8%	29.2%	31.4%	31.5%	34.6%	33.0%

(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**

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

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

**Table 6**

Sales by Retail Category	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Restaurants/Entertainment	\$ 20,850,889	\$ 22,407,784	\$ 18,814,848	\$ 21,192,720	\$ 23,237,520	\$ 19,255,040	\$ 18,290,240	\$ 19,310,880	\$ 20,111,440	\$ 21,893,680
Auto dealerships	157,278,703	156,381,052	200,877,453	204,015,840	194,993,280	208,754,480	216,574,960	228,372,320	204,567,600	207,159,440
Auto rental, leasing, repairs gasoline	20,399,303	24,324,024	30,569,326	26,246,160	30,450,672	32,306,240	28,049,120	26,291,120	26,118,400	25,510,080
Construction, home repairs and maintenance	95,041,899	91,577,510	61,839,257	60,813,120	54,373,538	54,522,800	55,799,680	51,604,800	49,816,240	44,964,080
Grocery and drug stores	23,369,718	22,733,530	20,778,049	19,695,760	18,703,680	19,289,760	19,807,840	21,153,200	20,497,440	19,074,160
Clothing, department and shoe stores	41,112,772	36,203,246	34,824,193	32,684,000	31,840,080	29,505,840	26,962,400	24,762,400	25,347,680	25,040,240
Utilites and communications	56,535,783	28,455,640	27,596,390	25,665,200	27,169,440	27,074,560	29,507,040	37,167,840	30,971,920	37,145,920
Hotels	6,206,406	7,516,158	6,563,867	5,877,680	5,860,080	7,475,600	5,411,680	6,050,320	4,965,840	5,275,760
Medical	1,778,354	3,293,179	2,912,690	2,644,640	6,291,440	6,385,600	1,868,720	3,163,200	6,442,960	5,265,600
Specialty shops	25,693,225	18,776,110	19,933,535	22,156,720	21,108,160	28,460,400	25,229,520	24,647,520	18,966,080	19,297,680
All other outlets	72,671,883	80,300,269	89,194,516	105,038,538	96,206,777	96,836,938	96,563,857	93,008,086	75,441,440	65,600,320
<b>Total</b>	<b>\$ 520,938,935</b>	<b>\$ 491,968,502</b>	<b>\$ 513,904,124</b>	<b>\$ 526,030,378</b>	<b>\$ 510,234,667</b>	<b>\$ 529,867,258</b>	<b>\$ 524,065,057</b>	<b>\$ 535,531,686</b>	<b>\$ 483,247,040</b>	<b>\$ 476,226,960</b>

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>	Fiscal Year									
	<u>2001</u>	<u>2002 (a)</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (b)</u>	<u>2010 (c)</u>
General	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%	1.000%
Street Improvement	0.250%	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	4.900%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	5.300%	6.300%
Johnson County	0.975%	0.850%	1.100%	1.100%	1.100%	1.100%	1.100%	1.100%	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>7.125%</u>	<u>7.400%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.650%</u>	<u>7.775%</u>	<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						
2001	\$51,740,433	\$65,519,143	\$ 820,765	\$15,948,719	\$3,223,344	\$137,252,404	17.475	\$ 792,560,803	17.3%
2002	55,529,255	68,708,899	612,507	16,044,221	3,531,059	144,425,941	17.592	838,981,180	17.2%
2003	57,624,220	67,601,787	1,515,772	14,804,514	3,414,507	144,960,800	18.526	854,841,242	17.0%
2004	59,882,752	72,999,059	929,237	13,092,465	3,469,381	150,372,894	19.285	884,798,708	17.0%
2005	61,818,650	76,401,456	899,025	11,158,513	3,659,520	153,937,164	19.275	908,073,012	17.0%
2006	64,022,739	78,740,324	1,703,765	11,611,330	3,807,284	159,885,442	19.241	945,643,429	16.9%
2007	65,340,913	93,188,068	2,447,387	11,501,177	3,835,761	176,313,306	21.181	1,017,536,544	17.3%
2008	66,457,996	81,786,926	3,387,991	10,145,687	3,962,287	165,740,887	21.186	987,892,871	16.8%
2009	67,060,047	83,627,805	3,756,050	7,400,355	3,950,513	165,794,770	27.360	992,708,496	16.7%
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%

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	
2001	\$ 10.564	\$ 6.911	\$ 17.475	\$ 1.500	\$ 24.626	\$ 7.646	\$ 40.327	\$ 2.743	\$ 76.842	\$ 94.317
2002	10.957	6.635	17.592	1.500	24.867	7.743	38.699	2.886	75.695	93.287
2003	11.914	6.612	18.526	1.500	20.771	9.428	42.238	3.176	77.113	95.639
2004	17.174	2.111	19.285	1.500	21.700	9.432	37.774	3.612	74.018	93.303
2005	17.161	2.114	19.275	1.500	21.364	9.438	42.655	3.749	78.706	97.981
2006	17.131	2.110	19.241	1.500	23.163	8.960	49.748	3.798	87.169	106.410
2007	18.836	2.345	21.181	1.500	23.199	8.872	51.980	4.050	89.601	110.782
2008	18.840	2.346	21.186	1.500	23.242	8.749	52.008	3.934	89.433	110.619
2009	24.999	2.361	27.360	1.500	23.165	8.768	52.094	2.488	88.015	115.375
2010	24.991	2.361	27.352	1.500	23.213	8.784	55.318	2.615	91.430	118.782

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>2010</u>			<u>2001</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	\$ 7,062,501	1	4.26%	\$ 9,195,400	1	7.00%
Aristocrat Motors	2,948,493	2	1.78%	1,625,000	9	1.24%
Santa Fe Medical Building	2,650,000	3	1.60%	-		-
Car Max	2,612,498	4	1.58%	-		-
G.E. Capital	2,245,501	5	1.35%	2,525,575	2	1.92%
Antioch Plaza Office	1,914,500	6	1.15%	2,037,300	5	1.55%
Baron BMW	1,748,930	7	1.05%	1,910,040	6	1.45%
Georgetown Apartments	1,616,555	8	0.98%	2,063,802	4	1.57%
Georgetown Medical Building	1,442,500	9	0.87%	1,871,225	7	1.43%
Superior Chevrolet	1,390,903	10	0.84%	-		-
Lee Apparel Company	-		-	2,463,525	3	1.88%
King's Cove Office Park	-		-	1,663,125	8	1.27%
Georgetown Marketplace	-		-	1,604,575	10	1.22%
	<u>\$ 25,632,381</u>		<u>15.46%</u>	<u>\$ 26,959,567</u>		<u>20.53%</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>
2001	\$ 2,398,486	\$ 2,323,221	96.86%	\$ 9,562	\$ 2,332,783	97.26%
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%	26,122	2,629,418	97.91%
2004	2,899,944	2,833,984	97.73%	19,286	2,853,270	98.39%
2005	2,967,139	2,887,999	97.33%	9,213	2,897,212	97.64%
2006	3,076,356	2,974,459	96.69%	30,987	3,005,446	97.70%
2007	* 3,734,492	3,256,645	87.20%	38,050	3,294,695	88.22%
2008	3,511,387	3,408,974	97.08%	19,151	3,428,125	97.63%
2009	4,536,145	4,378,952	96.53%	6,510	4,385,462	96.68%
2010	4,399,200	4,256,814	96.76%	-	4,256,814	96.76%

Note: Source Johnson County Treasurer's Office

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

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

**Table 12**

Fiscal Year	Governmental Activities						Total	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment G.O. Bonds	Temporary Notes	TIF Revenue Bond	Subordinate Special Obligation TIF Bond	Tax Incremental Contractual Liabilities			
2001	\$ 11,413,300	\$ -	\$ -	\$ 9,675,450	\$ 5,113,522	\$ 2,766,305	\$ 28,968,577	9.4%	2,632
2002	13,798,300	-	-	9,475,450	5,113,522	2,746,254	31,133,526	9.9%	2,844
2003	16,430,000	-	-	9,075,450	5,113,522	2,696,762	33,315,734	10.7%	3,072
2004	18,060,000	-	3,500,000	8,575,450	5,113,522	2,629,019	37,877,991	11.6%	3,496
2005	22,535,000	-	3,500,000	7,975,450	5,113,522	2,563,065	41,687,037	12.6%	3,863
2006	21,055,000	-	3,975,000	7,075,450	5,113,522	3,276,180	40,495,152	12.2%	3,760
2007	19,250,000	-	3,810,000	5,975,450	5,113,522	3,107,850	37,256,822	10.8%	3,458
2008	20,845,000	-	145,000	4,775,450	5,113,522	5,832,254	36,711,226	10.3%	3,402
2009	15,165,000	3,210,000	-	3,575,450	5,113,522	8,407,438	35,471,410	10.4%	3,280
2010	12,930,000	2,900,000	-	2,275,450	5,113,522	8,959,685	32,178,657	9.3%	2,925

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>
2001	\$ 11,413,300	\$ -	\$ 735,278	\$ 10,678,022	1.27%	\$ 970
2002	13,798,300	-	910,101	12,888,199	1.51%	1,177
2003	16,430,000	-	276,393	16,153,607	1.83%	1,490
2004	18,060,000	3,500,000	297,427	21,262,573	2.34%	1,962
2005	22,535,000	3,500,000	317,767	25,717,233	2.72%	2,383
2006	21,055,000	3,975,000	72,291	24,957,709	2.45%	2,318
2007	19,250,000	3,810,000	22,698	23,037,302	2.33%	2,138
2008	20,845,000	145,000	56,922	20,933,078	2.11%	1,940
2009	18,375,000	-	61,646	18,313,354	1.91%	1,693
2010	15,830,000	-	47,918	15,782,082	1.73%	1,434

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, 2010**

**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	\$ 222,340,000	5.12%	\$ 11,379,170
Johnson County	19,909,385	2.00%	<u>397,371</u>
Subtotal, overlapping debt			\$ 11,776,540
City direct debt			<u>15,830,000</u>
Total direct and overlapping debt			<u><u>\$ 27,606,540</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$47,517,148	\$47,874,894	\$49,475,023	\$50,571,446	\$52,276,857	\$57,197,504	\$53,995,124	\$54,055,994	\$52,534,242	\$49,255,580
Total net debt applicable to limit	<u>6,118,300</u>	<u>9,388,300</u>	<u>11,025,625</u>	<u>17,065,625</u>	<u>21,835,625</u>	<u>20,830,625</u>	<u>20,830,625</u>	<u>19,120,625</u>	<u>13,780,625</u>	<u>10,265,000</u>
Legal debt margin	<u>\$41,398,848</u>	<u>\$38,486,594</u>	<u>\$38,449,398</u>	<u>\$33,505,821</u>	<u>\$30,441,232</u>	<u>\$36,366,879</u>	<u>\$33,164,499</u>	<u>\$34,935,369</u>	<u>\$38,753,617</u>	<u>\$38,990,580</u>
Total net debt applicable to the limit as a percentage of debt limit	12.88%	19.61%	22.29%	33.75%	41.77%	36.42%	38.58%	35.37%	26.23%	20.84%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Value (a)	\$164,185,267
Debt Limit (b)	49,255,580
Debt applicable to limit:	
General Obligation bonds and notes	15,830,000
Less: Drainage and refunding issue not subject to limit (c)	<u>(5,565,000)</u>
Total net debt applicable to limit	<u>10,265,000</u>
Legal debt margin	<u>\$38,990,580</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	
2001	\$ 53,571	\$ 35,000	\$ 788	1.50	\$ 895,530	\$ -	\$ -	-	\$ 224,317	\$ 21,317.00	\$ 170,086.00	1.17
2002	51,568	-	-	-	1,039,510	200,000	633,148	1.25	256,280	43,739	182,400	1.13
2003	54,560	-	-	-	1,118,559	400,000	633,106	1.08	297,151	64,075	201,162	1.12
2004	52,390	-	-	-	1,126,361	500,000	600,331	1.02	312,203	87,990	193,515	1.11
2005	54,977	-	-	-	1,292,286	600,000	560,656	1.11	300,273	92,735	178,551	1.11
2006	52,345	-	-	-	1,592,966	900,000	503,731	1.13	361,910	126,275	179,296	1.18
2007	54,462	-	-	-	1,545,727	1,100,000	438,281	1.00	458,058	188,409	174,925	1.26
2008	51,375	-	-	-	1,506,552	1,200,000	353,706	0.97	493,686	219,801	236,233	1.08
2009	278,004	290,000	128,519	0.66	1,569,365	1,200,000	273,406	1.07	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	905,413	584,638	172,099	1.20

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**

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (b)</u>	<u>Median Age (b)</u>	<u>Unemployment Rate (c)</u>
2001	11,008	308,279,040	28,005	35.5	3.70%
2002	10,947	313,609,656	28,648	36.2	3.90%
2003	10,844	310,658,912	28,648	36.2	4.50%
2004	10,835	327,000,300	30,180	36.2	4.30%
2005	10,791	331,272,909	30,699	36.8	4.50%
2006	10,769	331,308,285	30,765	36.5	4.00%
2007	10,777	344,993,324	32,012	36.5	3.90%
2008	10,790	354,861,520	32,888	37.0	4.40%
2009	10,814	342,457,752	31,668	37.3	6.30%
2010	11,003	344,199,477	31,282	40.4	6.50%

- (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 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>2010</u>			<u>2001</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	2,700	1	19.29%	2,500	1	17.86%
GE Consumer Finance	530	2	3.79%	-		-
First Student	330	3	2.36%	-		-
Superior Chevrolet/Toyota	281	4	2.01%	265	5	2.04%
Seaboard Allied Milling	190	5	1.36%	170	7	1.31%
Shawnee Mission School District	181	6	1.29%	-		-
Carmax	162	7	1.16%	-		-
Home Depot	143	8	1.02%	150	8	1.15%
Industrial Bearing (IBT)	142	9	1.01%	140	9	1.08%
Aristocrat Motors	140	10	1.00%	-		-
Montgomery Ward Credit Services	-		-	800	2	6.15%
Lee Company	-		-	303	3	2.33%
School Services Leasing	-		-	300	4	2.31%
Lucent Technologies	-		-	200	6	1.54%
Hen House	-		-	120	10	0.92%
	<u>4,799</u>		<u>34.28%</u>	<u>4,948</u>		<u>36.69%</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</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	9.45	9.75	9.75	9.00	9.75	9.75	9.75	9.75	8.75	8.75
Information Services (a)	-	-	-	-	-	-	-	0.50	0.50	0.50
Municipal Court	2.95	2.95	2.95	2.95	2.75	2.75	2.75	2.75	2.75	2.75
Law enforcement										
Officers	26.00	26.00	26.00	26.00	28.00	28.00	29.00	28.00	28.00	28.00
Civilians	5.75	6.00	6.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00
Fire prevention and control										
Firefighters	21.64	22.00	22.00	22.00	22.00	22.00	22.00	21.00	24.00	23.00
Public works	18.00	19.00	19.00	19.00	20.46	20.46	20.46	20.76	20.96	20.96
Culture and recreation										
Community Center	8.98	8.98	8.98	9.36	9.36	9.36	9.36	9.36	9.36	9.36
Aquatic Center	10.33	10.33	10.33	10.33	10.66	10.66	10.66	10.66	10.66	10.66
Merriam Marketplace	0.20	0.26	0.32	0.32	0.32	0.32	0.32	0.32	0.32	0.32
Community development	6.78	6.00	6.00	6.75	6.00	6.00	8.00	8.00	8.00	8.00
Capital improvement program (b)	4.00	4.00	3.00	3.00	3.00	3.00	3.00	-	-	-
<b>Total</b>	<b>123.08</b>	<b>124.27</b>	<b>123.33</b>	<b>123.71</b>	<b>128.30</b>	<b>128.30</b>	<b>131.30</b>	<b>127.10</b>	<b>129.30</b>	<b>128.30</b>

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**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Occupational licenses issued	887	913	898	967	912	915	915	996	1,003	966
Vendor payments	4,512	4,667	4,168	4,384	4,475	4,225	3,632	3,552	3,327	3,184
Court filings processed	7,198	8,172	8,585	8,010	9,958	10,641	10,597	10,159	8,913	9,172
Law enforcement										
Physical arrests	996	1,130	1,577	1,427	1,326	1,406	1,193	1,116	1,209	1,278
Accidents investigated	543	546	529	512	637	764	688	587	499	486
Traffic violations issued	7,504	8,016	8,006	8,233	9,958	10,641	10,867	10,159	8,913	9,202
Animal control service calls	1,361	1,352	1,375	1,293	1,310	733	1,620	1,872	288	1,020
Fire prevention and control										
Fire inspections performed	410	978	926	832	865	814	954	675	781	562
Alarm responses	1,585	1,538	1,478	1,614	1,647	1,624	1,740	1,761	1,554	1,542
Public education attendance	2,893	15,176	15,000	13,246	6,707	14,040	18,318	5,352	5,205	3,526
Public works										
Miles of street repair/overlay	8.5	8.5	8.5	4.0	3.5	3.0	3.0	3.0	3.0	2.2
Acres mowed	40	40	60	60	60	60	60	66	60	66
Miles of curbing/sidewalk repaired	4.0	4.0	4.5	3.5	4.0	3.0	5.0	3.5	3.0	3.0
Culture and recreation										
Community Center attendance	63,325	70,511	68,399	56,805	49,993	50,090	43,586	45,434	46,543	44,946
Aquatic Center attendance	35,131	36,914	28,389	14,534	20,306	20,167	17,600	19,030	21,235	25,996
Farmers' Market ave. wkly. attend.	134	469	389	340	532	581	431	446	532	708
Community development										
Construction permits issued	528	333	313	236	252	311	250	351	276	274
Value of new commercial const.	\$ 1,325,000	\$ 8,300,000	\$ 4,324,168	\$ 1,735,000	\$ 15,284,365	\$ 8,880,987	\$ 11,478,003	\$ 17,627,005	\$ 67,500	\$ -
Value of new residential const.	\$ 90,000	\$ 475,000	\$ 935,000	\$ 828,400	\$ 957,000	\$ 1,207,970	\$ -	\$ -	\$ -	\$ 248,550
Capital improvement program										
Number of projects managed	15	7	6	32	29	23	19	21	19	19

Source: City of Merriam departmental records

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

**Table 21**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government										
Visitors' Bureau/Historical Plaza (a)	-	-	-	-	-	1	1	1	1	1
Law enforcement										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	15	14	15	15	15	15	18	19
Animal control units	1	1	1	1	1	1	1	1	1	1
Mobile command post	1	1	1	1	1	1	1	-	-	-
Fire control and prevention										
Stations	1	1	1	1	1	1	1	1	1	1
Emergency vehicles	5	4	4	4	4	4	4	4	4	4
Non-emergency vehicles	3	3	3	3	2	2	2	2	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	112	113	113	113
Streetlights	953	953	988	1,117	1,302	1,481	1,493	1,571	1,601	1,615
Traffic signals	102	102	102	102	106	106	107	107	107	107
Maintenance vehicles	20	20	21	20	23	24	24	24	23	24
Culture and recreation										
Acreage of city parks	55.73	60.98	60.98	63.08	63.08	64.08	64.08	79.08	79.08	79.08
Parks	6	7	7	8	8	9	9	9	9	9
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Farmers' Market	1	1	1	1	1	1	1	1	1	1

Source: Capital asset records maintained by the Merriam Finance Department

(a) Merriam Visitors' Bureau opened in 2006